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towards a sustainable nation 2050

-GSPARX
SCALLING SUSTAINABLE ENERGY TO NEW HEIGHTS

NURTURING SUSTAINABILITY LEADERS OF TOMORROW

NRECC MINISTER : SUCCESSFULLY STRIVING TOWARDS COLLECTIVE RESPONSIBILITY

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FOREWORD

Sustainability Is A Critical Life Imperative

Life, as we know it, may perish sooner than we think.
We cannot maintain our Earth's ecosystems or continue to function as we do if more sustainable choices are not made. If harmful processes are maintained with no change, it is likely that we will run out of fossil fuels, huge numbers of animal species will become extinct, and the atmosphere will be irreparably damaged. Clean air and nontoxic atmospheric conditions, growth of resources that can be relied upon, and water quality and cleanliness, are all benefits of sustainability.

Sustainability is the ability to exist and develop without depleting natural resources for the future. The Sustainable Development Goals aim to improve access to resources and services, reduce environmental degradation, eradicate poverty and reduce inequality.
Amid growing food and energy crises, an uncertain global economic outlook, and the escalating impacts of climate change, the UN has said that a sustainable industrial transformation is needed to close the widening development gap between countries, meet climate targets and achieve the Sustainable Development Goals.
Without the means to invest in sustainable development and transform the global energy and food systems, developing countries are falling even further behind. A two-track world of haves and have-nots holds clear and obvious dangers for every country. We urgently need to rebuild global cooperation and find the solutions to our current crises in multilateral action.
The UN 2023 Financing for Sustainable Development Report: Financing Sustainable Transformations says, this year, the energy crisis caused by the war in Ukraine has spurred investment in global energy transition, which skyrocketed in 2022 to a record $1.1 trillion. Energy transition investments surpassed fossil fuel system investments for the first time in 2022, but these are almost all in China and developed countries.

Most developing countries do not have the resources for investment, unlike their developed counterparts. Climate change, Russia's invasion of Ukraine, the COVID-19 pandemic, and debt payments up to two times higher than in 2019 have combined to put massive fiscal pressures on most developing countries. This limits their ability to invest in sustainable transformation.
In Malaysia, a bigger allocation of RM6.53 billion under Budget 2023 to the Natural Resources, Environment and Climate Change Ministry (NRECC) gives more room for development of environmental sustainability programmes, to help promote green practices, protect the country's natural treasures and create an efficient and comprehensive disaster management system. It also proved that the federal government emphasises the green agenda and wanted to provide quality and comprehensive infrastructure for the people.
The call now is for a consistent commitment to drive a sustainable, inclusive and balanced economic growth that meet the needs of every stakeholder, in addition to reforming institutions and governance to restore investor confidence.
We all have a part to play.

Best,
K. Harinderan
Editor, BusinessToday

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THE UNDYING QUEST FOR A SUSTAINABLE MOTHER EARTH

Sustainable development has been globally recognised as an imperative, with commitments being made to address relevant issues by nations including Malaysia.

Sustainability consists of fulfilling the needs of current generations without compromising the needs of future generations, while ensuring a balance between economic growth, environmental care and social well-being.

Malaysia has successfully transformed its economy, raised living standards, and moved from a low-income to an upper-middle-income economy within a generation. Among the significant achievements are in eradicating poverty and narrowing inequalities as well as providing better quality of life for the people. Hardcore poverty has almost been eradicated, though pockets among selected groups, and multidimensional deprivations remain.

The COVID-19 crisis resulted in some vulnerable households within the B40 income group fell into higher incidence of poverty and widened the inequality. In response, the government has implemented a series of special economic recovery packages to boost growth and protect the vulnerable. Malaysia has also enhanced its food production, where the self-sufficiency levels of 10 major agri-food commodities continue to improve.

Malaysia has been successful in providing quality, accessible and affordable healthcare, on par with those in more developed countries, based on the principle of universal health coverage. The country's health security preparedness was demonstrated by successfully managing the COVID-19 outbreak. However, health burdens are rising due to an aging population, demands for better healthcare, and the increasing NCDs, which currently is responsible for more than 70% of deaths.

Malaysia is also making progress towards sustainability and managing climate change by adopting a resource efficient and climate resilient development model. The sustainable consumption and production (SCP) approach was undertaken through creating green market, managing waste holistically, and increasing the share of renewable in energy mix.

Malaysia continues to practice a unity in diversity approach, while emphasising governance, social cohesion and partnership. It is committed to South-South Cooperation through the Malaysian Technical Cooperation Programme, supporting 144 developing countries through technical and capacity building initiatives. In addition, the All-Party Parliamentary Group on SDGs was established to enhance SDG localisation.

Accordingly, the availability of finance supported by efficient capital markets would play a crucial role in ensuring that the global sustainable development needs are adequately supported.

Since the introduction of the sustainable development concept in the Brundtland Report in 1987, the awareness on ensuring that economic growth and development should not be made at the expense of the environment and society, has seen a gradual increase. Subsequently, the Millennium Development Goals (MDGs) was introduced by the United Nations (UN) in 2000 which commits world leaders to address eight goals including extreme poverty, hunger, disease, environment, sustainability and women empowerment.

The world's collective commitment to address sustainable development continued with the introduction of the Sustainable Development Goals (SDGs) by the UN in 2015, under the 2030 Agenda for Sustainable Development.

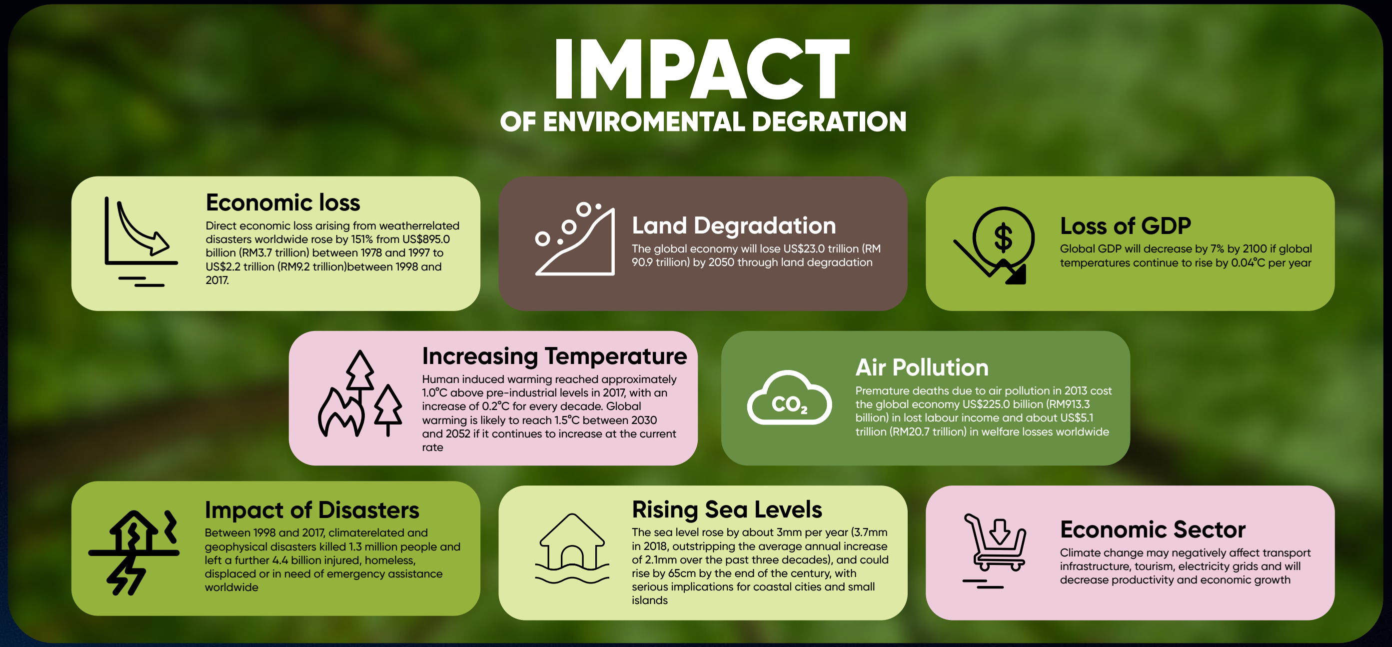
The SDGs, which came into effect in January 2016, was agreed by 193 Member States of the UN, including Malaysia. The SDGs, which include 17 goals and 169 targets, is a call for action for the 'people, planet and prosperity' through global partnership to ensure the three dimensions of sustainable development are achieved under the broad terms of economic, social and environment.

Globally, there is also recognition of the urgent need to address pressing environmental issues and challenges including climate change. The Paris Agreement on Climate Change (Paris Agreement), signed in 2016 within the United Nations Framework Convention on Climate Change (UNFCCC), sets out global action to keep the global temperature rise to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. This was the first-ever universal and legally binding global climate agreement dealing with greenhouse gas (GHG) emissions, mitigation, adaptation and finance.

As of September 2019, 195 countries, including Malaysia have become signatories to the Paris Agreement. Under the Paris Agreement, Malaysia has committed to reduce GHG emissions by 45% by 2030, relative to the 2005 level.

In pursuing economic growth, the externalities caused by increasing population, urbanisation and consumption demand patterns would place heightened pressure on limited natural resources such as land, air and water.

The impact of climate change has also resulted in disruptive implications on social well-being, production, agricultural output, economic development and financial stability of a country. To address these issues, companies are transitioning towards low carbon industries and technologies which in turn, would lead to issues of stranded assets and impaired assets resulting from reduced investments in carbon-based activities.



SUCCESSFULLY STRIVING TOWARDS COLLECTIVE RESPONSIBILITY TO REALISE A BRIGHTER FUTURE

By K.Harinderan

The Ministry of Natural Resources, Environment and Climate Change (NRECC) oversees aspects involved towards Malaysia's long-term aspirations and target on achieving net-zero GHG emissions by 2050.

The NRECC, which is responsible for sustainable energy, wealth creation through science and technology and environmental conservation prioritises the development of the NDC Roadmap and the Long-term Low Emissions and Development Strategies (LT-LEDS) to guide the implementation of mitigation actions towards fulfilling climate change commitments.

Malaysia updated its Nationally Determined Contribution (NDC) under the aim of unconditionally reducing economy-wide carbon intensity (against gross domestic product [GDP]) of 45% by 2030.

Natural Resources, Environment, and Climate Change Minister Nik Nazmi Nik Ahmad said the ministry plays a myriad of important roles on climate change and sustainability initiatives, which include being the lead ministry standing as Malaysia's focal point to the United Nations Framework Convention on Climate Change (UNFCCC) and leading climate change negotiations under the UNFCCC as the coordinator for national positions.

NRECC is the national coordinator for mitigation and adaptation actions and for climate finance and green incentives. NRECC conducts these tasks via the Secretariat of the Malaysia Climate Change Action Council and other agencies.

In order to achieve Malaysia's long-term aspiration on net-zero greenhouse gas (GHG) emissions by 2050, the findings from the LT-LEDS will assist the Ministries in developing policies and action plans. It will also determine the direction of the much-awaited Climate Change Act and other policy instruments needed to advance Malaysia's climate actions.

Sustainability cuts across the functions of many ministries. However, sustainable development is under the purview of Ministry of Economy which is also the national focal point on Sustainable Development Goals under the United Nations.

"For mitigation actions, Malaysia will be focusing on key GHG emitting sectors such as energy, waste, industrial process and product use (IPPU), and agriculture. There are various policies that have been developed and implemented to support GHG emissions in these sectors. For example, the National Energy Policy, 2040 has lined up several key policies to support the effort to decarbonise the energy sector. Malaysia currently formulating its policy direction on carbon trading that will support Malaysia's efforts to reduce GHG emissions under Paris Agreement and contribute towards sustainable development," he said.

"This policy direction takes into account both compliance-based carbon market mechanisms established under several convention such as UNFCCC and International Civil Aviation Organization (ICAO) and the voluntary carbon market (VCM). The policy direction will guide the implementation of carbon trading in Malaysia," he added.

"For mitigation actions, Malaysia will be focusing on key GHG emitting sectors such as energy, waste, industrial process and product use (IPPU), and agriculture."

-Nik Nazmi Nik Ahmad
NRECC Minister

The role of the NRECC is also to catalyse the implementation of the VCM under the Guidance on International VCM to

determine the participation of entities. The government mandated Bursa Malaysia to develop a trading platform on VCM to catalyse its implementation which has led to the launch of the Bursa Carbon Exchange (BCX) in December last year, making it the world's first Shariah compliant VCM trading platform.

Low Carbon Initiatives

Malaysia has also launched the National Low Carbon Cities Master Plan (NLCCM) to systematically strengthen the implementation framework of low carbon initiatives by Local Authorities, and achieve significant carbon emission reduction targets to transform Malaysian cities into low carbon cities.

Malaysia has developed the Low Carbon Mobility Blueprint (LCMB), aligning with the strategies for green initiative in the land transportation sector. The blueprint aims to drive principles of sustainable mobility, especially reducing energy consumption as well as GHG emission from the land transport sector.

Malaysia views the important role of carbon pricing instruments such as emissions trading systems (ETS) and carbon tax in supporting GHG emissions reduction efforts. The implementation of carbon pricing will also help in greening the businesses to fulfil their ESG commitments and creates sustainable investments which will benefit the nation. Currently, the Ministry of Finance (MOF) is conducting a feasibility study on carbon tax implementation under the World Bank's Partnership for Market Implementation (PMI).

Renewable Energy Adoption

Malaysia has implemented a number of initiatives over the last 10 years to facilitate and accelerate the generation and use of renewable energy (RE). This includes developing policy, institutionalised governance including a regulatory framework followed by programs and initiatives to enabled an ecosystem that could spur the development of the RE sector.

The Government has introduced the Green Electricity Tariff (GET) program to offer consumers, especially from commercial and industry sectors, to subscribe to green electricity to fulfil their ESG commitment and to increase the usage of green electricity in their daily operations.

Additionally, the Corporate Green Power Programme (CGPP) was introduced last year to provide an opportunity for business entities, both local and multi-national, to participate in the promotion and use of renewable energy in their business operation. Incentives are also provided to encourage the uptake of these programmes. Among them are Green Investment Tax Allowance (GITA), Green Investment Tax Exemption (GITE), and Renewable Energy Certificate (REC).

"On top of that, I have announced seven enhanced initiatives during the launched of Malaysia Energy Transition Outlook (METO) in March to accelerate the deployment of RE in our electricity grid system," he said.

These measures involve an allocation of an additional 630MW quota for the development of power generation projects from RE resources under in the form of the Feed-in Tariff Mechanism with an 180MW (in terms small hydro, biogas and biomass development), an additional 200MW for the Corporate Green Power Programme (CGPP) and 250MW for the Net Energy Metering (NEM) initiative.

The Ministry has embarked on improving the New Enhanced Dispatch Allocation (NEDA) mechanism, particularly CGPP, to allow year-round application and participation from non-solar RE developers while continuous implementation of the Communication, Education, Public Awareness (CEPA) program is underway to promote a wider uptake of rooftop solar among domestic consumers.

NRECC will establish a dedicated Energy Transition Fund to support the expansion, scaling up and accelerated deployment of RE and undertake a feasibility study in enhancing cross border power integration through regional interconnection to position Malaysia as the regional power distribution and trading hub.

"Overall, the Ministry is actively working to cut red tape around the implementation of sustainable energy and energy transition related initiatives to expedite project execution and to reduce the cost of doing business. I hope these additional measures will encourage the uptake and adoption of RE in Malaysia and in time, help in achieving the target of 31% and 40% of RE installed capacity in 2025 and 2035 respectively," Nik Nazmi said.

-PETRONAS

TOWARDS NET ZERO 2050

By Chong S.M

PETRONAS recently revealed its strategic moves to align with Malaysia's goal towards net zero carbon emissions by 2050. According to PETRONAS Chief Sustainability Officer Charlotte Wolff-Bye (PIC), businesses are critical at supporting the government's sustainability goals as well as being a force of good to promote sustainability. She said that out of the 169 targetsset within the 2030 Agenda for Sustainability, PETRONAS has identified seven targets which the organisation believes has contributed strongest towards.

"It is very important to decouple economic growth from emissions growth, which is what we are focusing on here at PETRONAS," said Charlotte, adding that energy transition is moving, but not moving fast enough.

PETRONAS further makes a statement of purpose to be a progressive energy and solutions partner enriching lives for a sustainable future. Year 2024 shall see PETRONAS capping emissions at 49.5 million ton of carbon dioxide from operations.

Towards 2025, a total of 50% reduction in methane emission is also expected from the PETRONAS group wide natural gas value chain operations.

PETRONAS Head Of Corporate Sustainability Wan Sayuti Wan Hussin said that towards 2030, 25% of PETRONAS group wide emissions shall be reduced, including 70% reduction in methane gas from PETRONAS group wide natural gas value chain, and a further 50% from Malaysia natural gas value chain.

According to Sayuti, methane traps 80% more heat compared to carbon dioxide. Hence PETRONAS as one of the largest producers of oil and gas in Malaysia has made methane an important agenda to manage effectively.

Sayuti added that about 10 years ago, PETRONAS announced the PETRONAS Carbon Commitment. "Since then until 2021 in the span of nine years we have reduced about 17.5 million ton of CO_2 permanently. That size is the equivalent of a country's emission such as Croatia," he said.

