

Media Title : The Borneo Post (Sarawak)
 Headline : Expert: Leverage on early ESG adoption
 Date : 13 March 2022
 Section : BIZHIVE WEEKLY
 Page : 2



Expert: Leverage on early ESG adoption

FOR businesses, ESG adoption can be leveraged as a very systematic framework to help lay the foundations and accelerate the business to become a respectable and sustainable global giant, especially for family run businesses which is a huge part of Asia's business culture.

According to Chua Zhu Lian, partner in charge of group strategy at Vision Group, early adopters have strong financial incentives in the form of tax and subsidies, favourable access to capital markets (both equity and debt) as well as increase in business value.

“Major news such as the CBP’s WRO that has dented large companies, including government linked corporates in sectors such as gloves and plantation should already trigger immediate attention by businesses in Sarawak to prioritise ESG and sustainability before there is a need for costly damage controls and permanent damages on the company’s long built reputation, especially when such adversities hit the businesses in an extremely public manner,” he commented during an interview.

He commented that allegations can be in areas such as forced labor with extremely strong language being used to describe the abuse.

Businesses that have not initiated basic ESG groundworks such as getting a good ESG rating will have a much harder time clearing their name, even if the statement suggest that a certain abuse as “potentially being used”, he added.

“Also, imagine the potential repercussions on access to workers should such a statement become viral among the workers community in the new age of social media,” Chua put forward.

“As the famous saying goes “a hundred years of accumulated effort, ruined in one day”, we believe it will be wise to take early precautions instead of letting many years of company reputation, sometimes guarded

MALAYSIA					
#	Date	Merchandise	Entities	Status	Status Notes
8	1/28/2022	Disposable Gloves	YTY Industry Holdings Sdn Bhd (YTY Group), including YTY Industry Sdn Bhd, Green Prospect Sdn Bhd, and GP Lumut	Active	Press Release
7	12/20/2021	Disposable Gloves	Brightway Holdings Sdn Bhd, Laglove (M) Sdn Bhd, and Biopro (M) Sdn Bhd (collectively, Brightway Group)	Active	Press Release
6	11/04/2021	Disposable Gloves	Smart Glove	Active	Press Release
5	10/21/2021	Disposable Gloves	Maxter Glove Manufacturing Sdn Bhd, Maxwell Glove Manufacturing Berhad, and Supermax Glove Manufacturing	Active	Press Release
4	12/30/2020	Palm Oil & Palm Oil Products	Sime Darby Plantation Berhad and its subsidiaries and joint ventures	Active	Press Release
3	9/30/2020	Palm Oil & Palm Oil Products	FGV Holdings Berhad and its subsidiaries and joint ventures	Active	Press Release
2	7/15/2020	Disposable Gloves	Top Glove Corporation Bhd.	Inactive	Inactive by Memo from Commissioner dated 09/10/2021 (Press Release).
1	9/30/2019	Disposable Rubber Gloves	WRP Asia Pacific Sdn. Bhd.	Inactive	Inactive by Memo from Commissioner dated 03/24/2020 (Press Release).

Source: US CBP website

by multiple generations be ruined by one statement or one bad move.”

Expanding on labour issues, Chua said a good point of reference for companies to reflect on labour issues would be the labour indicators set out by the International Labour Organization (ILO), which is a key baseline adopted by the US CBP in their investigations.

The ILO is a United Nations (UN) agency whose mandate is to advance social and economic justice through setting international labour standards. ILO was founded in October 1919 under the League of Nations and it is the first and oldest specialised agency of the UN.

Some of the key ILO indicators include excessive hours, debt bondage, physical and sexual violence, abusive working and living conditions. Through positive and continuous rectification efforts, some affected companies have successfully lifted their import ban by the CBP.

Cooperation between the ILO and Malaysia takes place under the framework of the Malaysia Decent Work Country

Programme (DWCP) 2021-25, in line with the Twelfth Malaysian Plan (2021-25) and the Sustainable Development Goals (SDGs). Presently, ILO development cooperation in Malaysia covers the following areas: labour law reform, labour law compliance, industrial relations and social dialogue, forced and child labour, supply chains, social protection, migrant workers and SME development.

“Another strong indicator on the ground sentiment would be what is currently trending on social media, the main issue being income in Malaysia not catching up as quickly to on the ground inflation felt by the masses as well as appreciation in value of assets,” Chua enthused.

“We can observe attempts on social media to aggregate the current trends of wages in multiple industries to advocate for pay transparency and better salary with significant following from Malaysians.

“Some companies have swiftly adapted by adjusting their existing business model to venture into higher value add businesses in order to maintain profitability amidst upward

adjustments on wages; one of the common strategies being, expanding further downstream and processing raw materials such as oil and gas, palm oil and mined minerals into semi-processed/intermediate goods or even finished goods and building an own brand around the final product.”

Chua have also seen a handful of relatively labour-intensive industries improving working conditions for their labour force including enhancements on worker’s accommodation, providing common facilities to improve social interactions between workers and ensuring occupational health and safety (OHS) standards are in line with the latest global standards.

Some other sustainable ways of addressing labour issues would be to adopt Industry 4.0 technologies to move away from excessive reliance on labour or even to explore blockchain technologies to improve supply chain trackability and digitalisation of essential working documents or to ramp up on internal R&D capabilities to lead in terms of product differentiation and production efficiency.