



SERC Sdn Bhd

Socio-Economic Research Centre



Environmental,



Social, and



Governance

More Important Now Than Ever For Your Business !

6 September 2022



Executive Summary

- **Sustainability and ESG are taking on an even greater significance in recent years.** Governments are mandated to protect people, social and institutional structures, and environment. ESG influences business and investment attraction. Customers are getting more attentive to environmental issues, climate change and extreme weather events, social unrest and economic pressures on society and environment.
- For businesses and investors, a robust ESG program can access to a large pool of capital, increase productivity and profits, build a stronger corporate brand and promote sustainable long-term growth benefiting stakeholders.
- **Malaysia is embarking on an early stage of the ESG journey.** There is increasingly environmental awareness and focusing on sustainability issues among consumers and businesses.
- **Transitioning to ESG and a net zero economy presents significant opportunities and challenges.**
 - **Negative implications without ESG:** (i) Losing Substantial Customers; (ii) Losing Talents; (iii) Losing Substantial Foreign Investment and (iv) Sales and Brand Image Damage
 - **Positive implications of ESG:** (i) Attracting Talents; (ii) Attracting Customers; (iii) Attracting Investment and (iv) Higher Profitability; Reduce Operating Costs and Cost Savings
- **SMEs face challenges in the adoption of ESG:** (i) ESG Standards: Lack of Consistency; (ii) Concern About Performance/Sacrificing Returns; (iii) Data Reporting Challenges; (iv) Lack of ESG Talent and (v) Cost Concerns.
- **Institutional investors are increasingly demanding for better ESG disclosures** to help them understand more about how a company integrates ESG into the business; treats its employees; makes decisions; and creates value to stakeholders. Therefore, further efforts are needed to strengthen the adoption of ESG practices in the Malaysian businesses so that they are future-proof in the global market.

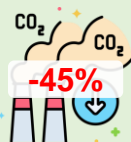


Introduction

- **Sustainability and Environment, Social and Governance (ESG) are now more important than ever.** The global COVID-19 pandemic crisis has heightened awareness of governments, consumers, businesses and investors on the health and environmental issues as well as climate change crisis.
- A recent Boston Consulting Group (BCG) survey of more than 3,000 people across eight countries has found that in the wake of the pandemic, people are more concerned not less—about addressing environmental challenges and are more committed to changing their own behaviour to advance sustainability. Adapting to and mitigating the effects of climate change are now the priority. The increased commitment to sustainability has major implications for companies and governments.
- Post the global pandemic and economic crisis as well as the complexity of climate change, governments around the world have begun taking actions and the global community is committed to cut greenhouse gas (GHG) emissions to as close to zero as possible.
- The Paris Agreement requires each of its 197 parties to the convention to commit to a voluntary reduction of GHG emissions through “Nationally Determined Contributions”. **The target is to reduce GHG by 45% by 2030 and reach net zero by 2050.**



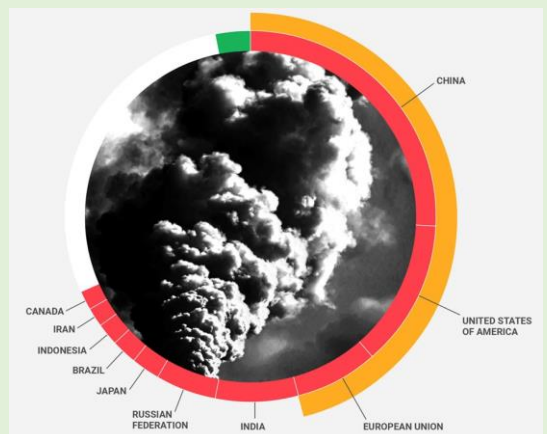
- Increase in global greenhouse gas emissions **projected** by 2030, compared to 2010, based on available national action plans



- Reduction in global greenhouse gas emissions **needed** by 2030, from 2010 levels, to keep warming to no more than 1.5°C

Most emissions come from just a few countries

- **3%** contribution of the 100 least-emitting countries
- **68%** the largest greenhouse gas emitters contribute over two-thirds of global emissions
- **46%** the top 3 greenhouse gas emitters contribute 16 times the emissions of the bottom 100 countries



Source: United Nations (UN)

ESG is more important now than ever












- Building and maintaining a sustainable and resilient society, economic and business environments as we are transiting to a net zero economy requires a fine balance between achieving the progress and mitigating the transitional impact on consumers and businesses.
- **Why governments care about ESG?** Governments are mandated to protect people, social and institutional structures, and environment. The governments' enactment of legislation, regulations and policies that govern the preservation of environment (pollution, water, energy, emissions, waste management, etc.), maintaining public health and safety, ensuring gender equality and strengthening corporate governance would have knock-on effects on companies' ESG performance.
- **Why ESG practices benefit businesses and companies?** ESG influences business and investment attraction. A robust ESG program can open up access to a large pool of capital, increase productivity and profits, build a stronger corporate brand and promote sustainable long-term growth benefiting stakeholders.
- **Why consumers demand for ESG?** Customers are getting more attentive to environmental issues, climate change and extreme weather events, social unrest and economic pressures on society and environment. More so, consumers have access to more information, attentive products' review and brand reputation for making better informed purchasing decisions, making businesses' ESG practices more crucial.
- Transitioning to ESG and a net zero economy presents significant opportunities and challenges. Many investors and policymakers realize a greater need to accelerate investments and progress on businesses, which prioritize the ESG.

3 Key Elements of the Paris Agreement on Climate Change



Table of Contents

- With growing environmental awareness and demand for climate action amongst governments, consumers and investors, **strong ESG practices are now more important than ever for businesses of all sizes to thrive in the present and also future proof itself.**
- The outline of this report is as follows:

	1 <i>Page 5</i> What is ESG? 	2 <i>Page 6-8</i> The Evolution of ESG Trends and Metrics 	3 <i>Page 9-12</i> Malaysia's Sustainability and ESG Agenda 
4 <i>Page 13-34</i> Background of Malaysia's SDGs Agenda 	5 <i>Page 35-48</i> Policies and Incentives to Drive ESG 	6 <i>Page 49-56</i> Strong ESG Practices Vital for Businesses 	7 <i>Page 57-59</i> ESG Challenges for SMEs 
8 <i>Page 60-63</i> Recommendations 			



Section 1: What is ESG?

- **ESG stands for Environmental, Social, and Governance** - Three key factors when measuring the sustainability and impact of the company's products and business practices on the planet and society.
- The term **Environmental, Social and Governance (ESG)** was first coined in 2005 in a landmark study titled "Who Cares Wins" which included the guidelines in integrating ESG factors in businesses. It became the first sustainability scoring concept, adopted by large index providers and promulgated by the United Nations (UN) Principles for Responsible Investing (PRI).



E

ENVIRONMENTAL
Conservation of the natural world



S

SOCIAL
Consideration of people & relationships



G

GOVERNANCE
Standards for running a company

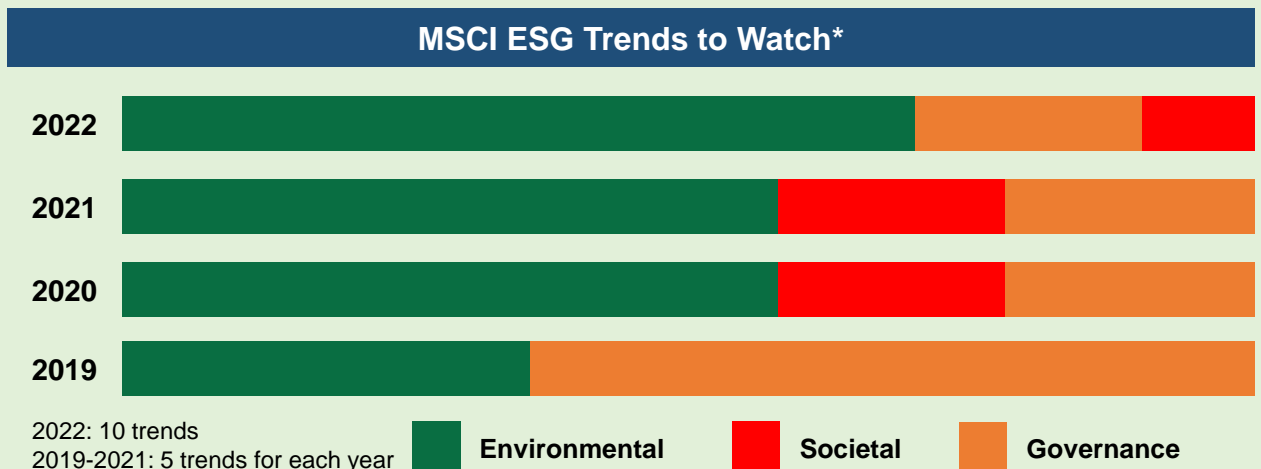
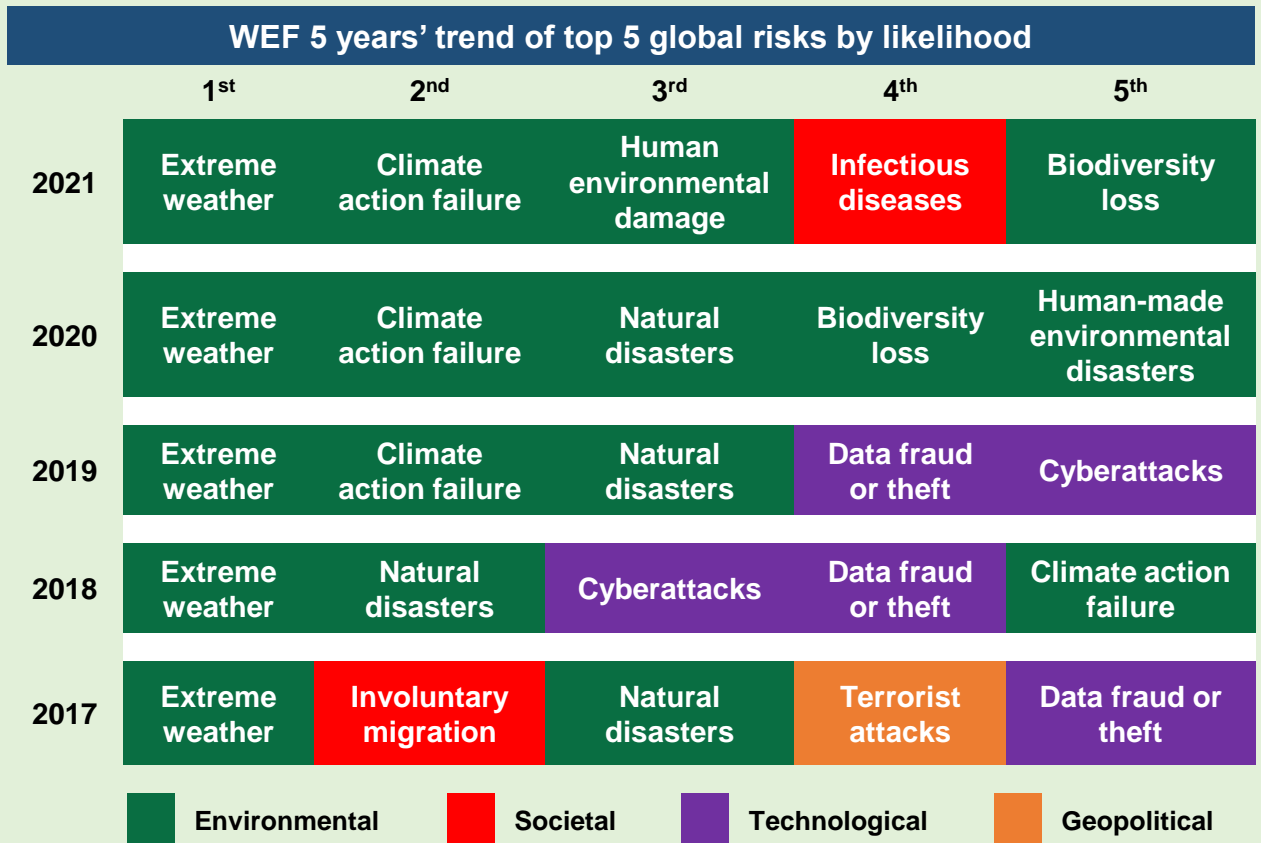
Example:

- Climate change and greenhouse gas emissions
 - Air and water pollution control
 - Biodiversity
 - Waste management
 - Natural resource use
 - Renewable energy
 - Energy efficiency
 - Sustainability initiatives
- Gender and diversity
 - Customer satisfaction
 - Workplace health and safety
 - Human rights
 - Labour standards
 - Product safety
 - Fair wages
 - Ethical supply chain sourcing
- Board composition
 - Management diversity
 - Corporate behaviour
 - Corporate governance
 - Executive compensation
 - Accounting transparency
 - Decision making process
 - Data protection and privacy



Section 1.1: The Evolution of ESG Trends and Metrics

- Over the last decade, ESG has gone from fringe to mainstream. Governments, investors and companies have seen increased regulations, demands for better governance and transparency, protection of data as well as the quest for sustainability and standards.
- The environmental element, particularly climate change has eclipsed governance and social issues at the top of the ESG agenda, reflecting both the existential threat of global temperature rise and the race against time to rein in global warming.



Source: World Economic Forum The Global Risks Report 2021; MSCI ESG Trends to Watch
 * SERC's categorization; Please refer to Appendix I for detailed information



Major ESG Standards

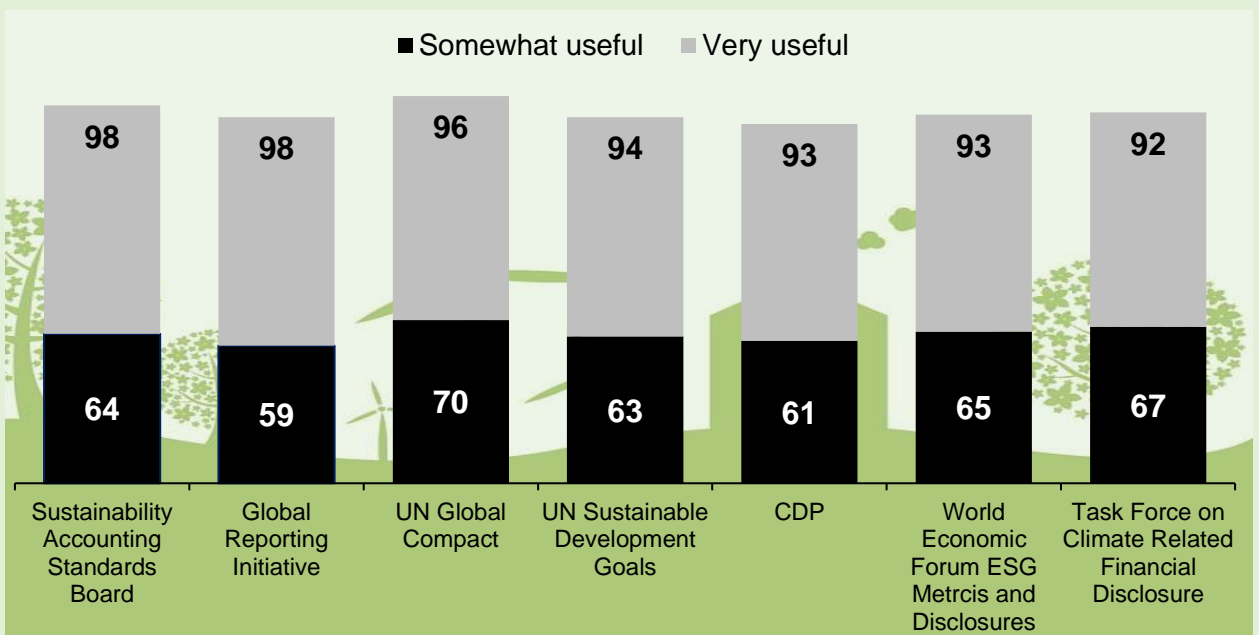
- Currently, there is no uniform set of ESG standards. About a dozen of popular ESG frameworks are widely used across the world.

Major standards dominate the ESG reporting realm*:

Standards	Scope (ESG principles or themes of analysis)		
Sustainability Accounting Standards Board (SASB)	Environmental	Social	Governance
Global Reporting Initiative (GRI)	Environmental	Social	Governance
UN Global Compact	Environmental	Social	Governance
UN Sustainable Development Goals (SDGs)	Environmental	Social	Governance
Carbon Disclosure Project (CDP)	Environmental		
Task Force on Climate-related Financial Disclosures (TCFD)	Environmental		Governance

Environmental
 Social
 Governance

Investors use a range of frameworks to evaluate ESG % share among the US investors who stated the ESG framework is useful



Source: 2021 Edelman Trust Barometer Special Report: Institutional Investors
* Please refer to Appendix II for detailed information



ESG and UN Sustainable Development Goals (SDGs)

- With the proliferation of ESG issues, most companies have started to be conscious about ESG and adopt the ESG framework in their business operations as a strategic move. Investors have used a range of frameworks to evaluate the investing companies' ESG performance to ensure that they are complied with the ESG framework.
- The **United Nations Sustainable Development Goals (SDGs)** has been acknowledged as the best tool to be used as a **framework to improve ESG risk scoring and secure long-term business performance**. Based on the Edelman Trust Barometer Special Report 2021, **about 94% of the US investors agree that UN SDGs is one of the most useful ESG frameworks for evaluating ESG**. According to the Capital Group ESG Global Study 2022, **about a quarter of global investors (24%) use UN SDGs portfolio benchmarking when implementing the ESG**.

Capital Group ESG Global Study 2022:



“Our organization has a mandate to follow the SDGs, so we are incorporating that into our implementation strategy,” says an investment manager at a Canadian insurance company.

- SDGs represent the Sustainable Development Goals, while ESG stands for methods and processes. Both SDGs and ESG are concepts for resolving environmental and social issues to attain the ideal of a sustainable society. SDGs outline the pivotal areas of impact and offer a practical framework to complement and support the ESG considerations, which are part of investors' existing fundamental research methodology.
- In other words, SDGs help in mainstreaming the granular acceptance of ESG-based investment decisions while anchoring their wider reach in corporate circles.



Section 2: Malaysia's Sustainability and ESG Agenda

- **Malaysia is embarking on an early journey of adopting ESG practices.** There is increasingly environmental awareness and focusing on sustainability issues among consumers and businesses.
- One of the key themes of the 12th Malaysia Plan is “**Advancing sustainability**”, which outlines our aspiration to become a **carbon neutral country by 2050**. This ambition is supported by five pillars: (1) Deploying **renewable energy (RE)**; (2) Managing **carbon emissions**; (3) **Water and waste** management; (4) Driving the development of **sustainable cities**; and (5) Accelerating the **green economy**.
- The government has set a series of credible commitments towards attaining environmental, social and governance (ESG) goals.
 - a) **By 2030, the government has pledged various initiatives to be implemented on the three pillars of ESG**, reflecting its major commitment to achieve the national aspiration goals.
 - b) Malaysia has vowed to **reduce 45% of its economy-wide carbon intensity against its Gross Domestic Product (GDP) by 2030**.
 - c) Another key target is to **eliminate forced labour practices** not limited to the operations of local companies but also across the global supply chains.

Malaysia aspires to achieve net zero emissions target through the following measures



Implement a **carbon pricing policy**



31% of renewable energy generation capacity by 2025 and 40% by 2035



All government vehicles to be non-ICE (international combustion engine) by 2030



Increase **resilience to climate change** through the National Adaptation Plan



100 million trees to be planted as part of natural-based solutions to lower GHG



40% recycling rate by 2025 by adopting Zero Waste through the waste to Energy programme



Transform cities towards a low carbon pathway as outlined in the National Law Carbon Cities Masterplan



Maintaining 50% of total forests at the minimum

Here's is how Malaysia stepping out ESG efforts

Amongst the selected implemented programs and initiatives relating to green investing and ESG commitments are as follows:

- i) **Green energy:** Large local companies, at the launch of the Green Electricity Tariff in November 2021, are opting for electricity supply from RE sources generated from solar and hydro power. A dedicated category for the commercial and industrial sector allocation of 300MW of solar quota under the Net Energy Metering (NEM)'s Net Offset Virtual Aggregation (NOVA) programme was fully taken up, only after three months of its inception in April 2021. NEM NOVA is a programme for commercial and industrial users of electricity to install solar photovoltaic systems for self-consumption and allows excess electricity to be exported to the national grid at system marginal price.
- ii) **Government-linked companies (GLCs) are exploring the green energy option with major real estate developers.** To achieve sustainable city status, the low carbon city framework under the 12th Malaysia Plan targets to decarbonise over 30 cities first, followed by another 120.
- iii) **Electric vehicle (EV) incentives were proposed under Budget 2022** to support the implementation of the low carbon mobility blueprint, including the full exemption of import and excise duties and sales tax for EVs.
- iv) **In terms of green financing, Malaysia issued the world's first sovereign US-denominated sustainability sukuk in 2021** through US\$800mil 10-year trust certificates. As of November 2021, Malaysia accounts for US\$3.9 billion of issuance value or 56% of the total ASEAN sustainable and responsible investing (SRI) sukuk issuance. In Budget 2022, the government proposed the issuance of up to RM10 billion of sustainable sukuk for eligible social or environment-friendly projects.
- v) **Public-listed companies in Malaysia are doing well compared to ASEAN countries, coming in second highest on the MSCI All Country World Index (ACWI) ESG Leaders Index**, which consists of large and mid-cap companies across developed and emerging markets, according to a report by PwC Malaysia and Capital Markets Malaysia. Malaysia accounts for 28 companies within this index, while Thailand leads with 29 companies.



