Star ESG
ENVIRONMENTAL SOCIAL GOVERNANCE

Budget 2025 - A Green Leap Forward for Malaysia?

Experts weigh in on how Budget 2025 paves the way for Malaysia's green growth and development >6-9

Budget 2025: A bold commitment to sustainability and economic resilience

BUDGET 2025 represents a significant commitment by the Malaysian government to prioritise sustainability in its financial planning.

As the country grapples with the challenges posed by climate change and the need for economic resilience, this budget allocates substantial funding to environmental initiatives and green technologies.

Dr Yeah Kim Leng shares his views on the key areas of sustainability-related spending in Budget 2025.

How does Budget 2025 prioritise sustainability initiatives in its budget, and what specific areas receive the most funding?

One way to assess budget priorities is to examine the allocation of development expenditure which is akin to public investment.

Development spending involves capital investment that contributes to future economic growth, development and resilience.

A close proxy of sustainability initiatives in Malaysia's annual budgets is the spending on the environmental sector.

The development spending on environment averaged RM1.7bil annually between 2014 and 2023.

It was raised to RM3.3bil in 2024 and maintained at RM3.2bil in Budget 2025, thereby affirming its continuing importance.

However, as a share of total development spending, it shows a decline from RM4.6bil in 2014 to RM1.9bil in 2023 before rising to RM3.9bil in Budget 2024 and RM3.7bil in Budget 2025.

Although the share is slightly lower than the previous year, the spending level on environment is maintained in 2025 and importantly, above the earlier decade average of below RM2bil per annum.

Another way to determine the prioritisation of sustainability initiatives is to examine the specific areas of sustainability-related spending, fiscal incentives and regulatory initiatives.

In this connection, the sustainability focus encapsulated in Budget 2025 include renewables, green energy transition, climate risk and disaster mitigation, carbon capture and storage, ecological fiscal transfers and the introduction of carbon tax for iron and steel industries by 2026.

How does Budget 2025 facilitate collaboration or enhance support with businesses and organisations focused on ESG/sustainability?

One of the institutions established to promote ESG/sustainability and the United Nations 2030 Sustainable Development Goals (SDGs) is the All-Party Parliamentary Party Group Malaysia Sustainable Development Goals.

Tasked to promote SDGs across all parliamentary constituencies and political parties, its efforts are being boosted with a higher allocation of RM20mil.

Another key initiative is the New Investment Incentive Framework aimed at encouraging more investments that comply with ESG standards.

Towards this end, tax incentives such as investment tax allowances or income tax exemptions are provided for carbon capture, utilisation, and storage (CCUS) activities.

Other sustainability-related measures involving the partnerships include the setting up of Kerian Integrated Green Industrial Park (KIGIP).

This project is being positioned as the first high-tech green hub in South-East Asia developed in partnership between SD Guthrie and Permodalan Nasional Berhad (PNB).

More importantly, the fiscal support to sustain the energy transition towards achieving net-zero emissions by 2050 is continued in Budget 2025 with higher allocation for the National Energy Transition Facilitation (NETR) Fund.

Other related projects being implemented are hybrid hydro floating solar farms in Chenderoh and Kenyir, large scale solar programme and extension of the Net Energy Metering programme for residential consumers to install solar photovoltaic systems.

In what way does sustainable budgeting contribute to Malaysia's economic resilience, especially in the face of climate change?

Sustainable budgeting ensures that spending is kept at an appropriate level to maintain stable economic growth while ensuring that the revenue-expenditure gap is not out of line as to jeopardise trust and confidence in the government's ability to manage the economy well.

Government borrowings also need to be kept at levels that do not lead to unsustainable rise in total government debt that could destabilise investor and market confidence, thereby reinforcing the country's economic resilience.

In facing climate risks, there is a need for continuing budgetary focus on disaster preparation and mitigation projects.

Investments in environmental protection, climate adaptation and disaster preparedness are needed to address climate risks and strengthen climate resilience.

Not surprisingly, the budget provides for increased funding for flood mitigation and disaster preparation.

How does Budget 2025 support the development of green financing options, and what impact does this have on attracting investment in sustainable projects?

Further support for the development of green financing options is being implemented through the extension of the Green Technology Financing Scheme until 2026 with RM1bil financing being targeted.

Besides increasing access to financing, the cost will have to be kept at a level that is attractive for sustainability-related projects to be "bankable" given the typically large social and environmental value component inherent in sustainability projects.

Most sustainability projects provide services or amenities akin to a public good rather than a private good where the benefits can be fully captured by the project developer.

Without cheaper financing that takes into consideration the public good nature, there will be under-investment in sustainability projects.

Based on Budget 2025, what trends do you foresee for Malaysia's sustainability efforts in the coming years?

The energy transition from fossil fuels to renewables and achieving net zero emissions by 2050 will continue to be at the forefront of Malaysia's sustainability efforts.

Complementing the shift to clean energy are investment in carbon capture, utilisation and storage (CCUS), electrification especially plug-in hybrid and battery electric vehicles (PHEVs and BEVs) and mainstreaming biodiversity as the core of sustainable development, healthy ecosystems and human well-being.

At the heart of biodiversity is the environmental protection and conservation of permanent forest estates and other gazetted forests.

Ecological fiscal transfers as raised in Budget 2025 will likely have to be increased substantially to avoid irreversible destruction of natural habitats.

What are your overall thoughts about Budget 2025?

While one can argue over the need, adequacy or excesses of specific budget measures and items, the overall budget thrusts, strategies and measures are consistent with the medium-to-long term national development plans and sectoral blueprints.

More importantly, it is a sustainable budget that addresses the country's fiscal vulnerabilities and long term needs and goals as encapsulated in the United Nations 2030 SDGs.

Prof Dr Yeah Kim Leng is a senior fellow and director of the Economic Studies Programme at the Jeffrey Cheah Institute on Southeast Asia at Sunway University. He is currently president of the Malaysian Economic Association (MEA), a member of the Policy Advisory Committee to the Prime Minister and a former external member of Bank Negara Malaysia's Monetary Policy Committee.

ESG in the news

SEP 24

• **Renewable energy certificates (RECs)** as a tool to improve profitability of RE projects are gaining importance. Affin Hwang Investment Bank Research said there is high demand for solar RECs and there are corporations that would lock in the purchase for a three to five-year period to ensure a consistent supply.

SEP 25

• The launch of the **National Sustainability Reporting Framework (NSRF)** is expected to keep Malaysian capital markets competitive in terms of sustaining them as a destination for fund inflows.

The NSRF, which was launched by the Securities Commission (SC), will eventually cover both the Main Market and the ACE Market companies of Bursa Malaysia by 2027.

The framework is set to enhance the state of sustainability disclosures in Malaysia and is based on the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) as the baseline for companies in Malaysia.

• The **Malaysian Institute of Economic Research** executive director Anthony Dass sees a bright future for Malaysia, particularly in sectors like electric and electronics (E&E), data centres, RE and real estate.

• **Tenaga Nasional Bhd (TNB)** has launched its inaugural Transition Finance Framework, becoming the first electricity utility player in Asean to do so.

In a filing with Bursa Malaysia, the utility giant said the significant milestone highlights TNB's commitment to energy transition and supports Malaysia's decarbonisation agenda.

• **Solar District Cooling Group Bhd (SDCG)** has entered into a collaboration agreement with Sunrise Shares Energy Sdn Bhd (SSE) to promote the adoption of RE solutions and sustainability advisory services across multiple sectors in Malaysia.

• **Yinson Holdings Bhd**'s Matarani solar plant in Peru has entered into its full operational phase, following the commencement of power export and sales in July 2024.

The 97 megawatts-peak plant, located near Arequipa, positions Yinson Renewables as Peru's second-largest solar generator and is the groups' first operational project in Peru.

SEP 27

• The **National Sustainability Reporting Framework** is expected to improve transparency, accountability, and the availability of key sustainability data, making it easier for investors to assess corporate sustainability performances in Malaysia.

This level of disclosure will further strengthen the trust and confidence of investors, policymakers and civil society, according to TA Research.

• **Solarvest Holdings Bhd** is still a "buy" despite marginal contributions from segments other than its engineering, procurement, construction and commissioning (EPCC) business and electricity generation from its plants under the government's fourth phase of the Large Scale Solar initiative, analysts say.

Hong Leong Investment Bank (HLIB) Research said Solarvest's runaway for orderbook replenishment currently looks "robust" with a remaining RM714mil of EPCC work under the Corporate Green Power Programme (CGPP) to be converted – leading to a new high in its unbilled EPCC order book of more than RM1bil.

OCT 1

• **Samaiden Group Bhd** has accepted a letter of award from Legasi Green Power Sdn Bhd to undertake, among others, the main contract works in relation to the development of a 14MW alternating current large scale solar photovoltaic power plant in Sungai Petani, Kedah, worth RM52mil.

OCT 2

• **Samaiden Group Bhd's** maiden contract to build a large-scale solar photovoltaic (LSSPV) power plant in Sungai Petani, Kedah is a shot in the arm for the group as it will not only boost its order book, but spur its earnings in the near term.

MIDF Research said with the new win, Samaiden's outstanding order book has risen to RM365.5mil.

OCT 3

• The latest developments in **MISC Bhd**'s operations, involving the construction of liquefied natural gas (LNG) carriers and new time charters, have set the tone for the shipping company to further elevate its business and rejuvenate its LNG fleet with modern, efficient vehicles.

MIDF Research said these developments align with MISC's goals of achieving greenhouse gas (GHG) emission and intensity reduction by 2030, in accordance with its internal sustainability strategies, as well as external policies and regulations by the International Maritime Organisation 2020 Sulphur Cap and GHG Reduction Strategy.

• **Samaiden Group Bhd** has secured a RM39.17mil contract from a company controlled by its major shareholder to develop a 10MWac large-scale solar power plant in Bahau, Negri Sembilan.

OCT 4

• **BIMB Research** has resumed coverage on Malaysian Pacific Industries Bhd (MPI) with a "buy" call, expressing optimism about MPI's future earnings prospects, citing strong demand for electric vehicles (EVs) and the expansion of data centres and Industry 4.0. The research house noted that these areas are expected to contribute significantly to MPI's core profit, projecting a three-year compounded annual growth rate of 20% to reach RM331.2mil in the financial year ending June 30, 2027 (FY27), from RM189.9mil in FY24.

