

# **KPMG Tax and Business Summit 2024: ESG through the lens of the authorities**

**Presentation by:**  
**Ms. Masni Muhammad**  
**Executive Director, Investment Policy Advocacy (Manufacturing)**  
**Malaysian Investment Development Authority (MIDA)**

***MALAYSIA'S COMMITMENT  
TO 2030 AGENDA FOR  
SUSTAINABLE DEVELOPMENT***

“Sustainable development is development that meets the needs of the present, without compromising the ability of future generations to meet their own needs“.  
(Brundtland Commission, 1987)



## Advancing Sustainability is one of the three themes in the 12th Malaysia Plan (12MP) towards continuous economic growth while protecting the environment and continuing Malaysia’s commitments to global targets



### ACCELERATED and HOLISTIC BROAD-BASED GROWTH

- With 4 key identified missions:
  - ❖ Advance economic complexity
  - ❖ Tech up for a vibrant nation
  - ❖ **Push for Net Zero**
  - ❖ Safeguard economic security & inclusivity
  
- to achieve the following goals:
  - ✓ To increase economic complexity
  - ✓ To create high-value job opportunities
  - ✓ To extend domestic linkages
  - ✓ To develop new and existing industry clusters
  - ✓ To improve inclusivity
  - ✓ **To enhance ESG practices**



# Green Investment Strategy (GIS)

- Aims to position the country as a **prime green investment hub** by 2030 through targeted lever-specific strategies and cross-cutting enablers. The strategy focuses on **attracting investments, stimulating economic growth, achieving net-zero emission goals, and enhancing Malaysia's global competitiveness.**



	CCUS	Hydrogen	Renewable Energy	Energy Efficiency	Green Mobility	Bioenergy	Circular Economy	Total
<b>Investment Target (RM Billion)</b>	33	23	96	16	70	2	65	<b>305</b>
<b>Investment Opportunities</b>	<ul style="list-style-type: none"> <li>Carbon Storage</li> <li>Carbon Capture</li> <li>Carbon Utilisation</li> </ul>	Green Hydrogen	<ul style="list-style-type: none"> <li>Hydropower</li> <li>Solar PV</li> <li>T&amp;D and Battery Storage</li> </ul>	Green Building Co-gen	<ul style="list-style-type: none"> <li>EV (E4W/E2W)</li> <li>Aviation</li> <li>Marine</li> </ul>	Biomass and biogas power	<ul style="list-style-type: none"> <li>Industrial waste management</li> <li>Recycling &amp; advanced recycling</li> <li>Remanufacturing &amp; refurbishment</li> </ul>	-
<b>Op. Target (2030 emission goal)</b>	15 Mtpa storage capacity	1 Green hydrogen hub	31% installed RE capacity	8% savings against BAU	15% x EV TIV share of fleet	500MW installed capacity	55% savings in industrial waste	-
<b>GDP Impact (RM Billion)</b>	11	7.3	8.1	5.5	36	1.5	11	<b>80</b>
<b>Additional Jobs</b>	<b>67,000</b>	<b>50,000</b>	<b>63,000</b>	<b>18,000</b>	<b>71,000</b>	<b>1,000</b>	<b>80,000</b>	<b>350,000</b>



***THE IMPORTANCE OF ESG  
ADOPTION BY INDUSTRY PLAYERS***

# What is Environmental, Social and Governance?

- A framework used to assess an organisation's business practices and performance on various sustainability and ethical issues. It also provides a way to measure business risks and opportunities in those areas.

## E

### **Environmental**

A company's impact on the natural environment

- Carbon emissions
- Energy efficiency
- Waste management
- Resource Conservation

## S

### **Social**

A company's impact on society

- Labour practices
- Employee relations
- Diversity & inclusion
- Community engagement