National ESG framework for manufacturing sector in the works

Miti's Dialogue Sessions (25 August 2022)

“ Miti will provide a framework to mainstream ESG elements for the manufacturing sector, which includes **four main components**, namely **ESG standards, financial support and incentives, capacity building, and market mechanisms, including carbon trading and carbon pricing.** ”

Where is Malaysia now?

Global Risk Profile: ESG Index (ESGI) 2021

The ESG Index comprises three sub-indexes*:



72nd /179 countries

61st (2020)



Environment

87th

/191 countries



Human Rights

90th

/182 countries



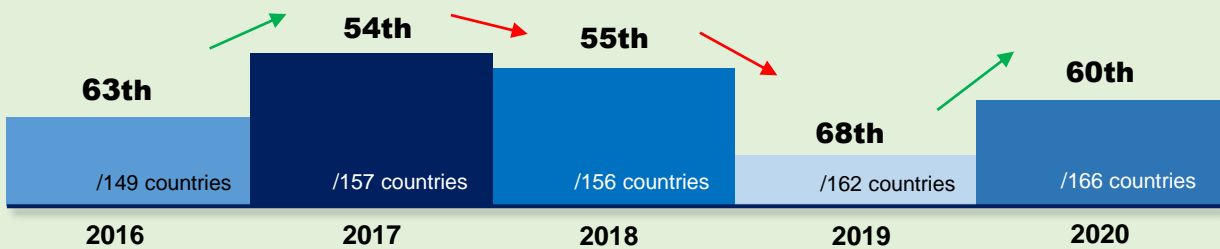
Health & Safety

60th

/185 countries

As SDGs is one of the most useful ESG frameworks for evaluating ESG, Malaysia's current SDGs status and roadmap is presented as follows:

SDG Index Rank (2016-2022) & SDG Dashboard (2022)**



SDG Index Rank (2022):

72nd / 163 countries

65th /165 countries (2021)

Spill over rank:

118th /163 countries



■ Major challenges
 ■ Significant challenges
 ■ Challenges remain
 ■ SDG achieved
 ■ Information unavailable
↓ Decreasing
 → Stagnating
 ↗ Moderately improving
 ↑ On track or maintaining SDG achievement
 ● Information unavailable

Source: Global Risk Profile; Sustainable Development Report 2022

* The ESG Index (ESGI) measures issues related to three key areas: Environment (30%), Human Rights (50%) and Health & Safety (20%).

** Please refer to Appendix III for detailed information



ACCCIM Malaysia's Business and Economic Conditions Survey (M-BECS) Report (2H 2021 and 1H 2022F)



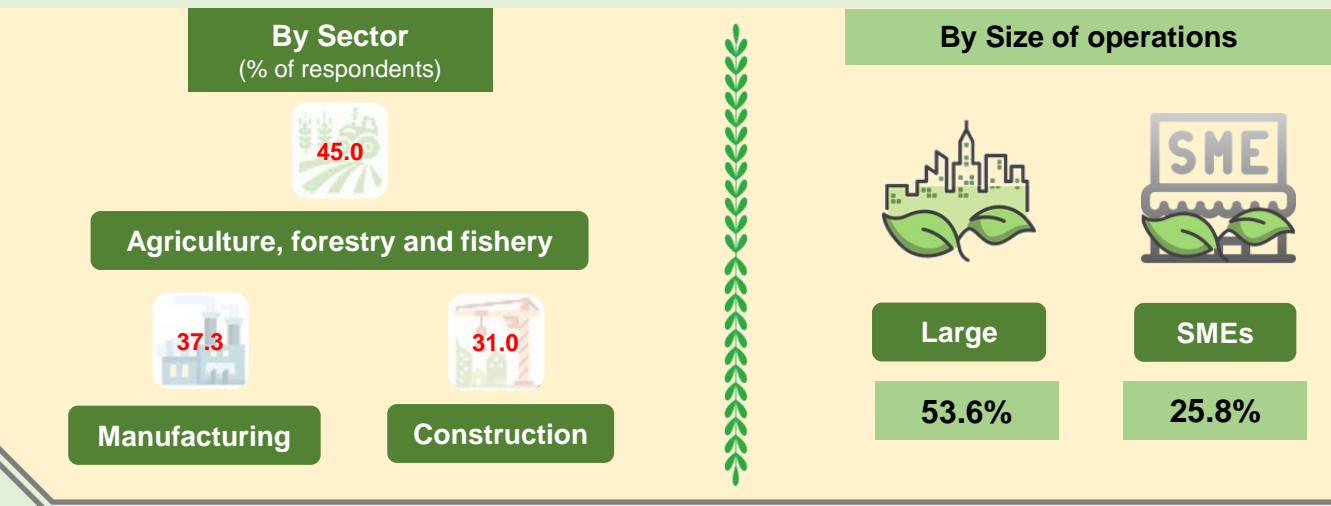
What is the adoption level of green practices in Malaysia?

- Overall, **only 16.1% of respondents** reported that they have already implemented green practices in their business operation or organization.
- **60.5% of respondents stated that they would like to learn more green practices before implementing it** while 23.4% of respondents have little or no interest on it.



How important is it for your company to be "Green" and operate sustainably?

- **More than half of total respondents rated "neutral"** when asked how important for their company to be "Green" and operate sustainably. **This shows that most businesses are unaware of the significance to be "Green"**.
- Amongst the **industries rated "above the average of importance (28.2% of respondents)"**



Section 2.1: Background of Malaysia's SDGs Agenda

Timeline

- 2014**  **Malaysia's participation in 2030 Agenda**
- Malaysia's involvement in the development of the Sustainable Development Goals (SDGs) at the international level began in late 2014.
- Jan-Jul 2015**  **The Economic Planning Unit (EPU) involves in the negotiation process between the United Nations' country members (Inter-Governmental Meetings) held from January until July 2015 to finalize the Post 2015 Development Agenda (P2015DA).**
-  **In July 2015, the Department of Statistics Malaysia (DOSM) was officially appointed as the focal point to coordinate the SDG data collection. DOSM's main role is to coordinate the compilation of SDG indicators from various line Ministries and agencies.**

- Sep 2015**  **The United Nations adopts 2030 Agenda for Sustainable Development**
- Malaysia and all other 192 member states of the United Nations have adopted the 2030 Agenda for Sustainable Development on 25 September 2015 at the United Nations Conference.
 - SDG is a continuation of the development agenda after the Millennium Development Goals (MDGs) ended in 2015. MDGs consisting of 8 Goals and 21 Targets. SDGs have expanded to 17 Goals and 169 Targets with more than 200 Indicators covering 5 dimensions, namely **People, Planet, Prosperity, Peace and Partnership**.

17 Sustainable Development Goals (SDGs) come with 169 targets





Timeline (cont.)

2018



Department of Statistics Malaysia (DOSM)

- DOSM has published the Initial Assessment of the SDG Indicators for Malaysia, which presents preliminary assessment of the availability of data for 244 SDG indicators in Malaysia.

2019



First report of SDG Indicators for Malaysia

- The first report of SDG Indicators for Malaysia - SDG Indicators, Malaysia, 2018 was published in 2019 which consisted of 99 indicators.
- Malaysia has achieved a better level of indicators availability with an addition of 18 new indicators and 19 indicators at district level. This in turn can help in the measurement and monitoring of the SDG in smallest area.
- For the purpose of disseminating and sharing data related to SDG, DOSM has launched this National SDG Progress Monitoring System (SDG Dashboard) in March 2019. SDG Dashboard can be accessed via <http://mysdg.dosm.gov.my/>.

SDG Dashboard



2020



- The second report 'SDG Indicators, Malaysia, 2019' was published in December 2020 which consisted of 128 indicators.



Timeline (cont.)

2021

New mapping of Sustainable Development Goals (SDGs)

- The alignment of SDG and national development is realised through a mapping exercise involving the integration of the national development plan's action plans, initiatives and outcomes to the SDGs' goals, targets and indicators.
- The mapping exercise, which has begun in the Eleventh Malaysia Plan (11MP), 2016-2020 and the Mid-Term Review (MTR) of 11MP, 2018-2020, was continued in the Twelfth Malaysia Plan (12MP), 2021-2025. It will be carried through in the Thirteenth Malaysia Plan (13MP), 2026-2030.

Theme 1: Resetting the Economy



Theme 2: Strengthening Security, Wellbeing and Inclusivity



Theme 3: Advancing Sustainability



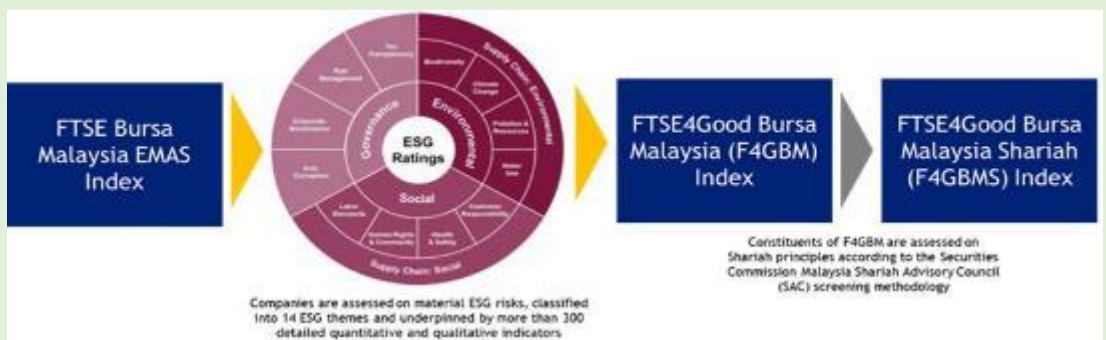
- Recently, Sustainable Development Goals (SDG) Indicators, Malaysia, 2020 -- the third report was published in December 2021 with 146 available indicators.



FTSE4Good Bursa Malaysia (F4GBM) Index

FTSE
Russell

- In December 2014, Bursa Malaysia and FTSE Russell have launched the **FTSE4Good Bursa Malaysia (F4GBM) Index**.
- ESG initiatives are **aligned to the United Nations' Sustainable Development Goals (SDG)**.
- This F4GBM Index is aimed to:
 - a) Support investors in making ESG investments in the Malaysian listed companies
 - b) Increase the profile and exposure of companies with leading ESG practices
 - c) Encourage best practice disclosure
 - d) Support the transition to lower carbon and a more sustainable economy
- In July 2021, Bursa Malaysia and FTSE Russell have launched the **FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index** to cater to investor demand for ESG and Shariah-compliant index solutions. The F4GBMS index is designed to track constituents in the F4GBM Index that are Shariah-compliant.
- The composition of the F4GBM and F4GBMS indices is reviewed semi-annually in June and December.
- **FTSE4Good ESG ratings would encourage listed companies to adopt good ESG practices.**



For more information, [click here](#)

[F4GBM ESG model](#)





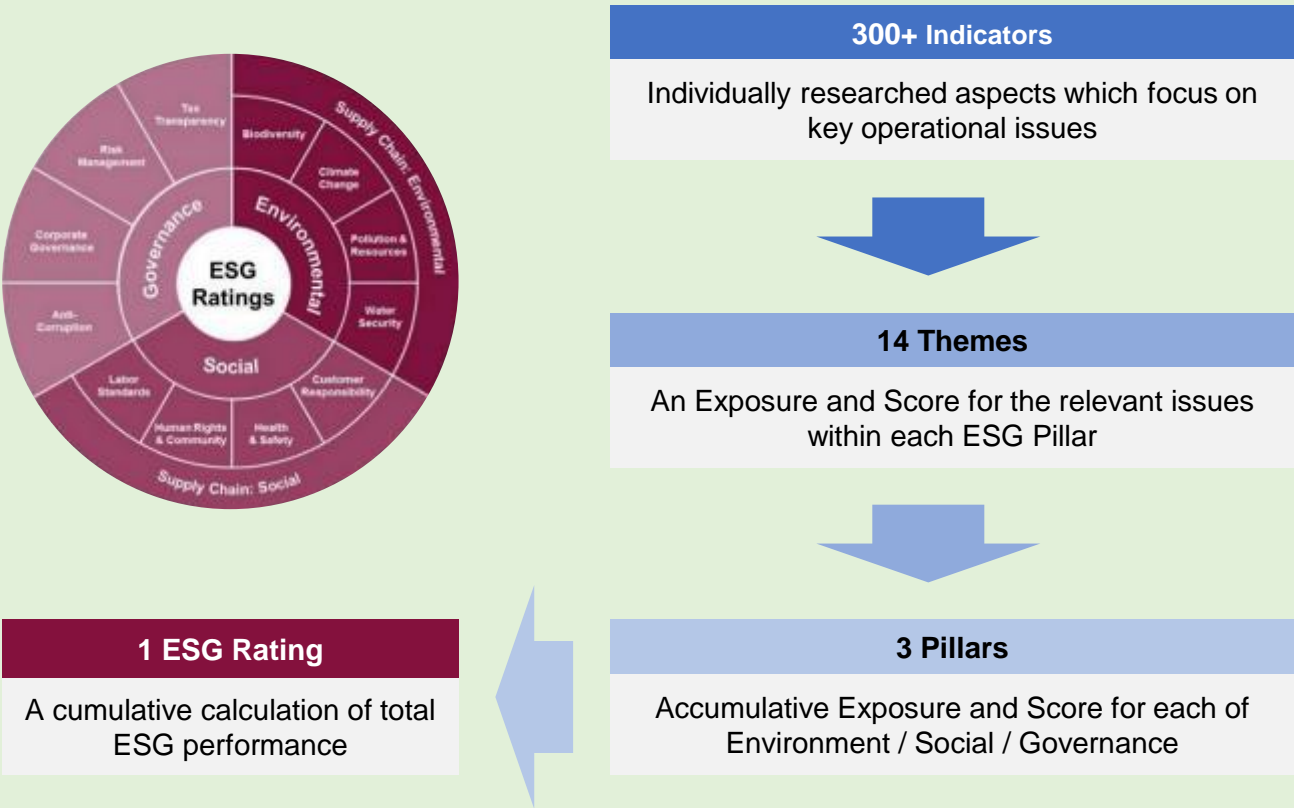
FTSE4Good Bursa Malaysia (F4GBM) Index

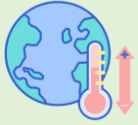
In ESG Ratings and data model:

FTSE Russell's ESG Ratings and data model are tools for investors with a need for flexible, data-driven solutions to:

- Assist in managing exposure to ESG aspects
- Meet mandated stewardship requirements
- Integrate ESG data into securities and portfolio analysis
- Implement ESG-aware investment strategies
- The ESG Ratings and data model allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions.
- The ESG Ratings are comprised of an overall Rating that breaks down into underlying Pillar and Thematic Exposures and Scores. The Pillars and Themes are built on over 300 individual indicator assessments that are applied to each company's unique circumstances.

ESG Ratings and data model





BNM: Climate Change

- In 2019, **Bank Negara Malaysia (BNM)** and the **Securities Commission (SC) of Malaysia** formed the **Joint Committee on Climate Change (JC3)** to pursue collaborative actions for building climate resilience and sustainability within the Malaysian financial sector.
- JC3 initiatives encompass aspects of risk management, governance and disclosure, product and innovation, capacity building and stakeholder engagement, and data.



About **11.7%** of the assets held by financial players in Malaysia are in sectors potentially exposed to climate change.

(As of November 2019)

Climate Change and BNM's functions



Monetary policy

- Adverse effects of climate change can impact growth and inflation with implications on monetary policy settings



Managing financial stability

- Adverse effects of climate change on banks' and insurers' assets and liabilities call for appropriate regulation and supervision to ensure that financial institutions are adequately measuring, mitigating and buffered against climate risks
- Economic impact of climate-related events on highly leveraged businesses and households can increase financial stability risks. Weakened private sector financials can also exert pressures on government revenue and balance sheet, thus impacting fiscal resilience



Financial inclusion

- Climate change can affect lower income households living in rural areas disproportionately, increasing the need for financial institutions to offer meaningful financial solutions that can help households to better cope with climate-related events
- Transition to a low-carbon economy can lead to potential financial exclusion of certain sectors



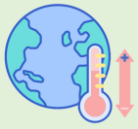
Financial adviser to the Government

- Strengthened analysis and research on the economic development and fiscal implications of climate change is critical to inform climate mitigation and adaptation policies of the Government and reduce transition and physical risks



Corporate citizen of the country

- Increasing expectations by shareholders and stakeholders for the Bank to lead by example through sustainability practices in its operations, i.e. integrate sustainability considerations into investment decisions and operate as an organisation with low-carbon footprint

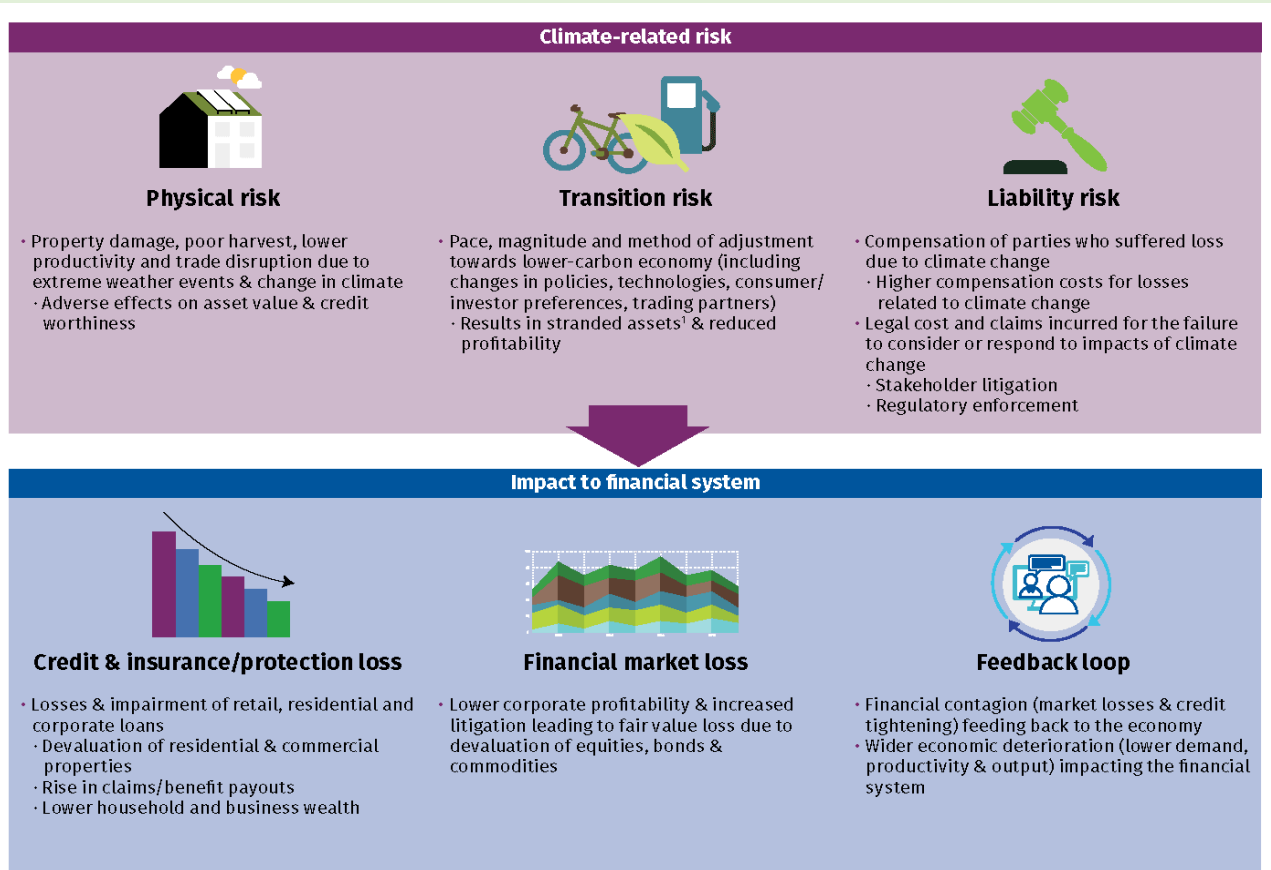


Impact of Climate-Related Risks to the Financial System

BNM aims to:

- Put in place appropriate regulation and supervision to ensure that financial institutions are adequately measuring, mitigating and buffered against climate risks.
- Increase the capacity of financial institutions to be the catalyst in the transition to a low-carbon economy. This includes increasing their offering of green financial solutions that can help their customers transiting to greener practices and to better cope with climate-related events.

