Malaysian Plastics Manufacturers Association

2024 ROADSHOW

BY MS CY WEE
VICE-PRESIDENT

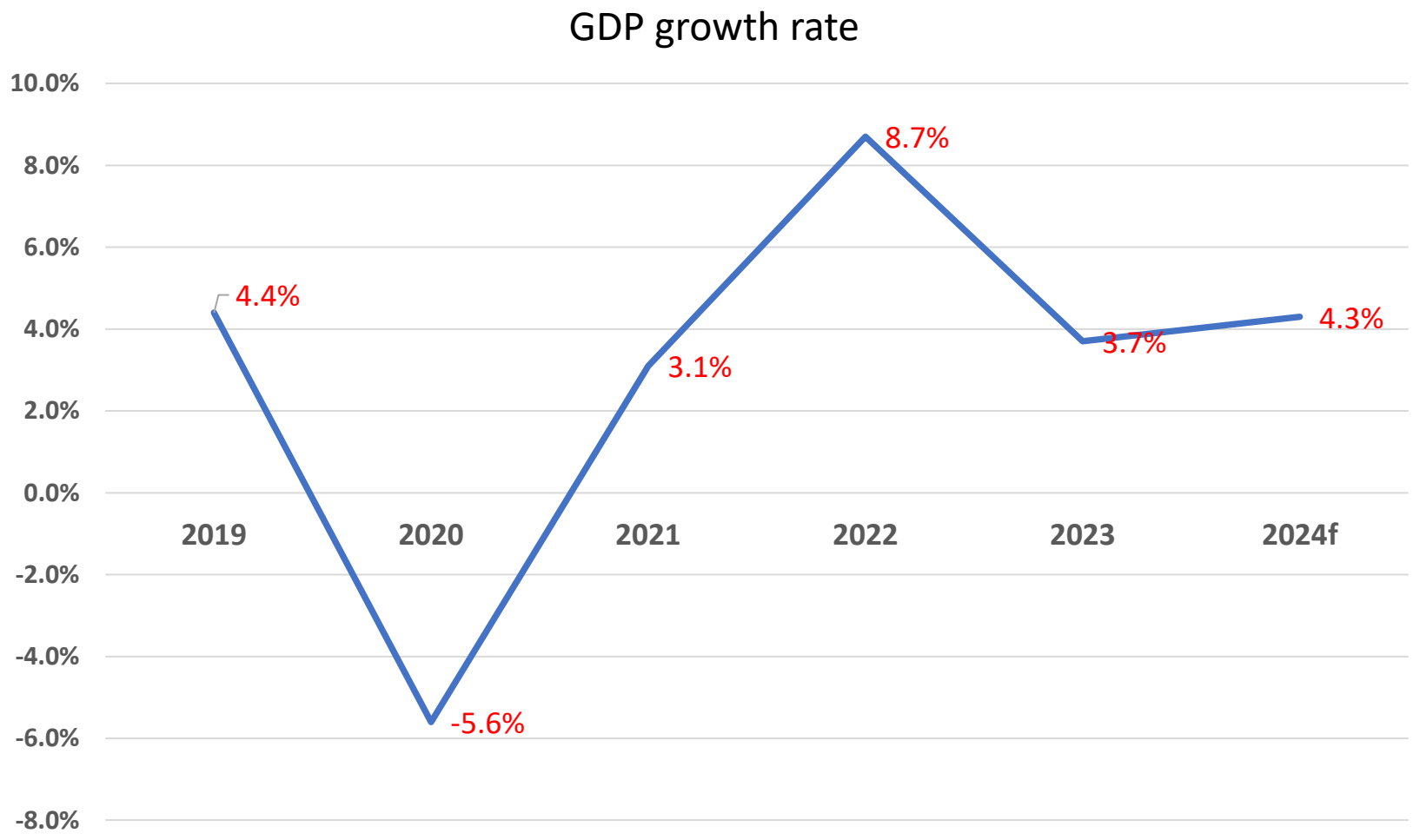
Contents

- Malaysian economy & performance of the plastics industry
- Performance by market sub-sectors
- Key drivers, growth opportunities and challenges
- Regulatory policy pressures
- Key focused approaches for sustaining businesses
- Environmental, Social and Governance – relevance and opportunities
- Conclusions

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MALAYSIAN ECONOMY & THE PERFORMANCE OF THE PLASTICS INDUSTRY

Malaysian GDP 2019 – 2024(f)



Note: 2024 forecast by World Bank

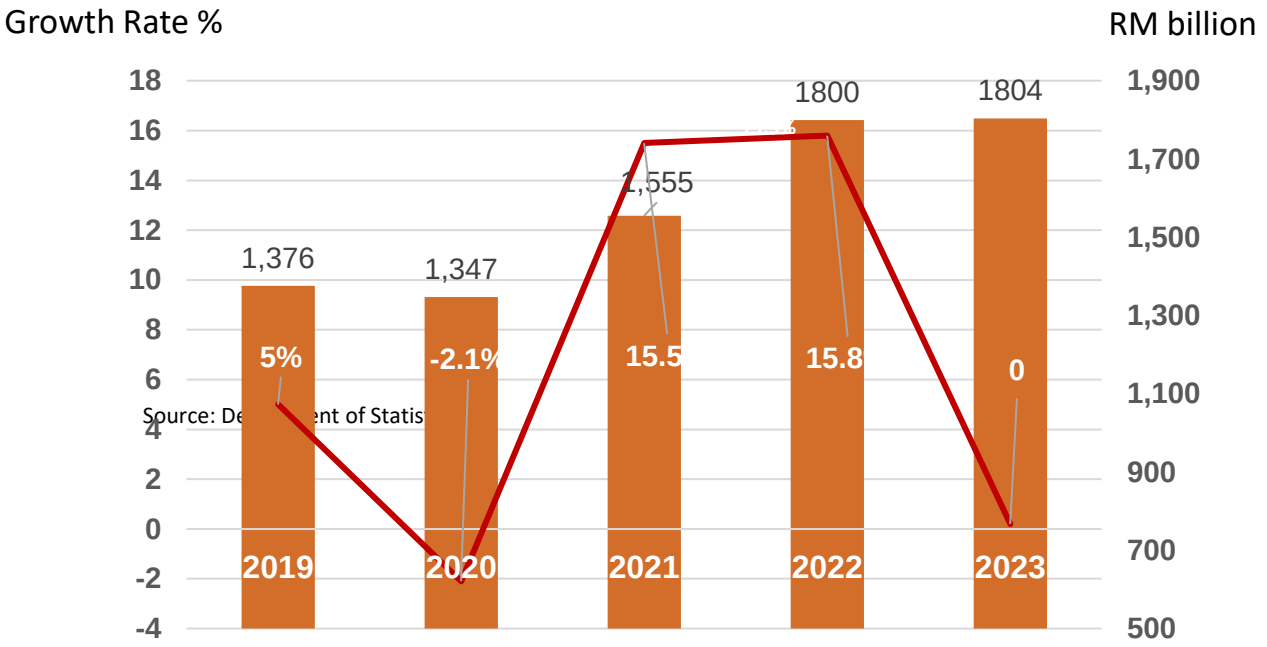
Performance of the Malaysian Economy in 2023

- Growth was affected by weak external demand, disruptions in commodity production and higher cost of living.
- Growth was mainly supported by resilient domestic demand and recovery in tourism activities.
- Exports declined due to subdued global demand, lower prices and shifts towards services spending.

Source: Bank Negara Malaysia

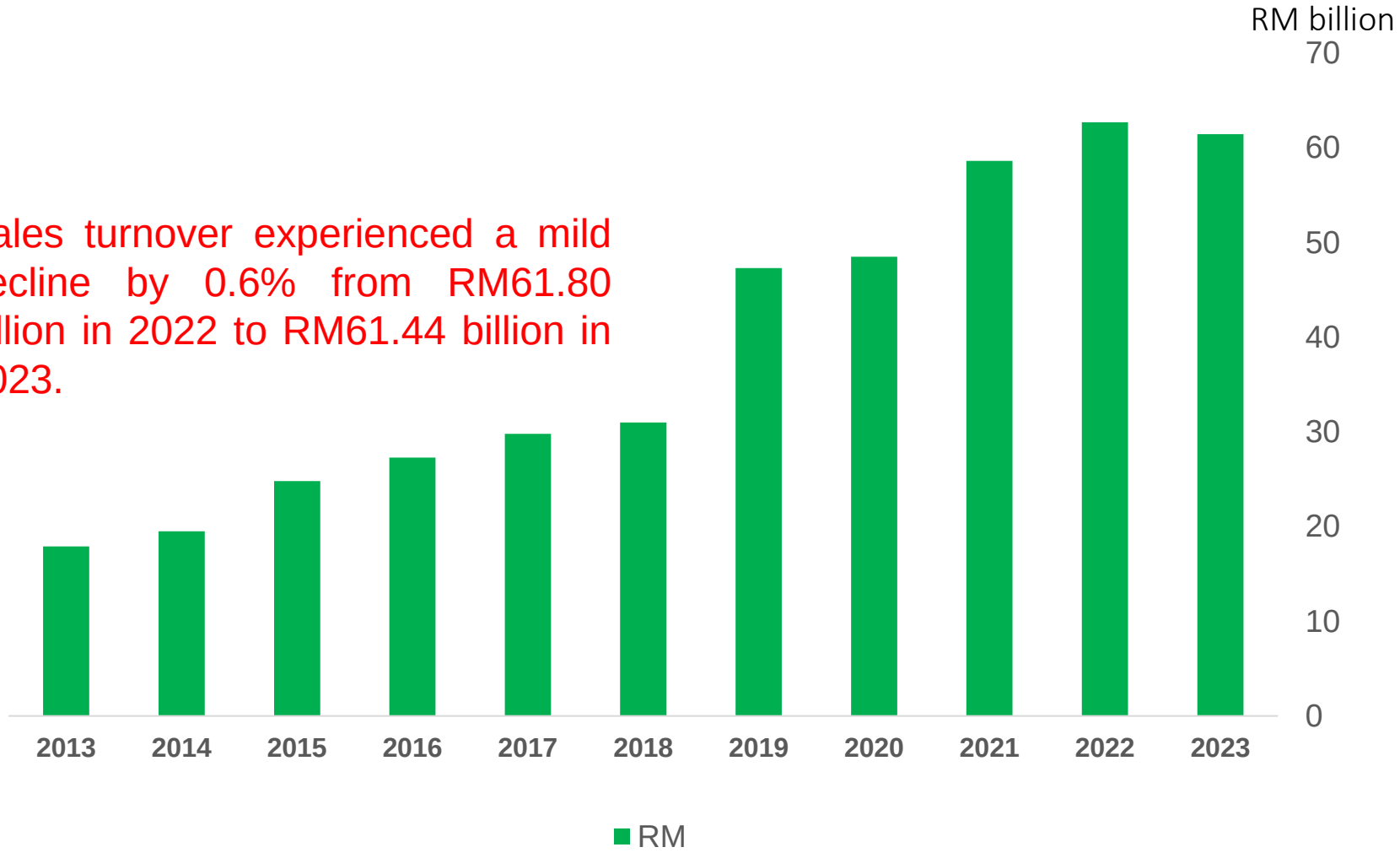
Sales of the Manufacturing Sector 2019-2023

- The sales value of the manufacturing sector in 2023 recorded a mild increase of 0.2% from RM1,800 billion in 2022 to RM1,804 billion.
- Weak performance of the domestic sector, e.g. the F&B has contributed to the slowdown of the manufacturing sector.
- Export oriented sub-sectors also registered moderate decline including the petroleum, chemical, rubber & plastic products (-8%) and the E&E (-3%).