Target and ambitions are delivered through a range of decarbonisation levers and value generation opportunities. For example, carbon gas emissions are minimised through a zero routine flaring and venting policy. This is further enhanced by increasing energy efficiency, electrification and the capturing and storing of carbon.

Under Gentari, a clean energy solutions company wholly owned by PETRONAS, a triad of renewable and clean energy ambitions have been set for 2030. Renewable energy production is targeted at 30 to 40 gigawatts, and up to 1,200,000 tons of clean hydrogen per annum is expected to be produced. PETRONAS also set its target market share of green mobility at 10%, with over 25,000 charging points across key markets in Asia Pacific.

According to Sayuti, PETRONAS has been responsible for several roundtable discussions in ASEAN and will be organising another session this coming June in Energy Asia 2023.

SUSTAINABILITY HEADWAY
DESPITE HEADWINDS

By K.Harinderan

Sustainability is here to stay. If climate change and the COVID-19 pandemic has taught us anything through its devastating impacts to the economy and wider community, it is that we need to remain resilient – to connect, adapt, be agile and reimagine the way we do business with a resolute focus on financial inclusiveness and social well-being, good governance as well as environmental protection.

Maybank Chief Sustainability Officer Shahril Azuar Jimin, in this light, said: "We have been thoughtful around our sustainability agenda, not only because we want to create a healthy environment, but also to ensure that a just transition takes place. It is clear that both environmental and social challenges are tightly intertwined and developing both these segments, rather than focusing on one at the expense of the other, is the only meaningful way forward."

Amidst many challenges faced in 2022 which caused various macro trends and disruptions in the financial services industry, including inflationary and recessionary pressures, greater competition from banks and non-bank players, acceleration of digitalisation, war for talent and an increasing focus by customers and investors on sustainable services and business practices, we launched our M25+ strategy, to address the evolving needs of our organisation in continually meeting customer expectations and further strengthening our competitiveness and differentiation in the market.

The purpose under M25+ aims to shift the organisation 'From Good to Great' whilst creating firmer foundational capabilities for sustainable long-term shareholder returns.

As a leading financial institution in ASEAN and in line with our aspiration to be a sustainability leader in Southeast Asia, Maybank introduced the Sustainable Product Framework in 2022, becoming the first bank in Malaysia to do so. This framework defines green, social, sustainable, sustainability-linked, and transition activities and outlines methodologies and procedures to classify and report financial products and services as sustainable, said Shahril.

To date, Maybank has mobilised RM34.37 billion in sustainable financing, with over 90% of sustainable financing mobilised from Malaysia and Singapore. Some of our notable corporate deals in 2022 included the first sustainability sukuk of RM1.5 billion in the Malaysian utility sector, the first IDR green bond by an Indonesian state-owned enterprise bank of IDR5 trillion and a SGD978 million sustainability -linked loan, the largest amongst S-REITS in Singapore.

On the retail segment, over 80% was mobilised towards affordable essential services and infrastructure as well as clean transportation.

Most recently, Shahril indicated a total of RM7.53 billion for retail

financing and RM26.84 billion for non-retail financing were mobilised towards sustainable finance in 2021 and 2022 where retail sustainable finance mobilisation was driven purely by retail financing under Maybank Group's Community Financial Services (CFS), while non-retail sustainable finance mobilisation was driven by Group Global Banking (RM15.86 billion in 2022), Business Banking (RM0.87 million in 2022), and Etiqa (RM5 million in 2022).

He said that Business Banking was grouped under Group CFS but provides loans to small and medium enterprises (SMEs) and mid-sized corporate clients.

Maybank also improved the lives of 871,200 households across ASEANsean over 2021 and 2022 via the provision of affordable and accessible insurance offerings to lower-income customers; financial inclusion solutions to vulnerable groups, SMEs and micro-enterprises; financial literacy and initiatives via Maybank Foundation, as well as zakat contributions.

Shahril said the Group achieved its yearly targets and surpassed the halfway mark for both sustainability commitments one and two ahead of schedule when it mobilised RM20.69 billion in sustainable finance and helped to improve the lives of more than 360,000 households in 2022 alone.

Shahril said the Group achieved its yearly targets and surpassed the halfway mark for both sustainability commitments one and two ahead of schedule when it mobilised RM20.69 billion in sustainable finance and helped to improve the lives of more than 360,000 households in 2022 alone.

Due to this, in February this year, the initial commitment to mobilise RM50 billion in sustainable finance by 2025 and to improve the lives of one million households by 2025 was further raised to RM80 billion and two million, respectively.

MAYBANK'S SUSTAINABLE PRODUCT FRAMEWORK

Maybank became the first Malaysian bank to establish a Sustainable Product Framework aimed to guide the development of green, social, sustainable, sustainability-linked and transition products effective Sept 1, 2022.

Shahril said Maybank mobilised sustainable finance for various sustainability efforts within different sectors last year. In the power industry, Maybank mobilised RM535.7 million for solar and RM750 million for hydro projects as renewable energy financing. In the construction and real estate industry, about RM2.06 billion was mobilised towards the development of green buildings, largely to finance acquisitions and the construction of certified green buildings in Malaysia and Singapore.

In the area of affordable basic services or infrastructure, over RM2.3 billion was mobilised for affordable home loans in Malaysia as the Group continues to assist individuals and families to secure home ownership and address the gaps in housing accessibility among low-income households.

"Our 'Go Green with Maybank Home' financing scheme provided attractive financing rates for the installation of solar panels and the purchase of homes to meet recognised green building certifications among retail consumers in Malaysia. About RM539.5 million was mobilised to more than 770 customers," he said.

In the automotive industry, Maybank disbursed RM1.21 billion for electric vehicles and hybrid vehicles financing, an increase of 124% year-on-year.

"Given our presence in the region, our efforts towards mobilising sustainable finance will have a significant impact on the push towards a more sustainable financial system, and ultimately towards a low carbon economy," he said.

"This goes along with an array of green, social, sustainability-linked loans or bonds, transition financing, as well as funds which qualify for socially responsible investing (SRI)," he said, adding, "the Bank's sustainable retail solutions include enabling access to greener homes through a solar panel financing campaign in partnership with selected companies by providing lower rates for their employees."

On a Sustainability status in Malaysia, Maybank Investment Bank Malaysia and Regional Head of Equity Research Anand Pathmakanthan, said global sustainable net fund flows, buffeted by a combination of political pushback in the US, a greenwashing shake-out in the EU and fallout from the Ukraine-Russia conflict, saw net inflows declining by 70% YoY in 2022, to USD189b.

However, underlying investment flows towards energy transition continued to rise, hitting a record USD1.1t (+31% YoY), with renewable energy and electrified transport contributing a combined 87% share.

Of note, investments towards fulfilling energy demand breached 50% for the first time (2021: 45%; nil until 2013). Energy demand includes electrified transport, electrified heat and sustainable materials.

Among notable headlines, Singapore's newly-appointed Government Chief Sustainability Officer (CSO) is coordinating national initiatives to achieve the country's Green Plan 2030 – a similar role in Malaysia is a priority given broad but unintegrated step-up in sustainability initiatives/targets over the last 18 months. Carbon credits (CC)/offsets are also in focus following critical media reporting relating to their quality / claimed environmental benefits and inaugural CC auction by Bursa Carbon Exchange (BCX).

Reviewing the 2022 quarterly trend re Sustainalytics risk scores for our Malaysian stock coverage, overall bias was positive, with certain sectors such as Banks, Consumer, Gaming and Gloves seeing significant and broad improvements in scoring. Significant rating improvement was noted for stocks in high carbon-emitting sectors such as O&G and Utilities (Bumi Armada, Dialog, Yinson, Velesto, MFCB), while negative standouts were Inari (ESG targets/ standards) and Cahya Mata (governance).

In 1Q23, ViTrox and Eco World Dev. improved in risk rating category, from "Medium" to "Low", while Tenaga's score improved -6.3, to 31.8, though risk rating is still High MIBG's refreshed ESG Portfolio, first introduced in 2021 and comprising 10 qualitative/quantitative-filtered stocks (PChem, HL Bank, CelcomDigi, Westports, Inari, Yinson, Sunway, Bursa, BAuto, Axis REIT) + 5 "momentum" stocks (Gamuda, MISC, RHB, Telekom, ViTrox) is balanced both in terms of ESG risk scores and core business diversity.

In back testing portfolio performance to end-March 2023, annualised returns of -4.3%/11.5%/1.4% over 1/3/5 years continue to beat overall market coverage baskets and MSCI Malaysia benchmark.

GSPARX:

Scaling Sustainable Energy To New Heights

The burning of fossil fuels, such as coal and oil to produce electricity is one of the **main contributors to global warming and climatic change**. Many countries are highly dependent on fossil fuels, particularly for the industrial sector to ensure sustainable socio-economic development.

The United Nations defined sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It assumes that resources are finite, and so should be used conservatively and carefully to ensure that there is enough for future generations, without decreasing the present quality of life.

Advancing Sustainability is one of the three themes in the 12th Malaysia Plan (12MP) towards guaranteeing continuous economic growth while protecting the environment and continuing Malaysia's commitments to global targets, which are defined as the 17 UN Sustainable Development Goals (SDGs).

In this light, GSPARX Sdn Bhd (GSPARX), a fast-growing subsidiary of Tenaga Nasional Berhad (TNB), backed with 72 years of experience in the electricity industry, has been addressing these issues head on with their solar and renewable-energy solutions.

Focussing on providing end-to-end solutions, from design and supply to installation, testing and commissioning of rooftop solar photovoltaic (PV) panels, GSPARX's mission is to ease the transition from fossil fuel energy to a cleaner energy towards a more sustainable future under an agenda for a greener Earth. Their aim is to foster sustainable business growth by futureproofing companies against potential fossil fuel price hikes of the energy tariff.

GSPARX managing director Elmie Fairul Mashuri said since the company was established in 2018, it now serves a wide customer base from residential and commercial to industrial and government sectors, alongside some 200 vendors offering solar energy solutions, either as installers or investors. What sets GSPARX apart is that it encourages a higher adoption of solar through its zero-capital expenditure (Capex) business model for its non-residential customers.

Speaking to BusinessToday for this Special Sustainability Edition, he said with this business model in place, industrial and commercial customers as well as government bodies are not required to provide any upfront capital to enjoy the cost saving benefits from solar energy.

VIABLE SOLAR ADOPTION

While renewable and alternative energy have great potential to replace the dependency on fossil fuels, the progress of bringing it into the mainstream has been slow in most developing countries. In Malaysia, the solar PV industry is on the rise due to continuous government support in the form of various schemes that favour solar PV installations across utilities, residential and commercial sectors; expanding renewable energy policies and investments; and falling costs *(IRENA report on Malaysia Energy Transition Outlook 2023: "Local solar PV industrialisation opportunities".)*

Elmie stressed exploring solar energy for factories, buildings or offices as well as for homes is a viable option that aligns well with our nation's sustainability goals with interest in solar panels growing; however, two reasons hold prospective customers back from making the crucial decision to adopt solar solutions – the first, being upfront costs, and the second is a lack of understanding on how the scheme works and thirdly, concerns regarding maintenance.

GSPARX focus is to offer hassle-free solar PV technology as effective green energy solutions provider for businesses with long-term environmental sustainability goals as the nation moves towards a common low carbon future.

"Under our Solar Power Purchase Agreement using Supply Agreement with Renewable Energy (SARE) Scheme, customers do not have to pay any upfront costs. GSPARX will also cover the maintenance and repairs throughout the contract period. Customers only pay for solar energy generated and used at a lower tariff, hence resulting in savings in the electricity bill," he said.

Alternatively, GSPARX also provides an outright purchase option to obtain a faster Return-On-Investment (ROI), depending on the preferences of its customers across sectors. Both options offer high quality service installation with stringent safety practices and reliable maintenance throughout the lifespan of up to 20 years and beyond. This is backed by GSPARX's qualified team of contractors and expertise, providing much-needed assurance to customers on the safety standards of their installations.

By offering the zero-capex scheme for rooftop solar PV system to qualified corporate customers, GSPARX has lowered the entry bar in green energy adoption while helping them reduce their electricity bills. This creates a positive impact to customers' total operational costs, especially in cases of fuel price hikes.

"With our financing capability, expertise and experience, GSPARX brings in a hassle-free solar journey for our customers," Elmie said. "Through our rooftop solar solutions, we are empowering our customers to be "Prosumers" – enabling them to produce their own electricity using a clean solar energy while being a consumer of the energy generated."

JOB CREATION FOR VENDORS

GSPARX is also a Registered Solar PV Investor (RPVI) committed to inject capital and import solar PV systems. The company, in its venture, provides job opportunities to other solar installers to carry out engineering, procurement, construction and commissioning (EPCC), which supports the MSME segment. This approach has gained recognition in overcoming the main issues of solar companies facing financial constraints to grow their business and assists the government to recover during post pandemic period.

Implementing this solution for commercial, industrial and government bodies, the solar solution provider will finance, design, install and maintain customer's solar PV system for a fixed contract period. A solar PV system is composed of arrays of solar panels combined with the inverter(s) and wiring that use energy from the sun to generate electricity. With the Net Energy Metering (NEM) scheme, TNB will change the existing meter to a NEM meter that is able to read bidirectional flow of electricity to/from TNB grid to the premises.

> "With our financing capability, expertise and experience, GSPARX brings in a hassle-free solar journey for our customers"
>
> ***-Elmie Fairul Mashuri***
> *Managing Director, GSPARX*

Currently, customers can enjoy savings via a lower solar tariff, compared to the usual TNB electricity tariff, and the solar tariff is fixed throughout the contract period. In this way, GSPARX provides a risk free and hassle-free solution for commercial property owners to have solar as an alternative to conventional electricity supply.

Such solar PV systems are used by the government today, such as Majlis Bandaraya Ipoh and, Majlis Bandaraya Seremban, for instance.

SUCCESSFUL TRACK RECORD

Among the leading projects, the biggest secured so far was the recently announced collaboration with AEON, a leading general merchandise store and supermarket chain in Malaysia. Under the SARE arrangement, 40 AEON Malls and AEON BiG hypermarkets nationwide are to be installed with solar facilities with a total capacity of over 78MWp for a period of 25 years. Upon completion, the rooftop solar solutions can deliver 99 MWh of solar energy annually with an expected accumulated savings of more than RM500 million in 25 years.

Another major project acquired is University Putra Malaysia's (UPM) Serdang campus with a 16.19MWp solar installation. The installation consists of huge solar carparks, rooftop solar PV and a unique floating solar installation, serving as an energy generator and source material for the university's R&D facility. The total potential savings for UPM is projected to be RM112 Million over 25 years and the CO2 offset is at 13,000 metric tonnes annually (or equivalent to 224,000 tree seedlings grown for 10 years).

The most recent secured university is University Malaysia Pahang (PEKAN campus) which GSPARX targets to install a 3.58MWp unit for the whole campus, inclusive of 259.2kWp floating solar facility. The potential savings is about RM25 million over 25 years and the CO2 offset is 3,081 metric tonnes annually (or equivalent to 49,600 tree seedlings grown for 10 years).

These follow earlier installations at TATI University College (TATIUC) in Terengganu when the solar installation has the capacity of 899kWp and carries a potential savings over 25 years of RM6.24 Million with an offset of 814 metric tonnes of CO2 annually (or equivalent to 13,400 tree seedlings grown for 10 years).

Other completed projects include that of University Tenaga Nasional (UNITEN), a subsidiary of Tenaga Nasional Berhad with capacity of 548kWp. Potential savings over 25 years is RM3.5 million and offset of 440 metric ton CO2 annually (equivalent to 7,200 tree seedlings grown for 10 years) and the University Tun Hussein Onn (UTHM) in Batu Pahat, Johor which is one of GSPARX's largest installations with 6.9MWp for the whole campus consisting of 25 buildings covering rooftops, walkway and solar carpark. The solar capacity has started to generate green energy with potential savings of RM43 Million and the offset is at 5,500 metric tonnes annually (or equivalent to 90,600 tree seedlings grown for 10 years).

MOVING FORWARD

Elmie said the main aim of both TNB and GSPARX is to achieve Net Zero Carbon Emission by 2050 supported by the collective TNB Group's efforts to reduce 35% of the company's emissions intensity and 50% of its coal portfolio by the year 2035. It is a very important aspiration as it contributes towards a more sustainable way of doing business and protecting our natural environment.

Post pandemic, GSPARX has secured many projects which allows for equal opportunities to all solar companies regardless of size. As GSPARX invests to procure the equipment required, it has created the job opportunities and promote growth to various small and medium solar companies as part of post pandemic recovery efforts.

GSPARX aspires to be the market leader and the rooftop solar solution provider of choice. There is definitely a bright and promising future in this segment, and GSPARX is in a unique position to play a vital role in bridging the financial gaps and help accelerate the uptake of solar.

SECURITIES COMMISSION LEADS THE CHARGE IN CREATING AN EXCEPTIONAL CAPITAL MARKET

Securities Commission Malaysia (SC) has taken significant steps to promote sustainability and environmental, social, and governance (ESG) principles in the capital market. This has been a critical development in the face of climate change and other sustainability challenges that the world is facing today which the nation's leading capital market regulatory body is committed to enhance.

By K.Harinderan

As sustainable investments gain momentum, market participants are increasingly looking for clarity and standardisation of economic activities that would qualify as sustainable investments.

On 12 December 2022, the SC released the principles-based sustainable and responsible investment taxonomy for the Malaysian capital market (SRI Taxonomy).