Climate Change and BNM's functions



¹ Stranded assets are assets that suffer from unanticipated or premature write-downs



Key thrusts of BNM's climate strategy:

Starting with ourselves

Engagement and capacity building

Integrating climate risk within macroeconomic and financial stability

Strengthening regulatory and supervisory expectations for managing climate risks

Creating an enabling environment for green financing and investment

Expected Outcomes

- On 30 April 2021, BNM has finalized the issuance of a principle-based taxonomy – **Climate Change and Principle-based Taxonomy (CCPT)**, which is intended to facilitate the financial institutions' categorization of economic activities against climate objectives and promote the transition to a low-carbon economy.
- BNM has also collaborated with Islamic financial institutions under the Value-based Intermediation (VBI) Community of Practitioners to publish guidance documents on credit risk management practices to help financial institutions evaluate financing and investment activities against ESG.
- In December 2021, BNM issued the Reference Guide on Climate Risk Management and Scenario Analysis for public consultation. The JC3 members also supported the proposal for financial institutions to **make mandatory Task Force for Climate-related Financial Disclosure (TCFD)-aligned climate-related financial risk disclosures from 2024**.
- JC3 released the [TCFD Application Guide for Malaysian Financial Institutions](#) on 29 June 2022, which outlines key recommendations supplemented by the relevant descriptions, guidance notes, considerations and examples that could be utilised as practical resources to facilitate the adoption of TCFD Recommendations by the Malaysian financial industry.

BNM's Initiatives:

[Climate Change and Principle-Based Taxonomy \(CCPT\)](#)

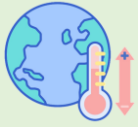
[Joint Committee on Climate Change \(JC3\)](#)

[ASEAN Central Banks Initiative](#)

[Central Banks and Supervisors Network for Greening the Financial System \(NGFS\)](#)

Click the respective boxes for further details.

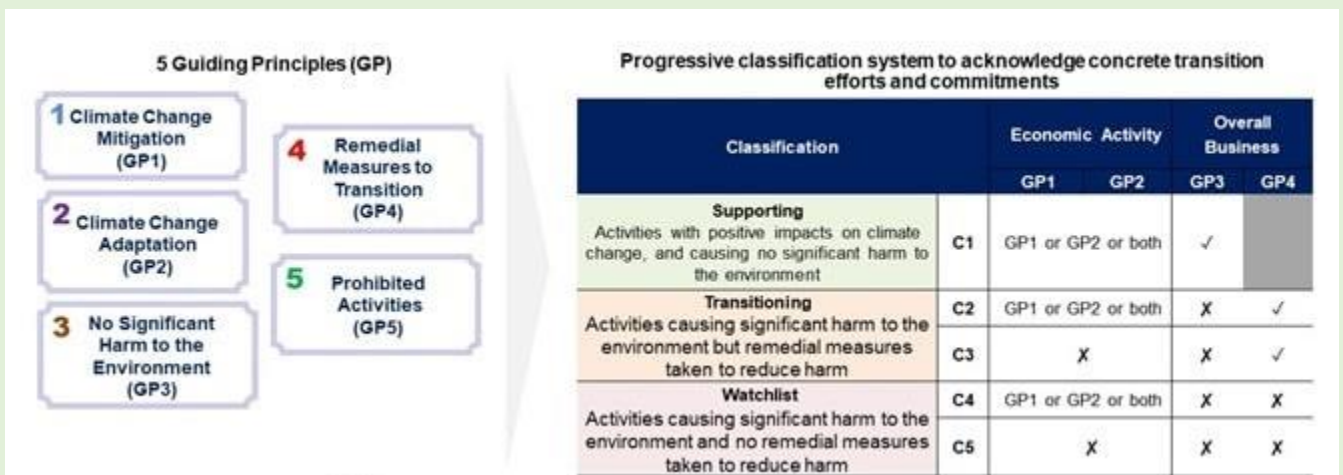




Climate Change and Principle-based Taxonomy (CCPT)

- The CCPT aims to guide financial institutions in identifying and classifying economic activities that could contribute to climate change mitigation and adaptation. The CCPT was issued on 15 April 2021 and is served to:
 - Provide a framework that facilitates robust and consistent assessments of economic activities and their associated impacts on climate and the broader environment
 - Consider the state of economic development and different stages of transitioning across economic agents
 - Support transition of economic activities that currently do not contribute to climate change objectives

CCPT Summary Principle:





Adoption of ESG frameworks in Malaysia banks

About 21% say they have embedded all three frameworks into their organizations

Climate Change and Principle-based Taxonomy (CCPT)

- **50% of banks have adopted CCPT** while remaining 50% plan to adopt in the next 2 years

Value-based Intermediation Assessment Framework (VBIAF)

- **57% have adopted VBIAF** while 36% plan to adopt in the next 2 years

Task Force on Climate-related Financial Disclosures (TCFD)

- **64%** plan to adopt TCFD in the next 2 years amid plans by JC3 to develop guidelines by end-2021 for climate risk management and scenario analysis and TCFD-aligned disclosures
- The JC3 have released the [TCFD Application Guide for the Malaysian Financial Institutions](#) on 29 June 2022.

70% of banks which have adopted CCPT:

- **The most challenging Guiding Principles (GPs) are GP3 (No significant harm to the environment) and GP4 (Remedial measures to transition).**
- This is due to the need for a holistic assessment of a customer's overall business model to comply with both principles.

Common implementation challenges faced by the banks when adopting the guiding principles are:



Absence of client data/ information
(including poor data quality)



Lack of ESG expertise



Challenges in translating principles-based guidelines into practice



Lack of awareness among stakeholders



Difficulty in measuring indirect environmental impact



No standardized disclosure requirements



Sustainability Performance of Selected Malaysian Companies by Sector

Sustainability reporting has been made mandatory for all PLCs since 2016

However, there is no one consistent ESG reporting framework mandated by Bursa Malaysia.

PwC Malaysia partner Herbert Chua:

“— There is an ‘alphabet soup’ of standards out there. There’s the GRI (Global Reporting Initiative), the TCFD (Task Force on Climate-related Financial Disclosures) and the IR (Integrated Reporting), among many others, that companies can choose from. One company may opt for GRI, while another in the same industry may opt for TCFD, so you can see [how comparability can be an issue for investors].

But, if you look at the rest of the Bursa-listed companies — just based on a random perusal of annual reports — a lot of them **just tell their sustainability story without referencing any particular standard or framework.** Nothing wrong [with that] as **Bursa has never mandated that you must apply a particular one.**



Bursa Malaysia Sustainability Disclosure Review 2021:

ACE Market PLCs are required to publish a narrative statement of the management of their material economic, environmental and social risks and opportunities. In this regard, **all 129 PLCs published sustainability statements** – translating to a **100% compliance rate.**

ASEAN CSR Network and NUS Business School research paper (December 2020)

About 65% of the top 100 PLCs in Malaysia adopted the Global Reporting Initiative (GRI) framework that same year while 60% disclosed performance data on emissions

Sustainability performance of selected companies by sector in this report:



Oil and Gas Sector



Banking Sector



Plantation Sector



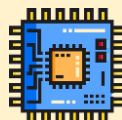
Manufacturing Sector



Construction Sector



Rubber Gloves Industry



Semiconductors Industry



Food and Beverages Industry



Automotive Industry



Oil and Gas Sector



PETRONAS

Petronas Chemicals Group Berhad

Sustainability Pillars: Material Matters

Economic

Innovation and Product Stewardship
 Supply Chain Management
 Strategy Purpose and Financial Resilience
 Plant Operations
 Cybersecurity and Digitalisation
 Customer Relationship Management

Environmental

Climate change
 Environmental Stewardship
 New Plastics Economy (NPE)

Social

Workplace and Occupational Safety and Health
 Community Engagement
 Talent Development
 Human Rights

Governance

Corporate Governance

Sustainability Highlights

GHG Emissions Intensity	Freshwater Withdrawal Intensity	Hazardous Waste 3R
2021: 0.67 tonne CO ₂ e/tonne	3.69 m ³ /tonne	75%
2020: 0.66 tonne CO ₂ e/tonne	3.53 m ³ /tonne	85%
Energy Intensity	Women Representation in Senior Management	Number of Technical Professionals Developed
2021: 15.76 GJ/tonne	18%	14
2020: 15.73 GJ/tonne	24%	20
Corporate Social Responsibility Initiatives Reach	Number of Trees Planted	Number of Waste Collected
2021: ~295,000 people	1,200	1,477 kg
2020: ~70,000 people	2,000	2,000 kg



FTSE4GOOD Bursa Malaysia

Score: 4-Star Rating

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Achieved Top 10% DJSI World Ranking



Banking Sector



Maybank

Malayan Banking Berhad

Progressing Meaningfully in Our Sustainability Journey

Maybank Five-Year Strategy (M25)



Regional ESG Leader

Four Sustainability Commitments



Commitment 1

Mobilising **RM50 billion** in Sustainable Finance by 2025



Commitment 2

Improving the lives of **one million households** across ASEAN by 2025



Commitment 3

Achieving a **carbon neutral** position of our own emissions by 2030 and **Net Zero Carbon** equivalent position by 2050



Commitment 4

Achieving **one million hours per annum on sustainability** and delivering one thousand significant UN SDG-related outcomes by 2025

Current Progress

Sustainable Financing

2021:

Over RM13.6 billion

Improving Households

2021:

502,759 households

Carbon Neutral Position

2021:

Sale and Purchase Agreement of Malaysia Renewable Energy Certificates (mRECs) (equivalent to **70%** of our Malaysia Scope 2 emissions)

Sustainability Hours and UN SDG-Related Outcomes

2021:

1,636,652 hours

Material Matters (Selected Material Issue)

Governance	Environment	Employees	Society	Product and Services
Business ethics	Climate resilience	Diversity and inclusion	Empowering communities	Developing sustainability-focused products and services
Transparency and trust	Managing our environmental impact	Employee health, safety and well-being	Financial inclusion	ESG integration in financial analysis
Managing risks and opportunities in the supply chain	Supporting the transition to a low-carbon economy	Engaging our people in sustainability	Supporting human rights	Responsible and fair advertising, marketing, and selling practice

Plantation Sector



Sime Darby Plantation Berhad (SDP)

Three Focus Areas and Initiatives

Climate Action	Human Rights	Responsible Sourcing
Climate Risk Assessment	Ethical Recruitment	Traceability
Carbon Reduction	Safety and Health	Monitoring Deforestation
Renewable Energy	Decent Working and Living Environment	Crosscheck
Emission Management	Diversity and Inclusivity	Working with Suppliers
Fire and Haze Management	Community Development	Supplier Risk Assessment
Waste Management	Children Rights	Smallholder Development
Water Management	Grievance Mechanism	
	Pandemic Assistance	

SDP's Impact (Selected)

Fighting Deforestation

- **75% of our palm oil is sustainably sourced.** Since 1980s, SDP has adopted a Zero Burning Policy, a hallmark of their global operations that has made a significant impact to save forests and biodiversity. **SDP's ambition is to achieve 100% sustainably sourced palm oil by 2025.**

Supporting Livelihoods

- 3,800 smallholders are directly and indirectly involved in SDP's supply chain. SDP ensures that these people are supported by higher yields and living wages, in addition to educating them on sustainable practices that will help them survive and thrive in a post-pandemic world.

Accelerating Climate Action

- **50% of carbon emissions reduction by 2030 is SDP's medium-term target in the fight against global warming.** SDP has been extensively embarking on carbon reduction initiatives such as biogas and tree planting programmes as they work towards their long-term net zero target.

Protecting Human Rights

- 81% of SDP workforce comprises labourers and workers in SDP estates, mills and refineries. It is vital that SDP ensures internationally recognised human rights and workplace standards are upheld across all their operations. This year, SDP has conducted an independent assessment of their systems and processes to ensure there are no issues of human rights exploitation and abuse.

Sustainability Commitments:

Going Beyond Set Standards

Push Towards Climate Action

Respecting Human Rights

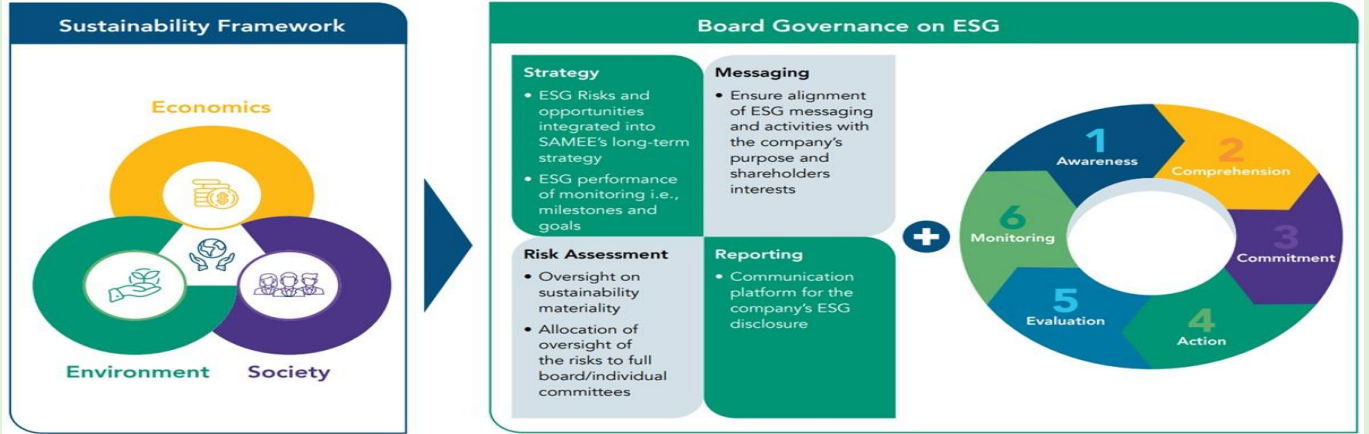
Ensuring a Sustainable Supply Chain



Manufacturing Sector



SAM Engineering & Equipment (M) Berhad (SAMEE)



SAMEE's TOP 16 Material Matters

Business Performance	Environmental Management	People	Outreach
Product & Service Quality	Waste & Hazardous Materials Management	Ethics & Compliance	Local Communities & Social Impact
Technology, Innovation & Development	Energy Management	Labour Practices & Rights	
Economic Performance	Climate Change & Environmental Issues	Diversity & Inclusion	
Customer Satisfaction & Relationship		Employee Learning & Development	
Cybersecurity & IT Resource Management (ERP System)		Employee Well-Being Health & Safety	
Supply Chain Management		Attracting, Developing, Rewarding & Retaining Employees	

SAMEE's TOP Three SDGs

Sustainable Development Goals	Definition	Key Stakeholders Impacted
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Employees Management Directors Community
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> Customers Investors/Shareholders Employees Community Media
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Customers Community Vendors/Suppliers









Construction Sector



WCT Holdings Berhad

Progressing Meaningfully in Our Sustainability Journey

WCT's efforts in supporting sustainability is closely aligned to larger global initiatives. In its approach to create stakeholder values and shared prosperity, the Group has adopted the following **United Nations Sustainable Development Goals (UNSDG)**.

SDG	Highlights and Achievements	Commitments, Targets and Pledges
 <p>Corresponding Material Matter:</p> <ul style="list-style-type: none"> Economic Contribution to Stakeholders Employee Welfare 	<ul style="list-style-type: none"> WCT has disbursed financial aid of approximately RM320,600 to all employees affected by the flood in December 2021. WCT provided food aid worth RM177,000 to those affected by the COVID-19 pandemic. WCT's retail malls and hotels continue to provide various types of food aid for the poor, especially urban poor, affected by COVID-19. WCT's Engineering and Construction Division collaborated with CIDB Kuala Lumpur under the Industri Pembinaan food donation programme to distribute necessities to the construction workers. 	<ol style="list-style-type: none"> Invest 0.2% of the preceding year's revenue to CSR.
 <ul style="list-style-type: none"> Occupational Health & Safety (OHS) Pollution Product Quality & Safety Local Community Wellbeing 	<ul style="list-style-type: none"> WCT has invested approximately RM300,000 to vaccinate 2,000 employees and their families against COVID-19 in 2021. WCT has installed air-cleaning devices in all offices with a total investment of approximately RM600,000 to provide a pleasant, hygienic and comfortable working environment for all. 	<ol style="list-style-type: none"> Implement an Occupational Health and Safety Management System based on a recognised Standard at all Divisions by 2030.
 <ul style="list-style-type: none"> Learning and Growth 	<ul style="list-style-type: none"> 25.9% of the workforce are below 30 years old. WCT has donated over RM160,000 to the educational institutions. 	<ol style="list-style-type: none"> Increase average training hours to 3 hours in 2022
  <ul style="list-style-type: none"> Diversity, Equality & Inclusion Employee Welfare 	<ul style="list-style-type: none"> 27.4% of the workforce comprises women. 4.1% of women are in managerial roles. As of 31 December 2021, 84 young graduates were selected for internship under WCT's Protégé RTW Programme. The target group are those unemployed, zero work experience and mainly from B40 Family category. By end-April 2022, 39 candidates will be absorbed into full-time employment. WCT has donated over RM1 million to underprivileged communities. 	<ol style="list-style-type: none"> 30% of sitting Board of Directors to be women by 2026. Increase percentage of women in managerial roles by 5% by 2026 (Baseline year: 4.1% in 2021).
 <ul style="list-style-type: none"> Pollution Water 	<ul style="list-style-type: none"> Zero incidents of serious effluent discharge/water pollution. Zero fines for effluent discharge. Increased use of rainwater harvesting to reduce consumption of potable water. 	<ol style="list-style-type: none"> To reduce the Group-wide average water intensity by 10% from 2019 records, which is equivalent to a reduction of 0.02 m³/ft² by 2030.

SDG	Highlights and Achievements	Commitments, Targets and Pledges
 <ul style="list-style-type: none"> Energy 	<ul style="list-style-type: none"> Reduction in electricity consumption and electricity intensity for FY2021. 	<ol style="list-style-type: none"> Reduce the group-wide average electricity intensity by 10% from 2019 records which is equivalent to a reduction of 2.86 kWh/ft² by 2030.
 <ul style="list-style-type: none"> Respect for Human Rights Occupational Health & Safety (OHS) 	<ul style="list-style-type: none"> WCT employed a total of 2,302 people in 2021 (380 new hires in 2021). 85% local employment in FY2021. 25.9% of employees aged 30 years and below. 	<ol style="list-style-type: none"> Conduct human rights reviews of all divisions by 2023. Incorporate human rights due diligence requirements into tendering processes for tenders valued more than RM1 million by 2023. Zero incident resulting in employee and contractor* permanent disability or fatality by 2030. (Baseline: Zero in 2019). *Contractors working on locations/sites under WCT's control. Implement an OHSMS based on a recognised Standard at all Divisions by 2030. Conduct SHASSIC assessment for E&C projects valued at more than RM100 million and achieve 5-star rating by 2030.
 <ul style="list-style-type: none"> Product Quality & Safety Economic Contribution to Stakeholders 	<ul style="list-style-type: none"> WCT Land completed its third Rumah Selangorku – Aronia Apartments in November 2021 Continued proliferation of digital tools and technologies to progressively contribute to the development of a more sustainable construction and property development industry. 	<ol style="list-style-type: none"> Achieve more than 85% score on customer satisfaction surveys by 2023 (Baseline: Average 81% in 2019). Maintain zero incidents of noncompliance with regulations resulting in a fine or non-monetary action by authorities or litigation. (Baseline: Zero in the past three years).
 <ul style="list-style-type: none"> Local Community Wellbeing Product Quality & Safety 	<ul style="list-style-type: none"> High retention of green landscapes, notably for property development projects. 	<ol style="list-style-type: none"> Zero official substantiated complaints from neighbouring communities at WCT locations by 2030 (Baseline: Less than 10 in 2021)
 <ul style="list-style-type: none"> Materials Pollution Waste 	<ul style="list-style-type: none"> WCT's Landfill Waste Reduction Programme at offices diverted, 7,356kg of waste from landfill. 47.96 tonnes of cooking oil collected for recycling. 	<ol style="list-style-type: none"> Reduce waste sent to landfill by 10% by 2026, and 20% by 2030 (Baseline: 44% in 2019). Use material efficiently in the production of our goods and services to conserve natural resources. Maintain zero significant instances of legal noncompliance leading to fines or non-monetary action from authorities. (Baseline: Zero in the past 2 years).
 <ul style="list-style-type: none"> GHG Emissions & Climate Change 	<ul style="list-style-type: none"> Identification of climate change risks and opportunities and development of mitigation plans for all business divisions. Continued participation in urban rail transportation projects that reduce cars and ultimately emissions and energy consumption. 	<ol style="list-style-type: none"> Reduce CO₂e intensity by 10% by 2030.
 <ul style="list-style-type: none"> Biodiversity Loss 	<ul style="list-style-type: none"> 1,437 trees planted in 2021. Compliance with all Environmental Impact Assessments ("EIA"). 	<ol style="list-style-type: none"> Replant 30% of felled trees or 500 trees per year (whichever lower).
 <ul style="list-style-type: none"> Ethical Business Conduct 	<ul style="list-style-type: none"> Zero incidents of corruption. Establishment of Anti-Bribery and Anti-Corruption ("ABAC") Policy. 100% of Board of Directors and Senior Management received ABAC training. 	<ol style="list-style-type: none"> Zero confirmed incidents of corruption. Zero public legal cases regarding corruption brought against WCT or its employee.

















