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INAUGURAL ESG AND SUSTAINABILITY CONFERENCE TO HELP SMES IN THE E&E SECTOR WITH COMPLIANCE

17 July 2023, George Town: The Sustainability and ESG Conference 2023, the inaugural conference to promote awareness and connect the dots for small and medium scale enterprises about ESG and sustainability, how it is going to impact them and what steps they can take to get themselves ready for this transition to a greener economy, was kicked off today.

Jointly organised by the Malaysian Semiconductor Industry Association (MSIA), Malaysia Productivity Corporation (MPC) and the Electrical and Electronics Productivity Nexus (EEPEN), it will be the first of a series of conferences to be jointly organised with relevant government agencies on a bi-monthly basis to get the SMEs up to scratch about the very important changes taking place in the landscape, how it will affect them and what they need to do about it.

Common ESG targets include reducing greenhouse gas (GHG) emissions, investing in sustainable energy, increasing workplace diversity, and providing transparent financial practices.

Already, the governments of developed countries are imposing mandatory sustainability reporting on any corporations that derive revenue from their jurisdictions such as the European Union's (EU) Corporate Sustainability Reporting. And the EU's Carbon Border Adjustment Mechanism (CBAM) imposes a tax on carbon for EU imports that will affect 80% of SMEs in Malaysia, according to estimates by Bank Negara Malaysia.

Even some of the foreign companies with local vendor programmes have indicated that ESG will be part of their vendor selection process moving forward.

However, studies have shown that ESG adoption among Malaysian SMEs are slow due to a constraint of resources (many ESG initiatives such as switching or modifying current equipment to more environmentally-options require significant investment) and a lack of technical and operational know-how.

YB Tuan Liew Chin Tong, Deputy Minister of Investment, Trade and Industry (MITI) said that "MITI via the New Industrial Master Plan (NIMP 2030) is taking active steps to encourage and empower our manufacturing industry to achieve sustainability goals. Other than pushing for decarbonisation towards achieving net-zero by 2050, which is usually more quantifiable, we need a more ambitious and clearer aspirations for the 'S' (social) of ESG as well."

“Particularly for SMEs and medium-sized companies, a key outcome of TechUp is increased productivity. With increased productivity via adoption of technology and automation, local industry players can enhance competitiveness and pay Malaysian skilled workers better. We should not see ESG as a cost but an opportunity to invest and grow,” he added.

This conference was organised because the industry felt that there was a lack of any practical help for SMEs relating to ESG and sustainability-compliance.

Dato’ Seri Wong Siew Hai, President of MSIA and Champion of EEPN pointed out that building a sustainable nation is everybody’s responsibility. While the Government has introduced the relevant policies and regulatory framework, it is up to the private sector to act on it. “Profit is crucial for businesses, but we must move beyond short-term profit maximisation and embrace sustainability for resilience, creating enduring value and holistically contributing to a better quality of life.”

He said industries can start by moving towards responsible supply chain management -- sourcing materials ethically, promoting fair labour practices and assessing how their businesses are impacting the environment and community. He adds that research and development and innovation and commercialisation should be driven by the private sector with support from the Government.

The conference will involve a series of three panel discussions covering topics like ESG, SDG and sustainability best practices, green financing and solutions for moving towards low carbon or carbon neutral emissions.

Malaysia Productivity Corporation Deputy Director General YBrs. Dr. Mazrina Mohamed Ibramsah pointed out in her speech that in the World Competitiveness Ranking 2023, Malaysia ranks somewhere in the middle in terms of environment and sustainability-related indicators.

“For sustainable development, we are at number 32, environment-related technologies – 32, pollution problems – 38, and ecological balance – 32, to name a few related indicators. We are on the border, at the crossroads. What we do next will determine whether we are heading for better or worse,” she pointed out.

Malaysia has committed to a renewable energy capacity of 40% by 2035, in line with the Malaysia Renewable Energy Roadmap. From an environmental perspective, it has vowed to reduce 45% of its economy-wide carbon intensity against its Gross Domestic Product by 2030. It aims to achieve net zero greenhouse gas (GHG) emissions by 2050.

There is, however, a mismatch between national and corporate goals. Some MNCs are looking to transition fully to renewable energy by 2030 and to be carbon neutral by 2035. Consequently, SMEs that transition according to the national agenda may lose their present customer base.

Cognisant of this misalignment, the MSIA would like to participate in the National Industrial Master Plan task force to provide input on such discrepancies and hopefully, work together towards a solution that takes into account the actual situation on the ground.

According to Gartner, the global semiconductor revenue is forecast to total US\$532 billion this year and 7% of total global semiconductor trade flows through Malaysia in 2022. The E&E industry is a major driver of Malaysia's economy, accounting for nearly 7% of GDP with total of RM95 billion in 2021.

About the Malaysia Semiconductor Industry Association (MSIA)

Malaysia Semiconductor Industry Association (MSIA) is an industry association which cover individuals and companies incorporated in Malaysia who are involved directly or related to Semiconductor Industry (Electronics and Systems), Semiconductor Industry supply chain, institutions providing significant related services to semiconductor industry such as engineering, finance, legal and those societies, associations, chambers and government - linked agencies. For more information, please visit <http://www.msia.org.my>.

About the Malaysia Productivity Corporation (MPC)

MPC is a statutory body under the Ministry of Investment, Trade, and Industry (MITI). It drives national productivity holistically at the national, sectoral, and enterprise levels through five main thrusts: developing future talent, driving digitization and innovation, ensuring industry accountability for productivity, building a robust ecosystem, and fostering a productive mindset. It collaborates strategically with the private and public sectors by emphasising productivity as a key agenda to boost productivity growth and national competitiveness, ultimately leading to shared well-being and prosperity.

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