The Sustainable and Responsible Investment (SRI) sukuk framework aims to provide a clear and comprehensive basis for the issuance of SRI sukuk, which are Islamic financial instruments that adhere to sustainability and ESG principles.

This framework provides issuers with guidelines on the use of proceeds, reporting requirements, and eligibility criteria for SRI sukuk issuance. The framework is designed to encourage issuers to raise funds through sustainable and socially responsible means.

"Malaysia was among the earliest in the region to release specific guidelines to facilitate sustainable financing and investments, as well as encourage this segment's growth."

-Dato' Seri Dr. Awang Adek Hussin
Securities Commission Malaysia Chairman

The SC has also introduced the Sustainable and Responsible Investment (SRI) Funds Framework. The framework encourages the development of sustainable investment funds by providing clear guidelines on the use of proceeds, investment criteria, and disclosure requirements. The framework seeks to encourage investors to invest in companies that demonstrate strong ESG practices and promote sustainability in their business operations.

Securities Commission Malaysia Chairman Dato' Seri Dr. Awang Adek Hussin said: "It is important to have a sound foundation in place for the country to move ahead with its sustainability agenda. This entails a common set of standards, definitions, and even data, to ensure that we are better-equipped to comprehend the issues and work together towards a shared goal. Only then can we make a difference.

"Malaysia was among the earliest in the region to release specific guidelines to facilitate sustainable financing and investments, as well as encourage this segment's growth. Take for example, the SC's Guidelines on Sustainable and Responsible Investment Funds, or SRI Funds in short. Since its introduction in 2017, the number of SRI funds in the market has grown to more than 50, with a total size of RM7 billion.

"We continue to update the guidelines to suit current market requirements where revision have been made to incorporate additional disclosure and reporting requirements to enhance the transparency of SRI funds, among others.

"In addition, requirements to qualify for the ASEAN Sustainable and Responsible Funds Standards, or SRFS, were included. These regional standards are the work of the ASEAN Capital Markets Forum's Sustainable Finance Working Group, of which the SC is co-chair. The SC intends to work closely with government ministries, agencies, and other stakeholders to shape a country-level plan, including developing a supportive ecosystem for sustainability disclosures."

Dr. Awang Adek said he believes that the SRI Taxonomy presents a significant opportunity to ensure the standardisation and comparability of SRI assets; avoiding possible market fragmentation and reducing the risk of green washing.

It allows for proper and consistent identification and classification of various types of economic activities aligned with environmental, social and sustainability objectives. This will provide the necessary transparency for capital market participants on what constitutes being sustainable. Also, as it is domestically-driven, the Securities Commission Malaysia ensured that it suits local requirements – be it for our corporate issuers or investors.

The SC has also introduced the Guidelines on Sustainability-Linked Bonds (SLBs). These guidelines encourage the issuance of bonds that link the issuer's financial performance to ESG performance targets. The aim is to encourage issuers to improve their ESG performance and incentivize investors to invest in companies that demonstrate a commitment to sustainability.

The SC has also established a dedicated Sustainability and Climate Change (SCC) Department. This department is responsible for developing and implementing the SC's sustainability initiatives, promoting sustainable and responsible investment practices, and monitoring the implementation of sustainability practices by market participants.

Moreover, the SC has launched several initiatives to promote sustainability in the capital market. For example, the SC has introduced the Green Bond Grant Scheme, which provides financial assistance to issuers of green bonds. The scheme aims to encourage the issuance of green bonds, which are bonds that fund environmentally sustainable projects.

The SC has also established the Sustainable Financing and Investment Platform (SFIP), which is a digital platform that aims to connect issuers and investors of sustainable and responsible investments. The platform provides issuers with a wide range of services, including sustainability assessment, ESG reporting, and access to potential investors.

To surmise, the Securities Commission Malaysia has taken significant steps to promote sustainability and ESG principles in the capital market. The SC's initiatives, such as the SRI sukuk framework, the SRI Funds Framework, and the Guidelines on SLBs, are designed to encourage issuers and investors to adopt sustainable and responsible investment practices.

The establishment of the SCC Department, the Green Bond Grant Scheme, and the SFIP are further examples of the SC's commitment to promoting sustainability in the capital market.

These initiatives are critical in addressing the sustainability challenges that the world is facing today and promoting sustainable development in Malaysia.

REALISING SUSTAINABILITY TO ENSURE LONGEVITY: TUNE PROTECT RAISES THE BAR

In the broadest sense, sustainability refers to the ability to maintain or support a process continuously over time. This aspect underlines the corporations of today who consume a monumental amount of resources to maintain daily operations.

The conscience of mankind can never run away from responsibility towards its environment and towards one another. Every action we take has an impact towards our surroundings and all of us are the stakeholders, whether the voiced or the voiceless towards the longevity of the Earth as well as promoting justice, fairness and equality.

No longer will customers and shareholders support products or services that serve only their own desires. Materials for products need to be ethically sourced, assembled by a labour workforce free from persecution, and ideally, do little harm to the environment.

Standards have risen dramatically, and companies can no longer be content in making economic decisions which impact only their bottom line. But the incorporation of good Environmental, Social And Governance (ESG) in companies goes beyond simply pleasing investors and making good public relations or worse yet, profitability focussed.

Tune Protect Group Berhad (Tune Protect), however, stands apart from the rest with its new sustainability tagline, "In Tune for a Better Tomorrow," which is an apt one, considering that companies need to be in tune with the masses should they desire to remain competitive in this highly connected, evolving landscape.

Tune Protect's motivation behind this tagline is the need to raise awareness of the significance of managing business in an environmentally sustainable manner and to encourage social change.

Robust ESG programmes can open access to large pools of capital, build stronger corporate brands and promote sustainable long-term growth that benefits companies and investors.

Companies that recognise the importance of adapting to changing socioeconomic conditions are better able to identify strategic opportunities and meet competitive challenges. But sustainability is no simple matter to achieve.

"As sustainability or ESG issues enter mainstream, companies must understand their ESG-related exposures and impacts across their operations and supply chain. These factors will become increasingly critical to maintain a social license to operate, deliver products to markets and consumers and access capital to support growth and expansion. Given the strong regulatory push and investor demand for ESG considerations, companies must start developing their own strategies to remain competitive in a fast-changing business environment," said Tan Sri Abdul Wahid Omar, Chairman of Bursa Malaysia.

PwC in a December 2021 research found that 94% of the top 50 Malaysian public listed companies have ESG strategies in place.

KPMG stated in Sustainability Reporting 2022 that N100 sustainability reporting rates continued to trend upwards in Asia Pacific. The N100 is composed of the top 100 companies in a particular country that include sustainability information in annual financial reports.

Japan and Singapore led the charge with 100%, with Malaysia following closely behind at 99%. Our regional peers, Thailand recorded a reporting rate of 97%, while the Philippines and Vietnam were both at 87%.

"As sustainability or ESG issues enter mainstream, companies must understand their ESG-related exposures and impacts across their operations and supply chain"

-Tan Sri Abdul Wahid Omar
Chairman of Brusa Malaysia

Undoubtedly, sustainability practices are becoming the norm and corporations are increasingly flexing their sustainability muscles to better match the contemporary zeitgeist.

LEADING BY EXAMPLE

To start off, Tune Protect has expressed its commitment to phase out coal in both its underwriting and investment portfolio by 2030, in addition to other ESG-sensitive industries including tobacco and weapons manufacturers.

It is making good progress beyond its Zero Coal commitment. Part of the group's strategy is to exit large commercial underwriting and to focus instead on retail and SME segments. This has led to significant reductions in the group's exposure to high emissions industries such as oil and gas and also aviation.

With regards to the group's investment profile, 10.5% are sustainable investments in 2022. April 2023 marked the second year of Tune Protect publishing the integrated annual report which communicates in a concise manner how Tune Protect's strategy, governance, performance and prospects leads to value creation for its stakeholders.

In the same report Tune Protect has expanded on its disclosures aligned to the globally recognised Taskforce on Climate-related Financial Disclosures (TCFD). TCFD will be mandatory for Malaysian listed companies with financial year end on or after 31 December 2025.

To further encourage the transition towards a low-carbon economy and support ownership of electric vehicles, Tune Protect is currently running an ongoing campaign to provide free personal accident coverage for drivers and riders.

All customers purchasing motor insurance for electric vehicles receive rider coverage and unlimited towing services. Through this campaign, Tune Protect provides greater incentives for customers to switch to electrical vehicles at their convenience.

PROMINENT MILESTONES ALONG THE WAY

Since December 2021, Tune Protect has been a constituent of the FTSE4Good Bursa Malaysia Index. The organisation is currently the only insurer on the index and has improved its score from 3.3 to 3.6 for 2022.

Launched in Dec 2014, the index was aimed to support investors in making ESG investments in Malaysian listed companies as well as increase the profile and exposure of companies with leading ESG practices. In essence, the index supports the transition to a lower carbon and more sustainable economy.

Further on, Tune Protect's sustainability journey was also recognised by the ESG Award 2022 as the Gold recipient of the Most Improved Performance Over 3 Years (for Market Cap Less than RM300 Million).

Tune Protect was also recognised for their efforts towards upholding transparency in their corporate reporting practices. They received the Best Annual Report Award (small cap) from the Investor Relations Magazine in the annual IR Magazine Southeast Asia Forum and Awards for their 2021 Integrated Annual Report.

To top it off, the group has for the third consecutive year been recognised by the Minority Shareholders Watch Group at the MSWG-ASEAN Corporate Governance Awards 2021, receiving the Industry Excellence Award for CG Disclosure. Tune Protect also came out 17th on the list of Top 100 Companies for the CG disclosure 2021.

These recognitions are but icing on the cake for corporations that pursue a more sustainable business model. Beyond it, corporations possess the capacity and responsibility to make monumental changes to environment, social and governance. Hence their actions should ideally reflect humanity as a whole.

GREEN-PROOFING ARCHITECTURE FOR THE FUTURE

When it comes to green buildings in tropical climates like Malaysia, the elements architects should consider are site and land use, energy conservation, water management, sustainable materials, indoor environmental quality, and innovation.

While a few of these elements may be costly as they involve additional resources, the last element is crucial as innovation involves the virtuosity of architectural design. RSP Architects Kuala Lumpur Principal Ar. Hud Bakar on enhancing sustainability measures, said: "Basic sustainable features of any building should be imbued in the architectural design first; basic qualities like cross-ventilation for an airy environment, sun orientation for daylighting, and efficient layout plan for conducive, safe, and human-friendly function should be at the back of every architect's mind."

In over three decades, RSP Architects Kuala Lumpur, under the helm of Ar. Hud Bakar, has designed 12 GBI-certified buildings, with the MITI headquarters certified gold, the newly completed EPF headquarters receiving Green RE Platinum, and the upcoming Merdeka 118 targeted to be the first in Malaysia to be awarded triple platinum certifications from GBI, GreenRE, and LEED. We believe Environmental, Social & Governance (ESG) and the UN Sustainable Development Goals (SDG) go hand in hand. If then, it was a niche field of interest, but thanks to aplenty of advocacy, it has turned into our daily talk in conversations. This translates to tasks and responsibility when one grasps the understanding and acts for the betterment of planet earth. It is a collective action. Although the benefits of green building are often reiterated to assist in achieving net-zero carbon, many do not realize the commercial aspects of it.

For this, the question is raised: whose call does it fall upon? Is it the architect's call or the property developer's call? Should architects advise developers, or developers advise architects, in building sustainable buildings? In the instance of Merdeka 118, it is the first time in the history of Malaysian construction to target triple certifications, including from LEED, which is more accustomed to buildings overseas.

"Property developers should be aware that by building sustainable buildings, it will also benefit their future tenants, which have ESG & SDG tenets in their corporate policies. In addition to that, in Singapore, they even have a policy to govern loan approvals for property developers to ensure they implement green initiatives in their projects", said RSP Architects Kuala Lumpur Director Ar. Ahmad Farid Baharuddin. Just recently, RSP Architects Kuala Lumpur completed the new EPF headquarters in KWASA Damansara, which is on track to receive GreenRE Platinum certification pending two years of occupation. According to Ar. Hud. Bakar, green features must be imbued in design, not merely by adding sustainable materials or mechanisms. The new EPF headquarters was designed within a green masterplan that consists of a green lung or central park. The form of the building itself was designed in a "U" shape to provide sufficient daylighting for natural sunlight to come in large floor plate office, while the surrounding area was ensured to be cyclist and pedestrian friendly. Added to the building are photovoltaic solar panels, double-glazing glass panel windows to reduce heat, and a rainwater harvesting tank for watering plants.

"The challenge is always the cost; architects must be smart in designing green buildings if the project can't afford to have solar panels to provide energy for the entire building's usage. It is sufficient if it can power the server and electrical equipment, which consume quite bit of energy. Also, features like a skylight may help to provide extra natural lighting, or a water pond may help as a conserving agent in cooling the building, Ar. Roslan Razak, Associate Director, RSP Architects Kuala Lumpur.

BURSA MALAYSIA COMMENCES CENTRALISED SUSTAINABILITY PROGRAMME

Following the announcement by YAB Prime Minister at Invest Malaysia Kuala Lumpur 2023, Bursa Malaysia today signed a Memorandum of Collaboration (MOC) with UMW Corporation Sdn Bhd (UMW) and Maybank to deploy a Centralised Sustainability Platform.

By Chong SM

"We are also exploring the development of an ESG corporate reporting solution to increase disclosure of climate related risks and opportunities for investors. It follows the launch of a new ESG and low carbon benchmark covering the largest listed issuers on Bursa Malaysia"

-Cornelia Andersson

Working in collaboration with the London Stock Exchange Group (LSEG), Bursa Malaysia has developed and tested the Platform that will serve as a repository for listed companies' ESG disclosures. The Platform will enable listed companies' to reinforce their sustainability disclosures and accelerate swift adoption of their supply chain's carbon emissions, which also includes non-listed entities. The Platform will also help banks develop green financing products and services, that will incentivise and encourage decarbonisation of the corporate sector and their supply chain.

"We are pleased to be working with the LSEG to develop this Platform which will enable Malaysian corporates to meet regulatory requirements, facilitate greater transparency and consistency in sustainability disclosures, while providing wider access to green financing products," said Datuk Muhamad Umar Swift, CEO of Bursa Malaysia. "The Platform will also offer additional capabilities such as TCFD modules, as well as a carbon emission calculator for corporates and their supply chain."

Last year, Bursa Malaysia and the LSEG signed a Memorandum of Understanding (MoU) to expand the ESG collaboration between the two exchanges. The MoU covers ESG educational initiatives, implementation of sustainable supply chain finance, corporate ESG reporting solutions, among other areas. Commenting on the MoU, Cornelia Andersson, Group Leader, Sustainable Finance and Investment at LSEG pointed out that this step will yield a significant increase in the environmental, social and governance (ESG) data and analytics available on listed companies in Malaysia.

"We are also exploring the development of an ESG corporate reporting solution to increase disclosure of climate related risks and opportunities for investors. It follows the launch of a new ESG and low carbon benchmark covering the largest listed issuers on Bursa Malaysia," Cornelia Andersson added.

UMW and Maybank are pioneers of the Early Adopter Programme (EAP), an initiative to accelerate Corporate Malaysia's transition towards a Green Economy. Running from April to October 2023, participants of the EAP will validate the value extraction of this Platform. "Following YAB Prime Minister's call-to-action at the recent Invest Malaysia event, we commend the leadership stance taken by UMW and Maybank to take on the first movers' advantage and pilot this innovative sustainability initiative," said Datuk Muhamad Umar Swift, CEO of Bursa Malaysia. "We envisage building a sustainable ecosystem that will be able to address the needs of a multitude of stakeholders, and one that is inter-operable, hence easing the path for acceptance and raising competitiveness of Malaysian companies in the global supply chain."

The MOC was signed by Datuk Muhamad Umar Swift; representing UMW was Dato' Ahmad Fuaad Kenali, President & Group Chief Executive Officer, while Maybank was represented by its Group President & CEO, Dato' Khairussaleh Ramli.

Dato' Khairussaleh Ramli said that as corporates are duly expediting adoption of sustainability as a core component of their business strategy, Maybank believes that this Centralised Sustainability Platform would facilitate them to disclose standardised common ESG data in ways that conform to established global standards.

"In line with our mission to Humanise Financial Services and driven by our M25+ strategy, we will continue to support our stakeholders on their decarbonisation journey – providing advisory and engaging them on their plans on sustainable and transition financing solutions," added Dato' Khairussaleh Ramli.

"Sustainability has always been core to UMW's purpose and values, and it continues to stand as one of the main pillars of our CREST@UMW strategic framework. Our sustainability roadmap is anchored on four key thrusts, including to achieve carbon neutrality by 2050 and the Group has been disclosing its Scope 1 and Scope 2 carbon emissions in its annual Sustainability Report," said Dato' Ahmad Fuaad Kenali.

"Furthermore, the UMW Group is continuing with environmental conservation efforts through UMW Green Shoots Initiatives to plant mangrove trees throughout Malaysia and participation in the River of Life programme via the planting of bamboo shoots. With the introduction of this new platform initiated by Bursa Malaysia, we will be able to work towards ascertaining the Group's Scope 3 carbon emissions to enable us to be more objective and effective management of the Group's carbon emissions as we embark on the phased implementation of TCFD from FYE 2024."