Rubber Gloves Industry



Careplus Group Berhad

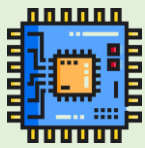
Commitment To Sustainable Development Goals

Careplus's sustainability agenda is embedded into their day-to-day business and are making alignment with United Nations Sustainable Development Goals ("UN SDG").

SDGs	Initiative/Activity/Policy
	<ul style="list-style-type: none"> Implementation of workspace safety practices Audit by local regulatory authority Occupational safety training programmes
 	<ul style="list-style-type: none"> Education Assistance Program
     	<ul style="list-style-type: none"> Conforming to the Department of Environment's ("DOE") regulation for effluent discharge Increasing RO water usage by 9% Monitoring of natural gas, water and electricity (including intensity) at the production facility Save Energy Campaign
   	<ul style="list-style-type: none"> Code of conduct for suppliers and contractors Grievance handling mechanism Whistle Blowing Policy Social compliance policy covering child labour and forced labour Anti-Bribery and Anti-Corruption Policy Anti-discrimination policy Corporate governance Risk management Transparency and tax contribution Regulatory compliance and responsible practices
	<ul style="list-style-type: none"> Collaboration with government authorities/organisations on various initiatives/activities to support local communities and preserve the environment

Material Sustainability Matter






Economic	Environment	Workplace	Local Communities
Corporate Governance and Ethics	Energy Management	Human Rights	Local Communities ("CSR" programmes)
Customer Satisfaction	Greenhouse Gas ("GHG") Emission	Occupational Safety and Health ("OSH")	
Technology Adoption	Water Management	Employee Welfare	
Supply Chain Management			
Marketplace			



Semiconductors Industry



Kelington Group Berhad

SDGs	Targets	Achievements	
		2020	2021
People			
 <p>Protect labour rights and promote safe and secure working environments for all workers</p>	Zero work-related fatalities	0 Workplace fatalities	0 Workplace fatalities
	Year-on-Year improvement of total recordable injury frequency rate (TRIFR)	TFIFR 0.3	TFIFR 1.1
	Fair remuneration and 100% compliance with labour rights	100% compliance with labour rights	100% compliance with labour rights
 <p>Improve access to education and ensure life-long learning for disadvantaged youth</p>	Implement programme to improve access to education for underprivileged	Participate in Project Sambung Sekolah and support 1 underprivileged student	Participate in Project Sambung Sekolah and support 5 underprivileged student
 <p>Ensure women's full and effective participation and equal opportunities for leadership</p>	30% female representation in total workforce (Executive level and above)	22% female representation in total workforce (Executive level and above)	25% female representation in total workforce (Executive level and above)
Planet			
 <p>Take urgent action to combat climate change and its impacts</p>	To reduce our own CO2 emissions by at least 5% by FY2024	2,345 CO2e tonnes/RM million Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	1,252 CO2e tonnes/RM million EBITDA
Governance			
 <p>Develop effective, accountable and transparent institutions</p>	Promote a culture of integrity through awareness campaigns and regular communications	Half day Group wide awareness training for all employees No cases of non compliance of laws and regulations against acts of corruption	Half day Group wide awareness training for all employees No cases of non compliance of laws and regulations against acts of corruption



Food and Beverages Industry



Carlsberg Brewery Malaysia Berhad

Sustainability strategy: Together Towards Zero



Sustainability priorities

ZERO CARBON FOOTPRINT	ZERO WATER WASTE	ZERO IRRESPONSIBLE DRINKING	ZERO ACCIDENTS CULTURE
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2030 targets

ZERO carbon emissions at our breweries	30% reduction in beer-in-hand carbon footprint	50% reduction in water usage at our breweries	Partner to safeguard shared water resources in all high-risk areas	100% of our markets improve on responsible drinking year-on-year	ZERO lost-time accidents
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Progress in 2021

13.4% reduction since 2015	8.4% reduction from 2015-2019	21% reduction since 2015	100% availability of alcohol-free brews	An estimated 1.1 million people reached through responsible drinking campaigns	More than 1,000 days of ZERO lost-time accidents in 2021 and counting	27% reduction in on-the-road accidents in 2021
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2022 targets

50% reduction in carbon emissions at our breweries	15% reduction in beer-in-hand carbon footprint	25% reduction in water usage at our breweries	100% availability of alcohol-free brews (AFBs)	100% responsible drinking messaging through packaging and brand activations	Reduction in accident rate year-on-year
100% electricity from renewable sources at our breweries	100% low-climate-impact cooling	Explore going below 2.0 hl/hl at all high-risk breweries	100% of our markets run partnerships to support responsible consumption		
ZERO coal at our breweries		Partner to safeguard shared water resources in high-risk areas			

Foundation

RESPONSIBLE BUSINESS

Live By Our Compass · Embracing diversity & inclusion · Developing & engaging with our people · Ensuring product quality, safety & human rights standards

Sustainability Dashboard

ENVIRONMENTAL	SOCIAL	GOVERNANCE	INDICES
<p>Thermal 19.8 kWh/hl Target 19.8 (+0%)</p> <p>Electricity 10.6 kWh/hl Target 9.15 (+16%)</p> <p>Carbon Emissions 10.4 kg CO₂/hl Target 9.93 (+5%)</p> <p>Beer-in-Hand Carbon Footprint -8.3% (2019 vs. 2015) Target -15% by 2022 vs. 2015</p> <p>Total Water Usage 4.0 hl/hl Target 4.1 (-4%)</p>	<p>Drink Driving Accidents 0 Target 0 (Nil since 2019)</p> <p>#Celebrate Responsibly campaign 1,566 subsidised e-hailing rides redeemed vs 1,500 rides in 2020.</p> <p>Availability of Alcohol-Free Brew ✓ Nutrimalt in Malaysia; Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat in Singapore.</p> <p>Age Restriction 100% of our products in Malaysia carry legal purchasing age symbol.</p> <p>Responsible Consumption 100% compliance by Malaysia and Singapore operations.</p> <p>Nutrition Info 10% of our products in Malaysia and Singapore declare nutrition info.</p> <p>Lost-Time-Accidents 0 Target 0 (1,139 LTA free days on 22/2/2022)</p> <p>Traffic Accidents 11 Target 0 (15 in 2020)</p> <p>Life-Saving Rules Commitment ✓ Awareness on COVID-19 related H&S & workplace safety.</p> <p>Communities RM3.6 million • RM2 million in Food & Education aid. • RM1.6 million in Safer School donations.</p> <p>People 99.8% • employees & contractors inoculated. • 627 direct employment vs 638 in 2020.</p>	<p>2021 focus:</p> <ul style="list-style-type: none"> • Anti-bribery & corruption • Competition compliance • Trade sanctions • Data protection <p>Milestones:</p> <ul style="list-style-type: none"> • 100% completion of mandatory e-learning in every quarter of 2021. • Zero cases reported of breaches of ABC, competition, trade sanctions and data protection. 	<p>FTSE4Good</p> <p>Remained as one of 80 constituents of FTSE4Good Bursa Malaysia Index.</p> <p>MSCI ESG RATINGS AA</p> <p>Rating: Upgraded to AA from A in the August 2021 review.</p>
NATURAL	HUMAN, SOCIAL & RELATIONSHIP	FINANCIAL, MANUFACTURED, INTELLECTUAL	



Automotive Industry



UMW Holdings Berhad

Sustainability Performance (2021)

SDGs

Key Highlights

Pledge 1: 100% Carbon Neutrality by 2050



Strategic Action Plan

- Invest in nature-based solutions for CO₂ sequestration
- Environmental leadership via sustainable operational excellence

Target Milestones

- 45% CO₂ neutrality (Scope 1 and Scope 2) by 2030
- 100% CO₂ neutrality (Scope 1 and Scope 2) by 2050

Key Focus Areas

- Reforestation
- Renewable energy

Key Highlights (Selected):

- **2.40% of energy generated** from renewable sources
- **Reduced GHG emissions intensity by 21%** to 0.63 tCO₂/unit of cars sold
- **Generated 21,867 m³ of water** from water treatment plant as part of our water recycling initiatives
- **Installed 1,248 kWp and 1,251 kWp of rooftop solar panels** at KYB-UMW and Aerospace division, respectively

Pledge 2: Build a Progressive and Innovative Workforce



Strategic Action Plan

- Foster sustainable culture by supporting and funding employee well-being

Target Milestones

- 100% zero accident rate
- Scholarship programme to nurture talent
- 25% women's representation in Senior Management roles

Key Focus Areas

- Employee well-being
- Education
- Diversity and inclusivity

Key Highlights (Selected):

- Achieved **more than** the minimum requirement of **30% female directors** on the Board of Directors
- **Recorded an accident rate of 1.98**, below the targeted maximum rate of 2.53/1,000 employees
- **Zero fatalities maintained** across the Group

Sustainability Performance (2021) (cont.)

SDGs

Key Highlights

Pledge 3: Achieve Excellence in Products and Services



Strategic Action Plan

- Focus on value-generating green assets
- Accelerate innovation for product stewardship

Target Milestones

- Production of Green Energy
- Production of Green Products

Key Focus Areas

- Hydrogen value chain
- Electrification
- Green products and bioproducts
- Recycling initiatives

Key Highlights (Selected):

- Established **innovation labs to develop green solutions** for industries in the area of battery revival, bio-lubricants and membrane technology
- Signed strategic alliance **with Mitsui & Co, Ltd as well as the Malaysian Green Technology and Climate Change Centre (MGTC)** to promote the hydrogen economy
- Revised the Group **Anti-Bribery and Corruption Policy and Group Whistleblowing Policy**

Pledge 4: Create a Positive Impact and Well-being of Local Communities



Strategic Action Plan

- Foster sustainable culture by supporting and funding employee well-being

Target Milestones

- 1% of PATAMI going to community investments by 2025
- 2% of PATAMI going to community investments by 2030

Key Focus Areas

- Community
- Education

Key Highlights (Selected):

- **RM4 million** to provide laptops and SIM cards to CERDIK, an initiative by the government-linked companies (GLCs) and government-linked investment companies (GLICs) to **provide digital access to about 150,000 underprivileged students** to bridge the digital divide during school closures
- Contributed **RM2.1 million** to victims of natural disasters
- Donated **RM50,000 to the World Wide Fund for Nature's (WWF) study on the Net Zero Pathway for Malaysia by 2050**

Section 3: Policies and Incentives to Drive ESG

- In 2018-2021, the Malaysian Government had announced various national and industry policies as well as initiatives, shedding the light for everyone (rakyat, businessmen, institutions or investors, locally or internationally) about Malaysia's sustainable development.
- Indeed, a list of ESG elements has already incorporated into many Government's policies and programs. The ESG elements are expected to take place according to the targeted timeline and businesses have to comply with it mandatory for most of the policies. As such, the ESG compliance is expected to affect business performance if the business players opt to remain status quo.
- Below are the highlights of selected policies with ESG elements relating to businesses:

Environmental



National Agrofood Policy 2021-2030

Policy Thrust 4: Advance Towards Sustainable Agricultural Practices and Food Systems

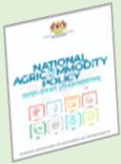
- ✓ **Strategy 1: Reduce Food Loss and Food Wastage along the Value Chains**
 - *Encourage the Use of Agrofood Waste as Inputs to Promote "Waste to Wealth" Concept*
- ✓ **Strategy 3: Promote Conservation and Preservation of Biodiversity and Natural Resources for Sustainable Agriculture**
 - *Strengthen Agrofood Planning and Good Practices to Protect the Environmentally Sensitive Areas and Important Ecosystem*

Special section: Fisheries and Aquaculture Subsector Strategies and Action Plans

- ✓ **Strategy 4: Promote Conservation and Preservation of Biodiversity and Natural Resources for Sustainable Agriculture**
 - *Increase Coverage of Marine Protected Areas (MPAs) and Inland Water Sanctuaries*
 - *Fisheries Resource Enhancement And Habitat Restoration*

SERC's viewpoints:

- Sustainable smart green and environmental food production
- Potential an invention of new materials via agrofood waste
- Crop areas and areas for fishing activities may shrink



National Agricommodity Policy 2021-2030

Palm Oil

Policy Thrust 1: Capture the leading position in sustainability

- ✓ Strategy 4: Increase environmental conservation and management efforts

Policy Thrust 2: Accelerate the shift to higher-value activities, and capture circular economy opportunities

- ✓ Strategy 12: Capture opportunities for a zero-waste circular economy

Timber

Policy Thrust 1: Capture the leading position in sustainability

- ✓ Strategy 3: Continue the Forest Plantation Development Programme
- ✓ Strategy 4: Encourage alternative sustainable sources of raw material using circular economy principle e.g., oil palm trunk (OPT), kenaf and biomass

Policy Thrust 4: Enhance certification practices and industry-led strategic partnership

- ✓ Encourage and promote greater uptake of certification (legal and sustainable) for the timber industry

Biomass

Policy Thrust 1: Encourage certification and build consumer support

- ✓ Strategy 1: Encourage the use of certified sustainable feedstock and certification of output
- ✓ Strategy 2: Build consumer support for biodiesel as a source of clean energy through fact-based communication

Biogas from Palm Oil Mill Effluent (POME)

Policy Thrust 1: Biogas capture facilities in all mills

- ✓ Strategy 1: Continue educating and encouraging mills to install biogas capture facilities

Policy Thrust 3: Tap into the potential from biogas capture

- ✓ Strategy 4: Facilitate mills to convert biogas to bio-CNG
- ✓ Strategy 5: Introduce a bio-CNG blending mandate
- ✓ Strategy 6: Develop mill cluster schemes

SERC's viewpoints:

- Adopt sustainable sources of raw material could prove the company is complying with ESG. However, input costs may increase given limited suppliers
- Obtain sustainable certification or the use of certified sustainable raw materials are able to overcome non-tariff barriers when accessing overseas market
- The use of fossil fuels in mills are expected to phase out in the future
- Additional cost for the industrial players to install the facility to capture the biogas and use in their production



National Transport Policy 2019-2030

Policy Thrust 4: Advance Towards Green Transport Ecosystem

✓ Strategy 4.3: Accelerate Implementation of Low Carbon Mobility Initiatives

Action Items:

- *Execute the implementation of Low Carbon Mobility Blueprint Action Plan*
- *Develop cleaner fuel or improved fuel standard*
- *Develop green index and incentives to encourage transport operators to go green*

✓ Strategy 4.3: Institute Measures to Control Pollution, Noise and Waste from transport sector

Action Items:

- *Develop and enforce regulations for vehicles' end of life (commercial & private vehicle)*
- *Establish guidelines for scrap waste, refurbishment and recycling services*
- *Encourage reuse and recycling of dredging material*

SERC's viewpoints:

- Smart EV and electric cars to reduce carbon emission
- Carbon tax and penalty on motor vehicles polluting air
- May impose a life span policy for aged commercial and private vehicles
- Owner of vehicles that exceed the set life span may have to pay extra fees on the renewal of road tax for owning the vehicles



Malaysia Plastics Sustainability Roadmap 2021-2030

National Target 1: Phasing out problematic and unnecessary single-use plastics (SUPs) (2023-2030)

- *Brand owners and plastics manufacturers lead this initiative through voluntary commitment to phase out and support the plan, and look into other business models to provide alternatives to consumers.*

Action Plan 2: Implementation of Extended Producer Responsibility (EPR) scheme for plastics

- **Expected Outcomes:** Voluntary EPR scheme adopted in 2021-2025; Mandatory EPR scheme adopted nationwide by 2026
 - *Producer Responsibility Organisation (PRO) represents local and international brand owners active in the Malaysian market will play the key role in advocating EPR, providing input on EPR governance framework and setting up the modulated fees*



Malaysia Plastics Sustainability Roadmap 2021-2030 (cont.)

Action Plan 3: Mandating sustainable design (Start in 2024)

- **Expected Outcomes:** 50% of plastic packaging to be recycled
 - *Industry adopts and implements based on the available guidance*

Action Plan 5: Increase demand for recycled material (2024-2030)

- *Industry players comply and start incorporating recycled materials in production according to the standard*

Action Plan 6: Setting minimum threshold of recycled content for packaging (2025-2026)

- **Expected Outcomes:** 15% recycled content in product by 2025

Action Plan 11: CE Data Network Platform (2022-2025)

- **Expected Outcomes:** Market data available and accessible
 - *Bursa Malaysia mandates reporting of plastic production/ volume put in the market and plastic sustainability efforts under its sustainability reporting criteria (for listed companies)*
 - *Companies contribute information and data*

Specific target for:

A) Construction sector

- *Mandatory waste management plan (divert plastic from landfill) for the construction sector in 2028-2029*
- *Setting minimum threshold for recycled content for construction by 2030*

B) Automotive sector

- *Setting minimum threshold for recycled content in automotive in 2027-2029*
- *Plastic's End-of-Life Vehicle Scheme for automotive by 2030*

SERC's viewpoints:

- Mandatory Extended Producer Responsibility (EPR) scheme for plastic by 2026 may affect production cost. In 2022-2025, companies have to relook into current production model and figure out how to comply with the scheme.
- Local businesses may need to form a team/unit to study the impact of sustainable design, recycled materials and the threshold of recycled content for packaging.
- Besides preparing the financial account, businesses may need to prepare the environmental report to disclose the quantity of waste produced per year and recycle rate for the company in the future.



Malaysia Roadmap Towards Zero Single Use Plastics 2018-2030

Phase 2: 2022-2025

- *Expansion scope of biodegradable and compostable products such as food packing, plastic film, cutlery, food container, cotton buds, polybags, plant pots and slow release fertilizers.*
- *Implementation of Circular Economy Roadmap (CER) for plastics including bottles and other single-use product*
- *Implementation of minimum pollution charges on plastic bags continued and extended to non-fixed premises by 2025.*
- *The Federal Government will impose a pollution levy on the manufacturers of plastic bags*
- *Introduction of legal framework on single-use plastics.*

Phase 3: 2026-2030

- *Substantial increase in the volume of production of local biodegradable and compostable alternative products for local consumption.*
- *Expansion scope of biodegradable and compostable products:*
 - Single-use medical devices (e.g. catheter);*
 - Diapers & feminine hygiene product; and*
 - Other single-use plastics that cannot enter the circular economy.*

SERC's viewpoints:

- Biodegradable packaging or bio bags are yet to achieve the economic of scale.
- Once levy is imposed on the manufacturers of plastic bags, cost of production is expected to increase in all sectors as plastic bags are commonly adopted for packaging or wrapping of products.
- During the transition period, companies may need to figure out creative way to pack the products to mitigate the rising cost.



National Construction Policy 2030

Thrust 2: Embrace Sustainable Built Environment

- ✓ **Strategy 4.2.3: To Develop Environmental-Friendly Design to Conserve and Preserve Nature**
 - *Ensure that sustainable infrastructure and universal design plan criteria are included in all construction projects to conserve and preserve the natural habitat, including flora and fauna.*

- ✓ **Strategy 4.2.4: To Promote Environmental-Friendly Construction Materials and Strengthen the Waste Management System**
 - *Review existing acts, guidelines and standards on sustainable construction and use of environmental friendly materials in the sector.*
 - *Ensure that the sector players comply with the regulations relating to solid waste. The compliance requirement should be clearly prescribed in the contract.*
 - *Improve the construction waste management mechanism*

SERC's viewpoints:

- The Environmental Impact Assessment (EIA) may be made mandatory for every construction projects, regardless the size of project.
- Possible to impose tax or ban on the use of environmental unfriendly materials.
- Potential to increase fines on the improper disposal or management of construction waste or solid waste.



National Action Plan on Forced Labour 2021-2025

Vision: Eliminate the use of forced labour in any and all forms in Malaysia by 2030

Overall objective: To reduce the forced labour incidence in Malaysia by 2025.

✓ **Strategic Goal 2: By 2025, there will be improvement of legal compliance and enforcement related to forced labour**

- **Outcome 2.1:** Relevant laws or policies revised to address forced labour and protection support for all victims of forced labour are strengthened. (Target complete in Year 2022)
 - *Amend relevant provisions of the Employment Act to introduce offence regarding forced labour, with strong punishment*
 - *Review and consider adoption of the Minimum Wage Order for Domestic workers*
- **Outcome 2.3:** Specialised Anti-Trafficking in Persons (ATIP) unit empowered at the Federal and State level in all the enforcement agencies (NAPTIP) (Target complete as per **NAPTIP**)
 - *Conduct periodic labour inspection, including unannounced inspections at the workplaces, particularly in areas where labour trafficking and child trafficking are known to occur and assess the risk of forced labour in companies' operation and supply chains, and include checking of work permit renewals. (NAPTIP)*
- **Outcome 2.4:** The Labour Inspectorate and other relevant authorities have increased capacity to enforce legislation and advice on forced labour, and on labour protection of all workers, including migrant workers (Target complete in Year 2024)
 - *Establish a database on companies that were sanctioned for forced labour offences*



National Action Plan on Forced Labour 2021-2025 (cont.)