• **Samaiden Group Bhd's** main contract win for the development of a 10 megawatt (MW) large-scale solar photovoltaic (PV) plant in Bahau, Negri Sembilan, is projected to yield a gross profit margin of 15% to 16%, says Kenanga Research.

The latest job lifts its outstanding order book to RM404.67mil and should keep the company busy for at least the next 18 months, Kenanga noted.

OCT 7

• While the adoption of ESG practices in Malaysia's real estate market is still in its nascent stage, experts are confident of its potential. **Zerin Properties** chief executive officer Previn Singhe said larger developers and institutional investors are taking ESG seriously, driven by both regulatory pressures and a growing awareness of sustainability's importance.

OCT 8

• **Uzma Kuala Muda Sdn Bhd**, an indirect wholly-owned subsidiary of Uzma Bhd, has achieved the commercial operation date (COD) for its 50 megawatt alternating current large scale solar photovoltaic plant under the Large Scale Solar (LSS) Cycle 4 project on Sept 25.

The plant, which is located in Sungai Petani, Kedah, is Uzma's first venture into asset ownership and development of an LSS plant, pursuant to a power purchase agreement entered into between Uzma Kuala Muda and TNB in August 2021.

• State-controlled **Tenaga Nasional Bhd**, which produces the bulk of its electricity from dirty fossil fuels, has been shoring up its ESG profile.

Hong Leong Investment Bank (HLIB) Research said TNB's ESG ratings have improved in 2023-2024, indicating the power giant's commitment in managing and transparently reporting on ESG matters.

OCT 9

• **The Energy Commission (EC)** will announce the winning bids for the Fifth Large Scale Solar (LSS5) programme in November, said its chief executive officer Datuk Razib Dawood.

In April, the Energy Transition and Water Transformation Ministry, through the EC, announced the offer of a solar quota of 2,000 megawatts (MW) through a competitive bidding process under the next phase of the LSS programme.

• **Seal Incorporated Bhd** is proposing to diversify its existing principal activities to include investment in RE and related activities.

OCT 10

• A consortium led by property developer **LBS Bina Group Bhd** has awarded a RM104mil engineering, procurement, construction and commissioning (EPCC) contract to regional clean energy expert Solarvest Holdings Bhd to construct a 43 megawatt-peak solar farm project.

In a joint statement, LBS Bina and Solarvest said the solar farm, to be located in Senawang, Negri Sembilan, is expected to be completed by the end of 2025.

• Malaysia will be the leading country in Asean in terms of energy transition and smart grid, with the help of TNB, says **Trilliant Networks Inc**.

Trilliant Networks chairman and chief executive officer Andy White said its partnership with TNB since 2017 helped to accelerate the country's vision towards energy transition.

He also applauded TNB's achievement of deploying 4.5 million smart metres across Malaysia this year, en route to the vision.

• **Leader Energy Group Bhd**, a wholly-owned subsidiary of HNG Capital Sdn Bhd, has secured an investment of more than US$100mil from China-Asean Investment Cooperation Fund II (CAF II), which is sub-advised by ESR Group LTD, Asia-Pacific's leading new economy real asset manager.

Through the partnership with CAF II, Leader Energy said it intends to accelerate its robust pipeline across the region and reinforce its position as one of the largest pure-play renewable energy companies in Malaysia.

OCT 11

• **Leader Energy Group Bhd** and **Plus Xenergy Services Sdn Bhd** have announced the upcoming deployment of the country's first sodium-sulfur (NaS) battery energy storage system (BESS).

Plus Xenergy will install and commission the 1.45MWh capacity BESS in LSE II's LSS farm located at Bukit Selambau, Kedah, the companies said in a joint statement.

• **Solarvest Holdings Bhd**'s subsidiary, Atlantic Blue Sdn Bhd (ABSB), has been awarded an engineering, procurement, construction and commissioning contract from LBS Bina Group Bhd's indirect subsidiary, Suria Hijauan Sdn Bhd (SHSB), to construct a 25.4MW solar photovoltaic (PV) energy generating facility in Negri Sembilan.

In a filing with Bursa Malaysia, Solarvest said ABSB would supply and install solar PV systems as well as the provision of operation and maintenance services.

OCT 16

• Chinese electric vehicle (EV) manufacturer BYD is experiencing rapid growth, surpassing its nine millionth new energy vehicle (NEV) rollout globally, just two months after hitting the eight million mark in July.

BYD Malaysia Sdn Bhd managing director Eagle Zhao said the company expects to produce its tenth millionth NEV "very soon," given the current growth rate.

• **PLB Engineering Bhd (PLB)**, via its subsidiary PLB Terang Sdn Bhd (PLBTSB), has signed a share sale agreement to dispose of its 60% stake in PLB Green Solar Sdn Bhd (PLBGS).

The deal was inked with proposed purchaser Koperasi Sahabat Amanah Ikhtiar Malaysia Bhd and Greenviro Solutions Sdn Bhd, which currently own 40% in PLBGS for a total consideration of RM33mil, to be satisfied entirely in cash.

OCT 17

• **Standard Chartered Saadiq Malaysia** has inked its first sustainability-linked commodity murabahah structured financing with Sunway Treasury Sukuk Sdn Bhd worth US$110mil.

In a joint statement, Standard Chartered Saadiq Malaysia chief executive officer Bilal Parvaiz said the move is part of the bank's commitment to support clients in accessing innovative sustainable finance solutions to meet the breadth of their ESG ambitions.

• **Cypark Resources Bhd** is expected to be the main beneficiary to a RM4bil renewable energy project in Melaka.

Cypark, which has a 29% stake in the project, is a part of a consortium with Melaka Corp (MCorp) and Jakel Capital that would explore and develop energy solutions for the German Technology Park in the state.

PLUS aims to drive sustainable performance

By ERIC QUAH
esgeditorial@thestar.com.my

FOR most industries, the race to integrate practices that help lower their carbon footprint scores becomes more urgent, especially when such industries depend on other businesses that observe ESG standards.

Malaysia largest highway concessionaire PLUS Malaysia Bhd (PLUS) aims to lead by setting the industry's benchmark for the nation, as the country's first highway operator to conduct a comprehensive climate risk assessment.

"This provides us with the ability to strategically support the government to shape national policies aimed to drive nation building and advance our nation's sustainability agenda," said PLUS managing director Datuk Nik Airina Nik Jaffar.

The company proactively mitigates climate change impacts by deploying advanced preventive measures through its operations, while setting new standards in infrastructure resilience.

"By integrating sustainable practices into our strategic asset and operations management, we aim to strengthen resilience to climate change, enhance asset durability and lifespan to achieve optimum whole life cycle cost, ultimately delivering operational efficiency," she said.

She further explained that the company's sustainability agenda is aligned with the government plans, policies and transition roadmaps, namely the Madani Economy Framework, the National Energy Transition Roadmap and the Low-Carbon Mobility Plan.

It also supports emerging frameworks such as the National Climate Change Policy 2.0 and the National Sustainability Reporting Framework.

Being a subsidiary of UEM Group Berhad (UEM Group), PLUS aligns its commitment to further the group's domestic investment agenda of creating lasting value by integrating sustainable practices that benefit both the environment and the community, while also generating positive economic multiplier effects.

UEM Group managing director Datuk Amran Hafiz Affifudin said, "As the infrastructure arm of Khazanah Nasional, UEM Group and its subsidiaries will continue to advocate for greater operational efficiency and sustainable development initiatives.

"These efforts will help build a resilient foundation that supports economic growth and environmental stewardship for future generations, in line with Khazanah's vision of Advancing Malaysia."

With the North-South Expressway, PLUS aims to lead in its sustainable practices and craft its own narrative on its progress and resilience that can inspire and empower all generations of Malaysians.

Amran: PLUS' commitment to sustainable operations align with UEM Group's domestic investment agenda of creating lasting value.

The Seremban Southbound RSA building incorporates the use of eco-conscious material and houses state-of-the-art technologies.

Nik Airina: "We embrace regulatory changes as an opportunity to innovate, driving us to explore new sustainable practices."

Shining examples

An example of PLUS' transformation is the recently launched Seremban Southbound Rest and Service Area (RSA), Malaysia's first sustainable rest station.

Nik Airina said PLUS Seremban Southbound RSA sets a blueprint for the industry, a greener way to educate highway travellers and encourage them to embed sustainable practices in their journeys.

The RSA's design has been certified with a gold rating by the Green Building Index (GBI), which fulfils the company's vision of redefining eco-friendly travel on the North-South Expressway.

The building incorporates the use of eco-conscious materials and houses state-of-the-art green technologies, which include solar panels, electric vehicle (EV) charging points, rainwater harvesting system, food waste composting machines and recycling bins for fabric and all key materials.

In fact, more direct-current fast-charging points are strategically installed in selected RSAs, with a target of 100 units by 2025, in anticipation of the high adoption of EVs.

Another of PLUS' decarbonising efforts involve maximising renewable energy to power its infrastructure using solar photovoltaic systems as it transitions away from fossil fuels.

PLUS has also retrofitted the streetlights along its highways, upgrading over 37,000 with LED lights.

This investment helps to reduce greenhouse gas emissions by 25,827 tonnes of CO2 equivalent (tCO2eq) – equivalent to saving 427,044 trees annually.

Progressive outlook

"We have taken an active role in enhancing Malaysia's resilience against climate change by adopting climate impact adaptation measures for critical national infrastructure," Nik Airina said.

She elaborated that as the pioneer infrastructure company to conduct a comprehensive climate risk assessment, PLUS has implemented preventive and detective measures to mitigate the effects of climate change on the national infrastructure.

It also benefits PLUS' users, as well as the communities who live along the highways.

"With a significant operational footprint spanning over 1,130km across nine states in Peninsular Malaysia, we serve up to two million vehicles daily, facilitating socioeconomic activities across Peninsular Malaysia and improving the quality of life for Malaysians."

To stay ahead of the curve, especially in anticipation of new regulations and trends, PLUS continuously monitors regulatory developments and engages with policymakers.

"We embrace regulatory changes as an opportunity to innovate, driving us to explore new sustainable practices that not only comply with regulations, but more importantly, contribute to our long-term resilience and competitiveness," shared Nik Airina.

A broader context

On a larger scale, Nik Airina said PLUS is committed to shape the industry both locally and regionally as the sustainable practices align it with national and international sustainable development goals.

"We actively contribute to national-level initiatives to shape the nation's policies and we participate in the National Planetary Health Action Plan committee, where we provide industry thought leadership in developing policies to shape future sustainable development within the planetary boundaries."