Concluded Datuk Muhamad Umar Swift, "Bursa Malaysia and our partners share the common goal of creating a sustainable marketplace, where listed companies can grow sustainably and make profits. With this Platform, we hope to accelerate the pace of achieving this objective and see improved ESG performances by our listed companies recognised by global investors, while enabling the opportunity for them to access capital freely and improving liquidity of our markets."

To familiarise themselves with the features and functions of the Platform, general awareness and education sessions for the broader listed companies will commence from July onwards. This will assist companies with financial year ending December 2023, in time to meet mandatory disclosure requirements which starts March 2024.

SUNWAY UNIVERSITY

NURTURING SUSTAINABLE LEADERS OF TOMORROW

Although the push towards sustainability is a holistic effort that touches every fabric of our nation, corporations are usually given the limelight due to their stronger presence.

By Chong SM

Large corporations with their position at the pinnacle of society enjoy a visibility that often defines the theme of sustainability. Yet if the effort for every great movement is to be re-examined in detail, one cannot help but realise that all great movements start from the roots.

And that involves the education system from which every great leader must come from. The Sunway Education Group is among that force of change.

With the Malaysian government going strong on its commitment to become net-zero carbon emissions, Sunway Education Group sees this as a boon to its already flourishing sustainability efforts.

"The government has a strong ambition to be carbon neutral by as early as 2050. Increasing existing funding programmes and extending tax incentives to encourage the adoption of green technology in the country. It is most encouraging to see Malaysia committed to achieve net-zero greenhouse gas emissions. And we at Sunway, taking our cue from Tan Sri Jeffrey Cheah fully support this," said Sunway Education Group CEO Professor Dato' Elizabeth Lee.

"The government has a strong ambition to be carbon neutral by as early as 2050. Increasing existing funding programmes and extending tax incentives to encourage the adoption of green technology in the country. It is most encouraging to see Malaysia committed to achieve net-zero greenhouse gas emissions."

-Professor Dato' Elizabeth Lee
Sunway Education Group CEO

STARTING THEM YOUNG

On the get-go, Sunway Education Group has made Sustainable Development Goals (SDG) in Education compulsory for all staff and students. Supported by the Malaysian Ministry of Higher Education, SDG modules are incorporated in the teaching and learning content.

All students have to complete the compulsory MOHE MPU subjects offered under the General Studies Department. Subjects include Sustainable Development in Malaysia and Community Service for Planetary Health. Students who complete this subject are required to take the Sunway Planetary Health Pledge.

Expanding on this, Sunway University is home to the Jeffrey Sachs Centre on Sustainable Development and the UN Sustainable Development Solutions Network (UN-SDSN) Asia Headquarters. The SDSN Asia Headquarters is responsible for initiating and coordinating continent-wide priority programs, particularly in the areas of decarbonisation, biodiversity conservation, financing sustainability, and education for sustainable development. There is also the Sunway Centre for Planetary Health (SCPH) which is committed to planetary health through education, research and making knowledge accessible by engaging with people across the Asia and Pacific regions – they are the key drivers behind the Planetary Health subject mentioned earlier.

In the classrooms, students are encouraged to incorporate and relate assignments and projects with the UN SDGs. True to Sunway University's Campus With A Conscience values, the University has banned styrofoam and plastic straws on its grounds. From the students to the top-level management, most have taken to bringing containers from home to reduce plastic usage.

Elizabeth said sustainability is reinforced by the various recycling bins planted strategically across the campus clearly indicated by colours and signs to encourage effective waste-sorting. As of 2020 alone, the effort has diverted 13.9 tons of waste from landfills through recycling, repurposing, reusing and composting.

SUSTAINABILITY IN EVERY ASPECT

Sunway XFarms is another initiative by Sunway Education Group. It is an urban farm operating on circular watering, a system that recycles water and levels nutrients automatically. The system is claimed to hydrate crops at 90% less water compared to traditional farming.

By stacking trays vertically, the farm can produce up to x10 more yield per sq ft, making the most out of each space. Besides that, sustainable education is perpetuated by enlisting students as apprentices to work the farm.

Towards the public infrastructure, solar panels line the top of the canopy walks connecting to the university and a number of buildings have also been topped with solar panels. The energy harvested resulted in a reduction in electricity bills by 71% since 2019.

According to Elizabeth, there is also a water treatment plant that cleanses the water in the South Quay Lake adjacent to Sunway University, which at full capacity provides 8.5 million litres of water per day.

Away from the urban area, the Sunway University Drone Project makes a sustainable statement in Sarawak by investigating the status of mangrove forests. The project is a collaboration between the Sunway University's School of Engineering and Technology and the Sarawak government. In the current phase of the project, hyperspectral cameras are used to access changes to the mangrove in relation to sea level, pollution, and sedimentation rate. Sunway University postgraduate students are involved in the data analysis of the project. The Drone Project is one of Sunway University's many research projects. At Sunway University, researchers as well as students look to find solutions to some of the most prevalent current issues.

In an effort to conserve local culture and natural surroundings, Sunway University researchers from School of Hospitality and Service Management, and the School of Arts looked into the possibility of highlighting fishing villages as slow tourism destinations. Concentrating on the fishing village of Sungai Lima, the researchers identified several socio-cultural and environmental concerns where they proposed solutions which may help in the conservation of culture, while promoting tourism. Fishing villages face various challenges such as an ageing population, urban relocation and the vanishing fishing industry. The project integrated into subjects with the involvement of students culminated in an exhibition to educate the campus community on some of the issues faced in Sungai Lima.

MARK OF EXCELLENCE

With all these efforts and more in place, it is unsurprising that Sunway University was ranked 280 in the 2021 UI GreenMetric (UIGM) World University Rankings, out of 956 universities worldwide.

UIGM is an initiative of Universitas Indonesia, based on the green campus sustainability and environmental management efforts. There are six main criterias, namely setting and infrastructure, energy and climate change, waste, transportation and education.

Sunway University is also the highest-ranked private university in Malaysia within the globally recognised Times Higher Education Impact Rankings 2021. All these efforts culminate with Sunway University being among the Top 200 for SDG 11: Sustainable Cities and Communities, making it one of the world's leading institutions in this category dedicated to creating career and business opportunities, safe and affordable housing, and building resilient societies and economies.

BREW A BETTER WORLD:

RAISING THE BAR ON SUSTAINABILITY COMMITMENTS

HEINEKEN Malaysia has been committed to creating long-term sustainable value for its stakeholders, guided by its purpose – 'To Brew the Joy of True Togetherness to Inspire a Better World' by adopting its Brew a Better World 2030 (BaBW) global sustainability strategy, where every aspect of the business plays an important role in contributing to a resilient and shared future for the people and planet.

The BaBW strategy consists of three pillars, putting the brewer on the path to achieving net zero impact on the environment (Environmental Sustainability); contributing towards an inclusive, fair and equitable company and world (Social Sustainability); and promoting moderation and responsible consumption (Responsible Consumption).

HEINEKEN Malaysia Managing Director Roland Bala said the strategy raises the bar across the core pillars of environmental sustainability, social sustainability, and responsible consumption. "We are committed to our 2030 ambition by having a robust roadmap and clear initiatives to reach our goals. Over the years, we have taken significant steps to strengthen our sustainability practices. Whilst this is a courageous ambition, we are pleased to say that we are making great progress towards our sustainability commitments."

ENVIRONMENTAL SUSTAINABILITY

The brewer has committed to reaching net zero carbon emissions in production by 2030, and across the value chain by 2040. In 2022, HEINEKEN Malaysia succeeded in reducing absolute CO2 reduction by 49% as compared with its 2018 baseline, as well as reducing its Scope 1 and 2 reductions by 10% and 85% respectively.

The brewer also pledged to maximise circularity through its commitment to zero waste to landfill and to turn waste into value by closing material loops throughout the value chain. This has been successfully accomplished whereby HEINEKEN Malaysia achieved zero waste to landfill since 2017 and has been developing new circularity strategies and targets since.

As water is a key ingredient of beer, the brewer also worked towards healthy watersheds, by committing to fully balance its water through water stewardship projects, reduce water usage, as well as treat its wastewater. Last year, HEINEKEN Malaysia made positive progress and achieved an impressive 203% water balanced; reduced average water usage by 20% compared with its 2014 baseline, in addition to treating 100% of its wastewater beyond the standards of the Department of Environment.

SOCIAL SUSTAINABILITY

HEINEKEN Malaysia embraces inclusion and diversity. The brewer is dedicated to gender balance with 40% women across senior management by 2030, and aims to train 100% people managers in inclusive leadership. As of 2022, the brewer has made significant progress with 63% of women in the management team, while 80% of HEINEKEN Malaysia's people managers attended inclusive practices workshops. 14% of people managers also completed the e-learning inclusive leadership training.

The brewer is committed to providing a fair and inclusive workplace with fair wages, equal pay, and leadership capacity to drive zero fatal accidents and injuries, as well as ensuring third-party employees to have a safe, healthy and decent work environment. As a result, the brewer has successfully completed 100% of its wages assessment and ensured zero fatalities in 2022, with 94% of people managers completing the HEINEKEN Life Saving Commitments training that outlines operational do's and don'ts, especially for high-risk activities across the company.

Beyond the brewery, it also looks outward to make a positive impact in the local communities. In 2022, the brewer held various community engagements including the Tiger Sin Chew Chinese Education Charity Concert, the HEINEKEN Cares community food aid programme, and the English Enrichment Training Programme.

RESPONSIBLE CONSUMPTION

HEINEKEN Malaysia is committed to building a responsible consumption culture. The brewer believes that there is always a choice and that its products should be enjoyed responsibly and in moderation.

Hence, HEINEKEN Malaysia led the effort in engaging and educating its customers on responsible consumption and provides consumers with zero-alcohol and dealcoholised options such as the Heineken® 0.0 as an alternative to promote moderate alcohol consumption and a more balanced lifestyle.

The brewer is also committed to providing clear and transparent information about its products. In addition to the information available on both its brand and corporate websites, the brewer updated its labels in 2022 with a changeover planned for 2023.

Through strategic partnerships, the brewer also aims to address the harmful use of alcohol and alcohol-related harm. Last year, HENEKEN Malaysia launched a partnership with Grab Malaysia and offered up to 10,000 Grab promo codes to promote responsible drinking. The brewer encouraged customers to leverage e-hailing when attending and returning from the brewer's brand events.

What's more, HEINEKEN Malaysia is looking to make moderation cool, as the brewer committed 10% of its Heineken® media spend on responsible consumption campaigns. As a result, the brewer went beyond its target and invested 11% of its Heineken® media spend on responsible consumption initiatives. Last year, the brewer launched the When Your Drive, Never Drink campaign to advocate against harmful consumption and behaviours by encouraging consumers, business partners, and employees to take a stand against drink-driving. 3,000 consumers who took the pledge were rewarded with Grab e-hailing vouchers while 100 industry players also took a stand and committed to being HEINEKEN Malaysia's responsible partner and 'Enjoy Responsibly' ambassador.

RECOGNITIONS

As a result of HEINEKEN Malaysia's Brew a Better World commitments, the brewer was applauded through several awards in environmental and social sustainability.

In 2022, HEINEKEN Malaysia was recognised at the United Nations Global Compact Malaysia & Brunei (UNGCMYB) Sustainability Performance Awards 2022 in two categories, including the SDG Ambition Benchmark 2 for its water stewardship initiatives and SDG Benchmark 3 on its zero waste to landfill commitments.

The brewer also bagged the Company of the Year awards at the Sustainability and CSR Malaysia Awards for its Environmental and Social Initiatives for the fifth time, as well as the Long-Standing Excellence in Sustainability Award in 2022.

Furthermore, HEINEKEN Malaysia's dedication to fostering an environment that values diversity in culture, gender, physical abilities and other minority groups was recognised as the brewer won the Gold Award for Excellence in Diversity, Equity and Inclusion last year at the HR Excellence Awards 2022.

Earlier this year, HEINEKEN Malaysia was also recognised at the MDBC Innovation and Sustainability Awards 2023, acknowledged in the Outstanding Dutch Investor in Malaysia (MNC) category for its positive strides towards the aspirations of the United Nations Sustainable Development Goals, as well as its ability to showcase their sustainability efforts and best practices throughout their value chain and through community outreach programmes.

LOOKING AHEAD

Corporate Affairs & Legal Director, Renuka Indrarajah said: "At HEINEKEN Malaysia, we want to inspire a better world through our ongoing sustainability efforts, as we continue to integrate sustainability in every level of our business and across the value chain. We believe that to see meaningful progress, businesses need to explore new innovations, partnerships, and solutions to accelerate sustainability towards reaching bold targets and work to influence others in their supply chain to do the same."

MITI:

ADDRESSING KEY ASPECTS OF MALAYSIA'S NET ZERO CARBON JOURNEY

The need to decouple greenhouse gas emissions (GHG) from economic growth becomes more urgent as climate change poses increasingly higher risks to many nations' future well-being.

By Chong SM

Hence it is unsurprising that sustainability has become a top priority where the nation's industry and industrial transformation are concerned, and Minister of Investment, Trade and Industry, Tengku Datuk Seri Zafrul Abdul Aziz is in full support of this. In fact, as Chairman of the taskforce on the New Industrial Master Plan 2030 (NIMP 2030), Tengku Zafrul and his team at the Ministry of Investment, Trade & Industry (MITI) are seriously looking to drive industrial transformation in manufacturing and related services to, among others, create a competitive industry with high complexity: build a high-income and skilled workforce; as well as develop existing and new industry clusters, while also ensuring a sustainable industrial development. Sustainability is, after all, part of the 12th Malaysia Plan. In addition, Malaysia officially announced the National Low Carbon Aspiration 2040 under the National Energy Policy 2022-2040 (DTN) which will contribute to the reduction of carbon dioxide (CO_2) emission in line with the target to achieve net-zero greenhouse gases (GHG) emissions by 2050. According to Tengku Zafrul, among the Government's initiatives to encourage investors to explore projects that support sustainable development and adopt the ESG principles is the Green Technology Incentive which was introduced in 2014. Since then, there have always been incentives in every annual budget to promote and further facilitate investments in Green Technology as well as to attract investments in the development of low carbon technologies. Under the 2023 National Budget, for example, the Government introduced tax incentives for Carbon Capture and Storage (CCS) to recognise CCS activities as a new source of economic growth and in achieving net zero greenhouse gas emission. The tax reliefs, he said, would encourage companies to invest in low carbon technologies for Malaysia to achieve the target of 31 per cent of RE in the power mix by 2025. Furthermore, there are also incentives such as Pioneer Status and Investment Tax Allowance to encourage businesses to engage in recycling activities and the production of biodegradable plastic products. All these incentives are aimed at promoting a circular economy and contributing to Malaysia's efforts towards a more sustainable and energy-efficient economy.

Efforts towards achieving Malaysia's sustainability objectives have also been borne out in bilateral frameworks, such as Malaysia and Singapore's official cooperation in Digital Economy and Green Economy signed last January. This will cover capacity building for exporters – as well as knowledge sharing for businesses on sustainable business practices, and renewable energy related technology standards – to support the regional decarbonisation agenda. The Malaysia-Singapore exchange also includes harmonisation of regulatory framework for low-carbon solutions, such as development of standards and technical requirements for EV and AV vehicle testing, charging protocols, grid management and safety.

In terms of further encouraging the development of the EV ecosystem, Budget 2023 also features an extended incentive package, as well as special tax incentives for developing critical components such as the Battery Management System, Battery Pack and Capacity, On-board Charging, Charging infrastructure, and Modular-based Battery Swapping Technology.

Malaysia aims to have electrified vehicles (including hybrid) make up at least 15% of the total industry volume (TIV) by 2030, and 38% of electrified vehicles by 2040 under the National Energy Policy (2022-2040). Through Government support, in 2022, sales of electrified vehicles accounted for 21,000 units of total industry volume. Thus far, 978 units of EV public charging facilities have been established, with the aim of establishing at least 4,000 EV charging points by end-2023.

Reinforcing all these are also the National Environmental, Social and Governance Industry Framework (i-ESG) for the manufacturing sector which will help Malaysian companies incorporate ESG practices in their operations. The i-ESG framework focuses on four (4) pillars – standards, financing, capacity building and market mechanism – and will be launched at end-2023. Tengku Zafrul said export markets are increasingly demanding exporters to be ESG-compliant. Hence there is a need to prepare local companies, especially SMEs to adopt ESG principles. "We are focused on attracting quality investments, and driving industrial transformation that could create positive spill-over impact to the wider economy in terms of providing jobs with high and growing wages, uplifting SMEs, and creating the target outcomes on the ESG front, including on social equity and governance," concluded Zafrul.

To that end, Tengku Zafrul believes that the real overhaul and industrial transformation will come with the NIMP 2030. This policy will help guide Malaysian manufacturers and SMEs on embracing new technology, automation and digitalisation, while building their capacities in ESG, so they can meet future challenges such as competition from our neighbours, as well as 'green' demands from export markets. MITI is clear that these are what is required to increase investments and exports for Malaysia's future sustainable economic growth.

MIDA:

ELEVATING FUTURE-PROOFED SUSTAINABLE GROWTH TO HEIGHTEN INVESTMENT AIMS

It is imperative for businesses to adopt a tangible, practical plan with new principles – from investment to sustainable innovation.

Malaysia intends to reduce it's economy-wide carbon intensity (againts GDP) of 45% in 2023 compared to the 2005 level.

The updated NDC includes the following increased ambition:

(a) The 45% of carbon intesity reduction is unconditional;
(b) This target is an increase of 10% from the earlier submission; and
(c) The GHG coverage is expanded to (7) greenhouse gasses (GHG).