- **Outcome 2.5:** Employers have increased capacity for compliance with forced labour legislation, and on labour protection of all workers, including migrant workers (Target to complete in Year 2023)
 - *Develop internal complaints mechanisms in companies that are transparent, accessible, zero retaliation and provides access to remedy and referral mechanism to relevant parties.*
 - *Employers develop written policy/code of practice/action plans to prevent and address forced labour, including (but not limited to) appointing human rights focal points in their HR departments.*
 - *Employers include reporting on mandatory human rights due diligence in company disclosures.*
 - *Support SMEs in developing genuine and effective grievance mechanisms that comply with international good practices and human rights standards.*
 - *Implement Malaysian Sustainable Palm Oil (MSPO) nationwide to make MSPO certification mandatory.*
- **Outcome 2.6:** Strengthen trade union capacity and inclusivity to organise workers, particularly migrant workers in trade union members, especially in high-risk sectors. (Target to complete in Year 2023)
 - *Increase penalties for employers and employment agencies prohibiting workers from joining trade unions, and strengthened enforcement of the Trade Unions and Industrial Relations Acts.*
- **Outcome 2.7:** Reporting of forced labour from the public is encouraged (Target to complete in Year 2025)
 - *Develop programme for the whistle blowers, informers and human rights defenders as means to get information on forced labour, including establishing special funds for informers whose identity remains confidential, and to verify information received from these parties.*

SERC's viewpoints:

- Potentially more frequent labour inspections in the manufacturing, plantation or agriculture sector. Company's production will be affected if it is under the investigation stage.
- Once the database is ready, public stakeholders (e.g. bankers or employees) should be able to access it.
- A company who has a record of forced labour offences may face difficulty in getting loan, recruiting new employees or bidding for Government's projects in the future.
- Forced labour clauses are incorporated in the Employment (Amendment) Act 2022.



National Agrofood Policy 2021-2030

Policy Thrust 4: Advance Towards Sustainable Agricultural Practices and Food Systems

✓ Strategy 1: Reduce Food Loss and Food Waste along the Value Chain

- *Encourage the Use of Agrofood Waste as Inputs to Promote “Waste to Wealth” Concept*
- *Intensify Collaborations between Downstream Players with Food Banks and Charity Bodies to Minimise Food Waste and Promote Zero Waste*

SERC’s viewpoints:



- Companies need to handle properly food waste or expired products.



National Agricommodity Policy 2021-2030

Palm Oil

Policy Thrust 1: Capture the leading position in sustainability

- #### **✓ Strategy 3: Encourage industry-driven responsible practices across the value chain on workers’ rights and welfare, safety standards and compliance**

Timber

Policy Thrust 5 - Increase the participation of Bumiputera in timber industry

- #### **✓ Strategy 14: Raise workers' welfare**

SERC’s viewpoints:



- Employees’ rights or safety serve as one of the key indicators in “Social” component.



Twelfth Malaysia Plan 2021-2025

Theme II: Strengthening security, wellbeing and inclusivity

✓ Strategy F6: Strengthening the Family Institution

- **Promote a work-life balance awareness and practices**

Refer to “MOHR’s Action Plan 2020-2025”

- *Encourage companies to provide amenities at workplaces to cater for personal needs and well being of both employers and employees.*
- *Support system for employees working away from family (talent-mobility).*
- *Promote employees assistance programme to support employees in balancing work, family and personal life.*

Theme II: Strengthening security, wellbeing and inclusivity

✓ Empowering Specific Target Groups

- **To achieve 59% women participation in the labour market by 2025**

Refer to “MOHR’s Action Plan 2020-2025”

- *To create an enabling environment for women in middle-management to ascend to top management*
- *To increase women in top management positions in the private sector to 30%*

SERC’s viewpoints:



Employees’ benefits may become one of the indicators in “Social” component.



National Construction Policy 2030

Thrust 6: Strengthening Good Governance and Adoption of Best Practices

✓ Strategy 4.6.4 - To Promote Best Practices in the Construction Sector

- *Adopt the Anti-bribery Management Systems (ABMS) in construction to instil transparency and professionalism across construction sector.*

SERC's viewpoints:

Good governance is one of the essential elements in delivering the best services to the community and investors, hence it must be adequately in place and well implemented. Good governance has also proven to be beneficial for the sector to become more competitive and efficient in processes.

Green Incentives In Malaysia

Green Technology incentives under MyHIJAU

As an initiative to encourage investment in green technologies, the Government provides an Investment Tax Allowance (GITA) for purchasing green technology equipment/assets and an Income Tax Exemption (GITE) for providing green technology services. This incentive applies for GTFS 1.0, 2.0 and 3.0.

For more information, [click here](#)



[MyHIJAU](#)

Green Investment Tax Allowance (GITA)

- 100% of qualifying capital expenditure incurred on green technology project from the date of first qualifying capital expenditure incurred after the application received by MIDA.
- The allowance can be offset against 70% of statutory income in the year of assessment.
- Unutilised allowances can be carried forward until they are fully absorbed.
- Applicable for companies that:
 1. Acquire qualifying green technology assets listed under MyHIJAU Directory for their own use/consumption; OR
 2. Undertake qualifying green technology projects for business or own consumption.

Green Income Tax Exemption (Green Technology Services)

- 70% on statutory income for qualifying green services. The period of incentive is for 3 years starting from the assessment year of first invoice related to green technology services issued.
- Applicable for qualifying green technology service provider companies that are listed under the MyHIJAU Directory.

Green Income Tax Exemption (GITE)

- 70% on statutory income for solar leasing activity for a period of up to 10 years of assessment based on capacity:

Capacity	Incentive period
>3MW until 10 MW*	5 years
>10MW until 30MW*	10 years

- Applicable for qualifying green technology service provider companies that are verified by SEDA and listed under the RPVI Directory

Green Bond / Sukuk Incentives

These incentives are part of Securities Commission Malaysia's ongoing efforts to encourage green financing through the SRI Sukuk and Bond Grant Scheme. These incentives are only available for GTFS 3.0.

For more information, [click here](#)



[Public Sri Sukuk](#)

Grant Scheme

- Eligible Issuers are entitled to claim 90% of actual independent expert's review cost, subject to a maximum of RM300,000 per issuance.
- Eligible Issuer can claim for the Grant based on an issue or programme. Should there be more than one issuance requiring a separate external review, the issuer is able to claim on that review cost incurred.
- Scheme period is from January 2021 until fully utilised.

Income Tax Exemption

- Tax deduction is applicable for expenditures from the issuance of all types of bonds and sukuk that achieve green, social and sustainable standards in Malaysia that are approved by the Securities Commission Malaysia, up till year of assessment 2025.
- Condition: 90% of the proceeds raised are solely used for the purpose of funding SRI projects as specified in the Guidelines by the SC.

Sustainable and Green Biz Financing (SGBF)

A financial assistance scheme to encourage and increase utilisation of green technology and energy efficiency among local industry players, focusing on energy conservation, power generation and distribution, renewal energy technologies and reduction of carbon emission.

For more information, [click here](#)



[MIDF](#)

- Eligible company (Manufacturing sector and services sector only) will be able to obtain financing with a minimum amount of RM100,000 up to RM10,000,000.
- Fixed financing rate of as low as 2% per annum on yearly rest for SMEs and 5.0% for non-SMEs.
- Items Eligible For Financing:

(i) Asset acquisition	(ii) Working capital
Property <ul style="list-style-type: none"> • Purchase of new/ ready built premise • Purchase of land and construction of premise • Remortgage - free from encumbrances • Refinance – property charges to other banks • Renovations 	<ul style="list-style-type: none"> • Accreditation / Certification / Licensing / Training • Operational Expenses (OPEX) • Any other expenses to finance short-term expenses, excluding fixed asset • Other expenses (Legal & disbursement fees related to MIDF's financing excluding stamping fee; 1st year insurance premium; and 1st year SJPP fee)
Machinery / Equipment / Commercial Motor Vehicle <ul style="list-style-type: none"> • New • Used / Reconditioned** 	
ICT hardware & software (new only) <ul style="list-style-type: none"> • Acquisition of the latest technology 	

Green Technology Financing Scheme 3.0 (GTFS 3.0)

Danajamin will provide guarantee coverage for any funding raised via the capital market (Sukuk/Bond) or loan financing from the financial institutions for any project that qualifies under the GTFS 3.0 program. Evidence of proven business model and technology will be required to ensure that viable projects are funded.

For more information, [click here](#)



[Danajamin](#)

Type of financing

- Term-loan financing facilities granted by the lending institutions
- Bond/Sukuk issuance

Financing amount

- From RM10M up to RM500M per group of company
- For < RM10M, to be viewed on a case to case basis

Financing tenure

- No cap on minimum/maximum financing tenure.

Guarantee coverage

- Up to 80% guarantee coverage or RM400M, whichever is lower
- Applicable for entire project financing cost

Application method

- Applicants or any participating financing institutions are to submit application to Danajamin
- Where applicable, Danajamin may require additional certification or impact analysis from independent parties

Low Carbon Transition Facility (LCTF)

Announced in Budget 2022, and managed by Bank Negara Malaysia (BNM)

For more information, click here



[BNM](#)

- To help SMEs adopt sustainable and low carbon practices, including increasing the use of sustainable raw materials and renewable energy and also to improve energy efficiency of buildings or machinery.

Eligibility criteria

- SMEs in all sectors

Financing size per SME

- Maximum RM10 million

Financing Rate to SMEs

- Maximum financing rate of 5% p.a., inclusive of guarantee fee (if any)

Financing tenure

- Up to 10 years

Guarantee coverage

- Guarantee schemes by Credit Guarantee Corporation Malaysia Berhad (CGC)/Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP)

Application method

- SMEs can apply for LCTF financing from participating commercial banks, Islamic banks and development financial institutions regulated by Bank Negara Malaysia
- [List of Participating Financial Institutions](#)

Section 4: Strong ESG Practices Vital for Businesses

- In recent years, business of all sizes, have been increasingly recognising the importance of incorporating ESG in their strategic decision making globally. According to the IBM Institute for Business Value (IBV) survey, **about 84% of global investors indicate that the Government should apply more pressures to enforce ESG compliance.** Companies in Asia-Pacific might face more risks arisen from ESG, especially those having trade globally in markets that are more concerned with ESG such as the US and Europe. The adoption and ESG practices cover the environmental aspects, including climate change as well as social impacts, particularly for human rights — whereby the Asia-Pacific region has significant exposure.
- **Non-ESG compliance companies** might face the **loss of investment opportunities with avoidance from foreign investors (investment funds) and sanctions imposed by the international authorities.**
- **On the home front, ESG concerns have been plaguing the Malaysian companies in recent years. Palm oil-related and gloves companies exporting to the US market were slapped with exports ban by the US Customs and Border Protection (CBP) over human rights concerns.**
- Companies that are ignoring or not embracing ESG practices might think that they can continue to operate their business “Business As Usual” could be misplaced down the road as the investors’ focus on ESG concerns would mean that these non-ESG compliance companies/industries will be impacted eventually in the global supply chains.
- Institutional investors have frequently complained that the availability and quality of firm-level ESG disclosures are insufficient to help them make informed investment decisions.
- In response to the gap between the demand for ESG information by investors and the supply of information by firms, **several countries have initiated mandatory ESG disclosure regulations to compel firms to disclose information on ESG issues in traditional financial disclosures or specialized standalone reports** (e.g. in sustainability, citizenship, or CSR reports). This does not mean that other businesses would not be affected. **SMEs are already facing increased pressures from in-scope financial institutions and companies to disclose their ESG metrics.**
- **Economies that have adopted mandatory ESG reporting:**



United States



United Kingdom



EU



Canada



New Zealand



Negative Implications without ESG



Losing Substantial Customers

PwC: 2021 Consumer Intelligence Series survey on ESG

76%



“I will discontinue my relationship with companies that treat the environment, employees, or the community in which they operate poorly”

- The COVID-19 pandemic had hit many consumers and businesses hard as well as changed their spending behavior and business conduct, making increased commitment towards sustainability even more pressing.
- Millennials (66%) and people in rapidly growing economies, including India (78%) and China (70%), are most willing to change their purchasing behavior to help reduce the negative impact on the environment.

EU New rules on corporate sustainability reporting:

Council of the EU:

- The **Corporate Sustainability Reporting Directive (CSRD)** amends the 2014 non-financial reporting directive. It introduces more detailed reporting requirements and ensures that large companies are required to report on sustainability issues such as environmental rights, social rights, human rights and governance factors.
- The CSRD also introduces a certification requirement for sustainability reporting as well as **improved accessibility** of information, by requiring its publication in a dedicated section of company management reports.
- Companies start reporting, under the CSRD, from 2024 in line with mandatory EU sustainability reporting standards and alongside an external assurance of sustainability reporting.
- **Sustainability is reshaping supply chains and markets at an unprecedented rate.** The new rule had an impact on the third-country companies as **non-European companies with substantial activity in the EU market** (net turnover of more than €150 million in the EU at consolidated level) and which have at least one subsidiary (large or listed) or branch (net turnover of more than €40 million) in the EU **is required to draft a sustainability report at the consolidated level of the ultimate third-country undertaking.**
- Therefore, Malaysian businesses who are part of the global supply chains in the EU market must comply with the new rule as failing to comply with the new rule, they will lose their substantial business partners in the EU market.



Losing Talents

- Nowadays, employees not only focus on higher pay and compensation, they **expect more on career advancement (82%), personal empowerment (77%) and social impact (71%).**

All job expectations rise: 7 in 10 expect opportunities for **social impact**



- About **34% of employees stated they have left their job in an organization** solely because it has **remained silent on a societal or political issue** that they believed it had an obligation to publicly address.



2021 Edelman Trust Barometer Special Report: The Belief-Driven Employee

61%



Choose, leave, avoid or consider employers based on their values and beliefs:

- I would never work in some industries because they are **fundamentally immoral**
- I will not work in a company if I **disagree with their stand on social issues**
- Organizations I choose to work for are one **important way I express my opinions on issues**
- I am more interested in working for an organization that **prides itself on being socially responsible** vs. its marketplace success
- I've left a job and taken another because **I like the values** of one more than the other
- I've taken a job solely because I appreciated the company's **position on controversial issues**
- I've left my job solely because the organization **remained silent on an issue** they had an obligation to address

Employees are more likely to work for an organisation that publicly supports and demonstrates a commitment to each issue (selected issues):



Healthcare access



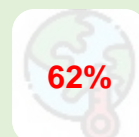
Human rights



Economic inequality



Gender equality



Climate change



Racism



Losing Substantial Foreign Investment

- **ESG standards influence most foreign investments.** Nowadays, investors are increasingly incorporating ESG elements in their investment analyses and decision-making process to gain a fuller understanding of the companies in which they are investing.
- Based on the Edelman Trust Barometer Special Report, **91% of global investors expect companies in which they invest to establish and communicate a plan for achieving net-zero emissions in the next 12 months.** As 88% of investors believe that companies have a net-zero plan deserved a premium.
- According to the IBM Institute for Business Value (IBV) survey, **more than half of all respondents concurred that climate risk influences financial risk** and that the **return on investment in environmentally sustainable companies** will be **higher** than that of other companies that do not over the next 5 years.
- **Adopting ESG is deemed necessary for SMEs to attract and retain investment** which provides greater opportunities for business growth.



Sales and Brand Image Damage

- **Global investors have been concerned about ESG issues, especially companies that have neglected employees' welfare such as mistreated workers, paid unfair wages and poor working conditions.** Both consumers and suppliers will have a negative perception of the companies and also might face imports ban by most countries, which caused declines in sales and tainted their brand image and reputation.
- On 20 Jul 2022, **Malaysia has again been given the lowest rank in the new US Trafficking in Persons (TIP) Report 2022 as it remained in Tier 3 for second consecutive year.** This has exerted significant implication on the Malaysian businesses as companies' adoption of ESG practices will be placed under closer scrutiny. The last time Malaysia in Tier 3 was in 2014.
- Several Malaysian companies were investigated and their products held up at the US ports by the US Customs and Border Protection (CBP) on allegations of **having used forced labour in their production.**
- The Malaysian businesses must not take this lightly as it will have a **material impact on access to the international markets that accorded high priority on ESG concerns, especially the US market.**



Case study: Malaysian companies

Factories and manufacturers in Malaysia have been increasingly come under close scrutiny over allegations of the abuse of foreign workers, whose form a significant share 6.4% of total workforce[^], mainly worked in the manufacturing and plantation sectors.

The manufacturers of rubber gloves and palm oil industries have faced **imports ban by the US Customs and Border Protection (CBP)** due to **labour and human rights watchdogs** for **alleged foreign worker abuse and forced labour issues**.



Palm oil

Gloves

Palm Oil Entities*

FGV Holdings Berhad and its subsidiaries and joint ventures

Sime Darby Plantation Berhad and its subsidiaries and joint ventures

Gloves Entities*

Maxter Glove Manufacturing Sdn Bhd, Maxwell Glove Manufacturing Berhad, and Supermax Glove Manufacturing

Smart Glove

Brightway Holdings Sdn Bhd, Laglove (M) Sdn Bhd, and Biopro (M) Sdn Bhd (collectively, Brightway Group)

YTY Industry Holdings Sdn Bhd (YTY Group), including YTY Industry Sdn Bhd, Green Prospect Sdn Bhd, and GP Lumut

Case study: Palm Oil Sector

In December 2018, the European Union (EU) **initially banned palm oil for use in biofuels** as they claimed that oil palm cultivation accelerated the problem of **deforestation** and **global warming**.



In a bid to phase out palm biofuel, EU member states' **maximum share of palm oil-based biodiesel** that can be calculated towards the EU renewable transport targets for national governments (and hence be eligible for subsidies) **will be capped at 2019's level and will decrease from 31 December 2023 to an eventual phasing out by 2030**.

Source: U.S. Customs and Border Protection (CBP); Various News Media

*Note: Status as of 8 June 2022; Please refer to Appendix IV for detailed information

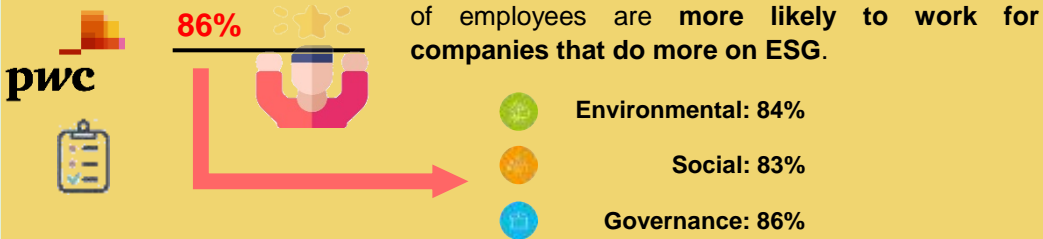
[^]Foreign workers/expats contribute to SOCSO as of June 2022 (1,014.412)

Positive Impact of ESG

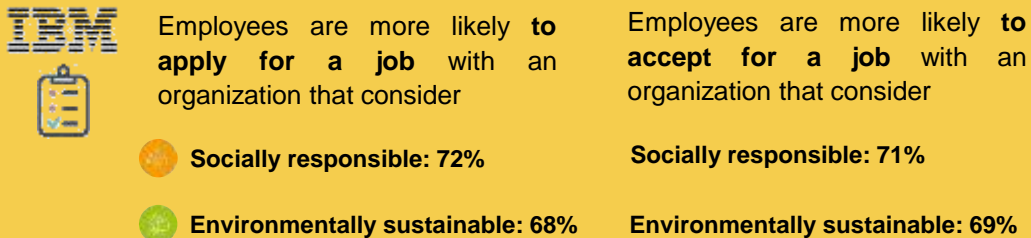


Attracting Talents

PwC: 2021 Consumer Intelligence Series survey on ESG



IBM Institute for Business Value (IBV): Sustainability at a turning point



- It seems that **more and more employees prefer prioritizing job offers from companies that are committed towards ESG.** Companies focused on sustainability, especially in social responsibility and commitment towards environmental sustainability are well-positioned to attract these purpose-driven employees.
- Companies focused on ESG are likely to have **greater success on recruitment and retention**, especially with younger generations.
- According to a survey done by IBM Institute for Business Value (IBV) in 2021, **nearly half of the respondents are more likely to be willing to accept a lower salary** to work for an organization that considers social responsibility and environmental sustainability.
- Another survey conducted in April 2022 by IBV also showed that **34% of respondents accepted a lower salary** (on average 28% lower) to **work for sustainable and socially responsible organizations** in 2021.





Attracting Customers

IBM Institute for Business Value (IBV): Sustainability at a turning point

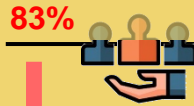


93% of global consumers say COVID-19 influenced their views on sustainability

PwC: 2021 Consumer Intelligence Series survey on ESG



83%



of consumers think companies should be actively shaping ESG best practices.