She added that the national capacity building efforts include supporting the National Institute of Public Administration (Intan) and local universities in delivering sustainability training programmes to empower current and future leaders to deepen their understanding on sustainability.

"Our efforts so far have been recognised by United Nations Global Compact Malaysia and Brunei for establishing the industry's first comprehensive climate risk and human rights risk assessments."

With such measures, PLUS aims to inspire and empower all generations of Malaysians.

As PLUS continues its green evolution, Malaysia's highways are set to become iconically sustainable pathways to the future.

"Our mission at PLUS is to 'Connect communities to shape a safe and sustainable future'," said Nik Airina.

"Adopting environmentally conscious and socially responsible practices strengthens public trust, creates operational efficiency, enhances our resilience and future proofs our business in today's rapidly evolving ecosystem."

A green leap forward for Malaysia with Budget 2025

Malaysia is tackling pressing environmental issues while building a foundation for long-term resilience

AS Malaysia embarks on an ambitious journey towards sustainability, the recent allocation of over RM300mil under the National Energy Transition Roadmap (NETR) signals a significant commitment to renewable energy and environmental stewardship.

Collaborating with industry giants PETRONAS and Tenaga Nasional Berhad (TNB), the Malaysian government is setting the stage for transformative changes that position the nation as a potential leader in the sustainability space.

Investment and financing for a greener future

The energy transition in Malaysia is gaining momentum, marked by significant investments and initiatives. UEM Lestra and Tenaga Nasional Berhad (TNB) are set to invest RM16bil to upgrade the grid and decarbonise industrial areas, while the National Energy Transition Facilitation Fund has seen its allocation increase from RM100mil to RM300mil for 2024.

To further promote sustainable energy, the Net Energy Metering (NEM) programme has been extended until June 30, 2025.

Additionally, innovative projects such as the installation of solar panels on walkways and parking lots in Putrajaya, are being introduced. Moreover, new skill training initiatives led by government-linked companies like TNB are being rolled out to prepare the workforce for the evolving energy landscape.

Climate mitigation strategies

The nation is actively pursuing climate mitigation strategies, including the introduction of a carbon tax targeting the iron and steel, as well as energy industries, set to take effect by 2026. The revenue generated from this tax will be allocated to support green research and technology programmes, fostering innovation in sustainable practices.

Additionally, the Green Technology Financing Scheme has been extended through 2026, with a substantial funding commitment of RM1bil. These initiatives reflect Malaysia's dedication to reducing carbon emissions and promoting green technology as part of its broader environmental goals.

The government is also incentivising carbon capture, utilisation, and storage (CCUS) activities through investment tax allowances and income tax exemptions under the New Investment Incentive Framework (NIIF).

Electric vehicle initiatives

The government is making significant strides in promoting electric vehicles (EVs) as part of its sustainable transport initiative. Perodua is set to produce locally assembled EVs priced under RM100,000, aligned with newly restructured tax incentives designed to boost local EV production.

There is allocation of RM10mil for the Electric Motorcycle Use Promotion Scheme, which offers rebates of up to RM2,400 for the purchase of locally assembled electric motorcycles to individuals earning less than RM120,000 annually.

Furthermore, EV development is set to be prioritised by the Skills Development Fund Corporation. A total of RM100mil has been dedicated to enhance skills in this growing sector.

Commitment to biodiversity and climate adaptation

The government's commitment to sustainability extends beyond energy transition and climate mitigation. The Ecological Fiscal Transfer (EFT) fund is set to increase to RM250mil, up from RM200mil, supporting state-level efforts to protect forests and wildlife.

Moreover, RM3bil has been earmarked for 12 flood mitigation projects, alongside RM600mil allocated to the National Disaster Management Agency to enhance preparations for flood disasters.

Over RM250mil has also been set aside for repairing hazardous slopes across the country, reinforcing Malaysia's resilience against climate-induced challenges.

With a clear focus on renewable energy, climate mitigation, EV development, and biodiversity preservation, Malaysia is not only addressing immediate environmental concerns but also laying the groundwork for long-term economic resilience and leadership in the green energy landscape.

StarESG has gathered expert opinions from Universiti Malaya's Dr Noor Zalina Mahmood, Deloitte Malaysia's Karina Mohamad Nor and Sim Kwang Gek, Yinson Holdings Bhd's Dr Renard Siew, Universiti Kuala Lumpur's Prof Dr Aimi Zulhazmi Abdul Rashid, UCSI University's Prof Dr Mohd Tajuddin Mohd Rasdi, PwC Malaysia's Richard Baker and SME Corp Malaysia regarding sustainability-related allocations tabled in Budget 2025. Read on to learn more.

Budget 2025's ESG initiatives for a fairer Malaysia

ESG has recently gained prominence not only at global level but also in Malaysia.

It serves as a comprehensive framework that encapsulates a company's sustainable development endeavours, encompassing the environmental impact, societal contributions, and governance practices.

While some organisations might still be voluntary to disclose their ESG performance, the disclosure has already been mandatory for many companies.

The popular term used – ESG reporting, is what companies report or disclose their activities related to environmental, social and governance components. Therefore, the ESG reporting is seen as central in positioning the company on how it deals with the environment, social and governance among their businesses.

It has also become pivotal in building trust with the investors, employees, regulators, customers and other stakeholders. Given the growing demand from stakeholders, it's evident that ESG reporting plays a crucial role in ensuring the long-term viability of an organisation.

While measuring social topics in ESG may be more challenging than assessing environmental issues, several emerging trends are shaping how companies define and report their social impact to stakeholders. In many parts of the world, among social issues such as fair wages, health and safety standards for the employees, workplace conditions to name a few, create long-term social benefit and diversity of thought. These, in the long run, will bring commercial advantages to the organisation.

Employees would want to align themselves with organisations that reflect their values and demonstrate sensitivity to their needs and conditions. Therefore, getting the "S" in ESG right means an organisation manages its relationships with its employees, suppliers, customers, and the communities where it operates puts positive human impacts at the centre of its ESG implementation.

Employees are the core members of a company and the backbone of its daily operations. Thus, adopting a people-centric approach, starting with employee care and extending responsibilities to consumers and society is important.

Following the announcement of Malaysia's Budget 2025, there are several initiatives that bolster ESG implementation, particularly the social component. These initiatives can be seen to enhance social welfare, promote inclusivity and elevate the quality of life for diverse communities.

Workforce empowerment

The Budget 2025 proposes increasing the minimum wage to RM1,700 starting February 2025.

This measure aims to improve living standards and reduce income inequality by ensuring that low-income workers can better cope with the rising cost of living.

Social security

Mandatory Employees Provident Fund (EPF) contributions will be extended to non-citizen workers, promoting inclusivity in social security.

In addressing the inclusivity in social security, this initiative will ensure that, regardless of any nationality as long as they are part of the work force and contributing to the development of the business, they have to have the 'facility' and access to their social protection and retirement savings.

While this proposal initiative will be implemented in phases, it shows how Malaysian companies are aiming to ensure equitable treatment for all workers in accordance with international standards.

Gender equality and work-life balance

The initiatives contribute to social well-being by improving the quality of life for women and families.

With the additional income tax exemption of 50% for 12 months to employers who hire women who are returning to the workforce, implementing flexible work arrangements, and granting paid caregiver leave support for women in the workforce.

These initiatives help to support their emotional and mental well-being while at work. As ESG becomes an important component for any organisation, recognising the social component of an ESG is crucial for creating an equitable, inclusive, and just society.

By emphasising fair labour practices, diversity and inclusion, businesses can create healthier work environments and stronger relationships with the employees and other stakeholders.

This, in turn, boosts employee morale, enhances productivity, and builds consumer trust, driving sustainable economic growth.

For an organisation, investing in the social aspects of ESG ultimately creates a robust foundation for long-term prosperity and resilience in the economy.

In life, we will not be able to make everybody happy, but we should try to make less people unhappy!

Dr Noor Zalina Mahmood is head of the Universiti Malaya Centre of Excellence for ESG.

Integrated approach to public-private partnership key to achieving net-zero by 2050

Deloitte Malaysia country tax leader Sim Kwang Gek.

Deloitte Malaysia sustainability and emerging assurance director Karina Mohamad Nor.

ON Oct 18, 2024, Prime Minister Datuk Seri Anwar Ibrahim announced a record-breaking RM421bil budget.

The announcement of Budget 2025 saw significant allocations towards narrowing the fiscal deficit of 3%, debt level below 60% of gross domestic product (GDP), cutting subsidies and bolstering the economy's competitiveness and growth, with a predicted GDP increase of 4.5% to 5.5%.

Malaysia's commitment to reducing carbon intensity by 45% of the country's GDP by 2030 in comparison to 2005 levels aims to be achieved through identifying focus areas of water, coastal zones, agriculture, infrastructure, health, forestry, and biodiversity.

Malaysia's long-term nationally determined contributions target is net-zero by 2050. Under Budget 2025, the Ecological Fiscal Transfer fund has been increased to RM250mil from RM200mil to support the state governments' efforts in protecting forests and wildlife.

To combat climate change, Budget 2025 also allocated RM3.85bil for flood mitigation and disaster preparedness projects under the National Disaster Management Agency.

In efforts to achieve the national agenda of net-zero emissions, an additional RM300mil has been allocated to the National Energy Transition Roadmap initiatives in collaboration with TNB and PETRONAS.

The Net Energy Metering programme's extension to June 30 next year for the installation of photovoltaic solar panels showcases a commitment to installing them in Putrajaya's public walkways and parking lots.

This is alongside developing new skills training initiatives on energy transition as spearheaded by government-linked companies such as TNB. A further RM1bil is allocated for the green technology financing scheme to drive the installation of photovoltaic solar panels.

To encourage adoption of energy efficiency initiatives in the public sector, all government agencies are required to sign energy performance contracts to reduce electricity bills by 10%. Private sector participation in energy is spearheaded by UEM Lestra and TNB, who are committed to invest RM16bil to improve transmission and distribution networks as well as to decarbonise industrial areas.

These efforts highlight Malaysia's commitment to renewable energy and supports the nation's aspiration to become a leader in the green energy sector in the region.

The introduction of carbon tax on iron and steel, and energy industries by 2026 is aligned to EU's Carbon Border Adjustment Mechanism, with the objective to reduce risk of carbon leakage by equalising the price of carbon between domestic products and imports in selected sectors into the EU. The proceeds of the proposed carbon tax in Malaysia aims to fund green research and technology programmes.