Malaysian Investment Development Authority (MIDA) CEO Datuk Wira Arham Abdul Rahman said that the green technology agenda in Malaysia consists of a range of initiatives and policies, that aim to increase the use of environment-friendly approaches in every sector to reduce reliance on fossil fuels and environmental impact.

Sustainability measures and ESG are increasing denominators in determining a company's valuation as well as influencing investors' and consumers' confidence. This agenda will not only spur Malaysia's economy and social well-being but also drive the services/system providers, and motivate companies to acquire assets that have been verified as green.

As the Government's principal agency for the promotion of investment in the manufacturing and services sectors, MIDA facilitates companies within these sectors towards adopting and adapting technology and automation, incorporating green and sustainable processes, as well as undertaking higher value-added activities such as research and development.

SUSTAINABILITY AS A KEY OVERARCHING THEME

Sustainability is increasingly becoming a fundamental decision criterion for global institutional and governmental investors alike, which has significant implications on the flow of capital and hence economic trajectory. In response, global economies are taking stringent action to strengthen holistic compliance with sustainable matters to protect their local economies.

In the case of social concerns, broad human rights considerations including forced labour issues can have significant implications on the continued investments from ESG-centric companies. In recognition of this, the Ministry of Human Resources (MOHR) has introduced a col-

laboration with the International Labour Organisation (ILO) to devise the National Action Plan on Forced Labour (NAPFL) 2021-2025 which focuses on awareness, enforcement, and labour migration matters required to eliminate forced labour in Malaysia by 2030.

In the case of environmental standards, sustainability remains a crucial issue that the Malaysian economy cannot be complacent about as it could be exposed to significant risks. The increasing adoption of sustainability-centric policies such as the Carbon Border Adjustment Mechanism (CBAM), and wider interest in carbon pricing, put Malaysia's exports at risk leading to potential losses in GDP and prolonged decreases in employment opportunities. Malaysia needs to adopt a two-pronged approach.

First, a defensive approach, which aims to support Malaysia's local ecosystem in transitioning to meet national and global commitments to Net Zero in the next few decades and second, an offensive approach to ensure the right enablers are established to facilitate new green growth ecosystems which will become the economic engines of tomorrow's economy. Ultimately, the transition towards sustainability and meeting Malaysia's commitment to be Net Zero GHG emissions aspiration by 2050 at the earliest, based on the 12th Malaysia plan.

NEW INVESTMENT POLICY AIMS

With investments being one of the main drivers of our economy, it is imperative to formulate a strong progressive policy to attract foreign investment which in turn will spur domestic investment and bolster supply chain linkages. To achieve this, Malaysia continues to maintains an open-door policy to ensure a robust and vibrant economic ecosystem, boosting competitiveness and improving the ease of doing business which include pragmatic investment strategies and criteria for institutions and economies, with rapid technological breakthroughs and broad digitalisation.

In this vein, the New Investment Policy (NIP) outlines significant strategies to reinvigorate and catalyse Malaysia's investment ecosystem to achieve sustainable economic growth, provide high-quality and high-tech employment opportunities and improve people's lives and livelihoods as well as securing shared prosperity.

The NIPs strategic thrusts involve the formulation of a unified investment strategy and the ESG agenda undertaken to strengthen the industry response towards sustainability trends, enhance clarity on milestones and goals for companies to accelerate the transition to sustainability, and enhance Malaysia's global competitiveness.

SUSTAINABLE-GREEN INVESTMENTS INITIATIVES

Companies are encouraged to invest in harnessing renewable energy (RE) sources, including solar, biomass, biogas, mini hydro and geothermal, to use energy effeciency (EE) equipment, green building, green data centre and integrated waste management. In addition, there are many untapped opportunities for services related to RE, EE and support services for electric vehicle (EV) such as services for EV charging station operation.

The Government, through MIDA, offers the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) to encourage companies to invest in harnessing RE sources, including solar, biomass, biogas, and mini-hydro and to use EE equipment and green services.

MIDA has proactively taken the initiative to ensure investors have access to the right infrastructure, proper facilities and skilled talent to cater to the requirements of businesses. Among the initiatives and assistance provided by MIDA to industries include the Pioneer Status (PS), Investment Tax Allowance (ITA), Industry4WRD Intervention Fund, Automation Capital Allowance (ACA).

MIDA will continue to engage and facilitate purpose-driven companies in building sustainable supply chains, taking actionable initiatives for net zero commitments, empowering talent management, and improving ESG reporting.

MIDA is also working with the United Nations Development Programme (UNDP) in developing the SDG Investor Map for Malaysia which is an essential tool that will help investors identify opportunities that contribute to the sustainability agenda and deliver significant returns.

COMMITTED TO BUILDING ENERGY EFFICIENCY

SEDA Malaysia, or the Sustainable Energy Development Authority Malaysia (SEDA) continues to be committed to energy efficiency initiatives through the SAVE 3.0 program.

In order to realise energy efficiency initiatives, the government has introduced the Sustainability Achieved via Energy Efficiency (SAVE) Program aimed at increasing community awareness and encouraging the purchase of energy efficient equipment.

It can help save electricity consumption especially for domestic users. The Energy Commission has classified electrical equipment using the energy efficient star label with four- and five-star labels as highly energy efficient equipment.

The SAVE program is a Government initiative within the framework of the Entry Point Project (EPP) 9 strategy under the Key Economic Outcomes (NKEA) which focuses on improving energy efficiency in Malaysia.

It was launched on 7 July 2011 and the Malaysian Sustainable Energy Development Authority (SEDA) is the implementing agency for the programme.

This program offers rebates for domestic households for the purchase of refrigerators and air conditioners with a five-star energy efficiency label from the Energy Commission (ST) and rebates for building owners who have implemented the conversion of existing inefficient chillers to energy efficient ones (limited to electric cooling type only).

The latest SAVE program which is SAVE 3.0 which was launched in January 2022 has received a very encouraging response and is a continuation of SAVE 2.0 which was launched in January 2021.

SAVE 3.0 also introduced the addition of electrical equipment categories as well as introduced some selected electrical goods labeled four or five stars such as air conditioners, refrigerators, televisions, washing machines, microwave ovens, and rice cookers.

The success of the SAVE 3.0 Program is the result of the joint efforts of the Ministry of Natural Resources, Environment and Climate Change (NRECC), SEDA Malaysia and related agencies in promoting this program to all Malaysians through various media platforms.

The efforts to implement SAVE 3.0 by SEDA Malaysia do not stop at just contributing to the environment, it is in line with the government's direction towards achieving the goal of a zero-carbon country by 2050.

The Chief Executive Officer of SEDA Malaysia, Datuk Hamzah Hussin, said the SAVE 3.0 Program recorded the redemption of more than RM35 million in e-rebates involving the purchase of 180,000 units of selected electrical equipment.

"This quite encouraging response proves the public's awareness of the benefits and benefits of using energy efficient equipment," he said.

The achievement of the SAVE 3.0 program is better than the SAVE 2.0 program which recorded a redemption amount of RM26 million for 130,000 units of selected electrical equipment.

"Among the factors that contribute to this success is the ease of accessing e-rebate redemption and a wide selection of energy efficient products.

"Efforts to apply awareness about the importance of preserving and protecting the environment are important to guarantee changes in community living practices towards achieving a more sustainable future for future generations"

-Dato Hamzah Bin Husin
Chief Executive Officer, SEDA

"Each household can choose to redeem e-rebates online through e-commerce platforms (Shopee, Lazada, PG Mall, YouBeli) or physically at over 1,400 electrical appliance stores throughout Malaysia that are registered with SEDA Malaysia," he said.

Hamzah said the SAVE 3.0 Program succeeded in increasing the total number of four and five star energy efficient electrical equipment and energy efficient equipment in the market, while contributing to a reduction of 76 thousand tons of carbon dioxide (CO2) emissions.

"Efforts to apply awareness about the importance of preserving and protecting the environment are important to guarantee changes in community living practices towards achieving a more sustainable future for future generations," he said.

SEDA Malaysia was established in 2011 under the Sustainable Energy Development Authority Act, and is responsible for developing and promoting the use of renewable energy and energy efficiency in the country.

One of SEDA Malaysia's primary roles is to manage Malaysia's feed-in tariff (FiT) scheme, which provides incentives for the generation of electricity from renewable sources. Under the scheme, producers of electricity from renewable sources such as solar, wind, and biomass can sell their excess electricity to the grid at a premium price, providing a financial incentive for the development of renewable energy projects.

SEDA Malaysia also provides technical assistance and capacity building to support the development of renewable energy projects, as well as promoting energy efficiency measures and the adoption of energy-efficient technologies. The agency works closely with government agencies, industry stakeholders, and the public to raise awareness about the importance of sustainable energy development and to promote the adoption of sustainable practices.

In addition to its work in the area of energy, SEDA Malaysia also plays a role in promoting sustainability more broadly. The agency's mandate includes the promotion of sustainable development in Malaysia, which encompasses social, economic, and environmental aspects.

SEDA Malaysia has developed a sustainable energy policy framework that takes into account these three pillars of sustainability, and works to ensure that the country's energy development is aligned with this framework.

SEDA Malaysia's work is important in promoting sustainability in Malaysia, particularly in the face of challenges such as climate change and the depletion of finite resources. By promoting the adoption of renewable energy and energy-efficient technologies, the agency is helping to reduce the country's carbon footprint and promote a more sustainable future. Its efforts to promote sustainable development more broadly are also crucial in ensuring that Malaysia's development is sustainable and equitable for all.

For more information on the SAVE program, you can visit http://www.saveenergy.gov.my/

WWF

PRESERVING MALAYSIA'S UNIQUE BIODIVERSITY

WWF Malaysia is an organisation that promotes sustainability and the conservation of natural resources in Malaysia. With a focus on environmental protection, WWF Malaysia advocates for sustainable practices that ensure the preservation of Malaysia's unique biodiversity for future generations.

By Cynthia Ignatius

Through its various conservation programs and initiatives, WWF Malaysia seeks to address critical environmental issues such as climate change, deforestation, and wildlife conservation.

WWF Malaysia works with various stakeholders, including government agencies, businesses, and local communities, to promote sustainable practices and encourage the adoption of green technologies. With a vision of a world where people and nature can thrive together, WWF Malaysia plays a crucial role in promoting a sustainable future for Malaysia and the wider global community.

"WWF Malaysia is actively engaged in promoting sustainability and conservation through its various conservation programs and initiatives. This includes collaborating with decision-makers in federal and state governments to support initiatives such as the gazetting of Tun Mustapha Park and preparing training materials for biodiversity-friendly infrastructure development. WWF Malaysia also works with businesses to share data, promote certification tools, and encourage the adoption of best management practices," said Lakshmi Lavanya Rama Iyer, Director of Policy and Climate Change.

Additionally, WWF Malaysia collaborates with local communities to promote sustainable land-use management and the creation of wildlife corridors. The Living Landscapes Approach (LLA) is a conservation strategy that balances biodiversity conservation and sustainable development through the three pillars of Protect, Produce, and Restore.

Recently, WWF launched the Biodiversity Risk Filter, a tool to screen business operations and supply chains against biodiversity indicators, and is currently assessing the biggest public-listed companies in Malaysia using the tool.

"WWF Malaysia is actively engaged in promoting sustainability and conservation through its various conservation programs and initiatives.."

-Lakshmi Lavanya Rama Iyer
Director of Policy and Climate Change

"WWF Malaysia's efforts align with the goals and targets set out in the Kunming-Montreal Global Biodiversity Framework, and the organisation is dedicated to continuing to promote sustainability and conservation in Malaysia and beyond," Lakshmi added.

WWF Malaysia utilises the widely adopted Conservation Standards developed by the Conservation Measures Partnership (CMP) to guide the design, management, and monitoring of its conservation projects. Objectives are set to ensure threat reduction and achieve goals linked to the health of ecosystems or species populations, and monitoring plans are developed for each program to measure progress towards these objectives.

"Regular updates, annual reviews, and evaluations are conducted to ensure impact and long-term sustainability, and this adaptive management approach allows for more effective implementation of strategies. By utilising these strategic processes, WWF Malaysia is able to effectively monitor and evaluate its programs, leading to more impactful and sustainable conservation efforts," she added.

WWF Malaysia is working to address the lack of recognition for the essential role of nature in our economic and social well-being.

"By developing new methods like natural capital valuation and introducing tools like the Biodiversity Risk Filter, we aim to help decision-makers make more informed choices and enable corporate entities to assess their risk associated with the loss of nature and biodiversity. It is crucial that we acknowledge and protect the many benefits nature provides us, such as raw materials, carbon absorption, climate regulation, water cycle management, and protection against extreme events, for a sustainable future," concluded Lakshmi.

PUBLIC DEBT SHOULD BE VIEWED AS A POSITIVE INVESTMENT TOWARDS SUSTAINABILITY

The unprecedented fiscal firepower used to protect the vulnerable from the harsh socio-economic impact of the COVID-19 pandemic and the resulting economic contraction have pushed the average government debt level in the Asia-Pacific region to its highest since 2008, claimed UN Under Secretary General Armida Salsiah Alisjahbana.

"Our analysis shows that social spending cuts increase poverty and inequality and undermine economic productivity in the long term. Conversely, investing in healthcare, education, social protection and climate action is good economics,"

-Armida Salsiah Alisjahbana
UN Under Secretary General

Public debt distress is expected to worsen amid the global economic slowdown, record-high inflation and rising interest rates, and uncertainty induced by the war in Ukraine. And surging debt service payments are expected to put public debt sustainability of several developing Asia-Pacific economies at risk. Most concerning, debt distress risk is highest for countries with the highest development finance needs, including small island developing states.

Yet, a higher debt level is not necessarily a bad thing, according to this year's edition of the Economic and Social Survey of Asia and the Pacific. Current policy debates on public debt sustainability do not take into account the long-term positive socio-economic and environmental impact of public investments in laying the foundations of inclusive, resilient and sustainable prosperity. Left unaddressed, development deficits and climate risks hurt economic prospects and public debt sustainability itself.

"Our analysis shows that social spending cuts increase poverty and inequality and undermine economic productivity in the long term. Conversely, investing in healthcare, education, social protection and climate action is good economics," said Armida.

Multilateral lenders and credit rating agencies focus excessively on keeping debt sustainable in the short term. Such perceived optimal debt levels are too low and lead to suboptimal development outcomes.

Revisiting current debt sustainability norms has also become necessary with the emergence of major non-traditional bilateral creditors and a drastic fall in concessional development lending to Asian and Pacific countries over the past decade.

It is time for a bold shift in thinking about public debt sustainability. We propose an augmented approach that assesses public debt viability that takes into account a country's sustainable development goals investment needs, government structural development policies aiming to boost economic competitiveness, and national sustainable development goals financing strategies.

It is time for creditors, international financial institutions and credit rating agencies to consider the positive long-term economic, social and environmental outcomes of investing in sustainable development goals, while assessing public debt sustainability.

"Our research finds that public debt is found to decline over the long term when the socio-economic and environmental benefits of public investments are incorporated," said Armida.

Rather than penalizing bold fiscal support for people and the environment, international creditors should consider if such spending would boost economic productivity. Lenders and credit rating agencies should see debt relief as helping support the fiscal outlook, rather than as a sign of an upcoming debt default.

Developing countries should also strive to balance investing in sustainable development goals with ensuring debt sustainability. Governments should not feel deterred from borrowing for essential, high-impact sustainable development spending; rather, funds should be used efficiently and effectively.

Public coffers should also be boosted by resource mobilization strategies designed to generate social and/or environmental benefits, such as through progressive taxation. Effective public debt management reduces fiscal risks and borrowing costs, with several examples of good public debt management practices in the Asia-Pacific region.

At the same time, countries with high debt distress levels may need pre-emptive, swift and adequate sovereign debt restructuring, while efforts towards common international debt resolution mechanisms and restructuring frameworks need to be accelerated.

"We are in the fourth year of the Decade of Action to accelerate progress towards the sustainable development goals with not much to show in gains. It is time for Asia and the Pacific to rise to the challenge of mobilising the financial resources to realise the dream of resilient and sustainable prosperity for all," said Armida.

SELANGOR RESERVES 91,080 HECTARES OF PEAT SWAMP TO PREVENT FLOODS

Selangor the state that endured severely during the last flood, has taken action by preserving approximately 91,080 hectares of peat swamp forest in the Raja Musa Forest Reserve and the Kuala Langat Forest Reserve as a natural defense against floods.

The states forestry department director Azhar Ahmad said the efforts to preserve and restore the forests have been intensified, in the wake of the dry season, as well as to serve as a water catchment area and to prevent floods.

"During the rainy season, the peat swamp forests help the surrounding areas by preventing water overflow. During droughts, they help balance the water level," he said.

Earlier on, Azhar and 80 delegates from various agencies including from those abroad took part in a tour of the Raja Musa Forest Reserve, to raise awareness of the importance of preserving the area.

Meanwhile, he said the public hearing process was also carried out to prevent the degazetting of the reserve, and to formulate a management plan in collaboration with the state government.

"Simultaneously, we will also use the underground well method as it is an important aspect in supporting the peat swamp forest's hydrology," Azhar said.

ENERGY EFFICIENCY CAN SAVE MALAYSIA US$13 BILLION A YEAR

New report confirms Malaysia's ability to meet its net zero goal with increased use of local and affordable renewables. According to the report's findings, transitioning to renewable energy will save Malaysia between USD 9 billion and USD 13 billion annually by 2050 in avoided energy, climate, and health costs.