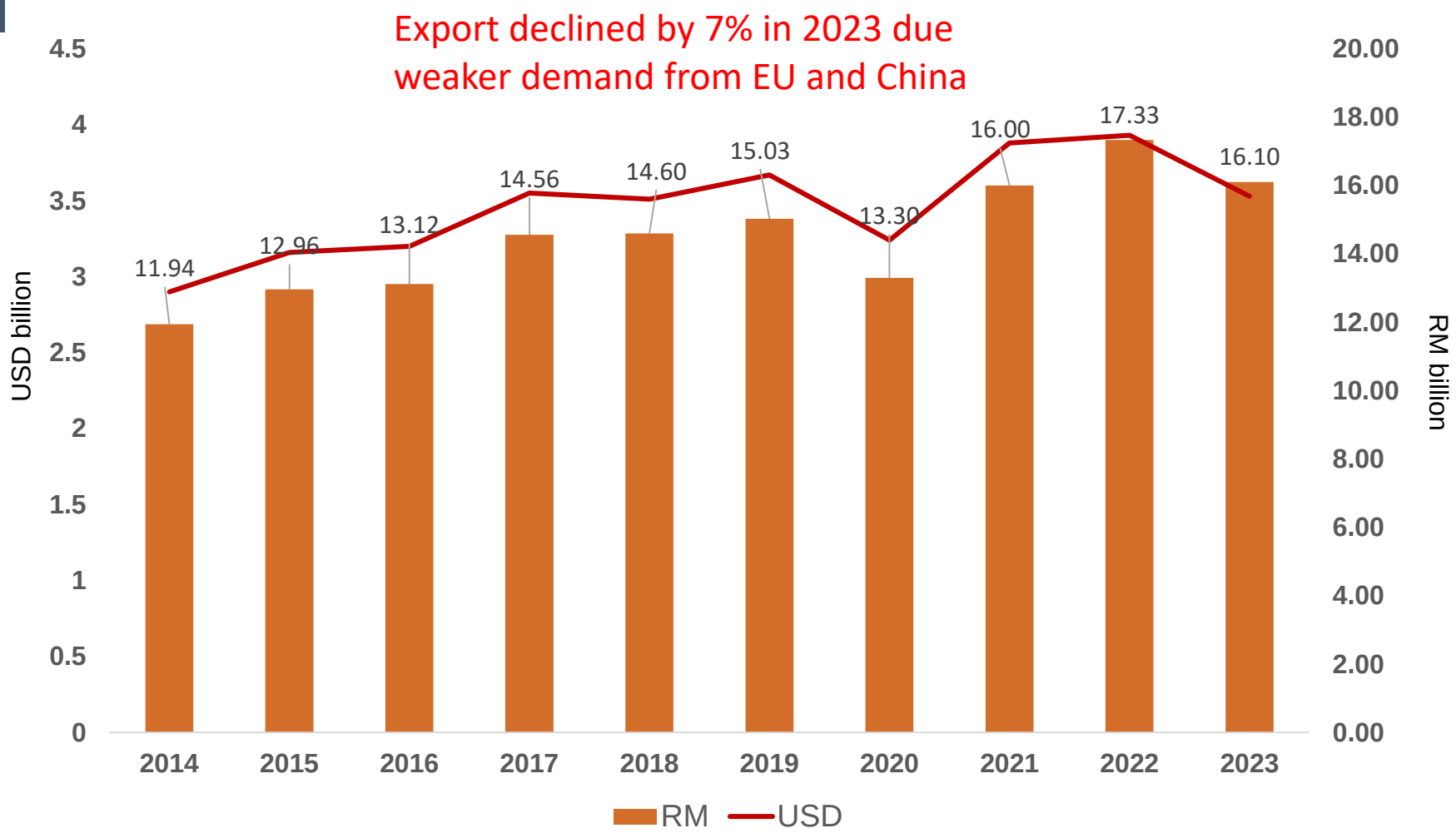
Annual Sales Turnover of the Malaysian Plastics Industry

Sales turnover experienced a mild decline by 0.6% from RM61.80 billion in 2022 to RM61.44 billion in 2023.



Note: The Department of Statistics has revised the method of compilation twice in 2015 and 2019

Exports of Plastics Products



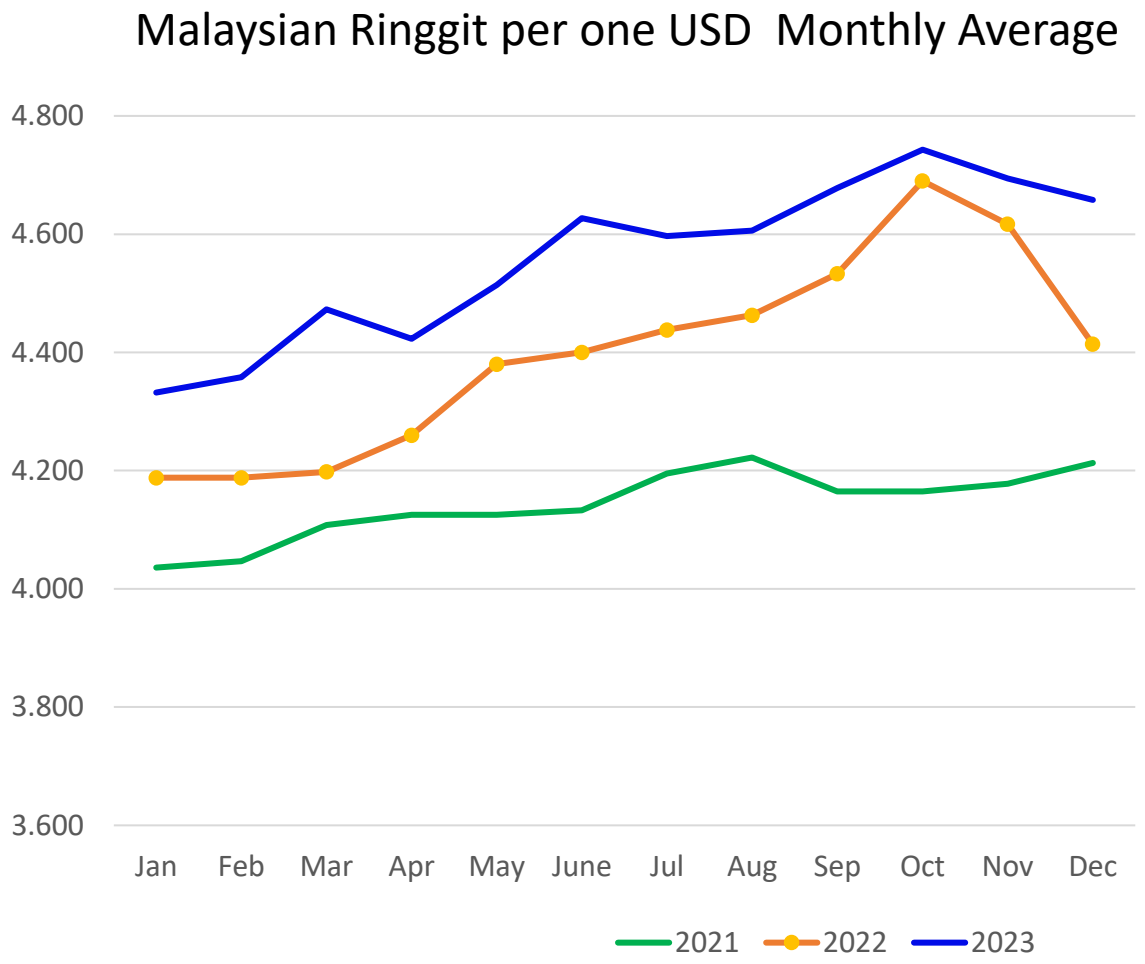
Factors Affecting the Performance of the Plastics Industry in 2023

- Internal
  - Rising operating costs: 40% increase in energy cost (fuel cost pass-through FCPT surcharge).
  - Slowing down consumer spending due to rising cost of living – F&B, packaging.
  - Improved labour supply conditions.
  - Recovery in the construction sector due to better labour supply and easing material costs.
  - Low interest rates – easier business and consumer financing – automotive sector.

Factors Affecting the Performance of the Plastics Industry in 2023

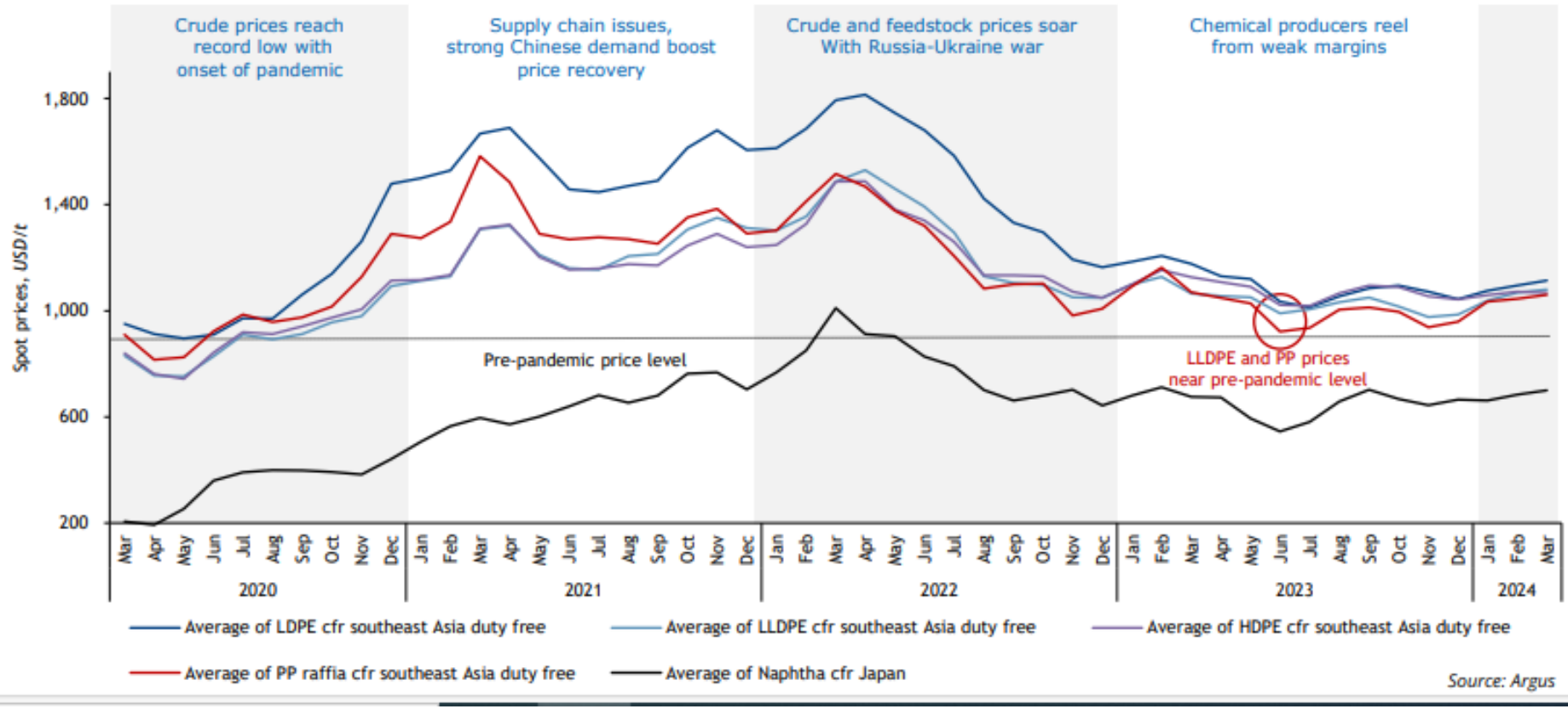
- External
  - Global economy soften, weak export demand.
  - Uncertainty in global economy due to on-going wars between Israel-Hamas and Ukraine-Russia, and other geo-political tensions.
  - Weakening business activities in China.
  - Lower raw material prices – lower finished products selling prices.
  - Weaker RM against the USD which led to higher export revenue, but off set by weaker demand.

