



MINISTRY OF NATURAL RESOURCES AND
ENVIRONMENTAL SUSTAINABILITY

KEYNOTE ADDRESS

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**MINISTER OF NATURAL RESOURCES AND
ENVIRONMENTAL SUSTAINABILITY**

FOR

UNGCMYB SME ESG START SYMPOSIUM 2025

21 JANUARY 2025 (TUESDAY)

**MONASH UNIVERSITY MALAYSIA,
SUNWAY, SELANGOR**

Assalamualaikum Warahmatullahi Wabarakatuh and Salam Malaysia Madani.

1. Yang Berbahagia Professor Dato' Dr Adeeba Kamarulzaman
President and Pro Vice-Chancellor, Monash University Malaysia

2. Mr Faroze Nadar

Executive Director, UN Global Compact Network Malaysia & Brunei

3. Mr Kellee Kam

Group CEO, Alliance Bank Malaysia Berhad

Distinguished guests, ladies and gentlemen,

INTRODUCTION

1. I want to thank everyone for taking the time to join us today for the inaugural SME ESG Start Symposium, themed “**Forward Faster: Scaling SME Sustainability Through Supply Chains.**” Today is a historic day and the themes of SMEs, sustainability and ESG, as well as supply chains are very topical, so I am grateful that the organisers have invited me to share this special occasion with you.
2. Time is one of the most important things we can give to any cause. This is also true when it comes to preserving the beauty and fragility of our environment while addressing the challenges faced by our communities. So, thank you all for being here, for showing the spirit of resilience and innovation that defines Malaysia as we journey towards a more sustainable, inclusive, and prosperous future together.

Ladies and gentlemen,

THE ROLE OF SMEs IN MALAYSIA'S ECONOMY

3. Malaysia's commitment to sustainability is unwavering. It is at the heart of everything our government is doing, and we are doubling down on it as we step into our ASEAN Chairmanship role this year. But sustainability can only take root if it takes cognisance of our nation and region's economic realities—and so this Summit on SMEs is all the more important. As anyone can and will tell you, **SMEs are the backbone of Malaysia's economy, comprising 97.2% of business establishments, contributing 37.4% to our GDP, and accounting for 48% of employment, according to the SME Corporation Malaysia.** Also, it has been estimated that there are 70 million MSMEs in ASEAN, accounting for between 97.2%–99.9% of total establishments in ASEAN Member States.
4. But SMEs are more than statistics. They are the cornerstones of our local communities, the drivers of innovation, and the heart of our national identity. Their influence is also felt on the global stage, with **SMEs contributing approximately 13.5% to Malaysia's total exports.** The future of Malaysia's economy and its role in the global arena, to say nothing of our efforts to meet the challenges of climate change as well as to decarbonise, hinges on the sustainable growth of these enterprises.

GLOBAL PRESSURES AND URGENCY FOR ACTION

5. The urgency for action is undeniable. Internationally, regulations surrounding supply chain sustainability are tightening. There is more focus on it than ever before even as trade and manufacturing are increasingly viewed from a geopolitical and security lens.
6. Initiatives such as the **European Union's Corporate Sustainability Reporting Directive (CSRD)** are raising the bar, requiring enhanced ESG disclosures from companies and their suppliers. Failure to comply could limit market access, posing significant challenges for Malaysian SMEs that aim to compete globally.
7. It is true that more needs to be done to ensure a just transition, not only between the wealthy and developing nations, which is something Malaysia has and will continue to pursue via international platforms like the **UNFCCC-COP** and as part of our efforts to move ASEAN forward. But there must also be a just transition within nations and this includes a fair deal for SMEs.
8. We are aware that sustainability is facing a backlash globally—part of this stems from anxieties, on the part of individuals and businesses, that the sacrifice they will be called to make will be too great. Some have even proclaimed the end or even death of ESG. I think that's too much of a stretch, but I also feel it's true we must wage and win the war for the hearts and minds, to communicate better and more compellingly on why ESG matters. We must understand things from the perspective of SMEs and frame policies that considers their realities, as well of all stakeholders.
9. Domestically, the findings from the **SME ESG Survey 2.0** give us hope and direction. **Awareness among SMEs has surged from 14% in 2022 to an impressive 80% in 2024**, reflecting a growing recognition of the importance of sustainability.

10. Indeed, in my interactions with small business owners in our country, I have often found them aware, indeed often enthusiastic about the need to embrace sustainability. However, challenges remain. Many SMEs are hesitant to disclose ESG data, which is crucial for assessing supplier sustainability. This gap highlights the need for collective action and robust support systems to help SMEs integrate ESG practices effectively.
11. The SME ESG Survey 2.0 also revealed that a majority of SMEs recognise the growing expectations of their clients and stakeholders. Over 70% of respondents acknowledged that meeting ESG criteria is becoming a business necessity. These figures underline the global shift towards more sustainable practices and the opportunities awaiting businesses that embrace this transformation.