Developed by the International Renewable Energy Agency (IRENA) in collaboration with the Ministry of Natural Resources, Environment and Climate Change (NRECC), Malaysia, the report shows that by aligning its low-emission development strategies with IRENA's 1.5°C Scenario, the Southeast Asian country can increase its share of renewables to over half its final energy mix by 2050, up from just 5% today.

With its renewed pledge to be carbon neutral by 2050 and expected increase in energy demand due to almost a tripling size of its economy in the same period, Malaysia needs to decide between continuing with fossil fuels or tapping into its significant potential of renewable energy sources. Launched in an official ceremony organised by NRECC in Kuala Lumpur today, the Malaysia Energy Transition Outlook offers a long-term energy pathway to a cleaner and more sustainable energy system.

To allow higher integration of renewables in a cost-effective manner, Malaysia needs to improve its system flexibility. Ambitious and long-term planning must emphasise solutions to overcome the current challenges of grid integration and to create grids flexibility. That is why Malaysia's energy transition pathway sees the power sector and grid-related investments accounting to over 70% of the total investment requirement, which is at least USD 375 billion.

However, renewable energy investment remains a major hurdle to accelerating Malaysia's energy transition. The report finds there is a need to strengthen the capacity of national financing institutions, overcome the regulatory and market barriers, as well as to reduce government spending on fossil-fuel related subsidies.

"The urgent action that Malaysia needs to take is create a more conducive investment environment for renewables. Through strategy and policies that prioritise clean energy investments and are consistent at all government levels, Malaysia can achieve its renewed ambition of reaching net zero by 2050, while securing a more prosperous, sustainable future for its people," says IRENA Director-General, Francesco La Camera.

Highlighting the importance of the Outlook, the Minister of NRECC, YB Tuan Nik Nazmi Nik Ahmad, says, "Malaysia has a robust RE industry value chain that extends from the production to the service supply stage. What is needed is for us to leverage our competitive advantage to draw in high value yet environmentally friendly investment. This strategic intent must also be backed up by comprehensive, competitive and aspirational power generation and supply planning policies. These policies, in turn, must be sustainable energy-centric, taking into account recent trends and current socio-economic needs."

Based on the report, electrification and energy efficiency are key measures in Malaysia's net-zero pathway. The share of electricity in the total final energy consumption of all end-use sectors should increase from 26% in 2018 to 40% in 2050. Such an increase reflects the additional electricity demand required to electrify end-uses in industry and the transport sectors. Electric vehicle (EV) numbers must grow rapidly, with annual EV sales of more than 0.4 million annually from 2030, reaching up to 80% share by 2050.

These sectors could also benefit from enabling technologies like green hydrogen. Hydrogen demand in Malaysia is expected to grow significantly, up to 1.5 million tonnes of clean hydrogen by 2050. Furthermore, the country can position itself as a reliable partner and supplier of green hydrogen, provided that national targets, needs and mandates are met first.

The findings show solar photovoltaic as a key technology that will lead Malaysia's energy transition regardless of the scenario, with up to 150 gigawatts of installed capacity required up to 2050. Additionally, the country needs to tap into its diverse mix of bioenergy potential. Scaling up sustainable bioenergy use can assist the transformation of the transport, industry and non-energy sectors, as bioenergy contributes around 16% to Malaysia's total final energy consumption up to 2050.

The report also touches upon the country's role in the energy transition of Southeast Asia. With diverse renewable power systems, Malaysia has an opportunity to provide supply and flexibility to neighbouring countries, through the deployment of energy storage and expansion of regional interconnection. Achieving the energy transition in the most cost-effective way will necessitate higher renewables integration within Malaysia's national power systems and regionally with its neighbours. - IRENA

WHY ARE NON-SCIENTISTS LEADING THE WORLD'S LARGEST COMPANIES' SUSTAINABILITY EFFORTS?

Some 23% of Fortune 500 corporations claim to engage with the Sustainable Development Goals framework. Yet, a peer-reviewed study found that a measly 0.2% have developed concrete methods and tools to evaluate their progress toward relevant SDGs. This illustrates the disconnect between the stated environmental commitments of business leaders and the reality within their organizations and their impact on society at large.

Businesses claim to recognize the need to confront how they participate in the economy, yet they are unwilling to decouple the provision of their goods and services from relentless consumption and externalization of costs. They seem institutionally incapable of acting on this inconvenient truth.

Much of the progress in the global ESG movement has been repeatedly challenged–and even exposed as greenwashing. If the business community truly wants to sink the greenwashing moniker and be part of the solution, then it must embrace a radical transformation that proves it knows how to deal with the issues arising from destructive business models, from climate change to pollution and biodiversity loss.

That doesn't mean hiring a handful of people who can write an ESG report or even a "head of sustainability" who also runs other corporate social responsibility (CSR) initiatives. Instead, companies need a long-term plan to build institutional competence and hire experts who understand scientific and technical issues.

Most companies do not have qualified people who possess the knowledge on how to reduce carbon footprints, develop mitigation scenarios against growth projections, or even map out their effects on stakeholders.

Only 29% of almost 1,200 Fortune 100 board directors had relevant ESG credentials, according to a 2021 study from researchers at the NYU Stern Center for Sustainable Business. Even then, these credentials are largely concentrated on the social pillar, neglecting environmental expertise.

Meanwhile, over half of the 250 largest companies on the Fortune Global 500 don't even have leadership-level representation for sustainability, and an alarming two-thirds of NASDAQ 100 companies don't have a dedicated member of their board or leadership team responsible for sustainability matters.

That lack of in-house capability means turning to external consultants–who try to preserve the status quo and improve efficiency, rather than pursue more fundamental changes to the business model.

No large multinational would pick a non-specialist to manage its treasury, cash flow, or legal compliance. Nor would anyone serving in these key positions serve double duties in another role.

It's not a question of economics, investor relations, communications, or even risk assessment. It's about building a science-based system of inquiry, which then drives business values and decision-making. That requires experts who know what they're talking about and know what they're doing. Without basic scientific competence, the right questions won't even be asked.

Unfortunately, companies make the common mistake of outsourcing sustainability transformations to external climate or sustainability experts, consultants, ESG report writers, or green financers. Invariably, they are hired to show that business-as-usual solutions are possible, while still complying with ESG reporting mandates or ambitious–and even unrealistic–net zero commitments. These so-called solutions are positioned as business opportunities to get the buy-in of management, thereby stifling honest inquiry and innovation.

Having worked in sustainability for over 30 years with some of the largest global corporations, I have witnessed the birth of the first CSR projects and reports, reporting exercises from the Global Reporting Initiative (GRI), and now the transition to ESG and sustainability reporting.

In many companies, these efforts take up more resources than actually doing anything to minimize socio-environmental impacts or invest in employees who could surpass the status quo.

Businesses need to start doing three things if they want to stay ahead of the curve, meet the demands of consumers and regulators alike, and fulfill their role in the social contract.

First, A sizeable portion of their workforce should have the opportunity to learn about the key issues, become aware of how their company's operations affect society, and be allowed to get engaged in finding solutions. Sustainability training should not be viewed solely from a compliance perspective or for a designated small group of sustainability experts but as an opportunity to build competency that empowers employees to act across the value chain and innovate. A minimum critical mass is needed to influence decision-making across the company on a day-to-day basis and lead to the transformation of culture and practices.

Second, they need to hire scientists and technical experts to lead their sustainability efforts–and make sure they can fully grapple with the business model and innovate.

Finally, much like a company's chief financial officer or general counsel, the head of sustainability must actually have the technical expertise–as well as the autonomy and power–to do their job. The role is too important to be handed off to a senior manager with no experience or expertise, or to one serving in multiple roles.

Without the precondition of an unwavering commitment to widespread competence in the organization, the talk of sustainability sweeping the business world will remain just that–talk.

"Much of the progress in the global ESG movement has been repeatedly challenged–and even exposed as greenwashing. If the business community truly wants to sink the greenwashing."

SUSTAINABILITY SUCCESSES START WITH SMALL STEPS

Verena Siow, President and Managing Director of SAP South East Asia (pic), says that it is imperative for businesses to take the first steps into making sustainability a core part of their business strategies.

Businesses cannot afford to wait for government and regulatory action. Our customers will start asking for our full sustainability ratings long before they take action and begin requiring reporting. The sooner we start on making sure that we are sustainable, the stronger standing and competitive advantage we will get in the market, and in the eyes of key stakeholders like the investors, customers and business partners.

“Businesses can start small to identify areas where sustainability can be embedded and work on the overall roadmap. This is a journey that starts now and will carry on for many years to come. As we all begin to do so, we will see the rewards of being more eco-friendly, winning the hearts of our stakeholders, and improving revenues and bottom lines.”

She said this during a recent media briefing on Closing the Green Gap held online, during which she shared some findings regarding the adoption of the sustainability agenda by businesses gleaned from research conducted jointly by SAP and Oxford Economics.

Siow notes that SAP’s focus on sustainability is part of the company’s 50-year mission of helping the world run better and improving people’s lives by focusing on business processes.

“We have been here in South East Asia since 1989. We have seen significant technical development and growth over the last few decades. And we expect ASEAN to be the fourth largest economy in the world by 2030, especially around the digital economy, reaching an expected $1 trillion, all enabled by cloud technologies.

“One of the top issues that we see in our region is around sustainability. While we see governments coming together and mandates imposed on organisations to chase net-zero and carbon neutrality goals by 2030, there is still a big gap in Southeast Asia on the ground. Quite often, the plan versus the reality is different.”

Siow believes that as businesses in Southeast Asia reinvent themselves in the wake of the changes brought about by COVID-19, the opportunity to embed sustainability as a strategic pillar of growth is important.

“As many companies ramp out sustainability agendas, the challenge is not just about going green, but how we deliver measurable outcomes and create meaningful impact for our societies for environment for our employees, and customers.”

According to Siow, the recent research by Oxford Economics and SAP to uncover significant barriers to sustainability initiatives centred around three areas.

“Firstly, what the shortfalls that keep companies from reaching the sustainability goals? Secondly, what are the steps to ensure holistic, integrated, and achievable plans? And finally, how do we drive success beyond compliance? We see the trend that many companies are embracing sustainability, mainly for compliance purposes. While that is well and good as the first step. We have to go beyond that and look about making sustainability profitable, as well as making a positive social impact to the world we live in.”

In this global survey comprising 2,000 top executives, 140 of them from Southeast Asia, Siow highlighted that 63% of them indicated that their companies did have a formal sustainability plan already in place, as published on their websites and other official document repositories.

“But there are still key issues between implementing the plans and reality. The top three challenges that we hear about are as follows: firstly, the lack of communication and engagement by executives, leading to a disconnect between the plans and the actions for many organizations. Secondly, ineffective use of data; siloed technologies that don’t share their information, and that includes accessibility to accurate data and inefficiencies in using the data, leading to poor decisions or no decisions. Thirdly, the lack of cross-country and industry collaboration and partnership. So it’s really, really important to drive that cohesiveness in the ecosystem. Not just within our organizations, but really with our partners, our suppliers, our business partners, to drive sustainable outcomes in totality.”

Siow goes into further detail on country-level findings, including more specific insights into Malaysia. “Sustainability strategies are largely being driven by regulatory drivers in Malaysia today. Survey respondents noted one of the primary drivers of sustainability in their business is the threat of regulatory mandates (52%), only behind operational efficiencies (54%) and ahead of market reputation (48%). That focus aligns with regulatory compliance being the second biggest benefit derived from sustainability so far (39%), behind only reduced carbon emissions.

“It’s clear that organisations may need to refocus their strategies to achieve greater value from sustainability. Too much focus on compliance was cited as the third highest challenge to sustainability success by Malaysian respondents, trailing only the lack of reinvention of business strategy and ineffective data,” she adds.

“organisations may need to refocus their strategies to achieve greater value from sustainability. Too much focus on compliance was cited as the third highest challenge to sustainability success by Malaysian respondents, trailing only the lack of reinvention of business strategy and ineffective data.”

-Verena Siow
Director of SAP South East Asia

From the survey, sustainability ‘leaders’ (defined by the top 9% of all those surveyed) shared certain traits and behaviours that enabled them to have embraced comprehensive programs and are experiencing improved sustainability outcomes, business performance, and brand reputation as a result.

“This group of sustainability leaders have four behaviours. Number one; they set clear expectations about sustainably performance and communicate those expectations across the workforce. Number two, they apply technology and data management know-how in such key areas, leveraging technology and data management across the organisation. Number three, they engage with their core audiences and partners across the ecosystem, working closely with supply chain partners and policymakers to ensure that they are running the sustainability plan, and communicating it across not just within the organisation, but with the business partners and policymakers in those countries that they operate in. Fourth, but not least, is they create a system of records and accountability to ensure that sustainable efforts go beyond talk.”

Siow stresses that driving sustainability outcomes entails ensuring that it is a holistic integrated approach embedded within the DNA of the organisations.

“Sustainability leaders do enjoy robust bottom lines from those that we have surveyed; these companies are more likely than others to experience profit margins in excess of 10%. This in turn increases opportunities to create significant long-term value for these businesses, the people, and society as a whole. Businesses can realize new, sustainable revenue streams, optimize their costs, and find new efficiencies as part of the sustainability efforts as well.”

She also points out that SAP not only provides sustainability-related solutions to its clients and partners, but also deploys them within the organisation to make its own sustainability and ESG contributions.

“We can make sustainability profitable, and profitability sustainable as well. For SAP, we have launched a Chasing Zero initiative. And as part of that, we are implementing one of our solutions, SAP Sustainability Control Tower, in our own business to enhance our holistic business management, create insights on the total economic, social, and environmental impact our company has across a range of measures, and accelerate programs such as our ‘net zero emissions by 2030’.”

Besides the Sustainability Control Tower, SAP also has other solutions such as the SAP Product Footprint Management, SAP Environmental, Health, and Safety Management, as well as SAP Responsible Design and Production, which helps enterprises design out waste and regenerate natural systems, while providing greater visibility into material flows.

“All those solutions are built leveraging the SAP Business Technology Platform, many of them with our partners in mind, and beyond that, with the SAP portfolio in terms of our HR solution for SuccessFactors, or our Business Network Solutions under the Ariba network. At SAP, we believe in the power of our ecosystem and our wider community to realise the opportunity tomorrow as well as today.”

ACROSS THE WORLD-

SINGAPORE GOVT TO PUBLISH SUSTAINABILITY REPORT ANNUALLY

The Government will publish an annual report to detail its progress, efforts and plans in environmental sustainability starting in Financial Year 2023, Minister for Sustainability and the Environment Grace Fu told Parliament on Thursday (Mar 2).

The annual report comes under the GreenGov.SG initiative, which details how the public sector will lead the way in pursuing sustainable development.

Under GreenGov.SG, the Government has committed to achieve several sustainability targets by 2030, including for energy, water and waste, and to achieve net-zero emissions around 2045, five years ahead of the national target.

"We will start with reporting Scope 1 and 2 emissions, electricity, and water consumption, with reference to international standards and frameworks," said Fu.

Scope 1 and 2 refer to the different kinds of emissions an entity creates in its operations. Scope 1 refers to direct emissions a company makes while Scope 2 refers to those made indirectly. There is also Scope 3, which involves emissions that the entity is indirectly responsible for.

All statutory boards will also publish annual environmental sustainability disclosures from FY2024, as part of a move to have the public sector lead the way with decarbonisation efforts.

A handful of statutory boards, namely the Monetary Authority of Singapore, the National Environment Agency, Singapore's national water agency PUB and Sentosa Development Corporation have already published sustainability disclosures.

"They have been systematically incorporating sustainability in their decision-making and risk management frameworks to achieve concrete sustainability outcomes," Fu noted.

ENVIRONMENTAL SUSTAINABILITY CONSIDERATIONS

The Ministry of Sustainability and the Environment (MSE) said it hoped to encourage more companies to track, plan and disclose their environmental performance in the transition towards a greener economy.

From next year, the Government will also progressively introduce environmental sustainability considerations into its tender evaluation process, beginning with large construction tenders and information, communications and technology (ICT) tenders.

These two sectors account for more than 60 per cent of the value of government procurement contracts awarded.

Up to 5 per cent of the tender evaluation points will be set aside for environmental sustainability.

"Such projects include public infrastructure, industrial buildings, and office ICT equipment contracts. Using ICT as an example, in addition to the requirement of matching the best-in-class in energy efficiency, we may evaluate the efforts of the tenderers in reducing packaging, and carbon footprint of their operations, when we evaluate the tender bids," said Fu.

More details will be announced when ready, she added.

Noting that greener goods and services may entail additional costs, Ms Fu said that as the demand for green products and services will grow, green procurement in the public sector will encourage suppliers to adopt sustainability practices and develop greener products and services.

This would enhance the growth of the green economy in Singapore, and the competitiveness of companies globally.

IMPROVING ENERGY EFFICIENCY IN MANUFACTURING

Smaller manufacturing companies can soon get financial support to adopt energy-efficient technologies under a government grant, added Ms Foo.

Launched in 2017, the Energy Efficiency Fund supports manufacturing firms, including small- and medium-size enterprises (SMEs), with annual group sales turnover of up to S$500 million.

From Apr 1 this year, pre-approved energy-efficient technologies will be eligible for a fixed 70 per cent support of qualifying costs, subject to a cap per facility.