USD/RM Exchange Rate for 2021 - 2023



RM was 3.6% weaker against USD in 2023 compared to 2022 (4.56 compared to 4.40).

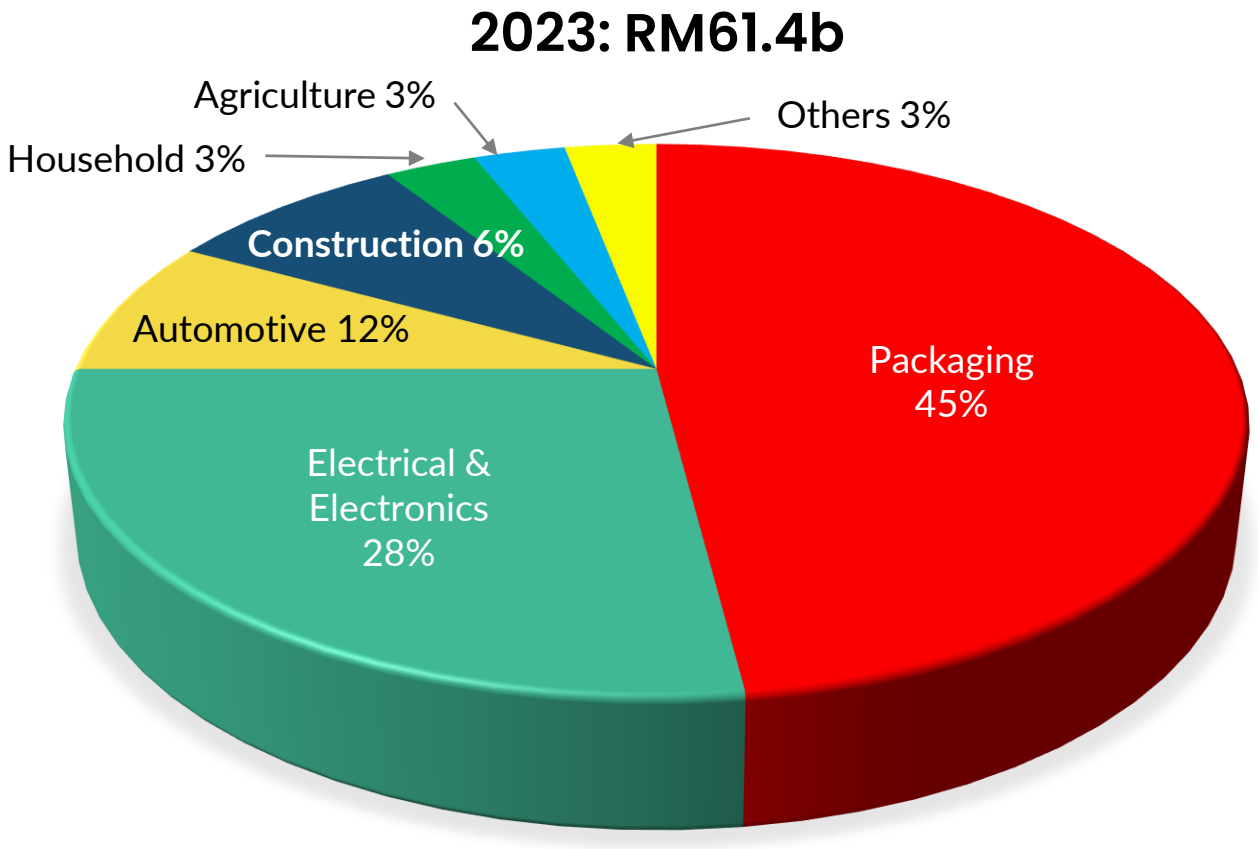
Raw Material Prices Soften, Near Pre-pandemic Level



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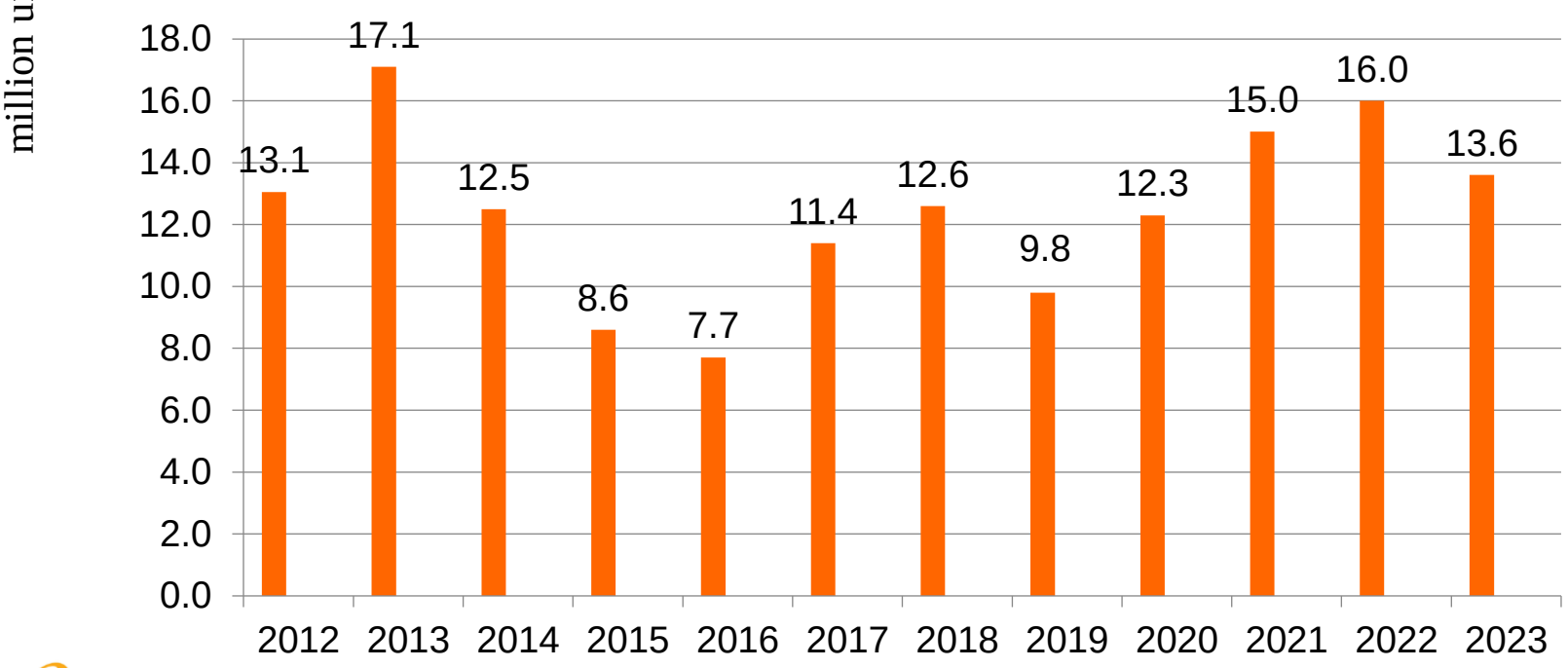
PERFORMANCE BY MARKET SUB-SECTORS

Major Market Segments for Plastics Products



Annual Production of TVs

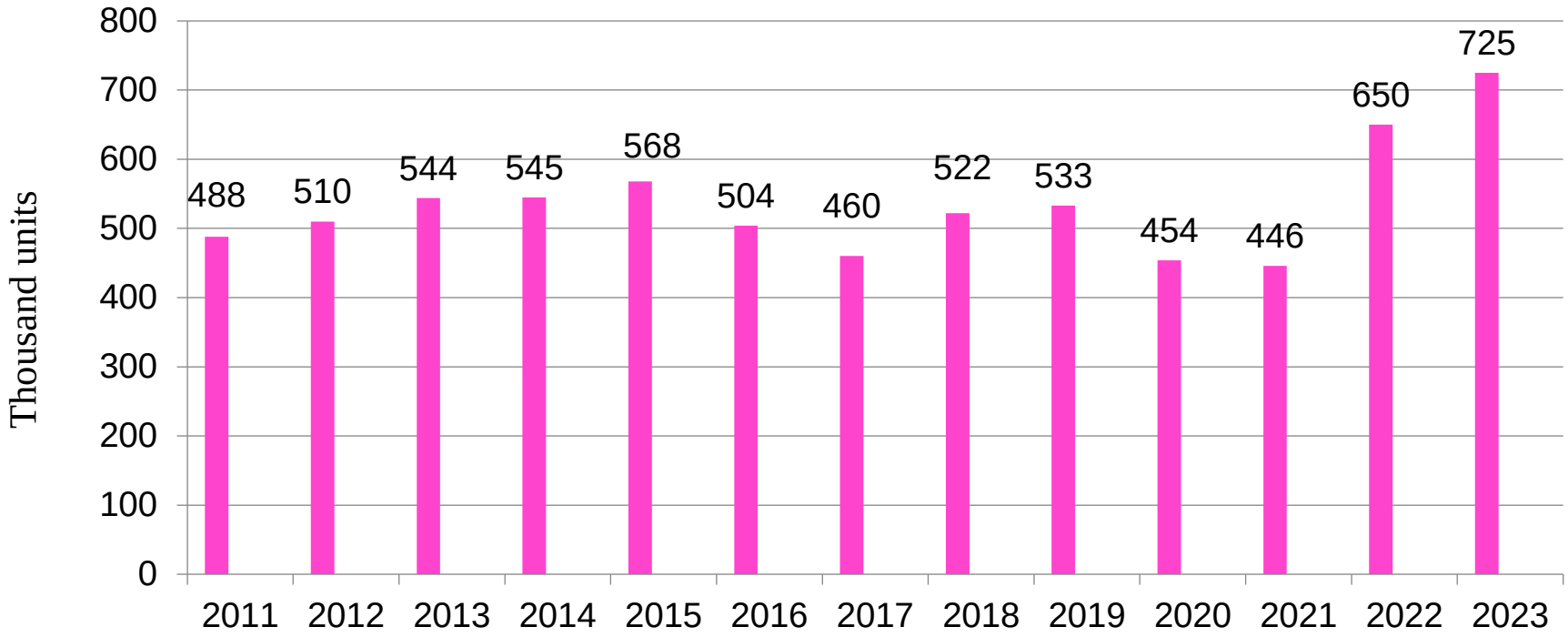
- Production of TV sets in 2023 declined by 15% to 13.58 million units, from 15.98 million units in 2022.
- Monthly production reduced to about one million since June 2022 as one producer moved out its production from Malaysia.
- Back then, TV producers cut their production due to labour shortage. Some productions have moved out, e.g. to Vietnam and back to Japan.



Source: Department of Statistics

Annual Production of Passenger Cars

- Production of passenger cars in 2023 increased by 12% to 725,000, from 650,000 units in 2022.



Note: Only passenger cars figures are taking into consideration as commercial *vehicles consume minimal amount of plastics.*

Source: Department of Statistics Malaysia

Automotive Sub-sector

- Malaysian Automotive Association (MAA): Sales of new motor vehicles in 2023 rose 11% to a new all-time high, propelled mainly by passenger cars sub-segment, amid a resilient domestic economy and a very much stable socio-political environment.
- Total Industry Volume (TIV) or vehicle registrations increased to 799,731 units in 2023, surpassing the previous highest sales result of 721,177 units achieved in 2022.