Ladies and gentlemen,

OPPORTUNITIES THROUGH SUSTAINABLE PROCUREMENT

12. Despite heightened awareness, many SMEs remain uncertain about the tangible benefits of ESG practices. The SME ESG Survey 2.0 reveals that cost savings and productivity improvements are key motivators for ESG adoption. This is where sustainable procurement emerges as a transformative force.
13. By integrating sustainability criteria into procurement practices, larger corporations and policymakers can provide SMEs with the necessary incentives, resources, and guidance to accelerate their ESG journeys. Studies show that sustainable procurement practices can reduce costs by up to 15% in the long term while enhancing resilience across supply chains.

14. Additionally, the National Trade Blueprint 2021–2025 identifies sustainable trade practices as a critical enabler for SMEs to remain competitive globally. This alignment underscores the importance of sustainable procurement as both a business strategy and a national imperative.

SUPPORT MECHANISMS FOR SMEs

15. Our shared vision for a sustainable Malaysia requires collaboration across all sectors. Policymakers, financial institutions, large corporations, and SMEs must work together to establish robust support mechanisms. The government recognises the need to facilitate this transition. Through initiatives such as the National Energy Transition Roadmap (NETR) and the Green Technology Master Plan, we are creating an enabling environment for SMEs to thrive sustainably. For example, the Green Technology Financing Scheme (GTFS) has allocated RM6.7 billion to support green initiatives, with SMEs being key beneficiaries.
16. Additionally, financial institutions play a critical role in bridging the gap. Tailored green financing solutions and capacity-building programmes can empower SMEs to adopt ESG practices. A recent report highlighted that SMEs receiving green financing were 25% more likely to implement sustainability initiatives successfully. Similarly, corporations must embrace their responsibility to engage suppliers actively, providing both technical assistance and market access. By fostering these synergies, we can build resilient and sustainable supply chains that uplift SMEs and contribute to Malaysia's economic growth.

CAPACITY BUILDING AND EDUCATION

17. To further support SMEs, we must prioritise education and capacity-building initiatives. The findings from the SME ESG Survey 2.0 underscore the need for greater awareness of the tangible benefits of ESG adoption. Platforms like this symposium play a crucial role in equipping SMEs with the knowledge, tools, and resources to navigate the complexities of ESG implementation.
18. For example, training programmes under the **Malaysian Green Technology and Climate Change Corporation (MGTC)** have reached over 10,000 SMEs, equipping them with practical skills to adopt sustainable practices. This effort must be scaled further to ensure inclusivity across all regions and industries. Furthermore, partnerships with international organisations, such as the **United Nations Development Programme (UNDP)**, can provide access to global best practices and technical expertise.
19. I urge large corporations to strengthen their supplier engagement strategies by incorporating ESG criteria into procurement decisions. Policymakers must continue to refine policies and incentives that facilitate SME participation in sustainable supply chains. Financial institutions have a pivotal role to play by expanding access to green financing solutions tailored to the needs of SMEs.
20. SMEs, in turn, must take proactive steps to embrace sustainability. Begin by conducting ESG assessments using tools such as the **Simplified Climate Assessment Tool** or the **ESG START assessment** developed by **UN Global Compact Malaysia & Brunei**. These tools are designed to guide SMEs in measuring their ESG maturity levels and identifying areas for improvement.

21. Remember, sustainability is not merely a compliance exercise but a strategic advantage that opens doors to new markets, enhances competitiveness, and builds resilience.
22. Let us also leverage platforms like the SME ESG Start Symposium to foster dialogue, share best practices, and build partnerships that drive collective progress. By working together, we can create an ecosystem where sustainability becomes the norm rather than the exception.

CONCLUSION

Ladies and gentlemen,

23. As we move forward, let us remain guided by the principle that sustainability is not a destination but a continuous journey. Together, we have the power to drive transformative change, ensuring that our SMEs not only survive but thrive in the evolving global landscape. The time to act is now—to scale sustainability through supply chains, to strengthen our commitment to ESG principles, and to position Malaysia as a leader in sustainable development within the region.
24. Businesses big and small all have a role to play. It is true the times ahead will be challenging. As I mentioned earlier, supply chains, trade and manufacturing have become increasingly politicised. But Malaysia firmly believes that sustainability is the best path forward for all three, as well as our nation's future. We strongly believe that this approach will be vindicated both by science and history. And we hope all Malaysians will join us in this cause.

25. On behalf of the **Ministry of Natural Resources and Environmental Sustainability**, I extend my heartfelt gratitude to the **UN Global Compact Malaysia & Brunei** for organising this critical symposium. Let us unite and redouble our efforts to chart a sustainable path forward, ensuring a prosperous and resilient future for generations to come. Thank you.