The existing Green Technology Financing Scheme programme will be extended to 2026 with RM1bil in funding. Additionally, investment tax allowances or income tax exemptions for carbon capture and storage (CCUS) activities will be offered under the New Investment Incentive Framework to boost the adoption of CCUS by industry players.

The implementation mechanism of the Malaysian carbon tax is currently unclear, but the system has to be equitable and fair for all related industry players. A similar carbon taxation system was introduced in EU in 2005.

The EU's Emissions Trading System (ETS), is the world's first and largest carbon market, is based on a "cap-and-trade" principle that requires polluters to pay for their Green House Gas (GHG) emissions. It has the objective to reduce overall EU emissions while generating revenues to finance the green transition in EU.

How does the ETS work?

The ETS sets an annual limit on the total amount of GHG that can be emitted by specific polluters in an area and allows companies to trade emissions rights within that area.

The EU ETS operates in 30 countries: the 26 EU member states plus the United Kingdom, Iceland, Liechtenstein, and Norway. Under the system, EU member state governments agree on national emission caps which must be approved by the EU Commission.

These countries then allocate allowances to their industrial operators and track and validate the actual emissions per the relevant assigned amount. They require the allowances to be retired after the end of each year.

The total number of permits issued (either auctioned or allocated) determines the supply of the allowances. The actual price is determined by the market.

Too many allowances compared to demand will result in a low carbon price, reducing the emission abatement efforts and vice versa, while too few allowances will result in a high carbon price.

Currently, the system covers (i) carbon dioxide emissions from power and heat generation, energy-intensive industry sectors such as oil refineries, steel, iron, aluminium, metal cement, lime, glass, ceramics and chemicals and commercial aviation; (ii) nitrous oxide from the production of nitric, adipic and glyoxal; and (iii) perfluorocarbons from aluminium production.

The system has been criticised for several failings, including over-allocation of permits, massive windfall profits for energy generator companies, price volatility, and in general for failing to meet its goals.

The EC is improving the EU ETS as an investment driver and to reinforce market stability, while maintaining a decrease in EU carbon emission in total.

The key question lies in the ability to provide proper incentives to industries to reduce their emissions and to create an effective environment where all current players are cooperating.

Reducing caps and tightening allocations may not be the most effective tools to use as it may lead to the retreat of smaller industry players from the market; while larger and more powerful industry players who are the main polluters will remain on the scene and will dominate the market.

Existing policies introduced by the Government's Pre-Budget 2025 announcement such as the National Semiconductor Strategy, KL20 Action Plan, GEAR-uP Programme, and Public-Private Partnership Master Plan 2030 provides the foundational impetus for Budget 2025 to boost private investment by allocating RM78bil through Pelan Induk Kerjasama Awam-Swasta, which is expected to generate 900,000 new jobs through projects.

Private sector participation plays an important role to drive the growth of the economy.

Malaysia has recorded an 18% year-on-year increase in approved investments, reaching RM160bil in the first half of 2024 with initiatives like the Johor-Singapore Special Economic Zone are positioned to further enhance private sector investment prospects.

Furthermore, development expenditure focus on projects of public interest, such as Kerian Integrated Green Industrial Park (KIGIP), Kuala Lumpur-Singapore High Speed Rail (HSR), Kulim Hi-Tech Park expansion and the Pulau Pinang light rail transit (LRT).

This also includes an allocation of RM1bil for Ikhtiar SejaTi Madani, to stimulate the rural economy, aided by plantation groups in local communities, highlighting continued efforts to support the Government's commitment for a more equitable society and greater economic growth to be enjoyed equally by all Malaysians.

> See next page

> From previous page

Clear guidelines and policies are needed to ensure successful rollout of the carbon tax

STRATEGIC investments initiatives reinforced the government's policies and strategic plans for economic well-being that will be shared across the board.

These include a RM25bil allocation to increase direct domestic investment under GEAR-uP through government-linked investment companies, RM6bil Dana Pemacu under the Retirement Fund Inc (KWAP) to strengthen the local private market; RM1bil allocated by Khazanah to support the local semiconductor industry and a RM200mil fund to encourage the innovation and growth of MSMEs and mid–tier companies.

For SMEs, there is RM40bil in loans and financing guarantees, which includes up to RM20bil in guaranteed financing through Syarikat Jaminan Pembiayaan Perniagaan, RM6.4bil financing fund under Bank Pembangunan and RM3.8bil loan fund from BNM for digitalisation, up to RM3.2bil in micro loan facilities through Tekun Nasional, BSN and others, RM780mil business financing allocated to women and youth, and the Indian community, and RM100mil financing fund allocated under the Malaysia Cooperative Societies Commission (MCSC).

To support startup companies, a RM300mil fund is allocated to support venture capital fund managers in investing in these companies under Khazanah's National Fund-of-Funds for 2025 and RM200mil to support local startup activities under KWAP's Dana Perintis for 2025.

This integrated approach of policy development and partnership with the private sector is most welcomed as the government is more abled to address the issue of access to funding and shortfall of resources by the respective economic players through an ecosystem wide solution for the benefit of society and the nation.

However, the government would need to accelerate the tabling of the Climate Change Act and Government Procurement Act to improve the implementation efficiency and effectiveness of various projects and initiatives.

In Malaysia, women's labour force participation rates remained modest and low, notwithstanding Malaysia's rapid post-independence industrialisation process and advancements in the educational sector.

Malaysian women's labour force participation rate was at 55.5% compared to 80.9% for men in 2021 (DOSM, 2022).

For a more inclusive and diversity workforce, the government urged compliance of Bursa Top 100 companies to meet the 30% target for female board participation by 2027.

Various initiatives and tax deductions for employers to support women in workforce were also proposed.

To boost women's economic participation, additional tax deductions up to 50% will be provided for: wages paid over a period of 12 months for hiring women returning to work; up to 12 months of paid caregiver leave; and expenses incurred for capacity development and software acquisition in implementing flexible working arrangements.

However, these initiatives may fall short of achieving their targets as the mandatory female board participation only applies to public-listed companies, and currently are not enforced across corporate Malaysia, unlike in more advanced countries like Norway, which mandates a 40% representation of women on corporate boards.

Norway has long had a progressive view of addressing the gender gap and is known for its generous family leave policies for both women and men.

It is ranked second out of 136 countries in terms of opportunities for women, according to the 2014 World Economic Forum Global Gender Gap Report.

However, imposing a compliance target may not be effective in the long run. A joint study by the University of Texas and the Norwegian School of Economics, and the University of California, Los Angeles found that female directors have benefited from the law, but those improvements haven't translated into higher average earnings for women broadly, or a markedly increased likelihood of a woman joining the C-suite.

Clearly more needs to be done by the government in policy development to boost women's participation at the senior management levels.

Tax aspects

Budget 2025 proposes an extension of tax deductions for sponsorships of smart AI-driven reverse vending machines (RVMs). This initiative aligns with Malaysia's Plastics Sustainability Roadmap 2021–2030, which aims to increase the recycling rate of plastics to 40% by 2025.

The smart AI-driven RVM promotes recycling and supports the circular economy by providing an effective collection system for plastic waste. Currently, tax deductions are available for contributions to community projects, including the sponsorship of RVM, for applications received by the Finance Ministry from April 1, 2023 to Dec 31, 2024.

The proposal suggests extending this tax deduction for an additional two years to encourage recycling practices and enhance the collected-for-recycling rate.

The 12th Malaysia Plan proposes to implement the Extended Producer Responsibility (EPR) for e-waste, packaging materials and single-use plastics.

We look forward to seeing a holistic review of the tax framework governing the EPR to support this initiative, such as considering a special tax deduction on EPR contribution and tax exemption, or enhanced allowances for qualifying waste management activities.

The plan to introduce carbon tax on iron, steel and the energy industries by 2026 aligns well with the rationalisation of blanket subsidy for RON95 grade petrol in mid-2025.

This not only promotes environmental sustainability but also encourages more responsible consumption of fossil fuels.

This is particularly timely in light of the European Union's implementation of the Carbon Border Adjustment Mechanism (CBAM) in January 2026.

The carbon tax will help prevent tax leakage by ensuring that the taxes Malaysian exporters would owe under CBAM are collected by the Malaysian government through the introduction of this carbon tax.

The revenue generated from the carbon tax, earmarked for funding research and green technology programmes, is a welcome proposal that supports Malaysia's ambition to achieve net-zero emissions.

However, it would be beneficial to allocate a portion of these funds to assist SMEs with limited financial resources in making the transition to green investments.

New taxes are never popular. A robust framework and clear guidelines and policies must be crafted to ensure successful roll out of the carbon tax.

Karina Mohamad Nor is a director of sustainability and emerging assurance at Deloitte Malaysia, and Sim Kwang Gek is the country tax leader at Deloitte Malaysia.

Malaysia's Budget 2025: Strengthening governance through transparency and accountability

Budget 2025 plays a pivotal role in bolstering Malaysia's regulatory landscape that underpins good governance practices. — MOHD SAHAR MISNI/The Star

MALAYSIA'S Budget 2025, unveiled amidst evolving global economic conditions and domestic challenges, presents an opportunity to examine how well it advances the principles of transparency, accountability, and ethical governance.

The link between a nation's budget and its governance framework is profound, and in many ways, Budget 2025 attempts to solidify Malaysia's position as a nation committed to responsible governance.

Through its allocations and policy directions, the budget not only addresses fiscal concerns but also embeds mechanisms that could improve public trust in government institutions.

Transparency, accountability in public spending

One of the fundamental tenets of good governance is transparency, particularly in public spending. In this regard, Budget 2025 demonstrates a strong commitment to ensuring transparency in how resources are allocated and utilised.

The introduction of enhanced public reporting mechanisms are evidenced through the publishing of pre-budget statements and detailed budget documents, implementing platforms like the Open Data Portal (which includes certain financial information), the Government Procurement Portal (to track procurement activities) and the Auditor General's Reports (which assess financial accountability within government departments) – reflecting a clear shift towards greater openness.

These measures enable civil society and other stakeholders to scrutinise spending more effectively, reducing opportunities for mismanagement.

The impact of these transparency initiatives on governance is significant. By making public expenditure more visible and accessible, Malaysia's governance framework is enhanced through greater accountability.

When public officials are aware that their financial decisions are subject to rigorous scrutiny, the potential for inefficiency or malfeasance typically diminishes.

Moreover, the promotion of transparency through Budget 2025 aligns with international best practices, encouraging foreign investors and multilateral institutions to view Malaysia as a country committed to responsible fiscal management.