Qualifying costs include external manpower, equipment or technology and professional services, according to a joint press release by the National Environment agency and the Ministry for Sustainability and the Environment.

Some examples of such technologies include the replacement of compressed air systems with air blowers and replacement of boilers with heat pumps.

As of January this year, the Energy Efficiency Fund has supported 44 energy-efficient projects involving LED lightings, high-efficiency air-conditioning systems, variable speed air compressors and boiler systems.

According to the National Environment Agency, these projects have achieved an estimated annual carbon abatement of about 2,000 tonnes, the equivalent of removing 700 cars from roads. – CNA

REINVENTING ENERGY BY EMBRACING SUSTAINABILITY

Climate change may sound like a distant topic but the negative environmental impact experienced is evident as many countries are facing devastating consequences.

The flood that affected 11 Malaysian states in late December 2022 and early January 2023 resulted in overall losses of RM6.1 billion, equivalent to 0.4 per cent of the country's nominal Gross Domestic Product (GDP). In a report which was released in April 2022, the United Nations (UN) has warned that "the world is on a fast track to climate disaster" and Malaysia has not been spared from it. At a macro-level, the world is also paying the price for climate change. Research by the Swiss Re Institute showed that the world economy will shed 18% of GDP from climate change if no further action is taken.

While most countries are taking their initiatives in reducing greenhouse gas emissions, developed countries are also making initiatives in helping vulnerable countries which are being affected by climate disasters. One such is the breakthrough agreement signed by the participating countries of the United Nations Climate Change Conference COP27.

While Governments and corporations play key roles in driving environmental, social, and governance (ESG) initiatives to improve the environment, there is now increased awareness amongst consumers to take part in environmental preservation and sustainability efforts.

As a clean energy solutionist with 11 years of experience, we have witnessed unprecedented uptake in this industry in the past few years. We foresee the following trends and initiatives that will reinvent the advancement of renewable energy for 2023.

REINVENTING ENERGY WITH SOLAR

We observe that there is increasing interest in solar PV systems with its two-pronged approach of cost saving and sustainability. According to Mordor Intelligence, the solar energy market is expected to grow at a CAGR of 2.5% between 2019 to 2026. In terms of the solar PV system adoption, the report also pointed out that Vietnam and Malaysia have the highest number of installations, with 12.2 GW of solar PV projects being installed in 2020.

The newly-minted Natural Resources, Environment and Climate Change Minister, Nik Nazmi Nik Ahmad is also steering the Ministry to focus on issues related to floods, energy use, climate change and environmental protection. With this, we believe the country is poised to achieve the net zero target by 2050.

At Plus Xnergy, we have introduced affordable home solar solutions to encourage the adoption of solar energy solutions. Consumers often face the challenge of a hefty upfront payment or difficulty in obtaining a bank loan. In order to make solar more accessible and affordable for all, we created Xnergy Home, the first solar programme in Malaysia with the most flexible financing options for Malaysians.

Notably, Plus Xnergy is offering a 0% interest cash instalment plan for the interested consumers, with an instalment payment plan for up to 60 months. With a more affordable payment plan, this would speed up the country's transition into renewable energy.

ESG & EV GAINS MOMENTUM

Beyond the consumer market, businesses also play a part in promoting the usage of renewable energy.

As the Government has begun implementing targeted subsidies, medium voltage (MV) and high voltage (HV) users will be charged a surcharge of 20 sen per kWh from January 1, 2023. Based on calculation, this will be an increase from RM0.0037 per kWh, making it an average 40.5% of cost increase to businesses. The rising production cost has escalated the need for business owners to shift to renewable energy solutions, which not only reduces energy cost, but also fulfils ESG objectives.

We've had notable corporations and SME clients such as BOH Tea, Jooi Brothers (ASADI), LY Furniture, IKEA and UWC who have embarked on ESG journeys. Overall, a strong ESG proposition helps companies to tap into new markets, attract businesses and consumers and maintain a competitive advantage.

Along with the supportive EV measures many more will be able to enjoy double savings, first from their homes and second from their cars.

There are 23 million vehicles in Malaysia that contribute to carbon dioxide emission, the most common greenhouse gas. Electric vehicles are a major contributor to addressing environmental pollution. With EV gaining traction, I am very excited that many measures are being introduced. One such, is the recent announcement that the Government is looking to price EV cars at less than RM100,000 to benefit people as well as incentives to encourage EV in Budget 2023 and Budget 2024.

GOVERNMENT INCENTIVES PLAY A BIG ROLE

In promoting corporations to adopt ESG initiatives, the Government plays a crucial role in setting up guidelines and pushing for ESG compliance. To achieve the objective, Malaysia can look towards aligning to international standards such as the Global Reporting Initiative (GRI) Standards, Task Force on Climate-related Financial Disclosures (TCFD), and SASB Standards.

Existing policies such as Net Energy Metering (NEM) 3.0, Smart Automation Grants (SAG) and Green Investment Tax Allowance (GITA) have been effectively promoting the clean energy industry in Malaysia.

The NEM scheme allows electricity bill rebates with solar setups leading to attractive return on investment offers. The scheme's quota for businesses, NEM Net Offset Virtual Aggregation, was quickly oversubscribed proving its popularity. The Green Investment Tax Allowance (GITA) and Capital Allowance are great motivators for business owners as they are eligible for these tax incentives of up to 48%. The Green Investment Tax Allowance and Capital Allowance (CA) also encourages businesses to invest in green solutions. This is financially beneficial given that the 60% GITA for green assets are set off against 70% statutory income – a considerable sum that will entice adopters. It would be beneficial for these incentives to be extended beyond 2023.

We also support the Government in implementing a carbon tax system to further reduce greenhouse gas emissions. This is also a topic that we have been championing as it places Malaysia amongst other best practising countries.

According to the Organisation for Economic Co-operation and Development (OECD), a carbon tax is an excise tax on the producers of raw fossil fuels based on the relative carbon content of those fuels.

The implementation of a carbon tax system will encourage businesses to develop more environmentally friendly production processes or increase their investment in renewable energy such as solar. In addition, carbon tax policy could also bring in tax revenue to the country, which can be used to develop projects that remove or reduce greenhouse gases from the atmosphere.

CONCLUSION

There is no quick remedy to cure our mother earth except for all of us to take active action. According to the United Nations, the adoption of renewable energy is one of the most efficient and cost-saving solutions that cuts down carbon emissions and helps to mitigate climate change. Overall, renewable energy consumption will surge by 11%, with Asia leading the way. Solar and wind capacity addition will remain strong. Prospects for renewable energy (RE) engineering, procurement, construction and commissioning (EPCC) contractors are also on an uptrend as the Government strives to achieve the target of RE generation capacity to comprise 31 per cent of total electricity generation capacity by 2025.

With the Government taking the lead, this will encourage the adoption of renewable energy at both commercial and consumer level. Malaysia is certainly on the right track and aligned to other neighbouring countries, as South East Asia collectively plays their part in energy transition.

MALAYSIA NEVER NEGLECTS ENVIRONMENTAL SUSTAINABILITY

Malaysia has never neglected environmental sustainability, especially in pursuing the opportunities offered by agricultural commodities, said Deputy Prime Minister Datuk Seri Fadillah Yusof.

Fadillah, who is also plantation and commodities minister, said with the growing demand worldwide for sustainably produced commodities, Malaysia realised it was very important to balance current needs without compromising the ability of future generations to meet theirs.

"Environmental sustainability covers the whole world – the European Union wants to preserve the environment, we also want to preserve the environment and take care of the welfare of workers. It's just that when it comes to taking care or preserving it, the standards may be different because our scenario is not the same as theirs.

"Hence, engagement must be held so that they know what our efforts are towards ensuring environmental sustainability, taking care of workers' welfare, and the efforts we are making to lift smallholders out of poverty," he told the media at the Global Business Forum 2023 at Berjaya Times Square Hotel here today (Feb 23).

He said Malaysia has pledged its commitment to fulfilling the Environmental, Social and Governance requirements that are in line with the United Nation's Sustainable Development Goals.

"We have undertaken several measures to ensure it can be achieved and will continue to do so.

"Taking into account that oil palm is the largest commodity sector in the country, we are currently focusing to expand the Malaysia Sustainable Palm Oil (MSPO) certification scheme," he said.

To date, MSPO certification has reached 97.93 per cent, or 5.62 million hectares, of planted areas, while about 98.71 per cent or 458 mills in the country have also been certified.

"It is a matter of fact that palm oil offers a sustainable way to meet the world's rising demand associated with food security, climate change, scarcity of arable land and growing population.

"As such, international markets should recognise our MSPO certification and accept our products as sustainably produced," he stressed.

Meanwhile, he hoped that the allocation for his ministry would not be cut in the 2023 Budget.

"We hope so and in fact, we are asking for more, including efforts to further diversify downstream activities so that the use of rubber and palm oil can be greatly improved and this will help increase income for smallholding farmers in particular," he said.

Last year, the agricommodity sector recorded a total trade value of RM268.1 billion with a trade balance of RM146.5 billion. The export income from agricommodity products stood at RM207.3 billion or equivalent to 13.4 per cent of the country's total export income. For the period of January to September last year, the sector contributed RM61.3 billion to the Malaysian gross domestic product (GDP) or 5.5 per cent of the national GDP.

INNOVATION, SUSTAINABILITY SPURS ECONOMIC GROWTH

The Institute of Corporate Directors Malaysia (ICDM) said Budget 2023's priority on green practices, Islamic Finance and innovation reflects a values-driven focus and approach in rebuilding, and at the same time, futureproofing Malaysia's economy for the rakyat.

In a statement, it added amidst the ever-changing business landscape, these are global themes with long growth runways which will be crucial in paving the way for Malaysia to foster and facilitate a dynamic business ecosystem, ultimately creating increased business opportunities and job creation.

There are many different dimensions to the expectations and the performance of companies today. Coupled with heightened policy requirements and expectations of greater social impact, leadership today clearly needs to scale their knowledge, understanding and leadership agility which allows them to remain open to new ideas, and innovate to adapt to the changing environment and requirements.

President & Chief Executive Officer Michele Kythe Lim (pic) said the Government's apparent values-driven approach in preparing the national Budget 2023 provides companies and businesses with clear signal on how they need to evolve and, the practices they need to adopt to remain relevant, competitive, and ultimately successful commercially. The emphasis on driving business sustainability across the ecosystem, starting with Shariah and ethical financing as a catalyst for driving the right behaviours in business and investments will be a strong factor for companies to continue to invest and operate in Malaysia, as well as to attract greater investments from abroad – be it new or recurring.

As such, the Senior leadership of companies and businesses need to continuously improve upon their knowledge and skillsets to be able to guide their organisations in the right direction. From defining, facilitating, and instilling a growth driven culture and values that promote diversity, equity, and inclusion, to developing sound and robust governance systems to facilitate the right behaviours, professionalising leadership of boards and directors will be a key direction in ensuring companies and businesses in Malaysia will aspire to greater quality and behaviour that will ensure that the country will remain attractive as an investment and business destination.

With the right culture, strategy and mindset in place, businesses can continue to serve as the building blocks for the country as we continue on our growth trajectory to achieve broad-based prosperity for the country and Malaysians.

Against this background, ICDM sees itself playing an even more critical role in accelerating our country's overall growth. As the national Institute of Directors (IoD), we will support in upskilling of talent within the business ecosystem i.e., professionalising board directors, with the goal of enhancing competency and building capacity for a more robust and stronger Corporate Malaysia.

CORPORATE MALAYSIA'S JOURNEY TOWARDS A SUSTAINABLE SUPPLY CHAIN

In a report published in collaboration with Capital Markets Malaysia, an affiliate of the Securities Commission Malaysia, and PwC Malaysia titled "Corporate Malaysia's Journey Towards a Sustainable Supply Chain, the highlights points to opportunities to be gained from greater engagement of small-to-medium-sized enterprises which are typically the largest contributors to the supplier ecosystem.

To date, SMEs make up the majority of suppliers for public-listed companies, contributing 38% of the nation's gross domestic product and accounting for 48% of the national employment rate. Malaysia is at a crossroads, with mounting pressures to address sustainability considerations within supply chains as the country's major trading partners step up their focus on net zero commitments, while increasing regulatory scrutiny and consumer concerns continue to play a check and balance role. Developed against the backdrop of Corporate Malaysia's transition towards a low carbon economy, the report explores how sustainable supply chains can be a new growth lever for the nation, by improving Malaysia's attractiveness as an investment destination. The report presents three key areas that PLCs will need to consider for the adoption of greater supply chain sustainability – governance and integration, engagement and incentive, as well as data and reporting.

Navina Balasingam, General Manager of CMM said, "PLCs will need to lead by example given their capacity and exposure to international market expectations. While Malaysia's PLCs have made significant progress in incorporating ESG principles as part of their business strategy, there is still much to be done to strengthen sustainability practices within their supply chains. This report finds that of Bursa Malaysia's Top 100 companies, while 80% have ESG governance and oversight in place to develop sustainable supply chains, only 55% have incorporated supply chain risks as part of their overall corporate risks and strategy. As for the unlisted space which are predominantly made up of SMEs, the absence of a standardised lens to evaluate and measure these companies does present a challenge for corporations seeking to measure and reduce their Scope 3 emissions. With this report, we aim to provide examples of initiatives and measures that can be taken by both private and public sector actors to support sustainability within supply chains."

"We recognise the urgent need to enable and support the SMEs' journey by defining and paving the best path forward towards impactful change."

-Navina Balasingam
General Manager of CMM

The report features case studies of Malaysian companies that have exemplified efforts in improving their supply chain sustainability by engaging SME suppliers. These initiatives include working with suppliers to build dashboards for traceability of raw materials or emissions, driving collaborative relationships that uplift suppliers' income opportunities, and developing incentive programmes to encourage desired sustainable behaviours, amongst others.

Andrew Chan, South East Asia's Sustainability and Climate Change Leader, PwC Malaysia commented, "As an active trading nation, Malaysia is not alone in facing hurdles around supply chain sustainability amidst the greater push globally around disclosure and uplift of supply chain practices. Considering how intricately linked companies' sustainability performance is with their supply chains, companies will need to rethink their relationship with suppliers beyond contracted transactions, to inspire suppliers to adopt sustainability practices and enhance their performance. We're also seeing a number of initiatives by the public sector to support the transition including working with SMEs to encourage adoption of low carbon practices, which is certainly encouraging.

However, this will need to be backed up by investment in the right infrastructure and policies to allow Malaysian companies to truly transform their supply chains and build long term value for their stakeholders beyond helping local suppliers to meet the stringent sustainability requirements needed to participate in global supply chains."

Recognising the challenging operating backdrop today, CMM is developing a Simplified ESG Disclosure Guide specially curated for SMEs, scheduled to launch in the fourth quarter of 2023. The Guide will provide practical guidance and the baseline disclosures expected of SMEs in relation to ESG aligned with international standards, to encourage greater transparency and improve the quality of SMEs' ESG disclosures.

Navina commented, "We recognise the urgent need to enable and support the SMEs' journey by defining and paving the best path forward towards impactful change. In addition to ensuring alignment in the disclosure indicators with global disclosure frameworks, the Guide will further bring value to the overall process of enabling supply chain partners to meet their sustainability commitments."

CHARTING SUSTAINABILITY PATHWAYS

Asia has a big role to play in the global transition to net zero as it accounts for almost half of the world's greenhouse emissions.

The rise in green capital expenditure to meet climate challenges will mean significant bond issuances. Asia's innovative companies within the Electric Vehicle and renewables energy ecosystems also offer investors interesting opportunities in the race to net zero.

Asia scored a few wins during COP27 although the failure to agree on greater emission cuts or to put an end to fossil fuel use disappointed many delegates. At the climate summit, it was agreed that a fund will be set up to cover the climate-related losses and damages that "particularly vulnerable" nations experience. This could be good news for some parts of ASEAN, such as Philippines and Thailand, where severe weather events in 2022 had resulted in a significant loss of agricultural output and disruption of livelihoods. In addition, a coalition led by the US and Japan announced that it will provide USD20bn to help Indonesia shut its coal power plants and bring forward its peak emissions date by seven years to 2030.

THE RISE IN GREEN INFRASTRUCTURE

It is estimated that USD4 to 6tr per annum would be needed globally this decade and beyond to transit to a low-carbon economy. Asia has a big role to play given that it accounts for five out the world's ten largest greenhouse gas emitters.

Asia alone would probably need USD1tr per annum to help high carbon emitting sectors such as the power generation, transportation, property, agriculture, and manufacturing industries in their net zero transition. This has multiple implications for investors.

Asia's sustainable bond market will play a pivotal role in funding sovereigns and corporates in their transitions. We expect to see more Green, Social and Sustainability bonds being issued by property companies to build and refurbish energy-efficient buildings. Power generating companies are also likely to raise funds to invest in renewable energy. Meanwhile governments and quasi-governments will seek debt financing to build low/zero carbon transportation infrastructure. Multilateral development banks as well as supranational developmental institutions can support issuances in domestic debt markets by providing guarantees and sponsorships. Meanwhile, the rise in transition capital expenditure (green capex) is extremely commodity intensive, which should benefit the Emerging Markets.

GETTING TO NET ZERO

Asia is leading innovation in the Electric Vehicle (EV) battery and renewable energy ecosystems. China is a world leader in solar manufacturing and dominates the world's EV supply chain. Indonesia is planning to build the world's largest green industrial park in North Kalimantan (solely powered by hydropower and solar), which will house high-tech green industries that will produce solar panels, green aluminium, and lithium-ion batteries.