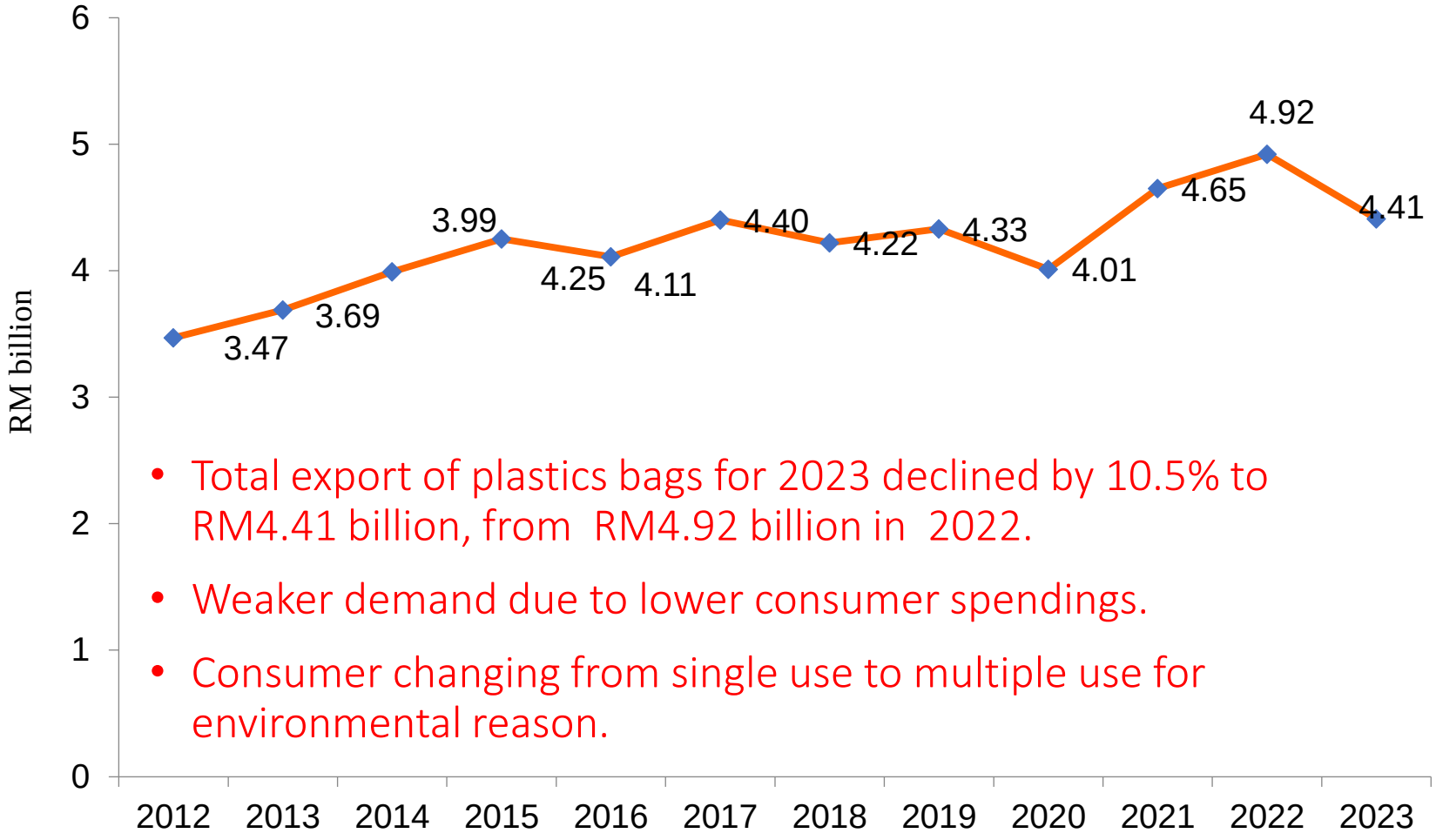
Automotive Sub-sector

- This historic all-time high TIV recorded in 2023 can be attributed to the following reasons:
  - Fulfilment of tax-free cars bookings received, a majority of which were registered before 31 March 2023, plus a fair number of these bookings were also carried over and registered after 31 March 2023;
  - A much more stable socio-political environment following the formation of a Unity Government post GE-15;
  - Resilient domestic economy;
  - Many new model launches including electric vehicles with very competitive prices helped to spur sales; and
  - Much improved industry supply chain environment.

Automotive Sub-sector – Outlook for 2024

- MAA: The sales of TIV is expected to decline by 7.5% to 740,000 units in 2024 from 799,731 achieved in 2023.
- The forecast is based on the following economic and environmental factors:
  1. The global economy outlook remains largely uncertain.
  2. The International Monetary Fund (IMF) had forecasted that global economic growth would slow from 3% in 2023 to 2.9% in 2024.
  3. The Malaysian economy is expected to expand at 4-5% this year, driven by the continued expansion of its domestic consumption.

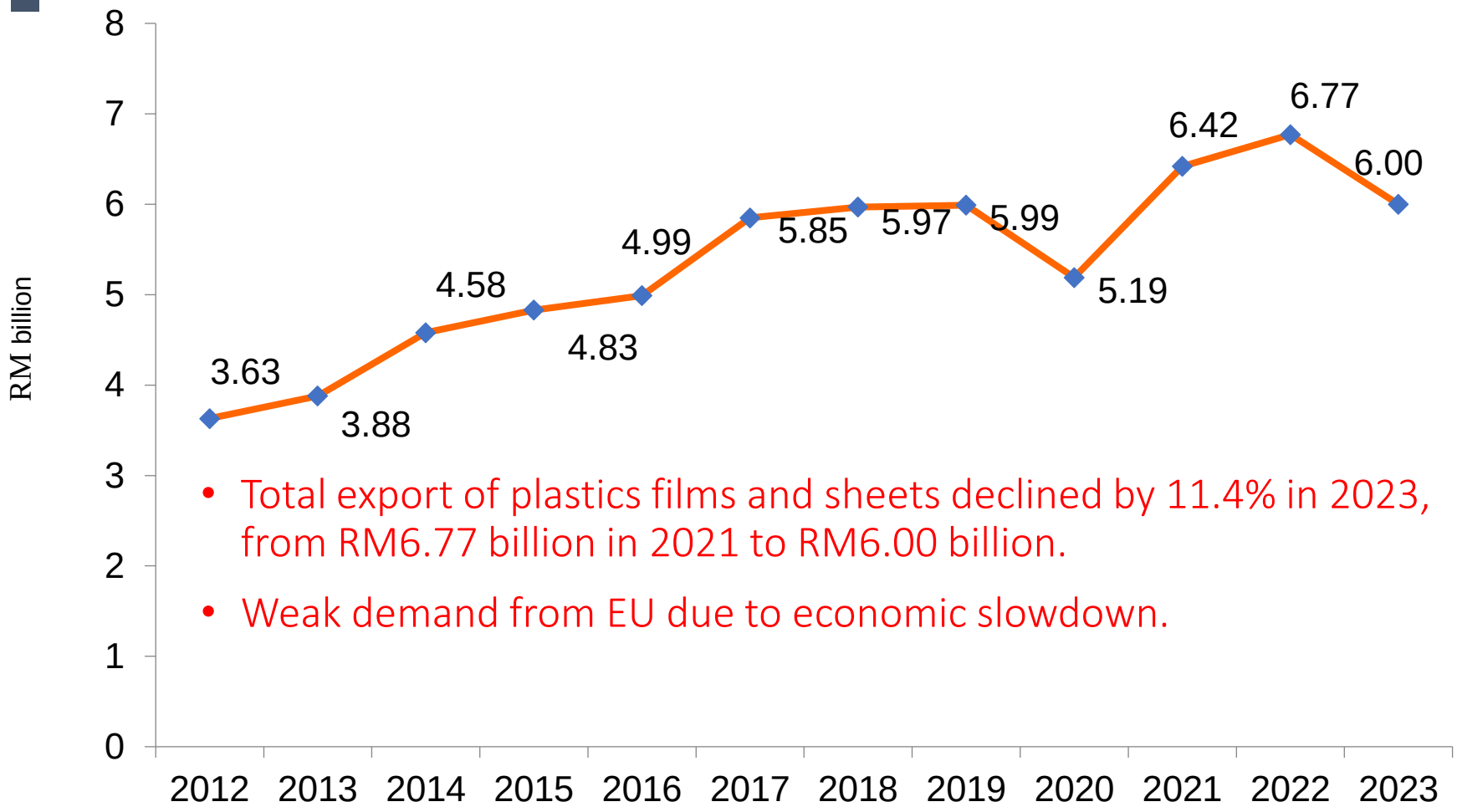
Annual Export of Plastics Bags



- Total export of plastics bags for 2023 declined by 10.5% to RM4.41 billion, from RM4.92 billion in 2022.
- Weaker demand due to lower consumer spendings.
- Consumer changing from single use to multiple use for environmental reason.

Source: Department of Statistics

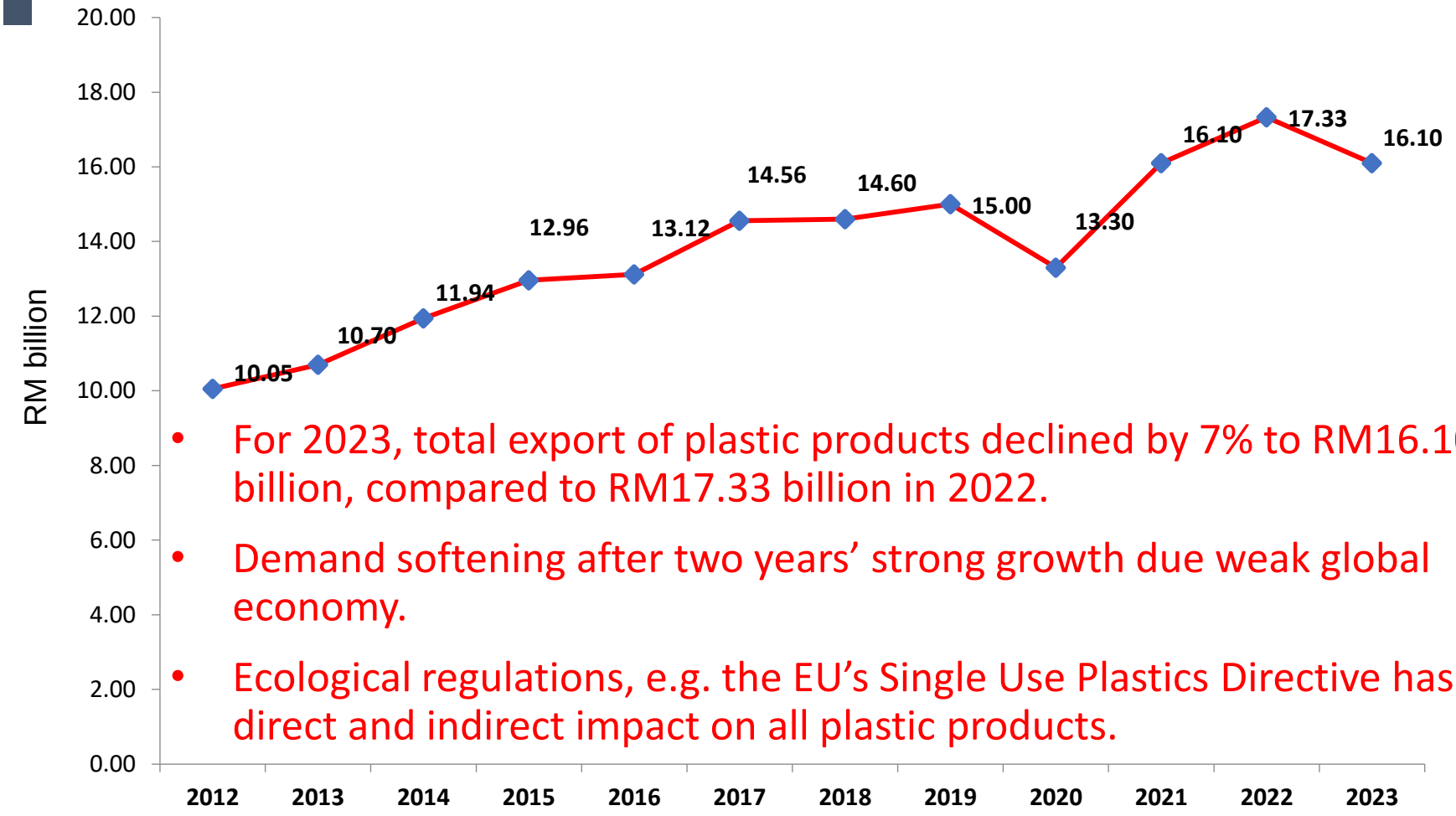
Annual Export of Plastics Films and Sheets



- Total export of plastics films and sheets declined by 11.4% in 2023, from RM6.77 billion in 2021 to RM6.00 billion.
- Weak demand from EU due to economic slowdown.