Supporting good governance via strategic measures

Budget 2025 also plays a pivotal role in bolstering the regulatory landscape that underpins good governance practices.

Firstly, it emphasises enhancing transparency and efficiency in public service delivery by digitising government operations, which helps reduce inefficiencies and resource wastage.

The budget also addresses monopolistic practices by tightening regulations in procurement and other sectors, which promotes fair competition and reduces opportunities for corruption.

Siew opines that Budget 2025 attempts to solidify Malaysia's position as a nation committed to responsible governance.

Malaysia's commitment to governance reforms is reflected in this budget cycle where the Malaysian Competition Commission will receive RM27mil to combat cartels aiming to monopolise the economy while ensuring equitable economic gains and fostering accountability.

What was also interesting is the announcement of the incoming carbon tax starting with the iron, steel and energy industry sectors come 2026 to promote greater accountability on how we are managing carbon emissions.

This is perhaps the signal that advocates of a vibrant low carbon economy have been waiting for as we strive towards becoming a carbon neutral nation by 2050 and also in light of developments related to the European Union's Carbon Border Adjustment Mechanism, which may directly impact these industries.

Allocation of funds for ethical governance

The distribution of funds in Budget 2025 also underscores the government's focus on ethical governance. The Malaysian Anti-Corruption Commission (MACC) will receive RM360mil in allocation in this budget cycle compared to RM338mil previously.

An additional RM20mil has been allocated for the bipartisan All-Party Parliamentary Group Malaysia Sustainable Development Goals as well as funds to empower the Public Accounts Committee (PAC) to check and balance the government.

It is anticipated that there will still be continuity in allocation to capacity-building programmes designed to enhance the skills of public officials, particularly in areas like risk management, procurement, and financial oversight that aligns with broader fiscal reforms under the Fiscal Responsibility Act, which emphasises sustainable debt management and deficit reduction while ensuring effective governance.

Building public trust through Budget 2025

Ultimately, Budget 2025's influence on public trust in Malaysia's institutions cannot be understated. The commitment to transparency, ethical governance, and anti-corruption measures directly contributes to restoring faith in the government.

By focusing on governance reforms and accountability measures, Budget 2025 offers a pathway to rebuild that trust.

Public trust is integral to the overall governance framework. When citizens believe that their government is acting in their best interest, handling public funds responsibly and enforcing ethical practices, there is a stronger foundation for social cohesion and democratic participation.

In this sense, the measures outlined in Budget 2025 marks a critical juncture in the country's efforts to enhance governance through transparency, accountability and ethical oversight.

The budget's focus on regulatory enforcement and ethical governance provides a solid foundation for building public trust and ensuring that Malaysia's institutions operate with integrity.

As these initiatives unfold, they will play a pivotal role in shaping the future of governance in the country, influencing not only fiscal policy but also the broader socio-political landscape.

Dr Renard Siew is Yinson Holdings Bhd's corporate sustainability group head and the Malaysia Carbon Market Association president.

Notable improvements in Budget 2025, but not surprising

Dr Aimi Zulhazmi Abdul Rashid is an Associate Professor of Finance and Islamic Finance at the Universiti Kuala Lumpur Business School.

IN his budget speech this time, Prime Minister Datuk Seri Anwar Ibrahim gave many "on-the-ground" examples, which are the success stories of government programmes that have succeeded in changing the fate of the people. This is because his wish is for Malaysians to enjoy the prosperity of their own country as per the vision of the Madani Economy plan.

Among the examples he gave are in Kapit, Sarawak; Pasar Siti Khadijah, Kelantan; Rumah Panjang Nanga Sebatu, Kampung Tebuk Hj Dollah, Selinsing, Perak; Kampung Kuala Bibang, Semporna, Usahawan BateriKu and many more.

As in the previous budget, the Education Ministry followed by the Health Ministry received the highest government allocation, RM64.1bil and RM45.3bil respectively.

Overall, there is no major difference in Budget 2025 compared to last year apart from the largest increase in government finances in the country's history with RM421bil.

This is because there is an overall increase in greater allocation for continuation of all government programmes such as aid and welfare of the people connected from the previous years such as Sumbangan Asas Rahmah (SARA), Rahmah Cash Contribution (STR), Social Welfare Department, Payung Rahmah; as well as various programmes to help the Madani micro, small, and medium enterprises (MSMEs), startups and so on.

Indeed there are notable improvements in this budget but not surprising as it has been projected that the government will introduce targeted subsidies for RON95 this year, but the implementation mechanism has not yet been explained by the government, whether it involves Central Database Hub (Padu), National Poverty Data Bank System (eKasih) or other means.

In addition to the 2025 pre-budget, the government had already announced further incentives to develop the economy such as the Johor Exclusive Economic Zone as a tax-free area and financial centre for high net worth fund management, as well as the implementation of e-invoicing in updating national taxation transactions.

There were some surprises from the tax aspect, namely the introduction of a new 2% tax on company dividends, but there was no Inheritance Tax and High-Value Goods Tax as expected. The implementation of the carbon tax has been expected on the iron and steel industry which will only happen in 2026.

The government continues to provide cash assistance to the people such as SARA and STR, by increasing the allocation compared to last year as it is well aware of the increase in population and the challenge of the cost of living that continues to rise even though the country's economy is improving. The government also wants

> See next page

Navigating the Net-zero journey

Gain insights from insurance and takaful giant Zurich on achieving net-zero emissions and a broader sustainability strategy at the Star ESG Summit 2024

CROSS-SECTOR learning between organisations often sparks creativity and inspires new approaches. In this era of sustainability, knowledge exchange not only benefits individual businesses but also contributes to a broader commitment to corporate responsibility and environmental stewardship.

Those interested to begin or advance their journey in the ESG space can head onto the Star ESG Summit 2024 that will take place at the Kuala Lumpur Convention Centre (KLCC) from Nov 6 to 7. Zurich Malaysia is a silver sponsor of the summit.

Featuring an array of activities, the two-day conference brings together influential leaders, policymakers, investors, and sustainability professionals to engage in insightful discussions, share best practices, and explore innovative solutions.

Among the highlights of the event includes a panel discussion on governance and sustainable reporting by experts from Zurich Malaysia, namely its chief operations officer of operations and technology Ally Robertson, chief risk officer of property and casualty and sustainability risk head Teresa Wong as well as chief human resource officer Teo Mye Lene.

They will be focusing on Zurich Malaysia's commitment to achieving net-zero emissions and its broader sustainability strategy which aims to decarbonise its operations, support customers in their transitions to net-zero, and advocate for policies that promote sustainability.

Robertson, Wong and Teo are set to share the global insurer's take on tackling causes of climate change and building resilience through its Climate Transition Plan, which outlines how the company will support an economy-wide transition to a net-zero future, strengthen societal resilience against climate risks and advocate for policies on the economy's transition by evolving its operations through decarbonisation efforts as well as people and culture investments.

The dynamic trio will elaborate on the four key pillars of Zurich's Climate Transition Plan - enabling an economy-wide transition to net-zero; making society more resilient; advocating for supportive policies; and the evolution of how it operates.

Participants who tune in can learn about building climate resilience while ensuring communities are protected; factories and farms continue operating, and supply chains keep flowing.

They would also benefit from best practices in further integrating resilience insights into their existing businesses with an emphasis on risk reduction and mitigation; understanding, anticipating and adapting to future climate risks; and collaborating beyond businesses by leveraging on skills and expertise and raising awareness of the importance of adaptation and resilience.

In addition, their discussion will also highlight Zurich Malaysia's focus on community resilience through various initiatives, and the importance of responsible business practices, collaboration across sectors, and creating long-term value through ESG efforts.

The ESG Summit is organised by Star Media Group. For more information, visit https://conference.thestar.com.my/esg-summit/.

(from top) Zurich Malaysia chief operations officer of operations and technology Ally Robertson, chief risk officer of property and casualty and sustainability risk head Teresa Wong as well as chief human resource officer Teo Mye Lene will be in a panel discussing about the company's net-zero journey and its overall operation, focusing on leadership in sustainability.

> From previous page

the savings from the implementation of targeted subsidies such as from electricity bills and diesel fuel to be channelled in a targeted manner to the B40 segment which is in great need.

For example, savings from diesel of RM4bil are now channelled through STR and SARA to RM13bil, an increase of RM3bil from Budget 2024.

This RM13bil injection will also be used for the targeted segment of the people to buy basic necessities, food, clothing and so on directly.

This expenditure helps to develop the country's domestic economy, ensuring cash flows within the country from consumers to retailers, transport, wholesalers and manufacturers, that is, the entire value chain of supply of goods or services.

The government has also clearly made a lot of provision for Malaysian citizens and businesses for the adaptation of the digital economy at all levels, especially those involving smart technologies such as Artificial Intelligence (AI).

Digital transformation involves MyDigital ID covering PADU, JPJ and LHDN as well as improving the country's cyber security. Public universities are given special allocations to develop AI according to their respective specialisations. A special tax deduction incentive is given to all private universities and skill institutes that provide courses in digital technology, AI, robotics, the Internet of Things, data science, fintech and sustainable technology.

The allocation for the year Visit Malaysia 2025 is also hefty, which is RM550mil in an effort to reach the target of 31.4 million tourists to achieve revenue of RM125.5bil. An additional RM610mil is to improve the country's main historical tourist attractions.

The government also continues the energy transition programme towards achieving the net-zero greenhouse gas target with various innovative projects.

Similarly, the encouragement to citizens and businesses to save electricity by increasing energy efficiency and continuous support for EVs is also extended to electric motors as well. The government continues to emphasise the technological aspects of agriculture, especially in an effort to improve aspects of the country's food security that are not strong currently.

The large-scale involvement of government agencies with private bodies must achieve the goal with large government allocations through land and finance.

Cultivation of food crops such as rice, onions and many more is the core of the country's food security programme.

Dr Aimi Zulhazmi Abdul Rashid is an associate professor of Finance and Islamic Finance at the Universiti Kuala Lumpur Business School.

In Budget 2025, the government continues to emphasise the technological aspects of agriculture, especially in an effort to improve aspects of the country's food security that are not strong currently.

Pledging for the planet

By empowering individuals with essential skills and resources, Zurich continues its commitment to creating meaningful change and fostering sustainable growth

Zurich Malaysia in collaboration with EPIC Homes, embarked on their first house-building project of the year at Kampung Orang Asli Bukit Manchung, Bukit Beruntung.