Environmental: 80%



Social: 76%



Governance: 80%

- **More than 80% of consumers are more willing to buy from companies that do more on ESG.** In recent years, consumer behavior has fundamentally changed as consumers are increasingly embracing ESG, seeking products and brands that align with their values.
- Global consumers are more **willing to choose and pay more for healthier, safer, more environmentally and socially conscious products and brands.** Businesses that adopted a sustainability mindset and embedded ESG can attract new customers as well as retain existing customers. Thus, acting early on sustainable strategies will put businesses in a better position to earn consumers' long-term loyalty and trust.
- These results collaborated with ACCCIM M-BECS, whereby 31.4% of respondents expected that green business practices (products and raw materials) can attract green awareness' customers.



Attracting Investment

IBM Institute for Business Value (IBV): Balancing sustainability and profitability



62% of personal investors say their portfolios **take environmental sustainability into account**, up from 51% in 2021



Nearly 2 in 3 personal investors see climate risk and sustainability will influence the performance of their portfolios.

The Economist Intelligence Unit (EIU)



In Asia, **about half of the respondents** weighted all three **ESG factors** as equally important in the **investment decision-making process** while 24% placed the greatest emphasis on E factors.

- Currently, **more investors have expanded their ESG knowledge base, and increasingly take sustainability considerations** in their investment decision-making process.



Higher Profitability; Reduce Operating Costs and Cost Savings

- Despite SMEs incurred short-term cost increases when adopting ESG, include investing in ESG, R&D or raising pay (such as recruitment), but those costs can be offset by the advantages they may bring about.
- When companies shift their focus away from optimizing short-term profits, profitability can be built out over the longer term. Based on the 2020 Edelman Trust Barometer Special Report: **88% of institutional investors** believe that **companies that prioritize ESG initiatives have better opportunities for long-term returns** than companies that do not.
- According to a study from the Institutional Shareholder Service, **higher ESG is associated with higher profitability and lower volatility.**
- The study indicates that **high ESG performers spend more on R&D but less on capital expenditures** as when adopting ESG measures able to save costs by using resources more efficiently, lowering overhead expenses and reducing waste. In the US, the Department of Energy estimates that a widespread use of LEDs could save the US more than US\$30 billion by 2027.
- Based on the ACCCIM M-BECS, **more than 50% of respondents in six sectors agreed that green initiatives can reduce operating costs and cost savings for the company.**

By Sector

60.5%

Construction

57.8%

Tourism-related

56.4%

Finance and insurance

54.1%

ICT

53.6%

Professional and
business services

51.0%

Manufacturing

Section 4.1: ESG Challenges for SMEs

SMEs Face Challenges in the ESG Adoption

ESG Standards: Lack of Consistency

- The **absence** of a **generally accepted international framework** for businesses to adopt ESG and other relevant considerations for long-term value creation has **prevented SMEs from adopting ESG**.
- **A multiple of ESG frameworks and standards** in the market and the **lack of consistency and comparable metrics** have been identified as pain points that **hindered companies' ability to develop ESG**, including their **contribution to SDGs**.
- SMEs are also **confused about choosing 'the most suitable' framework** for them given a multiple of frameworks and standards.
- According to the PwC Consumer Intelligence Series, **about 37% of companies cited a lack of reporting standards and regulatory complexity** as the **second largest barrier to ESG progress**.
- The **lack of in-depth understanding of the framework** also poses challenges for SMEs as they need to comply with and fulfil the relevant ESG standards and requirements.

Concern About Performance/Sacrificing Returns

- Based on the Capital Group ESG Global Study 2022, the **second-biggest adoption barrier** is concerned about over-performance/sacrificing returns (35% vs 49% in 2021). However, **in Asia-Pacific**, respondents are **most concerned about sacrificing returns when adopting ESG (49%)**.
- When encouraging SMEs to adopt ESG, a natural question will be – what is in it for them? **SMEs want to see the advantages gained and they might need to see them now** without considering the long-term horizon.
- In other words, for SMEs to adopt ESG in their business model, they **have to give up some traditional business practices** may mean losing some customers, but **going sustainable means getting new customers and will be a gradual process**.



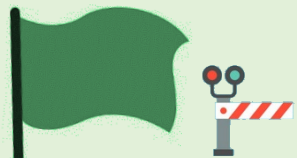
Data Reporting Challenges

- **Data remains the greatest challenge for the ESG adoption.**
- Based on the Capital Group ESG Global Study 2021, **nearly half of the Asia-Pacific respondents point to a lack of robust data (45%)** as the second biggest barrier to greater adoption of ESG.
- Problems with the **quality, consistency and accessibility of ESG data** occurred throughout the ESG development.
- Based on the ESG data and report, investors can evaluate the company's ESG performance as most investors have included ESG factors when making decision. Not only for investors, but the company can improve its ESG development through ESG data.
- Most financial institutions recognize that **current ESG data are incomplete, not comparable and of poor quality**. This is true for all categories of ESG data, environment, social and governance, and it is also true for all categories of companies even though the issue is **more acute for climate-related data and for SMEs**.



Lack of ESG Talent

- According to the Capital Group ESG Global Study 2021, **23% of Asia-Pacific respondents indicate that a lack of internal resources/expertise presents the barrier to ESG adoption.**
- To promote SMEs to adopt ESG, the most important is **whether is there enough ESG expertise or qualified staff in the markets.**
- When SMEs started to adopt ESG, they **need to hire more sustainability specialists and qualified staff** to supervise and monitor their performance.
- The **shortage of ESG talents and skills impacts SMEs to adopt ESG** as they need those talents to guide and comply with the ESG standards.
- The shortage of ESG talents will also **prevent SMEs from achieving their ESG goals.**



Cost Concerns

- According to the Capital Group ESG Global Study 2021, for Asia-Pacific, **about 21% of respondents identified cost concerns as one of their biggest barriers to ESG adoption.**
- Some SMEs **might experience a big transition when adopting ESG.** The transition **incurs recruitment, audit and changes in internal processes and systems.**
- **As the ESG takes place at all levels,** from entry-level positions to higher-order positions, SMEs **need to hire more and more talents** to comply with ESG development.
- **Every single transition incurs costs,** depending on how large is the transitions model.
- The **time spent in adopting ESG also counts as cost,** as the **need to ensure internal processes and systems** to adhere to and comply with ESG standards depends on how efficiently the SMEs are.
- Based on the ACCCIM M-BECS, **46.6% of respondents indicated the high cost incurred on investing in green practices in the initial stage** (e.g. installing new equipment). This barrier is **highly cited by large enterprises (59.4%).**
- Amongst the **top two industries voted above the average are the manufacturing sector (59.2%) and construction sector (58.6%).**
- Capital investment in machines and technological equipment that are less carbon emissions or embedded with green technology are costly given the low economies-of-scale. Many of these equipment are only available in overseas market. Businesses may request for customization to integrate with their existing production lines and equipment.



Section 5: Recommendations



Mohamad Faisal Abdul Malik (Malaysian Institute of Accountants (MIA) Council member):



*"Where to get the **framework** and where to **source for a talent** such as a consultant or a subject expert, these are the **key challenges for SMEs to adopt ESG in Malaysia.**"*



Consistent and Simplified ESG Frameworks and Standards

- The Government should **establish a specific unit/department to look after the ESG matters or appoint a Ministry to drive and lead businesses, especially SMEs towards the ESG adoption.**
- The Government should **set a common ESG framework that is in line with the UN SDGs to understand the sustainability issues and development.** Particularly, the impact of business activities on climate change - and set the required standards for a successful adoption as well as to achieve Malaysia's SDGs targets by 2030. Clear policies and guidelines will assist SMEs transition towards a low carbon and sustainable economy.
- **SME Corporation Malaysia (SME Corp. Malaysia) can take the lead** with the support of MIDA, MITI and relevant agencies together with the chambers and industry associations to assist SMEs going green with sustainability program.



ESG Talents

- Malaysia needs to **increase awareness and understanding of the ESG.**
- **SME Corp. Malaysia should consider to establish an ESG Advisory Service** for providing guidance, consultation and support to SMEs in the planning of ESG framework.
- **Public-Private schools, universities, colleges and industry must collaborate to start create a talent ESG pipeline.** Companies must start to plan (recruit), develop (train and reskill) and retain employees in ESG talent development.
- **The education curriculum and training module must incorporate ESG syllabus and programs; and to conduct ESG training courses** for employees to reskill and upskill themselves.



ESG Incentives

- The government should **review and enhance current ESG incentives schemes** so as to encourage more SMEs to adopt ESG.
- The government/agencies should **review those under-utilized incentives as to whether the thresholds of eligibility and requirements for the application of incentives are too difficult to comply with** or the incentives are not attractive for SMEs.
- **Introduce more incentives, including tax, grants and facilitation funds** to encourage SMEs adoption of ESG.
- **Promote and enhance the awareness of green incentives** by co-arrange industry de-briefing between agencies and state business chambers.
- For GTFS3.0, **reinstate 2% interest subsidy per annum for first 7 years**, at least for SMEs.
- Extend the GTFS3.0, which will end by 31 December 2022 until the fund is fully disbursed.



Recommendations for Businesses



ESG Reporting

- According to the PwC Holiday Outlook 2021, **millennials are more interested in shopping with environmentally and socially responsible brands**. Nearly **70% prefer to use social media to obtain information about a company's ESG practices** (49% for all consumer age groups).
- While SMEs adopting ESG, they need to **build an ESG implementation plan with a clear board-level accountability**. Besides that, SMEs should **report regularly on the progress, setbacks and changes in the ESG adoption plan** as more investors and consumers are concerned with the ESG information of companies they invest in.
- According to the IBM Institute for Business Value (IBV) survey, **about 85% of global investors favor mandatory ESG disclosure** and **81% of global investors claimed that companies are not disclosing enough ESG information**.
- Based on the 2021 Edelman Trust Barometer Special Report: Institutional Investors, **about 82% of global investors agree that companies frequently overstated or exaggerated their ESG progress when disclosing results**. Hence, companies should assess the adequacy and accountability of ESG disclosures.



Simple Moves to ESG

Environmental



Recycle electronics



Use green cleaning products



Using rechargeable batteries



Consider installing solar panels



Install occupancy-sensor lighting



Implement a switch-off campaign



Install only energy-efficient light bulbs



Use eco-friendly paper or go paperless



Buy remanufactured ink and toner cartridges



Subsidize or buy public transit passes for your employees

Social



Gender equality



Ensure proper documentation



Ensure worker's accommodation safety



Data protection and privacy



Workplace health and safety



Comply with the rules and regulations





SME sustainability: Getting started

Access Digital



- **Action Centre for Sustainable SMEs (ACCESS) Digital** is an online Environmental, Social and Governance (ESG) platform offering businesses with **the ability to assess their current ESG level, access to ESG related learning modules** and **share the ESG assessment results with Corporates**.
- Furnishing the Malaysian businesses with clearer localised ESG intelligence pathways for more efficient resource allocation to more sustainable business outcomes. It serves as a good starting guideline for SMEs to move towards their ESG journey.



Curated learning resources featuring both local and international contents

Learning Resources

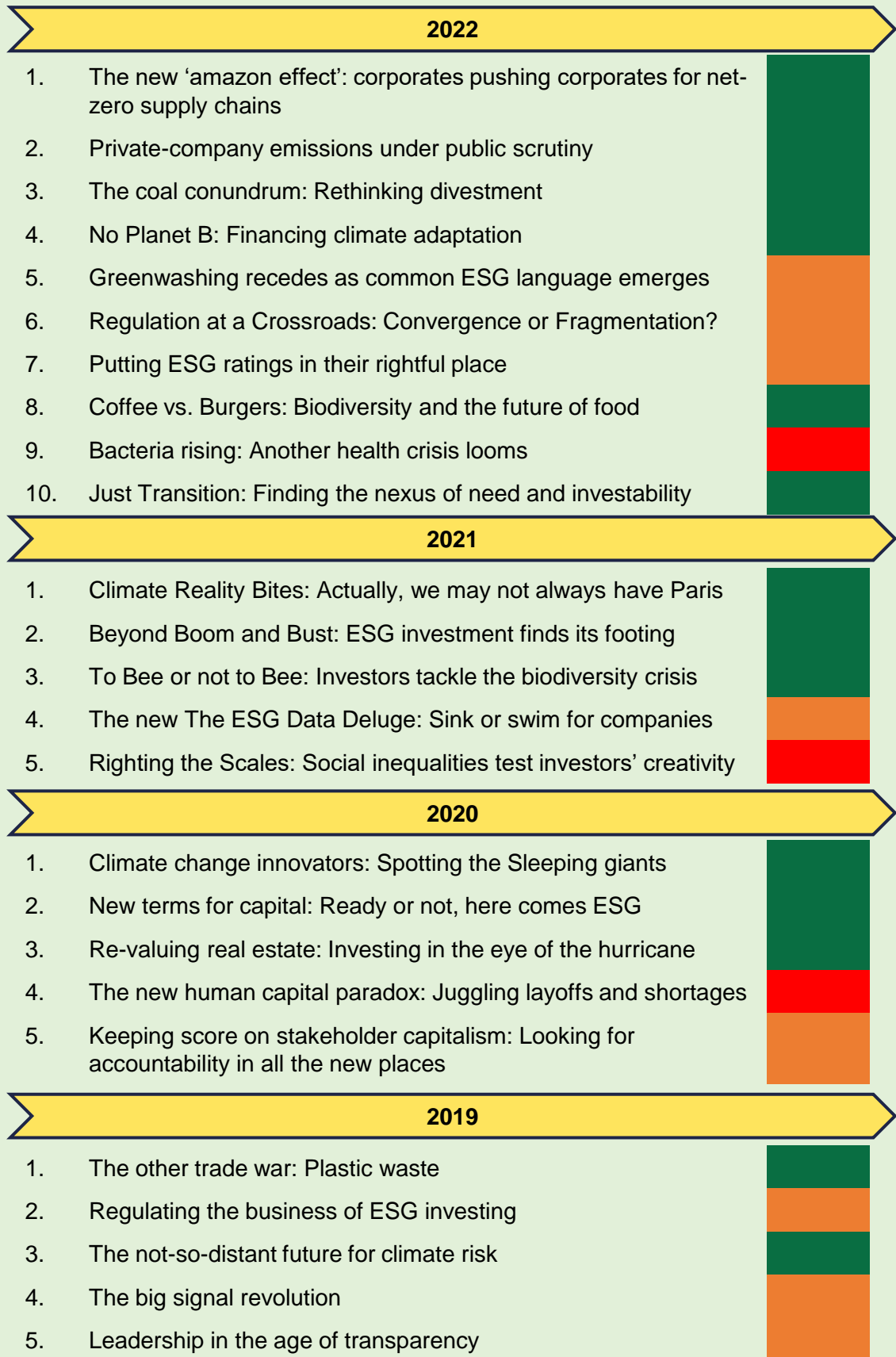
Water Enviror Ecosyst Carbor Inclusiv Wages Anti Cc Climate E-Learn

Water Consumption
Monitoring, measuring and assessing water consumption within the business operations to ensure sustainable and efficient usage of water.

Title	Source	Type	Completed
The Value Of Water For Business	UNGC	Youtube video	<input type="checkbox"/>
Water Handbook Air Selangor	Air Selangor	Handbook	<input type="checkbox"/>
Water Stewardship: Good For Business	World Resources Institute	Article	<input type="checkbox"/>

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Appendix I: ESG Trends to Watch



Source: MSCI ESG Trends to Watch

■ Environmental
 ■ Societal
 ■ Governance

Appendix II: Major ESG Standards

Standard	Scope (ESG principle or theme of analysis)
<p>Global Reporting Initiative (GRI)</p> <ul style="list-style-type: none"> The GRI provides ESG standards that address disclosures of socially material topics affecting a company's stakeholders. The standards are designed to be used by organisations on a voluntary basis to report their impacts on the economy, environment, and society. 	<p>Environmental:</p> <ul style="list-style-type: none"> Climate change Nature loss <p>Social:</p> <ul style="list-style-type: none"> Dignity and equality Health and well being Skills for the future Employment and wealth generation Community and social vitality Human rights, grievances and modern slavery <p>Governance:</p> <ul style="list-style-type: none"> Governing purpose Quality of governing body Stakeholder engagement Ethical behaviour (Anti-corruption) Risk and opportunity oversight
<p>Sustainability Accounting Standards Board (SASB)</p> <ul style="list-style-type: none"> SASB provides guidance on how organisations can align their sustainability reporting with the financial needs of investors. 	<p>Environmental:</p> <ul style="list-style-type: none"> Climate change (TCFD) Freshwater availability / water pollution <p>Social:</p> <ul style="list-style-type: none"> Discrimination and harassment incidents Freedom of association and collective bargaining risk <p>Governance:</p> <ul style="list-style-type: none"> Monetary reward for unethical behaviour

Standard	Scope (ESG principle or theme of analysis)
<p>UN Global Compact</p> <ul style="list-style-type: none"> Launched in 2000 as a special initiative of the UN Secretary-General, the UN Global Compact provides a framework for developing a more sustainable and responsible business. 	<p>Human Rights</p> <ul style="list-style-type: none"> Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: Make sure that they are not complicit in human rights abuses <p>Labour</p> <ul style="list-style-type: none"> Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: The elimination of all forms of forced and compulsory labour; Principle 5: The effective abolition of child labour; and Principle 6: The elimination of discrimination in respect of employment and occupation. <p>Environment</p> <ul style="list-style-type: none"> Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: Undertake initiatives to promote greater environmental responsibility; and Principle 9: Encourage the development and diffusion of environmentally friendly technologies. <p>Anti-Corruption</p> <ul style="list-style-type: none"> Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Standard	Scope (ESG principle or theme of analysis)
<p>Task Force on Climate-related Financial Disclosures (TCFD)</p> <ul style="list-style-type: none"> The TCFD provides 11 recommendations across four pillars: governance, strategy, risk management, and metrics & targets. Currently, the requirement is "comply or explain" for premium listed companies, voluntary for any other company, but due to become mandatory. 	<p>Environmental:</p> <ul style="list-style-type: none"> Climate change <p>Governance:</p> <ul style="list-style-type: none"> Board structure and management role in dealing with climate-related risks and opportunities
<p>Carbon Disclosure Project</p> <ul style="list-style-type: none"> The CDP supports voluntary participants to measure their risks and opportunities on climate change, deforestation, and water security. CDP is a not-for profit charity, that runs the global disclosure system. 	<p>Environmental:</p> <ul style="list-style-type: none"> Climate change Biodiversity Water security

Appendix III: Malaysia SDGs: performance by indicator (2017-2022)