Source: Department of Statistics

Exports of Plastics Products (2012-2023)



- For 2023, total export of plastic products declined by 7% to RM16.10 billion, compared to RM17.33 billion in 2022.
- Demand softening after two years' strong growth due weak global economy.
- Ecological regulations, e.g. the EU's Single Use Plastics Directive has direct and indirect impact on all plastic products.

Source: Department of Statistics

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KEY DRIVERS AND CHALLENGES

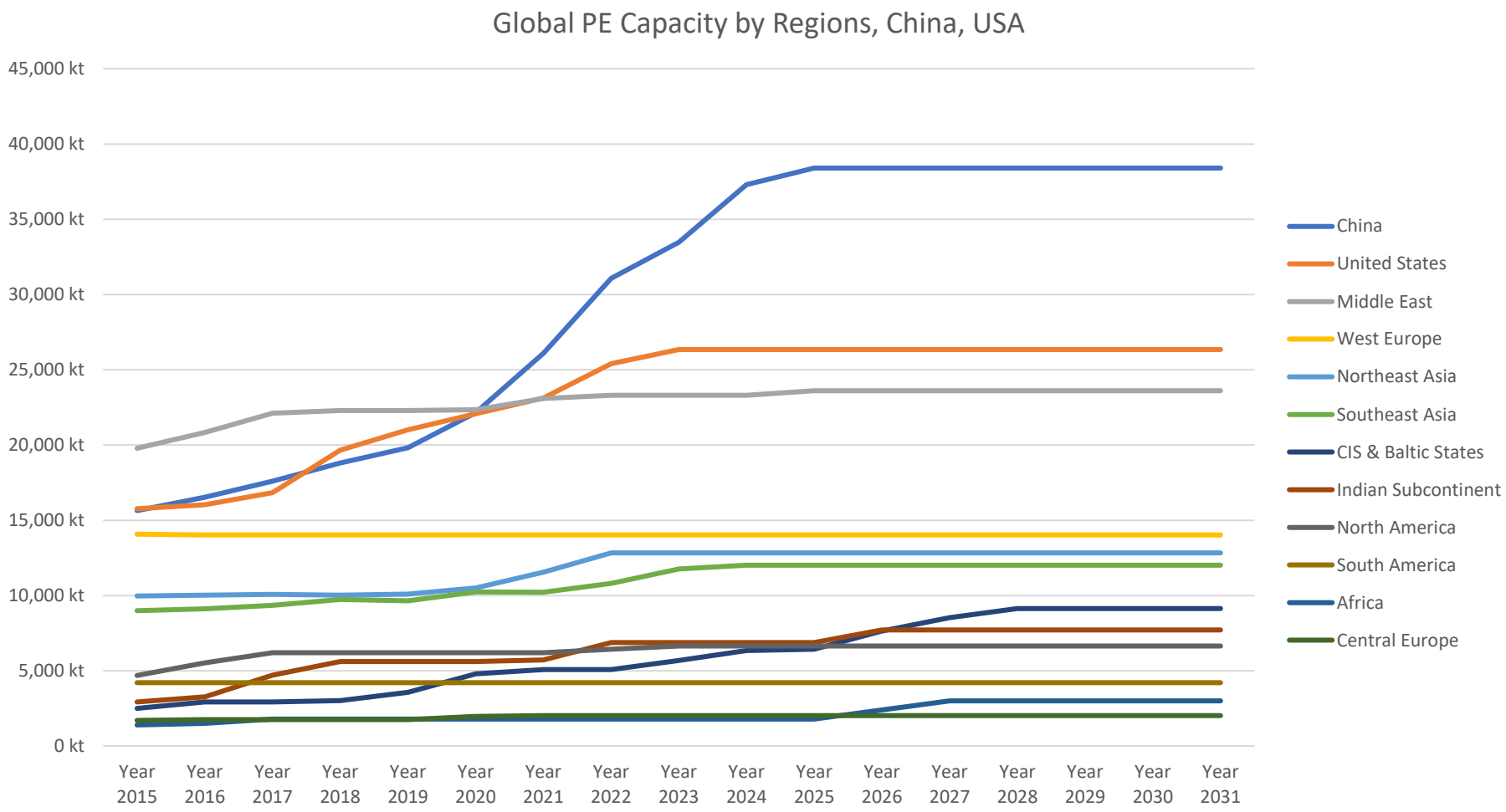
Key Drivers & Challenges

- Moderating inflation (2023: 4.06%, 2024: 3.0%), interest rates (Overnight Policy Rate OPR: 3.0%) stabilizing and are expected to reduce - improving consumer sentiment and purchasing power.
- Domestic demand could continue to prove resilient, while further improvements in global economy will boost the export demand.

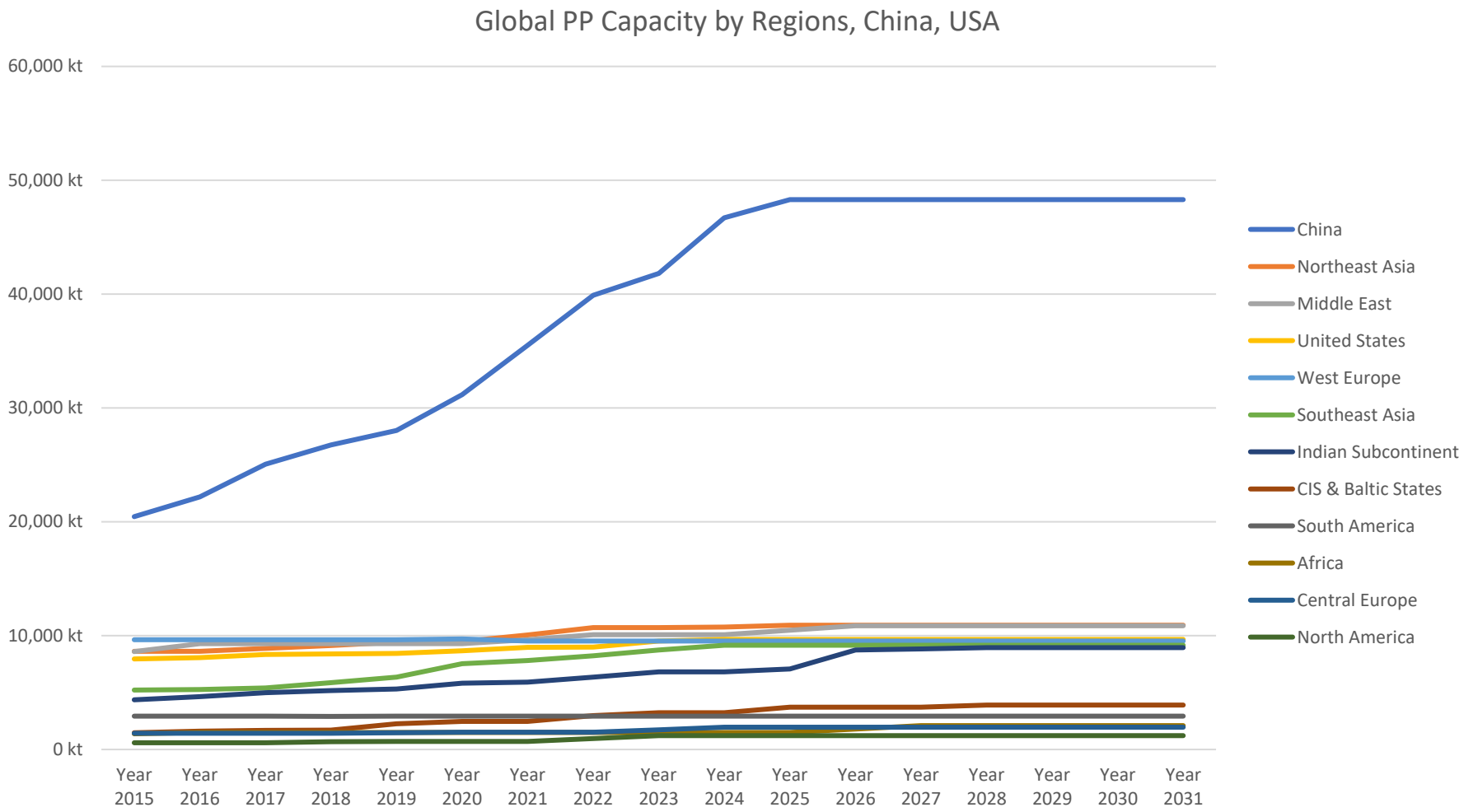
Key Drivers & Challenges

- Lower/stable raw material (resin) prices due to increased capacities worldwide, particularly, new production in China, improved supply chain conditions and overall softened global demand. Low material prices may persist for the next few years.
- Try to source for the cheaper materials from China or elsewhere.

SSESSMENTS
PRICING AND MARKET SERVICES

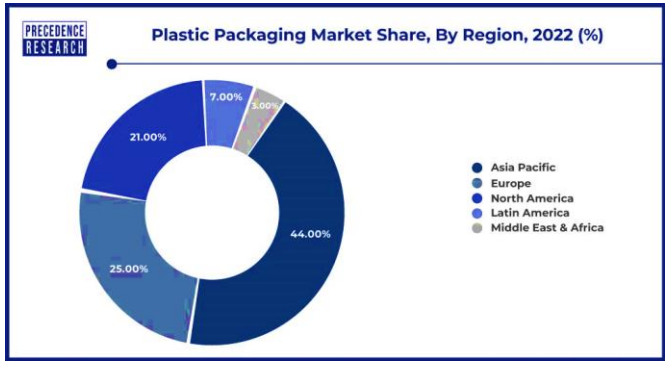


SSESSMENTS
PRICING AND MARKET SERVICES



Market & Drivers

Plastics Packaging





- Demand for plastics packaging is generally driven by population and economic growth.
- **Asia Pacific** has been the largest market, mainly in China, India, and also driven by the growing economies in Southeast Asia.
- **North America and Europe** are also significant markets.
- **High growth is expected mainly in emerging economies, especially in Asia Pacific.** The growth is fueled by the rise in disposable incomes, consumerism / e-commerce and changing lifestyles in the region, with high packed goods consumption, and expansion of end-users for personal care, electronics and pharmaceuticals.
- **North America and Europe is expected to register lower growth** amid challenges in sustainability development and strict prohibition on single-use plastic. However, aging population and the demographic trends are predicted to increase demand for pharmaceutical products.
- **Meanwhile, Europe is expected to be the most attractive marketplace for innovative plastic packaging solutions.**

Growth Factors, Trends and Opportunities
Sustainable Solutions and Development

Background

- Increased emphasis on environmental sustainability, carbon emissions, climate change, plastic waste problem
- Restrictions and levies/taxes on certain types of disposable/single-use plastics

Trends

- Sustainable packaging solutions' demand is driving innovation, technical advancement, investment of the industry, focusing on circular economy.
  - Mono-material products that are recyclable – including materials and technologies to replace aluminum as the main barrier component especially for F&B and pharmaceutical segments (e.g. reducing multi-material and/or laminated structures)
  - Recycled content – with Post-Consumer Recycled materials ("PCR") and Post-Industrial Recycled materials ("PIR") from mechanical recycling or chemical recycling.
  - New materials – such as bio-based, biodegradable, compostable materials.
- Further investments in machinery, facilities for plastics waste sorting and recycling, as well as sustainability certifications etc.