IS sustainability just a buzzword? It used to be. With brands and organisations embracing renewable energy sources, governments and regulators implementing policies to protect ecosystems, and everyday individuals making conscious choices, they are transforming the term into a powerful force for positive change.

As a best practice and force for good, socially responsible companies now embrace sustainability in improving their brand, attracting and retaining top talent, and improving customer and community relationships – which are essential for creating long-term sustainable impacts as it empowers individuals and groups to adapt, recover, and thrive in the face of challenges such as economic downturns, natural disasters, or social upheaval.

For instance, Zurich Malaysia actively engages in community investment initiatives that heavily emphasises environmental sustainability, and community development. By investing in programmes that empower individuals with essential skills and resources, the insurance and takaful giant supports community resilience while reinforcing the company's commitment to creating meaningful change and foster sustainable growth.

Just last month, Zurich Malaysia concluded its fourth annual Climate Month – reaffirming the brand's sustainability commitments to care for the planet. Held every September since 2021, Zurich's group-wide Climate Month reflects the brand's ongoing mission to create awareness on the importance of climate change impacts, as well as actionable steps taken to create a brighter and greener future for everyone.

Climate Month is part of Zurich's broader efforts to promote sustainability and drive meaningful action against climate change, in line with its Climate Transition Plan. One of the many engagements under this initiative includes the construction of homes to build resilient communities for underserved communities with EPIC Homes.

As of October 2024, Zurich Malaysia has completed a total of seven houses, demonstrating dedication not only to its products and services, but also to community well-being, and emphasising on the importance of coming together to care for what truly matters.

Besides that, Climate Month involved protecting and securing the nation's coastlines through a beach cleanup at Pantai Cunang, which focused on environmental conservation and the importance of community involvement in sustainable practices.

Sustainability is a key focus for Zurich Malaysia, as demonstrated by its partnership with the Tropical Rainforest Conservation & Research Center (TRCRC). Through the Zurich Cares project, Zurich Malaysia is committed to long-term reforestation and community empowerment in Merisuli, Sabah.

Additionally, Zurich Malaysia launched the Urban Climate Resilience Program (UCRP) in collaboration with the Z Zurich Foundation. This programme aims to build sustainable and resilient communities that can withstand, recover from, and thrive in the face of climate-related disasters. The C40 Cities Climate Leadership Group (C40) and the Global Resilient Cities Network (R-Cities) will support local councils in Kuala Lumpur and Malacca respectively.

Zurich Malaysia aims to be at the forefront of bringing impactful changes in the adaptation of systems in selected cities in Malaysia, ensuring enhanced support for those who are vulnerable.

Those interested in learning more about the implementation of community investment events from Zurich Malaysia and how it can gain favour for your respective organisations can stay tuned for an upcoming panel discussion on how the company executes its Climate Transition Plan, featuring Zurich Malaysia chief operations officer of operations and technology Ally Robertson, chief risk officer of property and casualty and sustainability risk head Teresa Wong as well as chief human resource officer Teo Mye Lene.

The trio will be making their appearance at the Star ESG Summit 2024 that will take place at the Kuala Lumpur Convention Centre (KLCC) from Nov 6 to 7. Zurich Malaysia is a silver sponsor of the summit. Grab this opportunity to gain knowledge and interact with professionals who share their passion for "business for good", as well as accelerate your business' transition into becoming a sustainable, data-driven organisation.

The ESG Summit is organised by Star Media Group. For more information, visit https://conference.thestar.com.my/esg-summit/.

Religious cults are enemies of nation building and economic progress

THE Madani budget has been tabled and it aims for development and progress hopefully will turn our lives around for the better.

The rise of cults like GISB or Global Ikhwan Sendirian Berhad and Holdings, which is believed to be a splinter of the Al-Arqam cult that was declared a deviant group, threatens our planning for a prosperous and dignified Malaysia.

The rise of cults like GISB or Global Ikhwan Sendirian Berhad and Holdings threatens planning for a prosperous and dignified Malaysia. — Bernama

Knowledge progress

One key aspect of human and nation development is the progress in knowledge. In order for knowledge to grow, thrive and be of use, it must developed in a critical and rigorously academic and practiced manner.

Information, experience and perceptions of societies must be framed within a critical discourse and questions formulated to break down the issues and rigorously examined to develop newer and better ways of doing things or thinking about things.

With the presence of cult teachings, knowledge is inward and imprisoned and all interpretations will depend entirely on a group of self appointed people that would imprison the human minds to stagnate and eventually die. Billions of ringgit allocated for education and research would be wasted and the nation will never change and progress positively.

Secular education

An important part of education is profession-based knowledge and philosophical or social based knowledge. Both must come from a secular perspective with critical discourse and empirical findings being the basic tools for humanity to teach itself differently from the past.

Cults like GISB would stagnate and kill secular education as it is deemed unrelated to the world view of God and other religious teachings.

The budget had allocated almost RM90bil for schools and universities to make sure that the country has the work skills and the professional knowledge that would attract investors as well as provide a multi-national collaboration on many business and educational ventures.

Cult teachings abhor secular knowledge, which is deemed detrimental to the survival of the faith that deals with the idea of faith knowledge from the elders, with no chance for testing, examining and discourse.

Education religion

The budget also saw much money being allocated for religious teaching especially that of Islam. The Madani government seek a modern style education of the tahfizs, madrasah and Islamic education institutions in order to provide a perspective of both the worldly and spiritual development as one and growing at the same pace.

Cults like the GISBH uses direct faith teaching that has gone far away from the teachings of the Prophet Muhammad. They rely only on their cult leader's Abuya or Ashhaari's visons and statements to guide their spiritual paths.

The cult believes in the continuity of the dead leader's teachings through human vessels and even vassals in order to grasp a strong hold on the minds and soul of

Prof Mohd Tajuddin opines that religious cults will undermine progress of the nation — dividing the community and stagnating progress with the rejection of discourse and critical thinking.

the followers. They will not be able to appreciate the real teaching of Islam from a platform that is more moderate and critical in approach.

Global work culture

A global work culture is no longer an "if" but is now a "must". Work appointments now cross cultural boundaries and a global education construct that looks at the world is encouraged, and peering inwards at one's own micro society is no longer an option.

Universities must see that their curriculum accreditation aligns with the broader requirements of a borderless world. The idea of an education for a career destined mainly in a small geographical location is no longer an attractive or the only option.

A narrow-minded educational construct is no different than a cult holding back its followers under a coconut shell that would have apparent short term safety at the cost of larger and more golden opportunities.

Freedom and entrepreneurship

Freedom of expression and questioning leads to entrepreneurship where the talents and ideas matter most. The days of a fixed and boxed in ideas of cults like GISBH or even of professions in any practice are challenged with the rise of AI doing jobs that earlier graduates can perform.

The new ways are the management and the ideas of new ventures and cross cultural competition at the global levels are now the new gaming fields. The old borders should be no more. And yet, Malaysia is still stifled with old outdated practices and evaluations of a fast disappearing and extinct work constructs and policies. To be successful, new ideas must challenge the old ideas and practices with the ocean that has no shorelines to be the new battlefields of economies.

Democracy and dignity

In human history, religion was supposed to define the dignity of a person.

But then, religion became a tool of conquest and subjugation and has made man less than what he was meant to be by creating a class of clergy and followers.

It was democracy, socialism and communism that began to redefine the dignity of the person through ideas of economy, whether of a shared state or a capitalistic one.

The worth of a person is related to the idea of property ownership and currency exchange in one sense and also the ideas of human rights and civil liberties on the other.

In a cult where the leadership owns and profits everything while treating workers as slaves without personal wealth, the dignity of a person decreases significantly as well as the idea of expansion and innovation. Without personal wealth and capital, new ventures would fail to materailise.

Democracy as practiced now in many nations is an anchor of economic well being where justice for basic survivability and dignity of people are controlled by the masses rather than like a cult from the leadership alone. Political and religious cults destroys human dignity and thus the economies that go with them.

Conclusion

Religious cults will undermine our progress as a country and as a nation. They divide our community and stagnate our progress with the rejection of discourse and critical thinking. Without discourses and critical thoughts, entrepreneurship and progress die out along with whatever survivability or sustainability that we can ever hope for.

Prof Dr Mohd Tajuddin Mohd Rasdi is a professor of Architecture at the Tan Sri Omar Centre for Science, Technology and Innovation Policy Studies at UCSI University. He also sits on the Board of Governors of Universiti Kebangsaan Malaysia (UKM).

ESG for SMEs: seeking progress, not perfection

By RICHARD BAKER

WHAT are some opportunities for our small and medium-sized enterprises (SMEs) to progress in their ESG journey?

By virtue of being part of the supply chain of Bursa Malaysia's listed companies, SMEs will be increasingly expected to adopt better sustainable supply chain practices and provide data to the latter's customers.

This includes demonstrating zero tolerance towards child labour and evidence of a consistent health and safety track record.

It is worth considering that some of these social considerations are already standard business practices for SMEs, even though they may not be publicly disclosed or labelled as "ESG".

Being at risk of losing RM292bil in revenue for ESG non-compliance according to Sustainable Finance Institute Asia 2022 research, it is vital that SMEs, which make up 97% of business establishments in Malaysia in 2021, are not left behind in the pursuit of a just transition towards a low carbon economy.

Taking into account the support available to SMEs as announced by the government, opportunities include:

- Increase in market share and exposure to new markets - although Budget 2025 had scant details on ESG proposals for SMEs, it is worth noting that SMEs supplying to companies in the iron and steel industries covered under carbon tax (by 2026) may find the latter's customers requiring specific ESG data as part of their procurement processes. Stating their ESG credentials will show customers their commitment to sustainability.
- Reduction in operational costs – SMEs can take advantage of financing funds available to support the financing of renewable energy generation. Investment in these measures which includes purchase of energy efficient equipment and machinery, can lead to a reduction in their operating expenditure if their energy bills are lowered.

Baker says it is vital that SMEs, which make up 97% of business establishments in Malaysia in 2021, are not left behind in the pursuit of a just transition towards a low carbon economy.

In increasing ESG awareness and understanding, SMEs should make full use of the incentives and grants made available to them by the various government agencies and financial institutions to facilitate upskilling investments including the procurement of physical training such as workshops or e-learns to educate their teams.

Existing avenues available in the market include sustainability resource platforms from the likes of United Nations Global Compact Network Malaysia and Brunei as well as seminars and workshops by financial institutions.