2017

Indicator	Value	Rating	Indicator	Value	Rating
SDG1					
Poverty headcount ratio at \$1.90/day (% population)	1.6	●	Quality of overall infrastructure (1=extremely underdeveloped; 7=extensive and efficient by international standards)	5.5	●
Projected poverty headcount ratio at \$1.90/day in 2030 (% population)	0.9	●	Logistics performance index: Quality of trade and transport-related infrastructure (1=low to 5=high)	3.5	●
SDG2			QS University Ranking, Average score of top 3 universities (0-100)	49.1	●
Prevalence of undernourishment (% population)	5	●	Number of scientific and technical journal articles (per capita)	0.6	●
Prevalence of stunting (low height-for-age) in children under 5 years of age (%)	17.2	●	Research and development expenditure (% GDP)	1.3	●
Prevalence of wasting in children under 5 years of age (%)	na	●	SDG10		
Prevalence of obesity, BMI ≥ 30 (% adult population)	13.3	●	Gini index (0-100)	46.3	●
Cereal yield (t/ha)	3.9	●	SDG11		
Sustainable Nitrogen Management Index	0.9	●	Annual mean concentration of particulate matter of less than 2.5 microns of diameter (PM2.5) in urban areas (µg/m³)	15.1	●
SDG3			Improved water source, piped (% urban population with access)	100	●
Maternal mortality rate (per 100,000 live births)	40	●	SDG12		
Neonatal mortality rate (per 1,000 live births)	3.9	●	Municipal Solid Waste (kg/year/capita)	1.5	●
Mortality rate, under-5 (per 1,000 live births)	7	●	E-waste generated (kg/capita)	7.6	●
Incidence of tuberculosis (per 100,000 people)	89	●	Percentage of anthropogenic wastewater that receives treatment (%)	19.6	●
HIV prevalence (per 1,000)	0.1	●	Production-based SO ₂ emissions (kg/capita)	9.1	●
Age-standardised death rate due to cardiovascular disease, cancer, diabetes, and chronic respiratory disease in populations age 30–70 years, per 100,000 population	19.6	●	Net imported SO ₂ emissions (kg/capita)	1.2	●
Age-standardised death rate attributable to household air pollution and ambient air pollution, per 100,000 population	3.2	●	Reactive nitrogen production footprint (kg/capita)	26.7	●
Traffic deaths rate (per 100,000 people)	24	●	Net imported emissions of reactive nitrogen (kg/capita)	65.4	●
Healthy Life Expectancy at birth (years)	66.5	●	SDG13		
Adolescent fertility rate (births per 1,000 women ages 15-19)	13.7	●	Energy-related CO ₂ emissions per capita (tCO ₂ /capita)	8	●
Proportion of births attended by skilled health personnel	98.8	●	Imported CO ₂ emissions, technology-adjusted (tCO ₂ /capita)	-0.8	●
Percentage of surviving infants who received 2 WHO-recommended vaccines (%)	93	●	Climate Change Vulnerability Index	0.1	●
Universal Health Coverage Tracer Index (0-100)	85.1	●	SDG14		
Subjective Wellbeing (average ladder score, 0-10)	na	●	Mean area that is protected in marine sites important to biodiversity (%)	25.1	●
SDG4			Ocean Health Index - Biodiversity (0-100)	84.5	●
Net primary enrolment rate (%)	98.1	●	Ocean Health Index - Clean Waters (0-100)	54.6	●
Expected years of schooling (years)	10.1	●	Ocean Health Index - Fisheries (0-100)	62.8	●
Literacy rate of 15-24 year olds, both sexes (%)	98.4	●	Percentage of Fish Stocks overexploited or collapsed by EEZ (%)	19.2	●
SDG5			SDG15		
Estimated demand for contraception that is unmet (% women married or in union, ages 15-49)	42.2	●	Mean area that is protected in terrestrial sites important to biodiversity (%)	39.3	●
Ratio of female to male mean years of schooling of population age 25 and above	92.8	●	Mean area that is protected in freshwater sites important to biodiversity (%)	76.6	●
Ratio of female to male labor force participation rate	58.8	●	Red List Index of species survival (0-1)	0.7	●
Proportion of seats held by women in national parliaments (%)	10.4	●	Annual change in forest area (%)	19.1	●
SDG6			Imported biodiversity impacts (species lost per million people)	0.7	●
Access to improved water source (% population)	98.2	●	SDG16		
Access to improved sanitation facilities (% population)	96	●	Homicides (per 100,000 people)	1.9	●
Freshwater withdrawal as % total renewable water resources	1.9	●	Prison population (per 100,000 people)	132	●
Imported groundwater depletion (m ³ /year/capita)	13.5	●	Proportion of the population who feel safe walking alone at night in the city or area where they live (%)	na	●
SDG7			Government Efficiency (1-7)	5	●
Access to electricity (% population)	100	●	Property Rights (1-7)	5.3	●
Access to non-solid fuels (% population)	100	●	Proportion of children under 5 years of age whose births have been registered with a civil authority, by age (%)	na	●
CO ₂ emissions from fuel combustion / electricity output (MtCO ₂ /TWh)	1.6	●	Corruption Perception Index (0-100)	49	●
SDG8			Slavery score (0-100)	80	●
Adjusted GDP Growth (%)	-4.8	●	Transfers of major conventional weapons (exports) (constant 1990 US\$ million per 100,000 people)	0	●
Percentage of children 5–14 years old involved in child labor	na	●	SDG17		
Adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider (%)	84.1	●	Government Health and Education spending (% GDP)	10.3	●
Unemployment rate (% total labor force)	3.3	●	For high-income and all OECD DAC countries: International concessional public finance, including official development assistance (% GNI)	na	●
SDG9			For all other countries: Tax revenue (% GDP)	14.8	●
Proportion of the population using the internet (%)	71.1	●	Tax Haven Score (best 0-5 worst)	0	●
Mobile broadband subscriptions (per 100 inhabitants)	89.9	●			

Source: Sustainable Development Report

Appendix III: Malaysia SDGs: performance by indicator (2017-2022)

2018

SDG – End Poverty	Value	Rating	Trend	Value	Rating	Trend
Poverty headcount ratio at \$1.90/day (% population)	1.4	●	↑	Logistics performance index: Quality of trade and transport-related infrastructure (1=low to 5=high)	3.4	● ●
Projected poverty headcount ratio at \$1.90/day in 2030 (% population)	0.7	●	●	The Times Higher Education Universities Ranking, Average score of top 3 universities (0-100)	33.3	● ●
SDG2 – Zero Hunger				Number of scientific and technical journal articles (per 1,000 population)	0.7	● ●
Prevalence of undernourishment (% population)	2.5	●	●	Research and development expenditure (% GDP)	1.3	● ●
Prevalence of stunting (low height-for-age) in children under 5 years of age (%)	17.2	●	↓	SDG10 – Reduced Inequalities		
Prevalence of wasting in children under 5 years of age (%)	NA	●	→	Gini Coefficient adjusted for top income (1-100)	47.9	● ●
Prevalence of obesity, BMI ≥ 30 (% adult population)	15.6	●	↓	SDG11 – Sustainable Cities and Communities		
Cereal yield (t/ha)	3.2	●	→	Annual mean concentration of particulate matter of less than 2.5 microns of diameter (PM2.5) in urban areas (µg/m³)	15.6	● ↓
Sustainable Nitrogen Management Index	0.9	●	●	Improved water source, piped (% urban population with access)	98.5	● →
SDG3 – Good Health and Well-Being				Satisfaction with public transport (%)	67.0	● ↓
Maternal mortality rate (per 100,000 live births)	40.0	●	→	SDG12 – Responsible Consumption and Production		
Neonatal mortality rate (per 1,000 live births)	4.4	●	→	Municipal Solid Waste (kg/day/capita)	1.5	● ●
Mortality rate, under-5 (per 1,000 live births)	8.3	●	→	E-waste generated (kg/capita)	7.6	● ●
Incidence of tuberculosis (per 100,000 population)	92.0	●	↓	Anthropogenic wastewater that receives treatment (%)	19.6	● ●
HIV prevalence (per 1,000)	0.1	●	→	Production-based SO ₂ emissions (kg/capita)	9.1	● ●
Age-standardised death rate due to cardiovascular disease, cancer, diabetes, and chronic respiratory disease in populations age 30–70 years (per 100,000 population)	17.1	●	↑	Net imported SO ₂ emissions (kg/capita)	1.2	● ●
Age-standardised death rate attributable to household air pollution and ambient air pollution (per 100,000 population)	33.4	●	●	Reactive nitrogen production footprint (kg/capita)	26.7	● ●
Traffic deaths rate (per 100,000 population)	22.3	●	→	Net imported emissions of reactive nitrogen (kg/capita)	65.4	● ●
Healthy Life Expectancy at birth (years)	75.0	●	→	SDG13 – Climate Action		
Adolescent fertility rate (births per 1,000 women ages 15-19)	13.4	●	→	Energy-related CO ₂ emissions per capita (tCO ₂ /capita)	8.0	● ↓
Births attended by skilled health personnel (%)	99.0	●	●	Imported CO ₂ emissions, technology-adjusted (tCO ₂ /capita)	-0.8	● ●
Surviving infants who received 2 WHO-recommended vaccines (%)	96.0	●	→	Climate Change Vulnerability Index	0.1	● ●
Universal Health Coverage Tracer Index (0-100)	65.0	●	→	CO ₂ emissions embodied in fossil fuel exports (kg/capita)	3678.8	● ●
Subjective Wellbeing (average ladder score, 0-10)	6.3	●	↑	SDG14 – Life Below Water		
SDG4 – Quality Education				Mean area that is protected in marine sites important to biodiversity (%)	25.1	● ●
Net primary enrolment rate (%)	98.9	●	↑	Ocean Health Index-Biodiversity (0-100)	84.4	● →
Mean years of schooling	10.1	●	→	Ocean Health Index-Clean Waters (0-100)	54.5	● →
Literacy rate of 15-24 year olds, both sexes (%)	98.4	●	●	Ocean Health Index-Fisheries (0-100)	61.4	● ↑
SDG5 – Gender Equality				Fish Stocks overexploited or collapsed by EEZ (%)	23.5	● ●
Unmet demand for contraception, estimated (% women married or in union, ages 15-49)	25.1	●	→	Fish caught by trawling (%)	47.4	● →
Female to male mean years of schooling of population age 25 + (%)	92.6	●	●	SDG15 – Life on Land		
Female to male labour force participation rate (%)	65.7	●	↑	Mean area that is protected in terrestrial sites important to biodiversity (%)	39.3	● →
Seats held by women in national parliaments (%)	10.4	●	→	Mean area that is protected in freshwater sites important to biodiversity (%)	76.6	● →
SDG6 – Clean Water and Sanitation				Red List Index of species survival (0-1)	0.7	● ↓
High-income countries: population using safely managed water services (%)	NA	●	●	Annual change in forest area (%)	23.1	● ↓
Other countries: population using at least basic drinking water services (%)	NA	●	●	Imported biodiversity threats (threats per million population)	4.8	● ●
High-income countries: population using safely managed sanitation services (%)	NA	●	●	SDG16 – Peace, Justice and Strong Institutions		
Other countries: population using at least basic sanitation services (%)	NA	●	●	Homicides (per 100,000 population)	1.9	● ●
Freshwater withdrawal as % total renewable water resources	3.4	●	●	Prison population (per 100,000 population)	160.5	● ●
Imported groundwater depletion (m³/year/capita)	13.5	●	●	Population who feel safe walking alone at night in the city or area where they live (%)	44.0	● ↓
SDG7 – Affordable and Clean Energy				Government Efficiency (1-7)	4.9	● ↑
Access to electricity (% population)	100.0	●	→	Property Rights (1-7)	5.3	● →
Access to clean fuels & technology for cooking (% population)	100.0	●	→	Children under 5 years of age whose births have been registered with a civil authority (%)	NA	● ●
CO ₂ emissions from fuel combustion / electricity output (MtCO ₂ /TWh)	1.6	●	↑	Corruption Perception Index (0-100)	47.0	● →
SDG8 – Decent Work and Economic Growth				Children 5–14 years old involved in child labour (%)	NA	● ●
Adjusted GDP Growth (%)	0.7	●	●	Transfers of major conventional weapons (exports) (constant 1990 US\$ million per 100,000 population)	0.0	● ●
Slavery score (0-100)	80.0	●	●	SDG17 – Partnerships for the Goals		
Adults (15 years +) with an account at a bank or other financial institution or with a mobile-money-service provider (%)	85.3	●	↑	Government Health and Education spending (% GDP)	9.4	● →
Unemployment rate (% total labour force)	3.4	●	→	High-income and all OECD DAC countries: International concessional public finance, including official development assistance (% GNI)	NA	● ●
SDG9 – Industry, Innovation and Infrastructure				Other countries: Tax revenue (% GDP)	13.8	● →
Proportion of the population using the internet (%)	78.8	●	↑	Tax Haven Score (best 0-5 worst)	0.0	● ●
Mobile broadband subscriptions (per 100 inhabitants)	91.5	●	↑			
Quality of overall infrastructure (1= extremely underdeveloped; 7= extensive and efficient by international standards)	5.3	●	→			

Source: Sustainable Development Report

Appendix III: Malaysia SDGs: performance by indicator (2017-2022)

2019

SDG	Value	Rating	Trend	SDG	Value	Rating	Trend
SDG1 – End Poverty				SDG9 – Industry, Innovation and Infrastructure			
Poverty headcount ratio at \$1.90/day (% population)	0.0	●	↑	Population using the internet (%)	80.1	●	↑
Poverty headcount ratio at \$3.20/day (% population)	0.0	●	↑	Mobile broadband subscriptions (per 100 inhabitants)	111.5	●	↑
SDG2 – Zero Hunger				Logistics performance index: Quality of trade and transport-related infrastructure (1=low to 5=high)	3.1	●	↑
Prevalence of undernourishment (% population)	2.9	●	↑	The Times Higher Education Universities Ranking, Average score of top 3 universities (0-100)	36.7	●	●
Prevalence of stunting (low height-for-age) in children under 5 years of age (%)	20.7	●	→	Number of scientific and technical journal articles (per 1,000 population)	0.7	●	↑
Prevalence of wasting in children under 5 years of age (%)	11.5	●	↓	Research and development expenditure (% GDP)	13	●	↑
Prevalence of obesity, BMI ≥ 30 (% adult population)	15.6	●	↓	SDG10 – Reduced Inequalities			
Cereal yield (t/ha)	3.2	●	↑	Gini Coefficient adjusted for top income (1-100)	47.9	●	●
Sustainable Nitrogen Management Index	0.9	●	●	SDG11 – Sustainable Cities and Communities			
Human Trophic Level (best 2-3 worst)	2.4	●	→	Annual mean concentration of particulate matter of less than 2.5 microns of diameter (PM2.5) in urban areas (µg/m³)	16.0	●	→
SDG3 – Good Health and Well-Being				Improved water source, piped (% urban population with access)	98.5	●	↑
Maternal mortality rate (per 100,000 live births)	40	●	↑	Satisfaction with public transport (%)	58.9	●	↓
Neonatal mortality rate (per 1,000 live births)	4.3	●	↑	SDG12 – Responsible Consumption and Production			
Mortality rate, under-5 (per 1,000 live births)	7.9	●	↑	Municipal Solid Waste (kg/day/capita)	1.5	●	●
Incidence of tuberculosis (per 100,000 population)	93.0	●	→	E-waste generated (kg/capita)	8.8	●	●
New HIV infections (per 1,000)	0.3	●	→	Production-based SO ₂ emissions (kg/capita)	9.1	●	●
Age-standardised death rate due to cardiovascular disease, cancer, diabetes, and chronic respiratory disease in populations age 30-70 years (per 100,000 population)	17.2	●	→	Imported SO ₂ emissions (kg/capita)	1.2	●	●
Age-standardised death rate attributable to household air pollution and ambient air pollution (per 100,000 population)	47	●	●	Nitrogen production footprint (kg/capita)	26.7	●	●
Traffic deaths rate (per 100,000 population)	22.3	●	→	Net imported emissions of reactive nitrogen (kg/capita)	65.4	●	●
Life Expectancy at birth (years)	75.3	●	→	SDG13 – Climate Action			
Adolescent fertility rate (births per 1,000 women ages 15-19)	13.4	●	↑	Energy-related CO ₂ emissions per capita (tCO ₂ /capita)	8.0	●	↓
Births attended by skilled health personnel (%)	99.4	●	↑	Imported CO ₂ emissions, technology-adjusted (tCO ₂ /capita)	-0.8	●	●
Percentage of surviving infants who received 2 WHO-recommended vaccines (%)	93	●	↑	People affected by climate-related disasters (per 100,000 population)	1,182.1	●	●
Universal Health Coverage Tracer Index (0-100)	72.9	●	→	CO ₂ emissions embodied in fossil fuel exports (kg/capita)	3,906.0	●	●
Subjective Wellbeing (average ladder score, 0-10)	5.3	●	↓	SDG14 – Life Below Water			
SDG4 – Quality Education				Mean area that is protected in marine sites important to biodiversity (%)	25.1	●	→
Net primary enrolment rate (%)	98.6	●	↑	Ocean Health Index Goal-Clean Waters (0-100)	64.2	●	↑
Lower secondary completion rate (%)	84.8	●	→	Percentage of Fish Stocks overexploited or collapsed by EEZ (%)	23.5	●	↑
Literacy rate of 15-24 year olds, both sexes (%)	97.6	●	●	Fish caught by trawling (%)	47.4	●	→
SDG5 – Gender Equality				SDG15 – Life on Land			
Demand for family planning satisfied by modern methods (% women married or in unions aged 15-49)	54.5	●	→	Mean area that is protected in terrestrial sites important to biodiversity (%)	39.5	●	→
Female to male mean years of schooling, population age 25 + (%)	97.1	●	↑	Mean area that is protected in freshwater sites important to biodiversity (%)	76.6	●	↑
Female to male labour force participation rate (%)	65.8	●	↑	Red List Index of species survival (0-1)	0.7	●	↓
Seats held by women in national parliaments (%)	13.9	●	→	Permanent Deforestation (5 year average annual %)	2.0	●	●
SDG6 – Clean Water and Sanitation				Imported biodiversity threats (per million population)	4.8	●	●
Population using at least basic drinking water services (%)	96.4	●	→	SDG16 – Peace, Justice and Strong Institutions			
Population using at least basic sanitation services (%)	99.6	●	↑	Homicides (per 100,000 population)	2.1	●	●
Freshwater withdrawal as % total renewable water resources	3.4	●	●	Unsentenced detainees (%)	0.2	●	●
Imported groundwater depletion (m³/year/capita)	13.5	●	●	Population who feel safe walking alone at night in the city or area where they live (%)	56.4	●	↑
Anthropogenic wastewater that receives treatment (%)	19.6	●	●	Property Rights (1-7)	5.3	●	●
SDG7 – Affordable and Clean Energy				Birth registrations with civil authority, children under 5 years of age (%)	NA	●	●
Access to electricity (% population)	100.0	●	↑	Corruption Perception Index (0-100)	47	●	↓
Access to clean fuels & technology for cooking (% population)	96.3	●	↑	Children 5-14 years old involved in child labour (%)	NA	●	●
CO ₂ emissions from fuel combustion / electricity output (MtCO ₂ /TWh)	1.6	●	→	Transfers of major conventional weapons (exports) (constant 1990 US\$ million per 100,000 population)	0.0	●	●
SDG8 – Decent Work and Economic Growth				Freedom of Press Index (best 0-100 worst)	47.4	●	↓
Adjusted Growth (%)	0.9	●	●	SDG17 – Partnerships for the Goals			
Prevalence of Modern Slavery (victims per 1,000 population)	6.9	●	●	Government Health and Education spending (% GDP)	7.1	●	→
Adults (15 years+) with an account at a bank or other financial institution or with a mobile-money-service provider (%)	85.3	●	↑	High-income and all OECD DAC countries: International concessional public finance, including official development assistance (% GNI)	NA	●	●
Unemployment rate (% total labor force)	3.3	●	↑	Other countries: Government Revenue excluding Grants (% GDP)	17.3	●	↓
Fatal work-related accidents embodied in imports (deaths per 100,000)	1.1	●	●	Tax Haven Score (best 0-5 worst)	0	●	●

Source: Sustainable Development Report

Appendix III: Malaysia SDGs: performance by indicator (2017-2022)