Challenges of Local Players and How They Impact the Industry

Challenges

1. Uncertainties in the global economy impacting the Malaysian economy, which is an export oriented/dependant economy.
2. Global competition for export markets – production cost disadvantage due to raw materials input prices competitiveness, import duties of raw materials, high energy cost, etc.

World GDP Growth Rates (2015 - 2024)



Source: World Bank

World GDP 2024 Forecast

- Global GDP growth is expected to slow down from 2.6% in 2023 to 2.4% in 2024, the major risks are:
  i. Tight monetary policy, restrictive financial conditions, and weak global trade and investment.
  ii. Escalation of the recent conflict in the Middle East.
  iii. Financial stress, persistent inflation, trade fragmentation.
  iv. Climate-related disasters.

Malaysian Economy 2024 Outlook

- GDP growth is expected to improve from 3.7% in 2023 to 4%-4.5% in 2024.
  - Upside potential for the manufacturing sector

  i. Export-oriented industries will benefit from the recovery of external demand with E&E segment projected to surge, primarily driven by memory products. This is in line with the rebound in demand for technologically advanced products.

  ii. Domestic-oriented industries are anticipated to grow steadily backed by higher output in transport and construction-related segments, in tandem with better consumer spending and business activities.

  iii. The implementation of initiatives under the Chemical Industry Roadmap (CIR) 2030, National Energy Transition Roadmap (NETR) and New Industrial Master Plan(NIMP) 2030 will further strengthen the sector's growth.

Source: Bank Nagara Malaysia

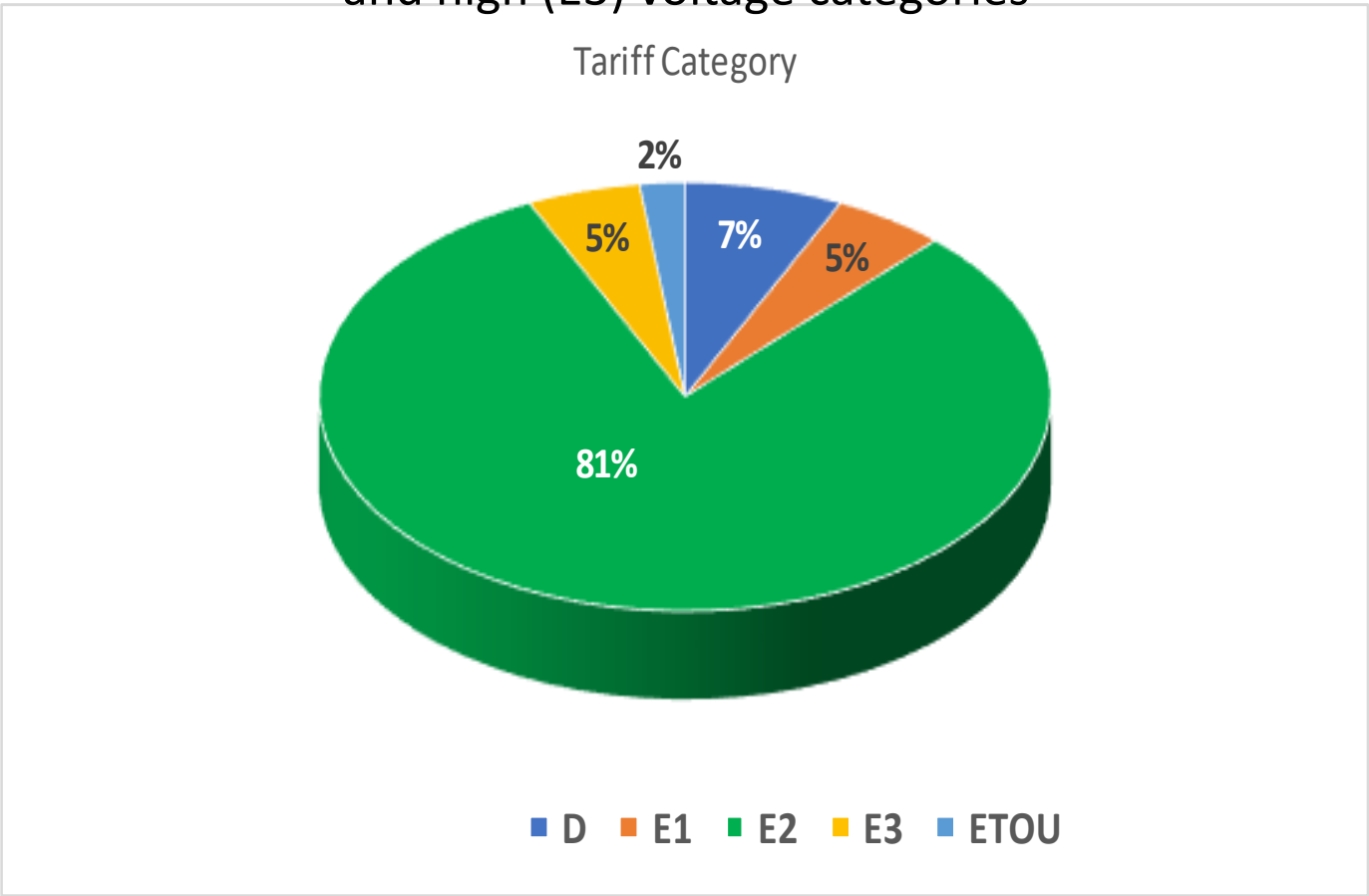
Challenges of Local Players and How They Impact the Industry

Challenges

3. Rising operating costs: increase in energy cost due to the 20 sen increase (Jan-June 2023 and 17 sen for July 2023 to June 2024) in Imbalance Fuel Cost Pass-Through (ICPT) surcharge as a result of the removal of Government subsidy on fuel cost.

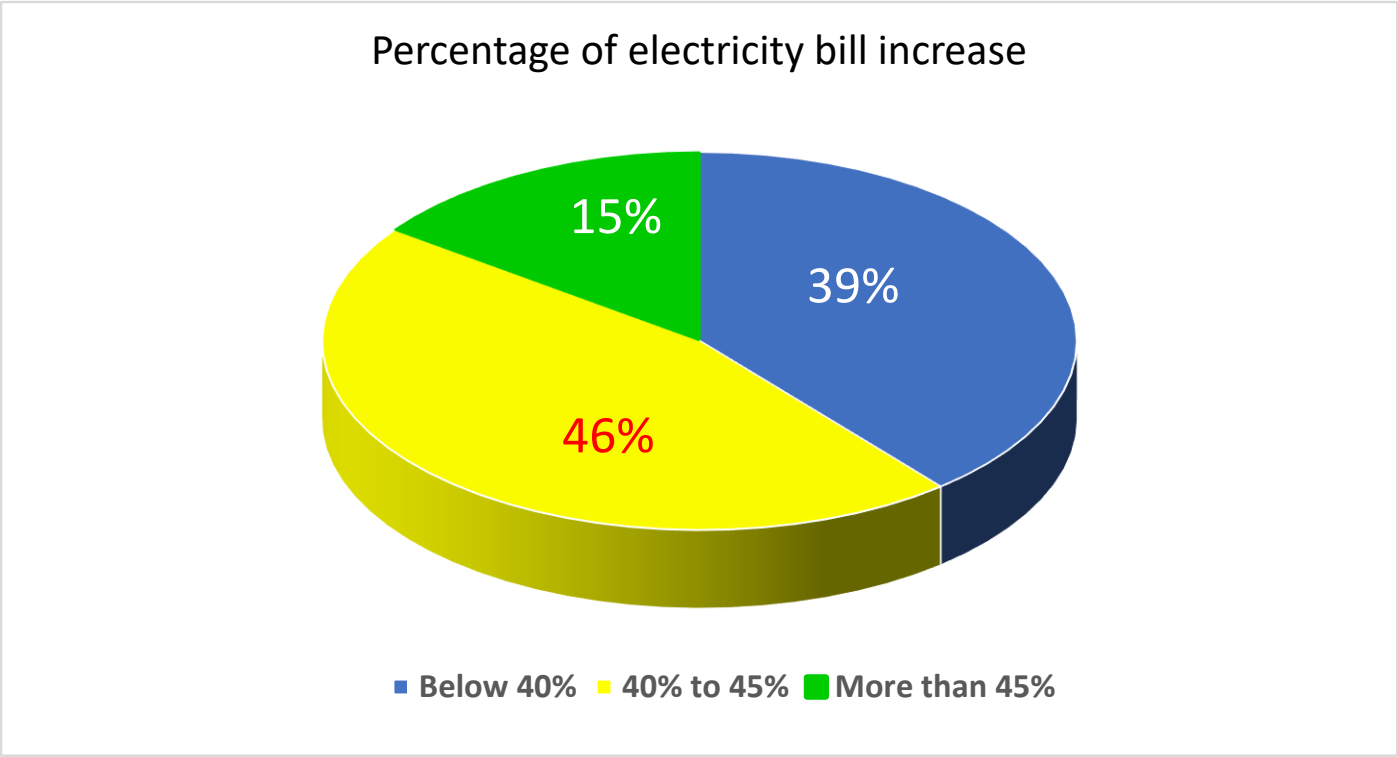
How the Increase in Electricity Cost Has Impacted the Plastics Industry

91% of the MPMA members are in the medium (E1 and E2) and high (E3) voltage categories