As observed from Budget 2025, along with the introduction of a carbon tax on the steel and iron industry, the government is also incentivising the adoption of ESG investments and practices with allocations for the National Energy Transition Facilitation Fund (over RM300mil) and the Green Technology Financing Scheme (a total financing of RM1bil until 2026).

These are proposed alongside incentives present from previous budgets such as the Green Investment Tax Allowance, which can be utilised for green technology equipment and asset purchases.

In addition, other platforms include the Domestic Investment Accelerator Fund ESG matching grant from the Malaysian Investment Development Authority to support SMEs and mid-tier companies in manufacturing and selected sectors in transitioning to ESG practices (covering the subscription of selected data collection software) as well as the Market Development Grant from the Malaysia External Trade Development Corporation.

Notably, while grants and incentives are available, these are targeted at specific sectors such as manufacturing.

Future budgets could look into expanding the scope and availability of these incentives and grants across more sectors to help all SMEs to not only begin and advance their ESG journey, but also enhance their participation in wider global value chains, using their progress in ESG as a competitive differentiator.

Richard Baker is the Sustainability and Climate Change director from PwC Malaysia.

Future-proofing MSMEs: embedding sustainability for long-term success

SUSTAINABILITY or ESG practices are becoming increasingly essential for micro, small and medium-sized enterprises (MSMEs) in Malaysia as businesses worldwide transition towards more responsible and ethical operations.

Comprising 1.1 million firms, which constitute 96.9% of all business establishments in 2023, the development of this MSME segment remains a top priority for the Malaysian government.

Moreover, as a growing number of leading corporations, multinationals (MNCs) and government-linked companies (GLCs) navigating their businesses towards the ESG transition, they need to ensure that their supply chains, which are generally made up of MSMEs, are aligned to this agenda.

The Budget 2025 announcement reflects the government's dedication to support MSMEs as a total of RM45.6bil has been provided for MSMEs in the form of loan facilities, financing guarantee, market access and capacity building initiatives to empower and enhance MSME development.

Notably, RM1.3bil has been allocated for sustainability efforts, which includes continuing the Green Technology Financial Scheme till 2026 with a total financing amounting to RM1bil and funding amounting to RM300mil for National Energy Transition Facilitation Fund to support green future.

In addition, a loan fund of RM3.8bil will be provided by BNM to SMEs to support digitalisation and automation, sustainable and low carbon practices as well as agrofood production.

Among other initiatives for MSMEs in sustainability are:

- The net-energy metering (NEM) programme that has been extended to mid-2025, allowing more rooftops to adopt solar photovoltaic systems, thereby promoting renewable energy adoption;
- Firms or consumers buying energy-efficient electrical appliances can benefit from a rebate initiative worth RM70 million aimed at encouraging the adoption of green technologies;
- Extension of tax deduction for sponsorship of Smart Artificial Intelligence (AI)-Driven Reverse Vending Machine to December 2026; and
- Introduction of carbon tax on the iron, steel and energy industries by 2026 to ensure an inclusive transition to a low-carbon economy.

Towards this end, SME Corp Malaysia is collaborating with various ministries and agencies, academia and private sectors via a triple helix approach to enhance awareness and accelerate the adoption of ESG practices among MSMEs.

To facilitate sustainable practice adoption last year, the government, through SME Corp Malaysia, launched the PKSlestari Programme.

It aims to create a comprehensive sustainability ecosystem for MSMEs, focusing on:

- awareness and education
- MSME ESG assessments
- policy support
- market access
- standards & compliance, and
- financing & incentives.

In the same year, over 2,000 companies participated in the first MSME Sustainability Series that encompassed workshops and training by SME Corp Malaysia to enhance their ESG knowledge and understanding.

This year, SME Corp Malaysia introduced the ESG Quick Guide for MSMEs.

It comprises eight simple steps for firms to understand the importance of ESG in business, set objectives, identify related ESG indicators, produce a sustainability action plan and subsequently use an easy template for ESG reporting.

SME Corp's education programme this year started with the "ASEAN Hong Kong, China (AHKC) Policy Dialogue and Workshop 2024: Empowering SME Sustainability", held in Kuala Lumpur in June, which garnered 248 participants.

An ESG seminar was also held on Oct 22, which officially kicked off the second MSME Sustainability Series under SME Corp Malaysia's PKSlestari programme.

This campaign, consisting of seminars and hands-on workshops organised nationwide for targeted industries.

SME Corp. Malaysia

Star ESG SUMMIT

URBAN BIODIVERSITY PARTNER

Sime Darby Property

SHAPING ASEAN'S SUSTAINABLE FUTURE

JOIN THE ESG SUMMIT!

6 - 7 NOV 2024

9AM - 6PM

KUALA LUMPUR CONVENTION CENTRE

This prestigious two-day gathering will be led by ESG thought leaders, each of them poised to speak on pressing issues surrounding economic resilience and sustainability, renewable energy, the role of SMEs as well as workforce development.

FIND OUT MORE

NORMAL PRICE:
MYR3,000
*For Malaysia Delegates Only

SECURE YOUR SPOT NOW!
bit.ly/ESGSummit11

HRDCORP CLAIMABLE

Organiser

Star MEDIA GROUP

A member of the ASIA ESG POSITIVE IMPACT CONSORTIUM

Silver Sponsor

SAXON RENEWABLES ACCELERATING A SUSTAINABLE FUTURE

ZURICH

SPEAKERS

Tengku Adrinna
Head, Sustainability,
AEON CO. (M) BHD

SPEAKERS

Dave Sivaprasad
Managing Director & Partner; Southeast Asia Lead-Climate and Sustainability,
Boston Consulting Group (BCG), US

SPEAKERS

Matthias Gelber
Co-Founder,
ESG Innovation Hub, Philippines

SPEAKERS

Siti Aishah Mohd Hatta
Senior Storage Lead,
Global CCS Institute

SPEAKERS

Ben Ong
Founder and Chairman,
Malaysian Association of Public Advocacy for Nature (MAPAN)

SPEAKERS

Charles Brewer
Group Chief Executive Officer,
Pos Malaysia Berhad

SPEAKERS

Malar Odayappan
Director,
Social Impact, Sustainability and Climate Change,
PwC Malaysia

SPEAKERS

Reik Ong
Founder & Managing Director,
Saxon Renewables

SPEAKERS

Dr. Yasmin Rasyid
General Manager, Sustainability,
Sime Darby Property

SPEAKERS

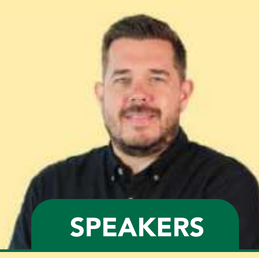
Faroze Nadar
Executive Director,
UN Global Compact Network Malaysia & Brunei (UNGCMYB)

SPEAKERS

David Mizan Hashim
Group Founder and President,
VERITAS

SPEAKERS

Ts. Dr. Nurul Muiz Bin Murad
Chief Executive Officer,
Yayasan Hijau Malaysia



SPEAKERS

Ally Robertson
Chief Operations Officer of Operations & Technology,
Zurich Malaysia

SPEAKERS

Teresa Wong
Chief Risk Officer of Property and Casualty and Head of Sustainability Risk,
Zurich Malaysia

DISCOVER THE FULL LINEUP OF ESTEEMED SPEAKERS ON OUR WEBSITE!

Shattering glass ceilings

Unpacking the essential traits that make women ideal board candidates

(fourth from left) Marzida, Siti Hajar, guest of honour National Sports Council board member Datuk Hamidah Naziadin, and Yee capturing memories with fellow partners and participants of Deloitte Malaysia's Board-Ready Women 2024 programme, which supports efforts towards a 30% women representation on boards and equip them to be effective in their roles to promote good corporate governance. — FAIHAN GHANI/The Star

Star Media Group chief business officer Lydia Wang (right) participated in the Board-Ready Women programme 2024. — FAIHAN GHANI/The Star

By Lee Chonghui
ESGeditorial@thestar.com.my

SHE thought she had made it. As the only female among a group of senior managers reporting to a managing director of a public-listed company, she felt a sense of accomplishment.

Then it suddenly dawned on her—the sky would be awfully dark if there was just one star.

"It didn't occur to me that I had a role to uplift and bring along other women when I was in that company. I came to that realisation only after I joined Shell.

"You may have been successful in your own role and perhaps received support from senior leaders, but don't forget that you have a responsibility to support other women and help bring them along," says Marzida Mohd Noor, independent director at Affin Bank Berhad and Heriot-Watt University Malaysia, as well as the activate pillar lead for the 30% Club.

Noting that male allies are also crucial in this effort, Marzida emphasises, "We should not forget our male allies. This is not just a women's issue; it's about everyone coming together to address it."

Marzida spoke to StarESG at the recent Deloitte Malaysia Board-Ready Women programme, highlighting the importance of understanding the contrast between management and board responsibilities.

"Board members must avoid becoming operational and focus on oversight and strategy. There is always one question asked in interviews for board positions: what is the difference between being in management and being a board member?" she shares.

Inspiring women

An initiative under the Deloitte Global Boardroom Program, the Board-Ready Women programme first launched in 2023 with the aim to support efforts towards a 30% women representation on boards and equip them to be effective in their roles to promote good corporate governance.

In partnership with BoardRoom Malaysia, Institute of Corporate Directors Malaysia (ICDM), and 30% Club Malaysia, the programme offers participants valuable industry insights into the latest trends, technical thought leadership, and essential soft skills to excel in the boardroom as well as exclusive networking opportunities with board decision makers, industry leaders, and knowledge partners.

Entering its second edition, the Board-Ready Women programme comprised a series of four interactive modules – starting your board journey; boardroom simulation, understanding personal attributes, board-ready inspired women – which helped set the foundation for the first board role, by discussing the latest trends, case studies and essential soft skills.

A total of 29 participants had the opportunity to engage in networking and knowledge-sharing opportunities with senior board members, industry leaders, and seasoned professionals from top Malaysian public and private organisations.

Being in the know

Board-Ready Women programme leader Siti Hajar Osman, who is also Deloitte Malaysia Financial Services Industry and Islamic Finance team leader, emphasises that the programme builds technical and soft skills as well as the importance of networking and mentorship.

She notes that the challenges women face in the workplace, particularly regarding gender stereotypes and limited access to networks, are significant.

Thus, the Board-Ready Women programme encourages participants to voice their ideas and be proactive in board settings. This empowerment is crucial for fostering diverse perspectives in leadership roles.

"Collaboration among women and the need for support networks is vital.