There are also companies within Malaysia's vibrant Automated Test Equipment and Outsourced Assembly and Test industry that are designing innovative systems and equipment to detect abnormalities in production lines. Besides saving manpower and energy, detecting defects early significantly reduces e-waste that ends up in landfills. All these present exciting opportunities for investors.

Climate challenges are also impacting companies that are not operating in zero/low carbon sectors. The energy price hikes in 2022 have led some corporates to review their future energy demands and develop plans to manage these risks. While Asia may have lagged the Developed Markets in terms of Environment, Social and Governance (ESG) policies, investment and reporting, more Asian corporates are making efforts to improve their sustainability roadmaps and policies. The number of ESG policies in Asia has doubled since 2016.

Within Asia, investors are also embracing a more balanced approach when considering ESG factors, with a move away from exclusions to greater engagement. In particular, we see room for greater engagement especially on environmental and governance issues to drive long-term value amongst Japanese corporates. According to MSCI ESG Research, only 10% of Japanese companies are rated as ESG Leaders (ESG ratings of AAA, AA), far behind European companies.

ASIA'S BIG ROLE IN CARBON TRADING

The demand for carbon credits has increased as more companies make carbon neutral or net zero commitments. According to a McKinsey study, global carbon offset demand is set to grow 15x by 2030 and 100x by 2050. Global initiatives to drive more transparency, standardisation, and detailed verification of carbon credit projects will help develop more robust carbon markets. At COP27, the Global Carbon Trust agreed to create standardised contracts for carbon credits, embed third-party monitoring and verification of project performance, as well as provide arbitration mechanisms for projects that fail to meet targets.

Asia can play a significant role as a carbon trading hub. There have been efforts to grow Asia's carbon offset ecosystem with the establishment of the Climate Impact X, a Singapore-based global carbon exchange and marketplace, in 2021. Hong Kong also launched a carbon trading platform in October 2022, while Malaysia has expressed similar ambitions. The regulatory environment is also becoming more favourable for growing the carbon offset market with Singapore allowing 5% of carbon tax to be met by carbon offsets.

Meanwhile, Asia's high quality natural ecosystems mean that more than 50% of nature-based carbon offset supply (using plants, trees, soil or the ocean to remove carbon from the atmosphere) resides in Asia, potentially making Asia a key supplier of nature-based carbon offsets. The average price of carbon offsets rose by more than 50% from 2020 to 2021 with high quality nature-based credits commanding more than a 200% premium at USD8/tCO2e .

Therefore, Asian companies that are able to supply high quality offsets can benefit from offset price increases although specialised resources and knowledge will be needed to develop nature-based solutions (includes conservation, afforestation, reforestation, forest management, grasslands). Only high-quality carbon offsets can help with offsetting residual emissions that cannot be reduced and enable companies to better meet their net zero commitments. This may help to improve ESG ratings in the long term, although it is still early days.

GREEN BUDGETING TO HELP MALAYSIA ACHIEVE SUSTAINABILITY GOALS

ACCA (the Association of Chartered Certified Accountants) applauds the intention of the Malaysian government to make green economy one of the key focus areas under the upcoming revised Budget 2023.

In line with this objective, the global professional accounting body encourages the Malaysian government to adopt green budgeting to identify priorities and options for action to enable the country to achieve an environmentally sustainable economy and fulfil its commitments against climate change.

ACCA sees climate change as the defining challenge of the present generation, increasingly affecting lives and livelihoods worldwide each year. Malaysia is not spared from this global challenge, and therefore, as in the case for public sector organisations across the world, it is crucial for the Malaysian government to take the lead in the country's response to the challenges associated with climate change, and set an example by minimising the impact of its own activities on the climate and the environment.

"Essentially, our toolkit is a handy guide that provides practical and simple steps that finance professionals can take to implement green budgeting approaches in their organisations."

-Andrew Lim
Portfolio Head ACCA Maritime Southeast Asia

"One of the most powerful tools a government can use for climate action is its annual budgets. National budgets matter, as they not only provide a statement of intent, but they also put government objectives into action. And therein lies the importance of green budgeting, which is an approach that integrates climate change and environmental considerations into budget processes and decision-making," Andrew Lim, Portfolio Head, ACCA Maritime Southeast Asia explains.

"We believe it is timely and urgent for the Malaysian government to adopt green budgeting to ensure that the country remains on the right track to realising its goals of reducing its greenhouse gas emission intensity by 45% across the economy based on the gross domestic product by 2030, compared to 2005 levels, and eventually, becoming carbon neutral by 2050, as outlined under the 12th Malaysia Plan covering 2021-2025," Lim adds.

In its recently published Professional Insights (PI) report, titled "Green Budgeting: A Toolkit for Public Sector Finance Professionals", ACCA sets out the reasons for considering green budgeting and the methods that can be adopted. It notes that green budgeting is a wide-ranging concept and can involve different approaches.

The toolkit also outlines the basics of green budgeting, focusing on the role of finance professionals in turning goals and ambitions into tangible plans. It highlights examples of green budgeting methods and sets out the steps for making green budgeting a success, while emphasising the importance of ownership by the finance function to make climate action a priority.

"Essentially, our toolkit is a handy guide that provides practical and simple steps that finance professionals can take to implement green budgeting approaches in their organisations," says Lim.

In addition, the toolkit includes case studies from public sector organisations across the world that have implemented green budgeting approaches, highlighting examples from Singapore, London, Canada, Kenya and Odisha, India.

"Public sector organisations across the world are increasingly using the tools and methods of green budgeting to implement plans to help them meet their climate and environmental targets. Their efforts set examples from which other countries, including Malaysia, can learn," Lim adds.

Malaysia is set to table its revised Budget 2023 in Parliament on 24 February 2023.

At a recent dialogue session for the revised Budget 2023, Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim reportedly said green economy would be one of the priorities of the new government. He emphasised that sustainability must be taken into account for long-term economic growth of Malaysia.

According to ACCA, there are three overarching principles to consider at the outset of implementing green budgeting for the best chance of success. These key principles are: political will, building on existing processes, and a whole public sector approach.

"Political will, especially at the outset, is a crucial enabling factor for green budgeting to succeed. While the process is often initiated by officials, securing support from the political leadership of the government will ensure this approach is more likely to take root.

"We know that public sector organisations face resource constraints, which have only increased since the pandemic. However, green budgeting does not require costly new systems or extensive external support. Most green budgeting practices can build on existing systems and processes, and still allows policymakers to align budgets more closely with their climate change and sustainability goals.

"Nevertheless, for green budgeting to be effective, it must be adopted at different levels of the public sector. Implementing this at every level of the public sector will help the government develop a coordinated approach, enabling all organisations to share good practice and provide opportunities to innovate," says Lim.

Above all, finance professionals must be at the centre of green budgeting approaches in public sector organisations, ACCA argues. It points out that professional accountants' skills and the roles they undertake in the public sector equip them to support their organisations in each of the five key steps to implementing green budgeting, namely, developing a baseline prioritising spending with the most impact categorising and monitoring spending ensuring external review; and learning and improving.

These steps also highlight two of the most widely used practices, that is, green budget tagging and evaluation approaches such as environmental impact assessments and environmental cost-benefit analysis.

"Over time, green budgeting should enable the Malaysian government to divert from activities and investments with negative impact on the environment towards more sustainable and climate positive actions, and thus, accelerate the transition to a more sustainable society," concludes Lim.

BUILDING BETTER FOR THE FUTURE –

WHY DATA CENTRE INFRASTRUCTURE MUST BE AT THE FOREFRONT OF SUSTAINABILITY EFFORTS

Environment, Social, and Governance (ESG) activism and investment is reshaping the business world.

Although ESG efforts have been championed for many years, there is a sense of urgency for decisive action from all stakeholders now, especially the corporate sector.

The impact of the global pandemic, climate-change disasters, and bolder reforms signaled at COP26 has changed how many employees, consumers, investors, suppliers, regulators, communities, and trade associations perceive value, risk, growth, cost, productivity, and more.

While Europe and North America are ESG first movers, Asia is set to catch up fast on the back of regulatory changes and investor demand, according to research released by Accenture.

ESG IS VITAL FOR OUR BUSINESS

Progressive ESG policies are more than good optics – they are good for the environment, employees, customers and our business, because consumers and the general public have much higher expectations of companies around ESG responsibility today.

While Vertiv is elevating its focus on many important ESG topics, we are uniquely positioned to help our customers meet the Environmental part of this strategy. Regardless of the vertical that organisations operate in, environmental goals, which support efficiency and sustainability strategies, must continually keep pace with the demands of the market. Certainly, in today's business climate, sustainability and resilience are inseparable. According to EY, businesses in emerging markets with robust ESG ratings reaped a one percent reduction in capital costs compared to laggards, highlighting that sustainability may be as important as risk management and site reliability. Meeting sustainability targets is not without challenges, however.

Demand for data is ramping up rapidly and we saw this during the height of the pandemic. In Spain, internet traffic increased 40 percent when shutdowns were enforced. And in the U.S., Microsoft teams were deployed to work and sleep in data centres to ensure a smooth 24/7 operation of systems at peak periods.

The insatiable demand for computing power and digital services means bigger data centres. While 10 or 20 MW centres were "the norm" five years ago, they range between 100 to 200 MW today and will get bigger as energy-intensive technologies such as 5G mobile networks, artificial intelligence, and high-performance computing become mainstream.

This points to a bright and exciting future for the data industry. It also points to change because we can't scale up like we used to. According to MIT, a single data center can consume the equivalent electricity of 50,000 homes today, and the electricity utilised by data centers accounts for about 0.3 percent of overall carbon emissions.

GET THE BALANCE RIGHT

Providing more capacity, while using less energy and shrinking our carbon footprint, is a challenge we take in our stride, and our commitment starts at the top.

Vertiv senior leaders are driving change and our first public ESG report profiling current energy and water efficiency; diversity; equity and inclusion; employee health and safety initiatives, and plans in the pipeline, was released recently.

Serving as a foundation, or baseline upon which we can build, the report spotlights more efficient resource utilisation and the use of renewable energy as top priorities on our sustainability "to-do list," for both Vertiv operations and our solutions portfolio.

Solid progress is being made on the technologies we offer our customers to help them meet their efficiency goals, with a new uninterruptible power supply (UPS) operating mode that safely and dynamically adapts to changes in power quality enabling operating efficiency up to 99%.

Energy-efficient and water-free economisation systems (an alternative to water-intensive cooling systems) have also been introduced, as well as the integration of solar energy solutions into telecommunications access sites.

We believe reducing dependence on the grid is another big step in the data center path to net-zero for Vertiv and our customers. While carbon-based energy sources will power our sites in the foreseeable future, we expect fuel cells and long-duration energy storage, and intelligent power management systems will enable the transition to locally generated renewable power to happen sooner rather than later.

IN IT TOGETHER

As climate change impacts everyone, we believe collaboration is another vital driver of sustainability success. We are truly "in this together" and should learn from one another, that's why we currently partner with thought leadership groups – EcoEdge Prime Power, Open Compute Project, European Data Centre Association, and others – to share research and best practices to enable future-ready digital infrastructures.

We want to reset the digital infrastructure playing field (and many current rules) with a holistic and collaborative game plan to build a cleaner, greener, brighter future for our industry. A future in which data centers will continue to fuel scientific advances, improve business processes, provide home entertainment, and new ways to shop and connect with the world while minimizing their impact on the planet and the communities in which they operate.

GOLD FOR SUSTAINABILITY SUKUK

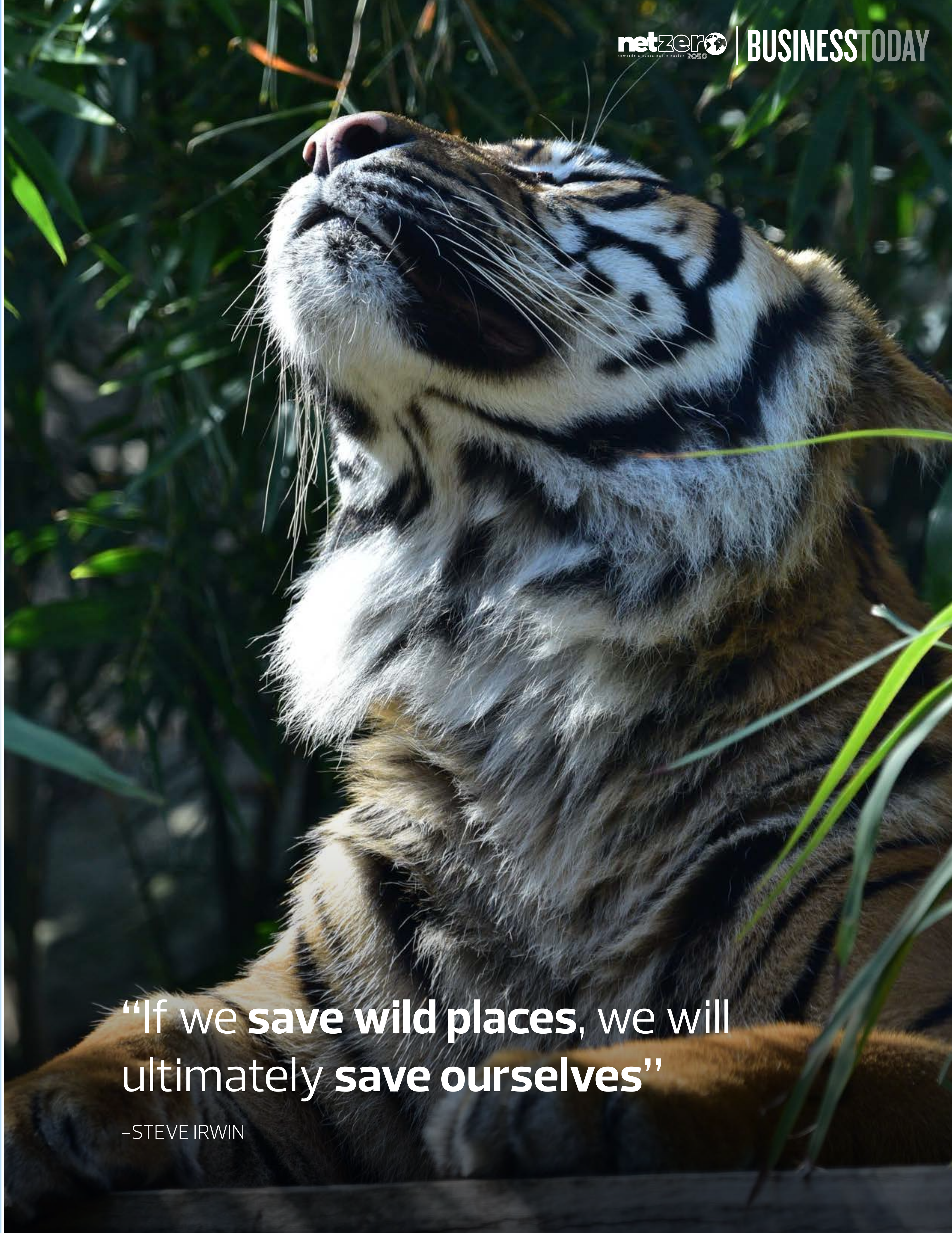
MARC Ratings has assigned a "Gold" Impact Assessment to UDA Holdings Berhad's (UDA) Sustainability Sukuk Framework (the Framework). The Framework has been established to set the guiding principles for UDA's issuances of Islamic financing instruments (Sustainability Sukuk) for specific eligible projects.

MARC Ratings has assessed the Framework and is satisfied that it is aligned with the core components of the Sustainable and Responsible Investment (SRI) Sukuk Framework of the Securities Commission Malaysia, the ASEAN Green Bond Standards and ASEAN Social Bond Standards of the ASEAN Capital Markets Forum, and the Green Bond Principles and Social Bond Principles of the International Capital Markets Association.

Proceeds raised from the issuance of Sustainability Sukuk will be channelled towards eligible projects falling under the following categories:

- Green Category: Green Projects (UN SDG 11); Renewable Energy, Energy Efficiency and Climate Action (UN SDGs 7, 9, 11, and 13); and Pollution Prevention and Control (UN SDGs 3, and 11)
- Social Category: Affordable Housing (UN SDG 11); Waqf (UN SDG 11); and Socioeconomics Advancement and Empowerment (UN SDGs 5, and 8).

In arriving at the Framework's Gold assessment, MARC Ratings has assessed the impact of the Use of Proceeds to be significant, with clear social and environmental benefits that directly support seven of the 17 UN SDGs.



"If we **save wild places**, we will ultimately **save ourselves**"

–STEVE IRWIN

SME BANK

SANDBOX COMPETITION 2023

Sandbox is a pitch-type business proposal competition designed to discover innovative business ideas that can have a significant and positive impact on the community, specifically under SDG 12: Sustainable Consumption and Production of the United Nations' Sustainable Development Goals.

Think Sustainably · Act Responsibly

Who can participate?

This competition has two categories:

Open to Public

College/University Students

Each team must consist of **at least three (3) members and a maximum of five (5)**.

How to Apply

Visit **www.smebank.com.my/sandbox** for more info and apply through our online application form or scan the QR code.

SCAN TO REGISTER

Prizes | Open Category

1. RM50,000
2. RM30,000
3. RM20,000

Prizes | College/University Students Category

1. RM30,000
2. RM20,000
3. RM10,000