How the Increase in Electricity Cost Has Impacted the Plastics Industry

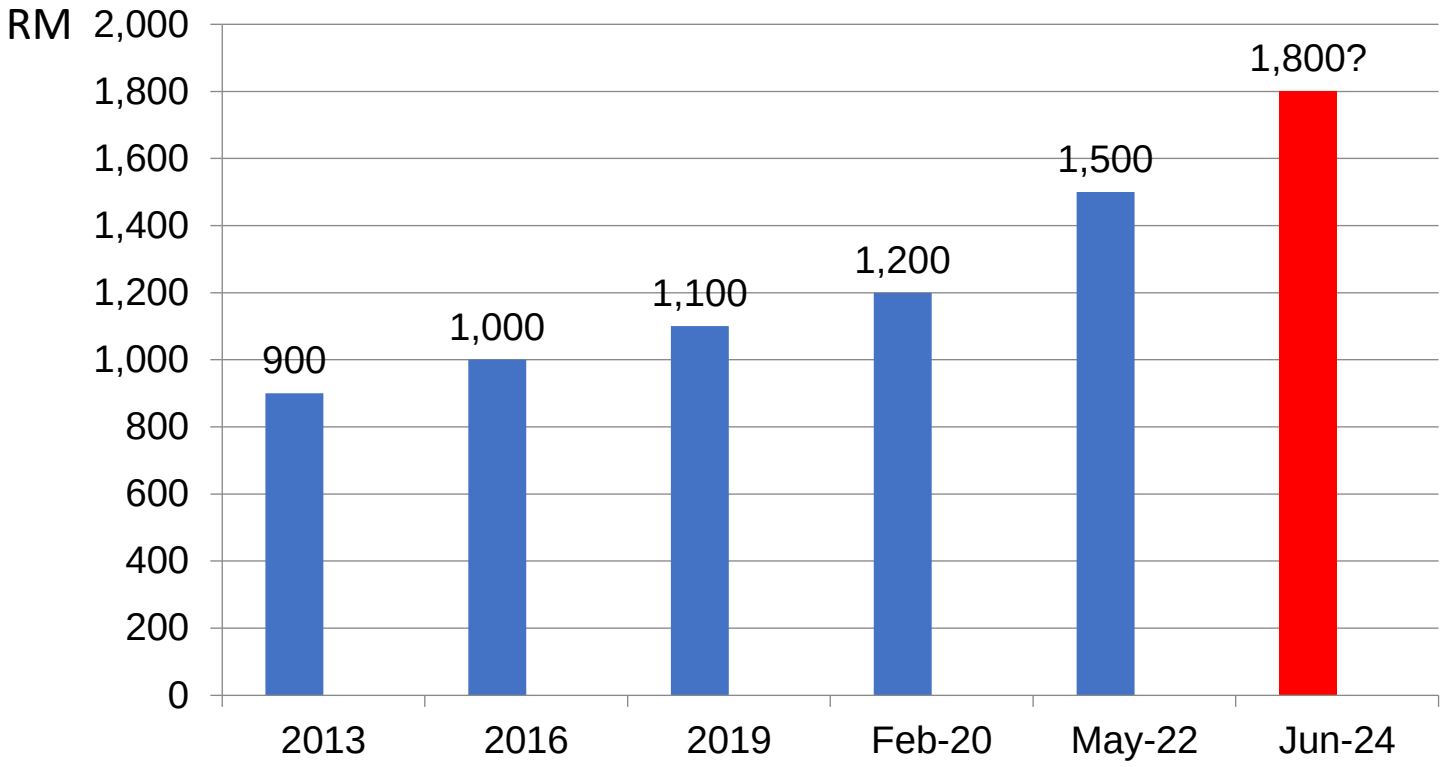
61% of the MPMA members have their electricity bill increased by 40% or more



Challenges of Local Players and How They Impact the Industry

Challenges

4. Increase in minimum wage



Challenges of Local Players and How They Impact the Industry

Challenges

5. Foreign worker multi-tier levy system: RM2,500? RM3,000? or RM3,500?

NEW STRAITS TIMES

NATION

Industry players gearing up for multi-tiered levy system

By Iylia Marsya Iskandar

January 16, 2024 @ 4:24pm



Challenges of Local Players and How They Impact the Industry

Challenges

6. Negativity, bad image of plastics waste and pollution - consumers have incorrect information and lack of understanding of total impacts, life-cycle analysis of product/package.
7. Ecological regulations, levies/taxes on certain types of disposable/single-use plastics

Challenges of Local Players and How They Impact the Industry

Challenges

8. New technology and scaling require large investments and long timelines.
9. Limited feedstock that can be turned into sustainable materials (e.g. lack of segregated, usable plastics waste as recycling inputs).
10. Higher prices for sustainable solutions – materials, technology, investment.

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REGULATORY POLICIES PRESSURE

Local Front

- **M'sia's Roadmap Towards Zero Single-Use Plastics 2018-2030** – phase-out and substitution of certain SUP, pollution charge on plastics bags, eco-labelling
- **Malaysia Plastics Sustainability Roadmap 2021-2030** – phasing out problematic SUP, recycled content, Extended Producer Responsibility (EPR), halal rPET
- **Circular Economy Blueprint for Solid Waste in Malaysia (to be launched in 2024)** – EPR, packaging law, product design, recycled content, transparency and traceability
- **National Climate Change bill (to be tabled in 2025)** – carbon regulation

M'SIA'S ROADMAP TOWARDS ZERO SINGLE-USE PLASTICS 2018-2030

ROADMAP TOWARDS ZERO SINGLE-USE PLASTICS 2018-2030

Towards a Sustainable Future



- Roadmap Towards Zero Single-Use Plastics launched
- Institutional/Secretariat set up
- Communication, Education and Public Awareness (CEPA) Plan
- Technical guidelines
- Revised ECO001
- Rapid testing kit (starch)
- Regional cooperation (marine debris)





- Widespread uptake of bio bag nationwide to replace plastic bag
- Legal framework in place
- Federal pollution levy on plastic manufacturers
- Pollution charge to non-fixed premises
- Rapid testing kit (PHA)



- Scope extended to other single-use plastics



- Implementation Report

2018 **2020** **2022** **2024** **2026** **2028** **2030**



Other single-use plastics - ECO001

Federal pollution levy on plastic manufacturers

Circular Economy Roadmap for bottles and other single-use plastics

Incentives for eco-friendly alternatives

States to implement pollution charge

States continue to charge for bags

R&D on alternatives

Communication, Education and Public Awareness

2019 **2021** **2023** **2025** **2027** **2029**

- Pollution charge on single-use plastic bags by states (fixed premises)
- Straw only on request
- Draft/Revise legal framework



- Mid term review
- Experiential learning at schools
- Communication, Education and Public Awareness review

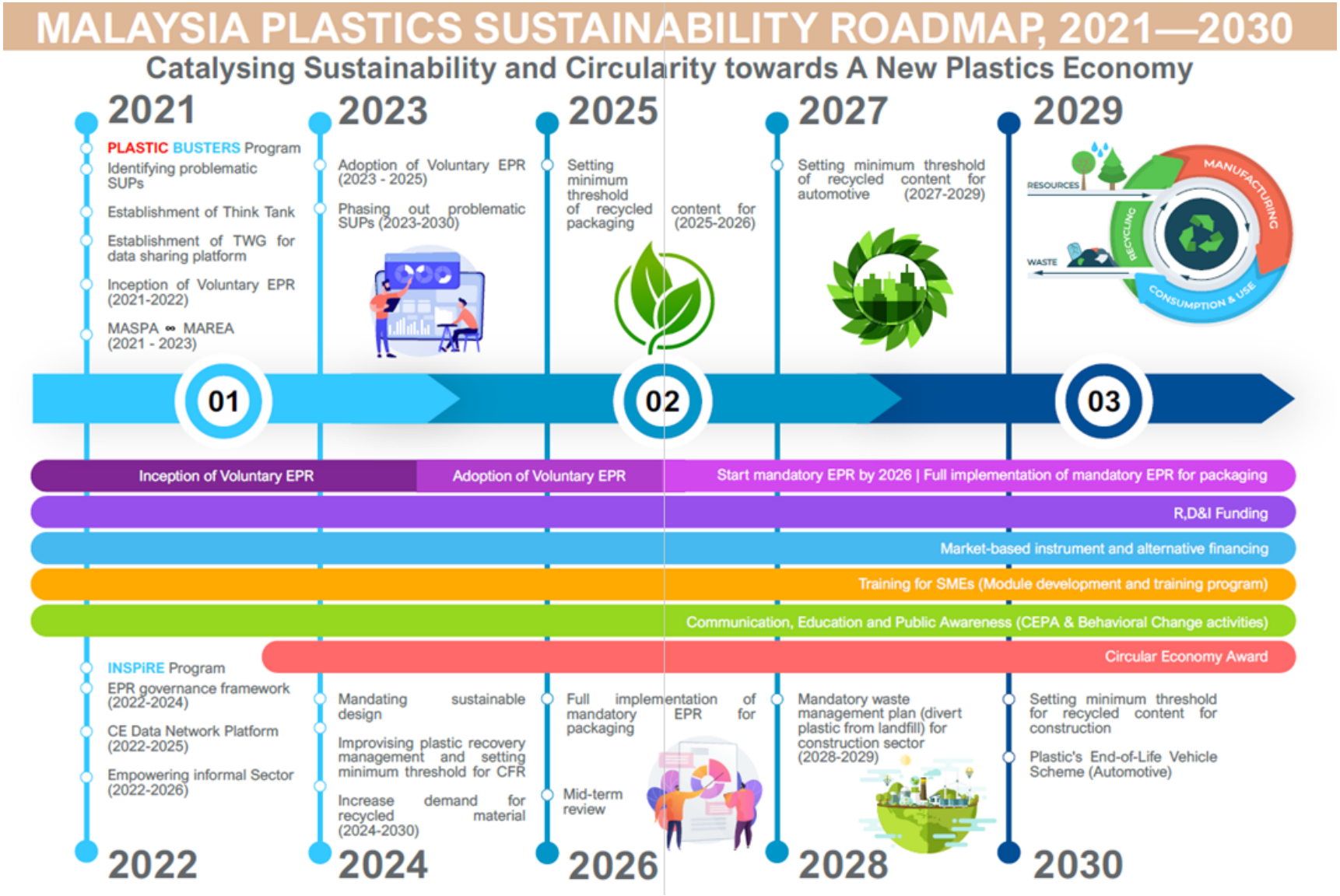


- Regional Marine Debris Implementation Report



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MALAYSIA PLASTICS SUSTAINABILITY ROADMAP 2021-2030



UPCOMING LOCAL POLICIES AND REGULATIONS

Minister: Malaysia to launch blueprint for solid waste, towards circular economy



Minister of Local Government Development (KPKT) Nga Kor Ming said with a commitment to achieving net-zero carbon emissions by 2050, KPKT is currently spearheading initiatives to transform the nation's solid waste management system. — Bernama pic

Govt aims to table National Climate Change bill in 2025



By Mohamed Basyir - November 23, 2023 @ 11:07am



In a written reply, Natural Resources, Environment and Climate Change Minister Nik Nazmi Nik Ahmad said that the ministry is at preliminary stage of drafting the bill. - Bernama pic

International Front

1. **Global Plastics Treaty (GPT)** – 12 possible core obligations (either legally-binding or voluntary) covering full lifecycle of plastics (upstream, midstream and downstream)
2. **Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal** – regulating import and export of plastics scraps
3. **Paris Agreement** – its limitations in addressing climate impact of plastics could be addressed with the finalization of GPT
4. **Regional regulations** – eg. EU Green Deal and SUP Directive

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GLOBAL PLASTICS TREATY



Intergovernmental Negotiating Committee (INC) to develop an international legally binding instrument on plastic pollution, including in the marine environment.

In February 2022, at the resumed fifth session of the United Nations Environment Assembly (UNEA-5.2), a historic resolution (5/14) was adopted to develop an international legally binding instrument on plastic pollution, including in the marine environment with the ambition to complete the negotiations by end of 2024. The instrument is to be based on a comprehensive approach that addresses the full life cycle of plastic.

Possible core obligations:

1. Primary plastics polymers
2. Chemicals and polymers of concern
3. Problematic and avoidable plastics products
4. Product design, composition and performance
5. Non-plastics substitutes
6. Extended producer responsibility
7. Emissions and releases of plastics throughout its life cycle
8. Waste management
9. Trade in chemicals, polymers, plastics products and plastics waste
10. Existing plastics pollution, including in the marine environment
11. Just transition
12. Transparency, tracking, monitoring and labelling



BASEL CONVENTION





The Plastic Waste Amendment

In May 2019, by decision BC-14/12, the COP amended Annexes II, VIII and IX to the Basel Convention to change the scope of plastic waste covered by the Convention. These amendments will have a significant impact on the rules governing the movement of plastic waste across international boundaries.