## G

### **Governance**

A company's management practices

- Board diversity
- Executive compensation
- Risk management
- Transparency

# ESG-Related Regulations for Export Market

## EU REGULATION ON PACKAGING AND PACKAGING WASTE

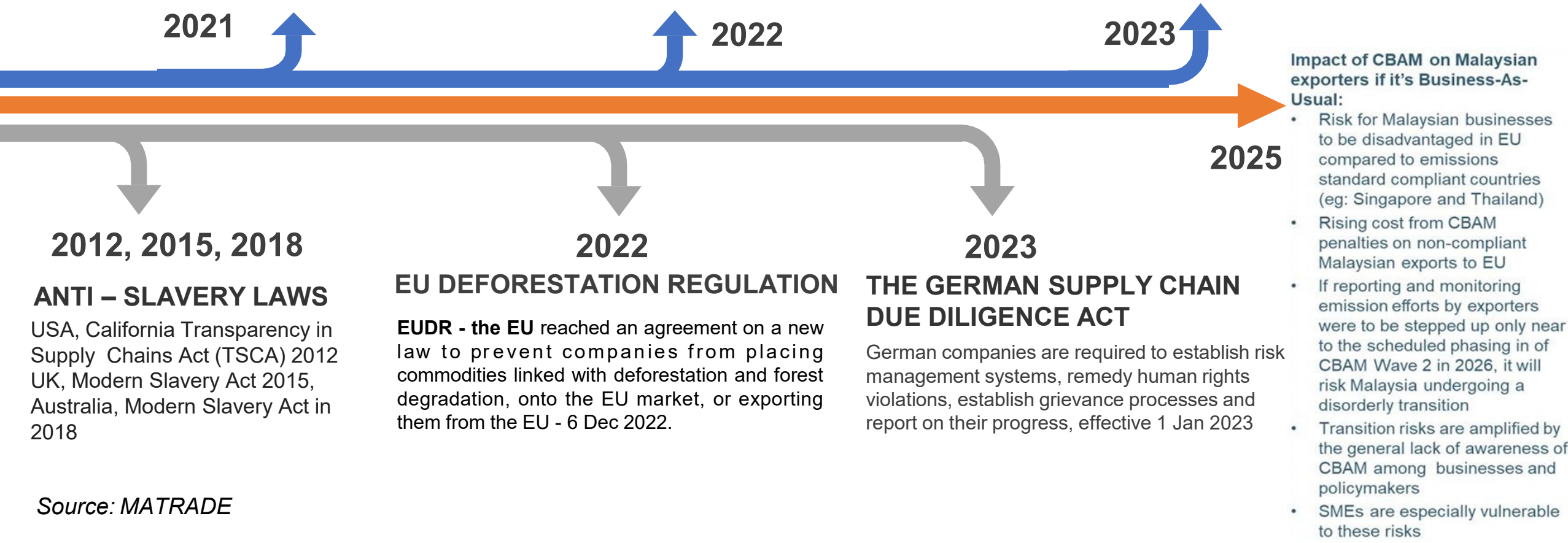
EU Regulations on packaging cover all types of packaging and packaging waste placed in the European market, effective 3 July 2021

## EU CORPORATE DUE DILIGENCE DIRECTIVE

Companies are required to meet due diligence obligations with respect to human rights and environmental standards and provide for an enforcement mechanism with possible sanctions and civil liabilities for non-compliance, adopted 23 Feb 2022

## CARBON BORDER ADJUSTMENT MECHANISM (CBAM)

Carbon tariff on carbon intensive products, such as cement, fertilizer, plastics and electricity, imported by the European Union, begin to operate from Oct 2023



# The Impact of ESG for Company

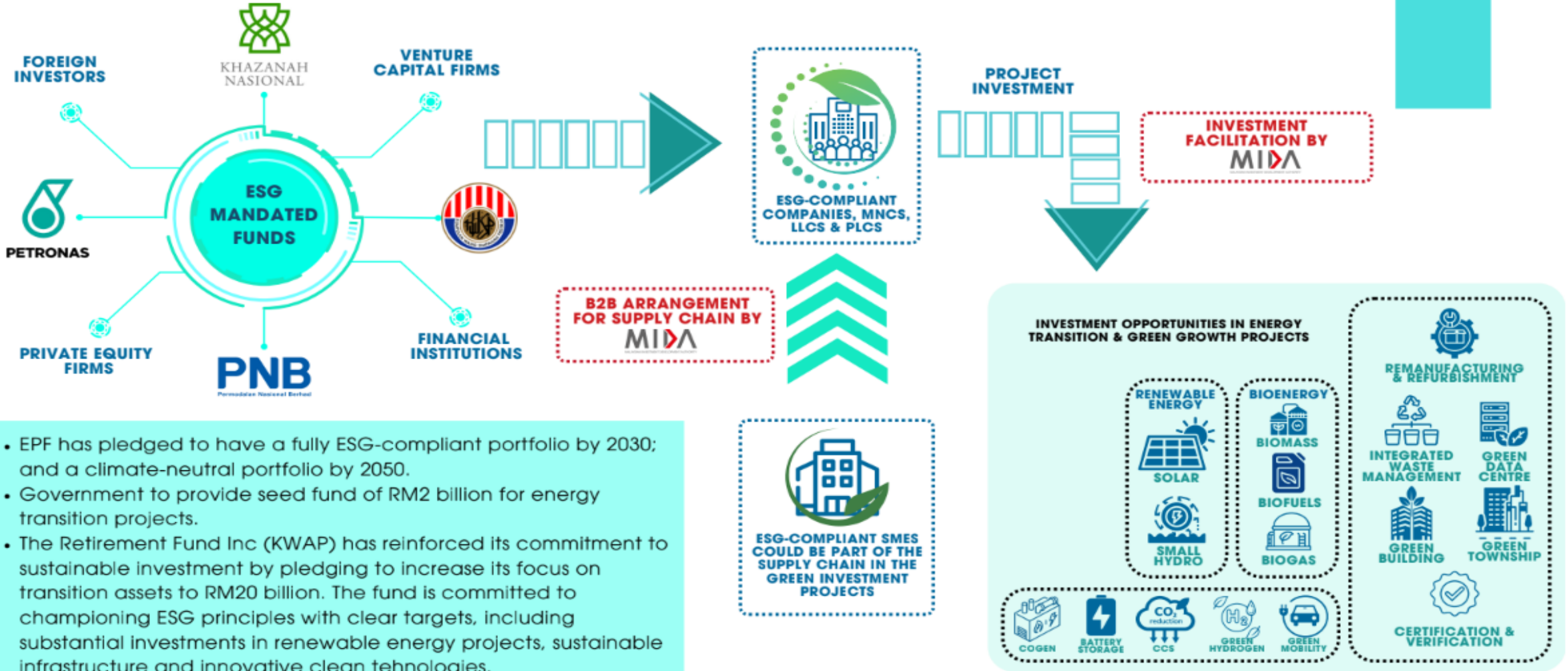
- Compliance with International Standards and Regulations: Impact of Carbon Border Adjustment Mechanism (CBAM) and U.S. Withhold Release Orders (WRO)
- Enhancing Brand Reputation and Trust
- Securing Investment and Financing
- Driving Innovation and Competitiveness
- Meeting MNC Vendor Requirements
- Building an ESG-Compliant Ecosystem as an Enabler for Attracting MNCs
- Driving Competitive Advantage
- Access to New Market and Opportunities
- Enhanced Operational Efficiency
- Enhanced Employee Engagement and Retention