2020

Indicator	Value	Year	Rating	Trend	Indicator	Value	Year	Rating	Trend
SDG1 – No Poverty					SDG9 – Industry, Innovation and Infrastructure				
Poverty headcount ratio at \$1.90/day (%)	0.0	2020	●	↑	Population using the internet (%)	81.2	2018	●	↑
Poverty headcount ratio at \$3.20/day (%)	0.0	2020	●	↑	Mobile broadband subscriptions (per 100 population)	116.7	2018	●	↑
SDG2 – Zero Hunger					SDG10 – Reduced Inequalities				
Prevalence of undernourishment (%)	2.5	2017	●	↑	Logistics Performance Index: Quality of trade and transport-related infrastructure (worst 1–5 best)	3.1	2018	●	↑
Prevalence of stunting in children under 5 years of age (%)	20.7	2016	●	→	The Times Higher Education Universities Ranking: Average score of top 3 universities (worst 0–100 best)	38.1	2020	●	●
Prevalence of wasting in children under 5 years of age (%)	11.5	2016	●	↓	Scientific and technical journal articles (per 1,000 population)	0.8	2018	●	↑
Prevalence of obesity, BMI ≥ 30 (% of adult population)	15.6	2016	●	↓	Expenditure on research and development (% of GDP)	1.4	2016	●	↑
Human Trophic Level (best 2–3 worst)	2.4	2017	●	→	SDG11 – Sustainable Cities and Communities				
Cereal yield (tonnes per hectare of harvested land)	4.3	2017	●	↑	Annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM2.5) (µg/m ³)	16.0	2017	●	↗
Sustainable Nitrogen Management Index (best 0–1.41 worst)	0.5	2015	●	↑	Access to improved water source, piped (% of urban population)	98.9	2017	●	↑
SDG3 – Good Health and Well-Being					SDG12 – Responsible Consumption and Production				
Maternal mortality rate (per 100,000 live births)	29	2017	●	↑	Municipal solid waste (kg/capita/day)	1.5	2014	●	●
Neonatal mortality rate (per 1,000 live births)	4.3	2018	●	↑	Electronic waste (kg/capita)	8.8	2016	●	●
Mortality rate, under-5 (per 1,000 live births)	7.8	2018	●	↑	Production-based SO ₂ emissions (kg/capita)	37.5	2012	●	●
Incidence of tuberculosis (per 100,000 population)	92.0	2018	●	→	SO ₂ emissions embodied in imports (kg/capita)	5.1	2012	●	●
New HIV infections (per 1,000 uninfected population)	0.2	2018	●	↑	Production-based nitrogen emissions (kg/capita)	28.1	2010	●	●
Age-standardized death rate due to cardiovascular disease, cancer, diabetes, or chronic respiratory disease in adults aged 30–70 years (%)	17.2	2016	●	↑	Nitrogen emissions embodied in imports (kg/capita)	5.9	2010	●	●
Age-standardized death rate attributable to household air pollution and ambient air pollution (per 100,000 population)	47	2016	●	●	SDG13 – Climate Action				
Traffic deaths (per 100,000 population)	23.6	2016	●	→	Energy-related CO ₂ emissions (tCO ₂ /capita)	7.7	2017	●	→
Life expectancy at birth (years)	75.3	2016	●	↗	CO ₂ emissions embodied in imports (tCO ₂ /capita)	0.8	2015	●	↗
Adolescent fertility rate (births per 1,000 adolescent females aged 15 to 19)	13.4	2017	●	↑	CO ₂ emissions embodied in fossil fuel exports (kg/capita)	2200.7	2018	●	●
Births attended by skilled health personnel (%)	99.4	2015	●	↑	SDG14 – Life Below Water				
Percentage of surviving infants who received 2 WHO-recommended vaccines (%)	96	2018	●	↑	Mean area that is protected in marine sites important to biodiversity (%)	28.5	2018	●	→
Universal health coverage (UHC) index of service coverage (worst 0–100 best)	73.0	2017	●	↑	Ocean Health Index: Clean Waters score (worst 0–100 best)	57.4	2019	●	↓
Subjective well-being (average ladder score, worst 0–10 best)	5.4	2019	●	↓	Fish caught from overexploited or collapsed stocks (% of total catch)	23.2	2014	●	↑
SDG4 – Quality Education					SDG15 – Life on Land				
Net primary enrollment rate (%)	99.6	2017	●	↑	Mean area that is protected in terrestrial sites important to biodiversity (%)	39.5	2018	●	→
Lower secondary completion rate (%)	81.8	2018	●	↓	Mean area that is protected in freshwater sites important to biodiversity (%)	68.0	2018	●	↑
Literacy rate (% of population aged 15 to 24)	96.9	2018	●	●	Red List Index of species survival (worst 0–1 best)	0.7	2019	●	↓
SDG5 – Gender Equality					SDG16 – Peace, Justice and Strong Institutions				
Demand for family planning satisfied by modern methods (% of females aged 15 to 49 who are married or in unions)	54.5	2017	●	↗	Homicides (per 100,000 population)	2.1	2013	●	●
Ratio of female-to-male mean years of education received (%)	97.1	2018	●	↑	Unsentenced detainees (% of prison population)	31.9	2018	●	↓
Ratio of female-to-male labor force participation rate (%)	65.9	2019	●	↗	Percentage of population who feel safe walking alone at night in the city or area where they live (%)	61.0	2019	●	↑
Seats held by women in national parliament (%)	14.4	2020	●	→	Property Rights (worst 1–7 best)	5.5	2019	●	●
SDG6 – Clean Water and Sanitation					SDG17 – Partnerships for the Goals				
Population using at least basic drinking water services (%)	96.7	2017	●	→	Government spending on health and education (% of GDP)	6.7	2016	●	↓
Population using at least basic sanitation services (%)	99.6	2017	●	↑	For high-income and all OECD DAC countries: International concessional public finance, including official development assistance (% of GNI)	NA	NA	●	●
Freshwater withdrawal (% of available freshwater resources)	5.7	2005	●	●	Other countries: Government revenue excluding grants (% of GDP)	16.1	2018	●	↓
Anthropogenic wastewater that receives treatment (%)	12.4	2018	●	●	Corporate Tax Haven Score (best 0–100 worst)	0.0	2019	●	●
Scarce water consumption embodied in imports (m ³ /capita)	18.7	2013	●	↑					
SDG7 – Affordable and Clean Energy									
Population with access to electricity (%)	100.0	2017	●	↑					
Population with access to clean fuels and technology for cooking (%)	96.3	2016	●	↑					
CO ₂ emissions from fuel combustion for electricity and heating per total electricity output (MtCO ₂ /TWh)	1.4	2017	●	↑					
SDG8 – Decent Work and Economic Growth									
Adjusted GDP growth (%)	0.9	2018	●	●					
Victims of modern slavery (per 1,000 population)	6.9	2018	●	●					
Adults with an account at a bank or other financial institution or with a mobile-money-service provider (% of population aged 15 or over)	85.3	2017	●	↑					
Unemployment rate (% of total labor force)	3.3	2019	●	↑					
Fatal work-related accidents embodied in imports (per 100,000 population)	1.0	2010	●	↑					

Source: Sustainable Development Report

Appendix III: Malaysia SDGs: performance by indicator (2017-2022)

2021

SDG	Indicator	Value	Year	Rating	Trend
SDG1 – No Poverty					
	Poverty headcount ratio at \$1.90/day (%)	0.0	2021	●	↑
	Poverty headcount ratio at \$3.20/day (%)	0.0	2021	●	↑
SDG2 – Zero Hunger					
	Prevalence of undernourishment (%)	3.0	2018	●	↑
	Prevalence of stunting in children under 5 years of age (%)	20.7	2016	●	→
	Prevalence of wasting in children under 5 years of age (%)	11.5	2016	●	→
	Prevalence of obesity, BMI ≥ 30 (% of adult population)	15.6	2016	●	↓
	Human Trophic Level (best 2–3 worst)	2.4	2017	●	→
	Cereal yield (tonnes per hectare of harvested land)	4.1	2018	●	↑
	Sustainable Nitrogen Management Index (best 0–1.41 worst)	0.5	2015	●	↑
	Exports of hazardous pesticides (tonnes per million population)	665.7	2018	●	●
SDG3 – Good Health and Well-Being					
	Maternal mortality rate (per 100,000 live births)	29	2017	●	↑
	Neonatal mortality rate (per 1,000 live births)	4.6	2019	●	↑
	Mortality rate, under-5 (per 1,000 live births)	8.6	2019	●	↑
	Incidence of tuberculosis (per 100,000 population)	92.0	2019	●	→
	New HIV infections (per 1,000 uninfected population)	0.2	2019	●	↑
	Age-standardized death rate due to cardiovascular disease, cancer, diabetes, or chronic respiratory disease in adults aged 30–70 years (%)	17.2	2016	●	↑
	Age-standardized death rate attributable to household air pollution and ambient air pollution (per 100,000 population)	47	2016	●	●
	Traffic deaths (per 100,000 population)	22.5	2019	●	→
	Life expectancy at birth (years)	74.7	2019	●	↓
	Adolescent fertility rate (births per 1,000 females aged 15 to 19)	13.5	2018	●	↑
	Births attended by skilled health personnel (%)	99.4	2015	●	●
	Surviving infants who received 2 WHO-recommended vaccines (%)	97	2019	●	↑
	Universal health coverage (UHC) index of service coverage (worst 0–100 best)	73	2017	●	↑
	Subjective well-being (average ladder score, worst 0–10 best)	5.4	2019	●	↓
SDG4 – Quality Education					
	Net primary enrollment rate (%)	99.6	2017	●	●
	Lower secondary completion rate (%)	84.9	2019	●	→
	Literacy rate (% of population aged 15 to 24)	96.9	2018	●	●
SDG5 – Gender Equality					
	Demand for family planning satisfied by modern methods (% of females aged 15 to 49)	56.1	2020	●	→
	Ratio of female-to-male mean years of education received (%)	98.1	2019	●	↑
	Ratio of female-to-male labor force participation rate (%)	66.3	2019	●	↑
	Seats held by women in national parliament (%)	14.9	2020	●	→
SDG6 – Clean Water and Sanitation					
	Population using at least basic drinking water services (%)	96.7	2017	●	→
	Population using at least basic sanitation services (%)	99.6	2017	●	↑
	Freshwater withdrawal (% of available freshwater resources)	3.4	2017	●	●
	Anthropogenic wastewater that receives treatment (%)	12.4	2018	●	●
	Scarce water consumption embodied in imports (m ³ /capita)	18.7	2013	●	↑
SDG7 – Affordable and Clean Energy					
	Population with access to electricity (%)	100.0	2018	●	↑
	Population with access to clean fuels and technology for cooking (%)	96.3	2016	●	↑
	CO ₂ emissions from fuel combustion for electricity and heating per total electricity output (MtCO ₂ /TWh)	1.4	2018	●	↑
SDG8 – Decent Work and Economic Growth					
	Adjusted GDP growth (%)	-0.2	2019	●	●
	Victims of modern slavery (per 1,000 population)	6.9	2018	●	●
	Adults with an account at a bank or other financial institution or with a mobile-money-service provider (% of population aged 15 or over)	85.3	2017	●	↑
	Unemployment rate (% of total labor force)	4.6	2020	●	↑
	Fundamental labor rights are effectively guaranteed (worst 0–1 best)	0.6	2020	●	↑
	Fatal work-related accidents embodied in imports (per 100,000 population)	0.9	2015	●	↑
SDG9 – Industry, Innovation and Infrastructure					
	Population using the internet (%)	84.2	2019	●	↑
	Mobile broadband subscriptions (per 100 population)	126.5	2019	●	↑
	Logistics Performance Index: Quality of trade and transport-related infrastructure (worst 1–5 best)	3.1	2018	●	↑
	The Times Higher Education Universities Ranking: Average score of top 3 universities (worst 0–100 best)	39.4	2021	●	●
	Scientific and technical journal articles (per 1,000 population)	0.8	2018	●	↑
	Expenditure on research and development (% of GDP)	1.4	2016	●	●
SDG10 – Reduced Inequalities					
	Gini coefficient adjusted for top income	43.0	2015	●	●
	Palma ratio	2.0	2018	●	●
SDG11 – Sustainable Cities and Communities					
	Proportion of urban population living in slums (%)	NA	NA	●	●
	Annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM _{2.5}) (µg/m ³)	14.8	2019	●	↑
	Access to improved water source, piped (% of urban population)	98.9	2017	●	↑
	Satisfaction with public transport (%)	61	2019	●	↓
SDG12 – Responsible Consumption and Production					
	Municipal solid waste (kg/capita/day)	1.5	2014	●	●
	Electronic waste (kg/capita)	11.1	2019	●	●
	Production-based SO ₂ emissions (kg/capita)	37.5	2012	●	●
	SO ₂ emissions embodied in imports (kg/capita)	5.1	2012	●	●
	Production-based nitrogen emissions (kg/capita)	28.1	2010	●	●
	Nitrogen emissions embodied in imports (kg/capita)	5.9	2010	●	●
SDG13 – Climate Action					
	CO ₂ emissions from fossil fuel combustion and cement production (tCO ₂ /capita)	7.8	2019	●	→
	CO ₂ emissions embodied in imports (tCO ₂ /capita)	0.8	2015	●	↑
	CO ₂ emissions embodied in fossil fuel exports (kg/capita)	2,186.7	2019	●	●
SDG14 – Life Below Water					
	Mean area that is protected in marine sites important to biodiversity (%)	13.7	2019	●	→
	Ocean Health Index: Clean Waters score (worst 0–100 best)	57.7	2020	●	↓
	Fish caught from overexploited or collapsed stocks (% of total catch)	23.2	2014	●	↑
	Fish caught by trawling or dredging (%)	28.6	2016	●	↓
	Fish caught that are then discarded (%)	0.7	2016	●	●
	Marine biodiversity threats embodied in imports (per million population)	0.2	2018	●	●
SDG15 – Life on Land					
	Mean area that is protected in terrestrial sites important to biodiversity (%)	28.5	2019	●	→
	Mean area that is protected in freshwater sites important to biodiversity (%)	50.0	2019	●	→
	Red List Index of species survival (worst 0–1 best)	0.8	2020	●	↓
	Permanent deforestation (% of forest area, 5-year average)	1.8	2018	●	●
	Terrestrial and freshwater biodiversity threats embodied in imports (per million population)	2.1	2018	●	●
SDG16 – Peace, Justice and Strong Institutions					
	Homicides (per 100,000 population)	2.1	2013	●	●
	Unsentenced detainees (% of prison population)	31.9	2018	●	↓
	Population who feel safe walking alone at night in the city or area where they live (%)	61	2019	●	↑
	Property Rights (worst 1–7 best)	5.3	2020	●	↑
	Birth registrations with civil authority (% of children under age 5)	NA	NA	●	●
	Corruption Perception Index (worst 0–100 best)	51	2020	●	→
	Children involved in child labor (% of population aged 5 to 14)	NA	NA	●	●
	Exports of major conventional weapons (TIV constant million USD per 100,000 population)	0.0	2019	●	●
	Press Freedom Index (best 0–100 worst)	33.1	2020	●	↑
	Access to and affordability of justice (worst 0–1 best)	0.6	2020	●	↑
SDG17 – Partnerships for the Goals					
	Government spending on health and education (% of GDP)	6.1	2019	●	↓
	For high-income and all OECD DAC countries: International concessional public finance, including official development assistance (% of GNI)	NA	NA	●	●
	Other countries: Government revenue excluding grants (% of GDP)	17.5	2019	●	↓
	Corporate Tax Haven Score (best 0–100 worst)	0.0	2019	●	●
	Statistical Performance Index (worst 0–100 best)	71.1	2019	●	↑

Source: Sustainable Development Report

Appendix III: Malaysia SDGs: performance by indicator (2017-2022)

2022

Indicator	Value	Year	Rating	Trend	Indicator	Value	Year	Rating	Trend
SDG1 – No Poverty					SDG9 – Industry, Innovation and Infrastructure				
Poverty headcount ratio at \$1.90/day (%)	0.0	2022	●	↑	Population using the internet (%)	89.6	2020	●	↑
Poverty headcount ratio at \$3.20/day (%)	0.0	2022	●	↑	Mobile broadband subscriptions (per 100 population)	126.5	2019	●	↑
SDG2 – Zero Hunger					SDG10 – Reduced Inequalities				
Prevalence of undernourishment (%)	3.2	2019	●	↑	Logistics Performance Index: Quality of trade and transport-related infrastructure (worst 1–5 best)	3.1	2018	●	↑
Prevalence of stunting in children under 5 years of age (%)	21.8	2019	●	→	The Times Higher Education Universities Ranking: Average score of top 3 universities (worst 0–100 best)	40.5	2022	●	●
Prevalence of wasting in children under 5 years of age (%)	9.7	2019	●	→	Articles published in academic journals (per 1,000 population)	1.1	2020	●	↑
Prevalence of obesity, BMI ≥ 30 (% of adult population)	15.6	2016	●	↓	Expenditure on research and development (% of GDP)	1.0	2018	●	↓
Human Trophic Level (best 2–3 worst)	2.4	2017	●	→	SDG11 – Sustainable Cities and Communities				
Cereal yield (tonnes per hectare of harvested land)	4.1	2018	●	↑	Proportion of urban population living in slums (%)	NA	NA	●	●
Sustainable Nitrogen Management Index (best 0–1.41 worst)	0.5	2015	●	↑	Annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM2.5) (µg/m ³)	14.8	2019	●	↑
Exports of hazardous pesticides (tonnes per million population)	515.9	2019	●	●	Access to improved water source, piped (% of urban population)	99.0	2020	●	↑
SDG3 – Good Health and Well-Being					SDG12 – Responsible Consumption and Production				
Maternal mortality rate (per 100,000 live births)	29	2017	●	↑	Satisfaction with public transport (%)	64.0	2021	●	↓
Neonatal mortality rate (per 1,000 live births)	4.6	2020	●	↑	SDG13 – Climate Action				
Mortality rate, under-5 (per 1,000 live births)	8.6	2020	●	↑	CO ₂ emissions from fossil fuel combustion and cement production (tCO ₂ /capita)	8.4	2020	●	→
Incidence of tuberculosis (per 100,000 population)	92.0	2020	●	→	CO ₂ emissions embodied in imports (tCO ₂ /capita)	0.9	2018	●	→
New HIV infections (per 1,000 uninfected population)	0.2	2020	●	↑	CO ₂ emissions embodied in fossil fuel exports (kg/capita)	3602.8	2020	●	●
Age-standardized death rate due to cardiovascular disease, cancer, diabetes, or chronic respiratory disease in adults aged 30–70 years (%)	18.5	2019	●	→	SDG14 – Life Below Water				
Age-standardized death rate attributable to household air pollution and ambient air pollution (per 100,000 population)	47	2016	●	●	Mean area that is protected in marine sites important to biodiversity (%)	13.7	2020	●	→
Traffic deaths (per 100,000 population)	22.5	2019	●	→	Ocean Health Index: Clean Waters score (worst 0–100 best)	57.7	2020	●	↓
Life expectancy at birth (years)	74.7	2019	●	↓	Fish caught from overexploited or collapsed stocks (% of total catch)	23.3	2018	●	↑
Adolescent fertility rate (births per 1,000 females aged 15 to 19)	8.8	2018	●	↑	Fish caught by trawling or dredging (%)	28.1	2018	●	→
Births attended by skilled health personnel (%)	99.6	2017	●	↑	Fish caught that are then discarded (%)	0.7	2018	●	↑
Surviving infants who received 2 WHO-recommended vaccines (%)	95	2020	●	↑	Marine biodiversity threats embodied in imports (per million population)	0.2	2018	●	●
Universal health coverage (UHC) index of service coverage (worst 0–100 best)	76	2019	●	↑	SDG15 – Life on Land				
Subjective well-being (average ladder score, worst 0–10 best)	6.0	2021	●	↑	Mean area that is protected in terrestrial sites important to biodiversity (%)	28.5	2020	●	→
SDG4 – Quality Education					SDG16 – Peace, Justice and Strong Institutions				
Participation rate in pre-primary organized learning (% of children aged 4 to 6)	99.3	2015	●	●	Homicides (per 100,000 population)	2.1	2013	●	●
Net primary enrollment rate (%)	98.6	2019	●	↑	Unsentenced detainees (% of prison population)	26.7	2018	●	↑
Lower secondary completion rate (%)	84.9	2019	●	→	Population who feel safe walking alone at night in the city or area where they live (%)	60	2021	●	↑
Literacy rate (% of population aged 15 to 24)	96.8	2019	●	↑	Property Rights (worst 1–7 best)	5.3	2020	●	↑
SDG5 – Gender Equality					SDG17 – Partnerships for the Goals				
Demand for family planning satisfied by modern methods (% of females aged 15 to 49)	* 57.4	2022	●	→	Government spending on health and education (% of GDP)	6.2	2019	●	↓
Ratio of female-to-male mean years of education received (%)	98.1	2019	●	↑	For high-income and all OECD DAC countries: International concessional public finance, including official development assistance (% of GNI)	NA	NA	●	●
Ratio of female-to-male labor force participation rate (%)	66.3	2020	●	→	Other countries: Government revenue excluding grants (% of GDP)	17.5	2019	●	↓
Seats held by women in national parliament (%)	14.9	2020	●	→	Corporate Tax Haven Score (best 0–100 worst)	* 0.0	2019	●	●
SDG6 – Clean Water and Sanitation					SDG17 – Partnerships for the Goals				
Population using at least basic drinking water services (%)	97.1	2020	●	→	Statistical Performance Index (worst 0–100 best)	71.1	2019	●	↑
Population using at least basic sanitation services (%)	99.6	2018	●	●					
Freshwater withdrawal (% of available freshwater resources)	3.4	2018	●	●					
Anthropogenic wastewater that receives treatment (%)	12.4	2018	●	●					
Scarce water consumption embodied in imports (m ³ H ₂ O eq/capita)	1560.0	2018	●	●					
SDG7 – Affordable and Clean Energy					SDG17 – Partnerships for the Goals				
Population with access to electricity (%)	100.0	2019	●	↑					
Population with access to clean fuels and technology for cooking (%)	96.1	2019	●	↑					
CO ₂ emissions from fuel combustion per total electricity output (MtCO ₂ /TWh)	1.6	2019	●	→					
Share of renewable energy in total primary energy supply (%)	3.5	2019	●	→					
SDG8 – Decent Work and Economic Growth					SDG17 – Partnerships for the Goals				
Adjusted GDP growth (%)	-1.6	2020	●	●					
Victims of modern slavery (per 1,000 population)	6.9	2018	●	●					
Adults with an account at a bank or other financial institution or with a mobile-money-service provider (% of population aged 15 or over)	85.3	2017	●	↑					
Unemployment rate (% of total labor force)	4.2	2022	●	↑					
Fundamental labor rights are effectively guaranteed (worst 0–1 best)	0.6	2020	●	↑					
Fatal work-related accidents embodied in imports (per 100,000 population)	0.9	2015	●	↑					

* Imputed data point

Source: Sustainable Development Report 2022 ([Link](#))

Appendix IV: Withhold Release Orders and Findings List – Malaysia Entities



Palm oil

Entities	Date	Status*
FGV Holdings Berhad and its subsidiaries and joint ventures	2020/09/30	Active
Sime Darby Plantation Berhad and its subsidiaries and joint ventures	2020/12/30	Active



Gloves

Entities	Date	Status*
Maxter Glove Manufacturing Sdn Bhd, Maxwell Glove Manufacturing Berhad, and Supermax Glove Manufacturing	2021/10/21	Active
Smart Glove	2021/11/04	Active
Brightway Holdings Sdn Bhd, Laglove (M) Sdn Bhd, and Biopro (M) Sdn Bhd (collectively, Brightway Group)	2021/12/20	Active
YTY Industry Holdings Sdn Bhd (YTY Group), including YTY Industry Sdn Bhd, Green Prospect Sdn Bhd, and GP Lumut	2022/01/28	Active
WRP Asia Pacific Sdn. Bhd.	2019/09/30 ~ 2020/03/24	Inactive
Top Glove Corporation Bhd.	2020/07/15 ~ 2021/09/10	Inactive

Source: U.S. Customs and Border Protection (CBP)

*Active status refers to CBP will detain imports of products by companies that are under Withhold Release Order.

Note: Status as of 8 June 2022



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