"By uniting and uplifting each other, women can break down barriers and create a more inclusive environment. While some may prefer not to socialise, building relationships is important.

"Having a networking plan can provide valuable insights and resources that participants may not otherwise access. I hope the programme continues to inspire more women to take on leadership roles and speak up confidently," says Siti Hajar.

She highlights Deloitte's *Women in the Boardroom: A Global Perspective* report, which shows Malaysia's increasing progress in recent years, surpassing the average number of women on boards in the Asia Pacific by approximately 13%. However, the percentage of women chairing boards is nearly five times lower, at 6.2%.

"As a catalyst for change, the Board-Ready Women programme aims to encourage other women to seize leadership opportunities and excel in their roles as board members," she adds.

Allies for empowerment

Michelle Obama stated, "Strong men – men who are truly role models – don't need to put down women to make themselves feel powerful. People who are truly strong lift others up."

Deloitte Malaysia country managing partner Yee Wing Peng, exemplifies this belief.

He emphasises that men can play a crucial role in mentoring aspiring female leaders. By fostering collaboration rather than competition, Yee believes both men and women can enhance their capabilities and contribute to robust economic development in Malaysia.

"Women, in terms of their capabilities and ability to acquire new knowledge and contribute to the corporate world, are actually equal, if not better, than men.

"I believe that regardless of gender, when we hold positions of influence, it is our responsibility to contribute meaningfully. I would be delighted to share my experience and knowledge with female executives aspiring to join boards, helping them develop the skills necessary to eventually become board chairwomen."

Yee notes the growing recognition of women's capabilities in the corporate world, and he asserts that Deloitte aims to create more awareness and opportunities for women to take on senior roles.

"Currently, men are more represented in the corporate sector, but growing self-awareness among women regarding their capabilities is likely to lead to increased female representation, especially on boards.

"This shift promotes collaboration rather than competition between genders, fostering improvement for everyone involved.

"A strong mix of both male and female leaders is essential for vibrant economic development, requiring robust management teams and effective boards to provide governance and oversight.

"The focus is on building an inclusive environment where everyone, regardless of gender, can thrive and improve, ultimately benefiting Malaysia's economy," he says.

Yee notes that Malaysia is one of only four emerging markets where more than 20% of the top 100 public-listed companies' board seats are held by women.

However, there are still many non-listed boards who have not appointed at least one female representative. Quoting Deloitte's *Women in the Boardroom: A Global Perspective* report, he elaborated that concerted efforts from businesses across all sectors and markets are still required to more accurately reflect the societies that they operate in, despite a 4.5% increase in listed companies in Malaysia incorporating women into their boardrooms since 2021.

Based on the current rate of progress, the report's projections further revealed that it is unlikely for gender parity on boards to be achieved before 2038.

SMALL ACTS ➤ BIG IMPACTS

Eco heroes to the rescue

Consumers' choices towards a greener and sustainable Malaysia

Compiled by NURUL SYAZWANI
ESGeditorial@thestar.com.my

In recent years, Malaysia's Budget has increasingly embraced ESG principles, signalling a shift toward sustainable development and responsible governance.

This evolution has seen the introduction of targeted measures aimed at promoting renewable energy, enhancing social welfare, and encouraging businesses to adopt ethical practices, gradually embedding sustainability into the country's economic agenda.

According to the Malaysian Investment Development Authority (Mida), Malaysia is making notable progress in its green economy, with the renewable energy sector attracting over RM54.7bil in approved green investments to date, predominantly centred on solar energy projects.

Now, Budget 2025 builds on the momentum as it places a strong emphasis on sustainability and environmental responsibility, outlining a comprehensive approach to enhance ESG practices in Malaysia.

One commitment worth noting, among others, is the increase of the National Energy Transition Facilitation Fund from RM100mil to RM300mil as the government aims to enhance the country's renewable energy landscape.

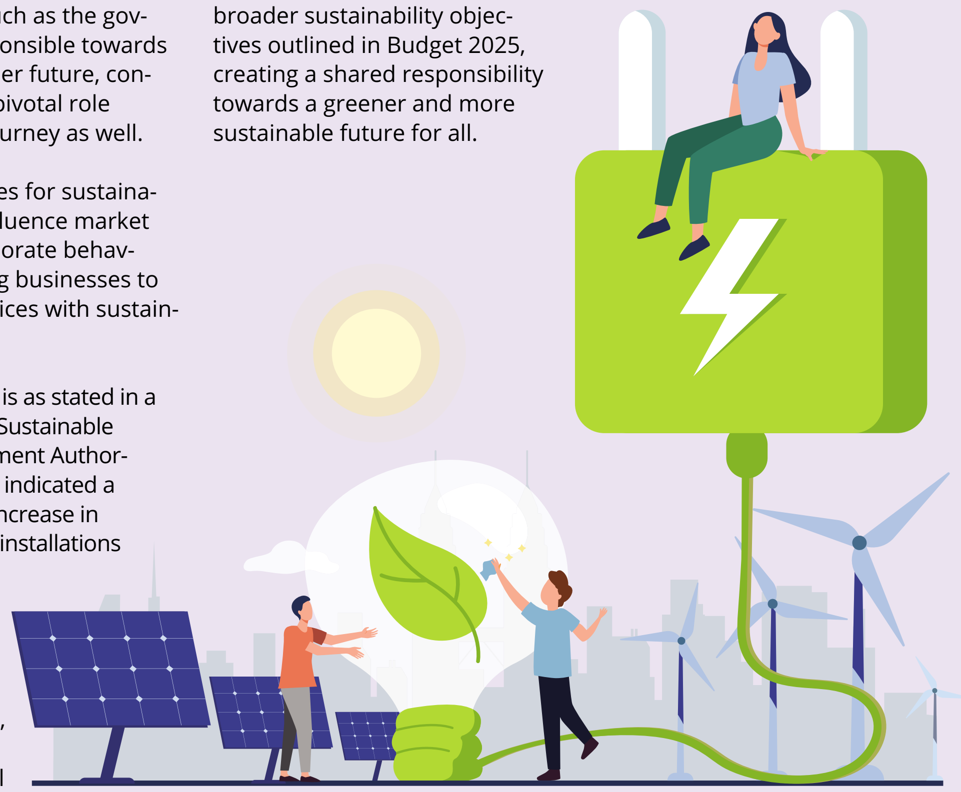
However, as much as the government is responsible towards shaping a greener future, consumers have a pivotal role to play in this journey as well.

Their preferences for sustainable products influence market trends and corporate behaviours, prompting businesses to align their practices with sustainability goals.

A good example is as stated in a report from the Sustainable Energy Development Authority (SEDA), which indicated a significant 30% increase in residential solar installations in 2022.

This reflects the rising demand for renewable energy, supported by various financial incentives such as subsidies and low-interest loans aimed at promoting clean energy solutions.

Hence, active consumer engagement is vital for achieving the broader sustainability objectives outlined in Budget 2025, creating a shared responsibility towards a greener and more sustainable future for all.



Shop locally

Shopping locally in Malaysia is like planting seeds for a sustainable future. Every purchase from local farmers, artisans, and businesses nurtures the community, creates jobs, and keeps money circulating close to home. This vibrant cycle reduces our carbon footprint as fresh produce travels shorter distances, minimising pollution and packaging waste.

In a significant boost to local commerce, Budget 2025 has earmarked RM100 million for the development and enhancement of these enterprises.

Every visit to a pasar tani (farmers' market) or local shop transcends a simple transaction; it builds connections and celebrates the unique culture and quality of local products. By choosing to shop locally, Malaysians become "local heroes," using their purchasing power to foster sustainability and strengthen community bonds, ultimately nurturing a greener future for all.

Making informed food choices

Making informed food choices is akin to curating a personal menu for a healthier planet. When you select seasonal fruits and vegetables, you're not only enjoying vibrant flavours but also supporting local farmers and reducing the carbon footprint tied to long-distance transportation. Choosing sustainably sourced meat and seafood showcases a commitment to ethical practices that respect environmental and animal welfare.

The government is reinforcing this initiative by providing grants and training programmes for farmers raising organic livestock, making sustainable practices more accessible. By embracing these conscious choices, every meal becomes a celebration of local flavours and sustainability, nourishing both our bodies and the ecosystem. Each thoughtful decision at the table helps pave the way for a greener future or all.

Prioritise sustainable transportation

Instead of hopping into a car, imagine gliding through the streets on a bicycle, enjoying the breeze while reducing your carbon footprint. Public transport becomes a community canvas, where strangers connect and the journey itself is part of the experience.

The government is enhancing this landscape by acquiring 250 electric buses from China, which will significantly cut emissions. They will also provide van services to transport children to the nearest LRT stations, ensuring families easy access to public transport. Plus, university students will enjoy free tickets via BAS.MY, making sustainable travel even more appealing.

Opting for shared rides or carpooling not only reduces emissions but also turns daily commutes into social adventures. Together, these efforts not only promote sustainable mobility but also weave a stronger social fabric within communities, highlighting the collective journey toward a healthier planet.

Educate yourself and others

In a world increasingly aware of environmental challenges, educating oneself and others about sustainability can serve as a catalyst for meaningful change. Delving into books, documentaries, and workshops unveils the stories behind our pressing ecological issues and the innovative solutions that lie ahead. Each insight gained contributes to a deeper understanding of how our everyday choices affect the planet.

Sharing this knowledge can transform conversations into powerful tools for action. Organising informal gatherings with friends and family to discuss eco-friendly practices or exchange tips on waste reduction can inspire collective commitment to sustainability.

Social media can be a powerful ally; share articles, infographics, and personal experiences to spark discussions within your community. This culture of curiosity and awareness creates a ripple effect, encouraging others to join the movement towards a more sustainable future.

Advocate for transparency

As more consumers demand clarity about how products are made and sourced, they empower themselves and encourage companies to be more accountable.

This is particularly relevant with Malaysia's plan to introduce a carbon tax on the iron, steel, and energy sectors by 2026, directing revenue toward research and green technology initiatives.

By asking questions about supply chains, ingredient sourcing, and labour practices, consumers encourage brands to adopt more sustainable approaches. Companies that prioritise transparency often align with government efforts like the carbon tax, demonstrating their commitment to environmental responsibility. Ultimately, fostering a culture of openness inspires brands to take accountability for their impact, guiding the marketplace toward a future where ethical practices are standard rather than exceptional.

Stay tuned to the next issue to find out how you can make a difference to a better future.

Infographic by SMG Brand Studio