***MIDA's FACILITATION IN  
PROMOTING ESG PRACTICES AND  
SUSTAINABLE INVESTMENTS***

# OPPORTUNITIES FOR LOCAL INDUSTRIES IN THE SUSTAINABLE INVESTMENT ECOSYSTEM



- EPF has pledged to have a fully ESG-compliant portfolio by 2030; and a climate-neutral portfolio by 2050.
- Government to provide seed fund of RM2 billion for energy transition projects.
- The Retirement Fund Inc (KWAP) has reinforced its commitment to sustainable investment by pledging to increase its focus on transition assets to RM20 billion. The fund is committed to championing ESG principles with clear targets, including substantial investments in renewable energy projects, sustainable infrastructure and innovative clean technologies.

## **Way Forward -ecosystem approach-**

**Assist companies in adopting new technologies and ESG practices**

**Promote R&D activities and development of technology innovation by way of triple helix model of innovation**

**Promote and facilitate investments in green growth sector & renewable energy**

**Enhance collaboration with regional corridors and relevant ministries & agencies for infrastructure and ecosystem development**

**Facilitate industry transition to reduce carbon footprint**

**Investment Monitoring & Data Collection through a Single Sustainable Investment Portfolio**

## **Other Facilitation**

**Financial Incentives- Promotion of Sustainable Investment**

**Awareness Programs –Seminars, Workshop, Direct Engagement Sessions**

**Business Linkage Programme**

**Capacity Building and Talent Development**

# Domestic Investment Accelerator Fund (DIAF) –ESG Adoption



The **Domestic Investment Accelerator Fund (DIAF)** is a **matching grant for ESG adoption** that was introduced in the Rolling Plan 3 under the Twelfth Malaysia Plan (RMK-12) as well as under the Special Projects Fund for 2023; to support Malaysian-owned Small and Medium Enterprises (SMEs) and Mid-Tier Companies (MTCs) in the manufacturing and the selected services sectors for the transition into ESG practices.



The **matching grant (50:50) / (70:30)** based on the criteria or merit of the project with maximum reimbursable amount of **RM500,000 per company** subject to availability of the grant.



**Eligible expenditures** incurred related to the adoption of ESG practices based on the following activities:

- i. Costs related to validation, verification and certification for ESG adoption and/or tracking of carbon emissions and ESG disclosures; and
- ii. Subscription of technology system and/ or software for data gathering and tracking of ESG adoption and/or GHG emissions.



The project must be completed within **12 months from the effective date of the grant period**, which commences from the date **of the Acknowledgement Letter issued by MIDA** upon receiving a duly completed application form.



MIDA  
MALAYSIA INVESTMENT DEVELOPMENT AUTHORITY

***New grant for the period from 2024 until 2025 or until fully utilised.***

<https://www.mida.gov.my/forms-and-guidelines/>

# Malaysia's Budget 2025: ESG and Sustainability Highlights

Malaysia's Budget 2025 underscores a strong commitment to sustainability, paving the way for a greener, more resilient economy. As the world shifts towards sustainable practices, the budget introduces measures to **reduce carbon emissions, accelerate renewable energy adoption, and support sustainable practices** across various sectors.

1. Introduction of Carbon Tax for the iron and steel industries by 2026
2. Tax Incentives for Carbon Capture, Utilisation, and Storage (CCUS)
3. Extension of Net Energy Metering (NEM) Programme
4. E-Rebate for Energy-Efficient Electrical Equipment of up to RM70 million
5. Financing for Renewable Energy and Transition Projects
6. Loan Fund for Sustainability Practices in SMEs
7. Local Exporters Get RM750 Million Boost to Expand Overseas
8. Crude Palm Oil (CPO) Windfall Profit Levy of 3%



**Thank You**  
for your kind attention

