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# 'ESG goals the way forward'

## Sustainable practices urged from businesses amid rising demand

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**KUALA LUMPUR:** Businesses are urged to adopt Environmental, Social and Corporate Governance (ESG) goals as demand for sustainable practices has intensified over the years, says UOB Malaysia executive director and country head of business banking Ho Hui Ming.

"This is following Malaysia's commitment to achieving net zero carbon emissions by 2050 within the 12th Malaysia Plan.

"Globally, as many more countries and multinational companies pledge their commitment to net zero, we have seen demand for sustainable practices and ESG-related reporting intensify over recent years.

"This means that businesses, and SMEs within the entire supply chain, have to get ready to provide updates and data when it comes to sustainable practices," she said at the "Resilience Of The Supply Chain: Within The New Industrial Master Plan (NIMP) 2030" here recently.

NIMP 2030, introduced by Miti, is an industrial policy for the manufacturing and manufacturing-related services sector.

"NIMP 2030 will see the manufacturing sector increase its GDP contribution by 6.5% on an annual growth basis and contribute a total of RM587.5bil to the entire nation's GDP.

"In order to achieve this goal, this calls for a resilient and sustainable business model change," she said.

Ho said the UOB Business Outlook Study 2023 showed that 84% of SMEs consider sustainability as a key milestone and agenda but only 37% incorporate sustainable practices in their business.

"Some of the challenges they shared with us were lack of knowledge, funding issues and lack of support received by industry players," she said.

Businesses, Ho said, must adopt sustainability strategies for future readiness, relevance and competitiveness.

Ho encouraged SMEs to take UOB's Sustainability Compass which is an industry-first tool that provides clear actionable next



**Seeking sustainability:** Ho (third from left) and Head of Trade Sales and Financial Supply Chain Management Janet Lee Moh Cheun (right) with the panellists.

steps for businesses to progress in their sustainability journey.

Malaysian Investment Development Authority deputy chief executive officer of investment promotion and facilitation Sivasuriyamoorthy Sundara Raja said NIMP 2030 has four missions for the manufacturing sector.

"The missions are to advance economic complexity, tech up for a digitally vibrant nation, push for net zero and safeguard economic security and inclusivity," he said.

Sivasuriyamoorthy said 86% of SMEs in the country does not have ESG practices.

He advised companies to start adopting them as a way to export products more easily.

Group strategy development head at Samaiden Group Bhd Dr Tee Wu Shun said SMEs are encouraged to design energy efficiency projects by conducting financial analysis and environmental impact assessments to realise it fully.

He advised SMEs to be transparent in disclosing financial information to banks to promote sustainable practices.

"Work together with financial institutions to help in your sustainability journey," he said during a panel discussion on "NIMP 2030 - Push for Net Zero".

Mida director of strategic planning and policy advocacy (manufacturing) division Surayu Susah advised SMEs to carry out a cost-benefit analysis before making decisions and align their goals with global and national priorities.

"NIMP 2030 gives guidance for SMEs as 21 subsectors are outlined to assist in the decision-making process," she said.

Surayu advised SMEs to integrate their business with the global supply chain and adopt ESG practices as clients are beginning to ask companies about their ESG details beforehand.

Miti has introduced a national industry environmental, social

and governance (i-ESG) kit to assist companies in their sustainability journey, she said.

Eleaps managing director Heng Boon Liang said SMEs should share with banks their master-plan and profit margins to assist the process of creating a financial strategy together.

He urged businesses to find reliable partners to fund the company.

"Business is about relationships and growing together, so don't be afraid and find good partners," he said.

Asked how companies can better adopt ESG practices, Heng said to start small by calculating the company's own carbon footprint.

"It's as easy as checking the electricity meter in your office space," he said.

The event, organised by Star Media Group together with platinum sponsor UOB Malaysia, was held to discuss the effects and ramifications of NIMP 2030 on Malaysia's supply chain.