Certain types of plastic waste, namely those that are difficult to recycle (listed in Annex II) or are hazardous (listed in Annex VIII), will only be allowed to be exported if the importing country grants a Prior Informed Consent (PIC). This PIC has to secure that the waste will be managed in an environmentally sound manner in the importing country. Technical guidelines for the environmentally sound management (ESM) of plastic waste are currently under development and to be agreed under the Basel Convention. Non-hazardous, clean and sorted plastic waste destined for recycling in an environmentally sound manner (listed in Annex IX) can be traded without applying the PIC procedure. The amendments as such do not imply a ban on the import, transit or export of plastic waste.

These new entries will be effective as of 1 January 2021. The text of the amendments can be found at:

http://www.basel.int/tabid/6069/Default.aspx.

Further actions to address plastic waste under the Basel Convention

In decision to BC-14/13, Parties noted the importance and urgency of the problem of plastic waste and decided to take immediate action:

1. *Minimization/prevention of plastic waste:*

   The COP emphasized the need to adopt a life-cycle approach, called upon Parties to make further efforts at the domestic level, and encouraged Parties to set time-bound targets.

2. *Reducing the risk from hazardous constituents:*

   Plastic waste may contain hazardous substances. The COP strongly encouraged Parties and others to make effort to create new technology and processes to reduce the use of hazardous constituents in the production of plastics.

3. *Review of Annexes I and III to the Basel Convention:*

   The COP requested the expert working group on the review of annexes to consider whether any additional constituents or characteristics in relation to plastic waste should be added to Annex I or III to the Convention.

4. *Technical guidelines:*

   The COP decided to update 'the technical guidelines for the identification and ESM of plastic waste and for their disposal' and decided to establish a small intersessional working group to undertake this work.

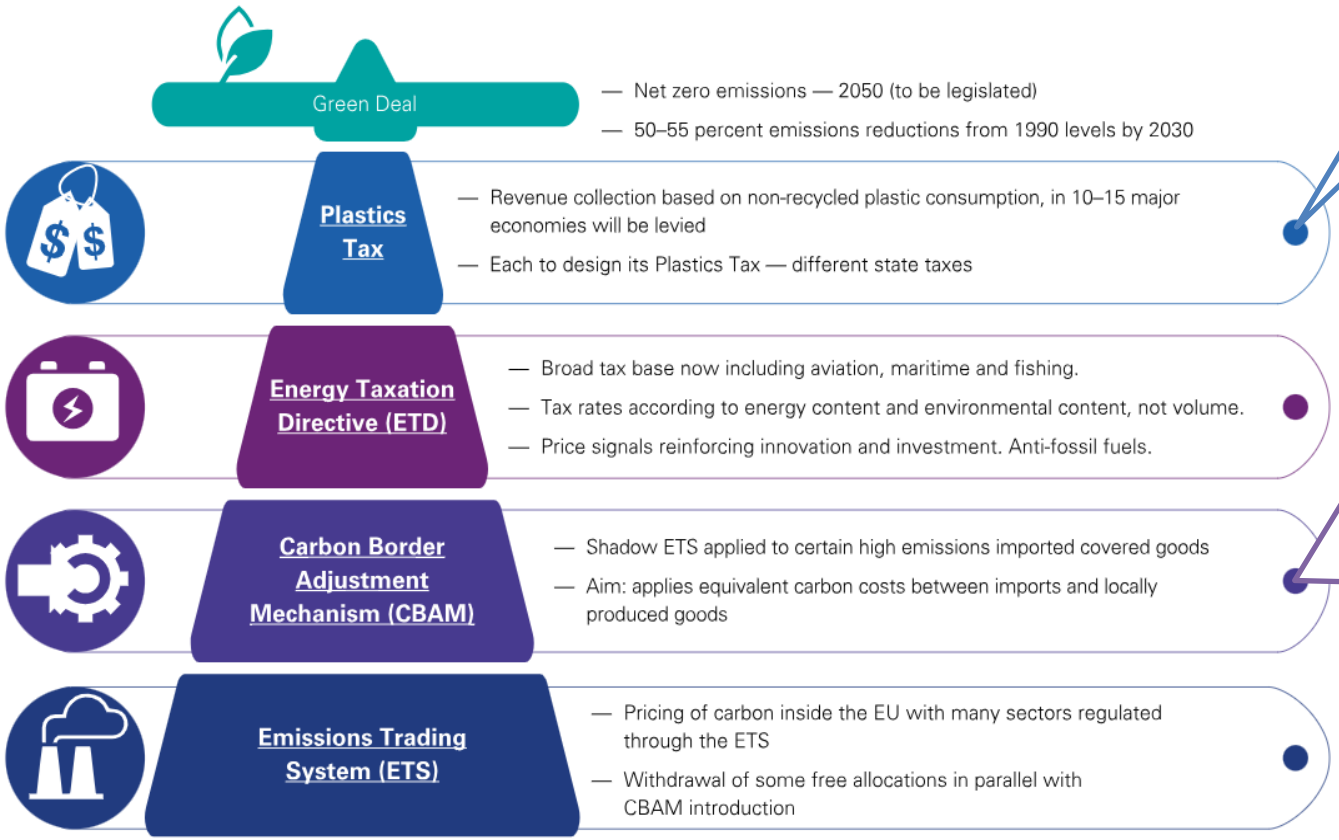
5. *Partnership on Plastic Waste:*

   The COP decided to establish the working group of the Partnership on Plastic Waste and adopted the terms of reference and workplan for 2020-2021. Its goal is to improve and promote the environmentally sound management of plastic waste at the global, regional and national levels and prevent and minimize their generation so as to reduce significantly and in the long-term eliminate the discharge of plastic waste and microplastics into the environment, in particular the marine environment

6. *Public awareness:*

   The COP invited Parties and others to enhance public awareness, education and information exchange.

TAX MEASURES IN EU GREEN DEAL



(Source: https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2021/09/plastic-tax.pdf)

To reduce consumption of raw materials and waste, and to promote the move towards a circular economy.

CBAM transitional phase (2023 – 2026) covers 6 sectors:

i. Cement
ii. Iron and steel
iii. Aluminium
iv. Fertilisers
v. Electricity
vi. Hydrogen

The EU Parliament is considering to expand the scope to include plastics and chemicals by 2026.

EU SINGLE-USE PLASTICS DIRECTIVE

12.6.2019 EN Official Journal of the European Union L 155/1

I

(Legislative acts)

DIRECTIVES

DIRECTIVE (EU) 2019/904 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 5 June 2019
on the reduction of the impact of certain plastic products on the environment
(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee (1),

Having regard to the opinion of the Committee of the Regions (2),

Acting in accordance with the ordinary legislative procedure (3),

Whereas:

(1) The high functionality and relatively low cost of plastic means that this material is increasingly ubiquitous in everyday life. While plastic plays a useful role in the economy and provides essential applications in many sectors, its growing use in short-lived applications, which are not designed for re-use or cost-effective recycling, means that related production and consumption patterns have become increasingly inefficient and linear. Therefore, in the context of the Circular Economy Action Plan laid down in the Communication of the Commission of 2 December 2015 entitled 'Closing the loop – An EU action plan for the Circular Economy', the Commission concluded in the European Strategy for Plastics laid down in its Communication of 16 January 2018 entitled 'A European Strategy for Plastics in a Circular Economy' that the steady increase in plastic waste generation and the leakage of plastic waste into the environment, in particular into the marine environment, must be tackled in order to achieve a circular life cycle for plastics. The European Strategy for Plastics is a step towards establishing a circular economy in which the design and production of plastics and plastic products fully respect re-use, repair and recycling needs and in which more sustainable materials are developed and promoted. The significant negative environmental, health and economic impact of certain plastic products calls for the setting up of a specific legal framework to effectively reduce those negative effects.

OUT ...

Single-use plastic items to be banned by 2021:

- **cutlery**
- **plates**
- **straws**
- **drink stirrers**
- **cups and food and drink containers made of polystyrene (including lids)**
- **cotton bud and balloon sticks**
- **all products made of oxo-degradable plastic (widely used for shopping bags)**

IN ...

2021
clear labelling of cups, wet wipes, sanitary pads, tampons and applicators and tobacco products with filters, highlighting their plastic content, proper disposal methods and environmental risks

2024
lids and caps made to **stay on** drinks containers and bottles of up to 3 litres

2025
plastic bottles made of at least **25 % recycled plastic**

77 % separate collection of plastic bottles of up to 3 litres

2026
EU countries to achieve ambitious and sustained **cuts in consumption** of single-use plastic cups (including lids/covers) and food containers as compared to 2022

2029
90 % separate collection of plastic bottles of up to 3 litres

2030
plastic bottles made of at least **30 % recycled plastic**

Malaysian Plastics Manufacturers Association

KEY FOCUS APPROACHES FOR SUSTAINING BUSINESSES

Sustaining Businesses

- Explore overseas markets to expand exports – Malaysia is a strategic location due to trade war (some MNCs are “decoupling” from China).
- Strategic alliance with overseas partners, e.g. via joint ventures.
- Adoption of new technology – automation (reduce FW), digitisation (faster data collection, analysis), consistent quality and higher efficiency (lower unit cost).
- New product development.
- Talent development (MPMA TDP Programme, TVET and Graduates) to improve productivity and product quality, for global competitiveness.

Sustaining Businesses

- Providing total solutions for customers, need multi-disciplinary skills.
- Encourage sharing of capabilities and success stories.

Sustaining Businesses

Digitalisation and technological advancement to drive efficiency

- Industrial digital transformation focuses on automation, interconnectivity, machine learning and real-time data to drive productivity and efficiency

ESG at core of business

- Integrating ESG in business strategy is essential to maintain sustainable operations by focusing on the aspects of environment, social and governance, thus ensuring responsible business conduct and delivering long-term value creation.
- Promoting and ensuring sustainable practices across the supply/value chain.
- To improve stakeholders' engagement to understand needs and expectations, build trust and credibility.

Sustaining Businesses

Pricing excellence and cost management

- Pricing strategy and cost control is critical amid a business environment with increasing costs of operating business and competition.
- Make use of the cheaper resin cost in your pricing strategy.

Sustaining Businesses – MPMA's Initiatives to Support the Members

Government advocacy

1. Identify policies that are impacting (-ve) the industry and policies that can promote (+ve) the growth of the industry – need members' feedback.
2. Participation in policy formulation.

Sustaining Businesses – MPMA's Initiatives to Support the Members

Government advocacy

3. Consultations with stakeholders (Government, members and major consumers) for effective implementation of the policies.



Sustaining Businesses – MPMA's Initiatives to Support the Members

Government advocacy

4. Joint efforts with other major trade associations in Government lobbying.



20.03.2024

Sustaining Businesses – MPMA's Initiatives to Support the Members

Plastics Sustainability

1. To counter negative perception on plastics with facts.
2. To disseminate information, knowledge and updates about plastics and sustainability.
3. To share findings and latest Government plan, global initiative (e.g. the INC) which may impact the industry to members.

Sustaining Businesses – MPMA's Initiatives to Support the Members

Training and Development

1. Enhance the skills and competencies of existing workers - development of collaborative certification programs that align academic curriculum with industry standards and practices.
2. Provide industry-relevant training and skills development opportunities for new hires and unemployed graduates, facilitating their entry into the workforce.

Sustaining Businesses – MPMA's Initiatives to Support the Members

Green energy to reduce energy cost

1. MPMA's strategic partnership with Sunview Group Bhd to promoting the adoption of solar photovoltaic (PV) systems among our members.



12.03.2024

Sustaining Businesses – MPMA's initiatives to support the members

- **Green energy to reduce energy cost**

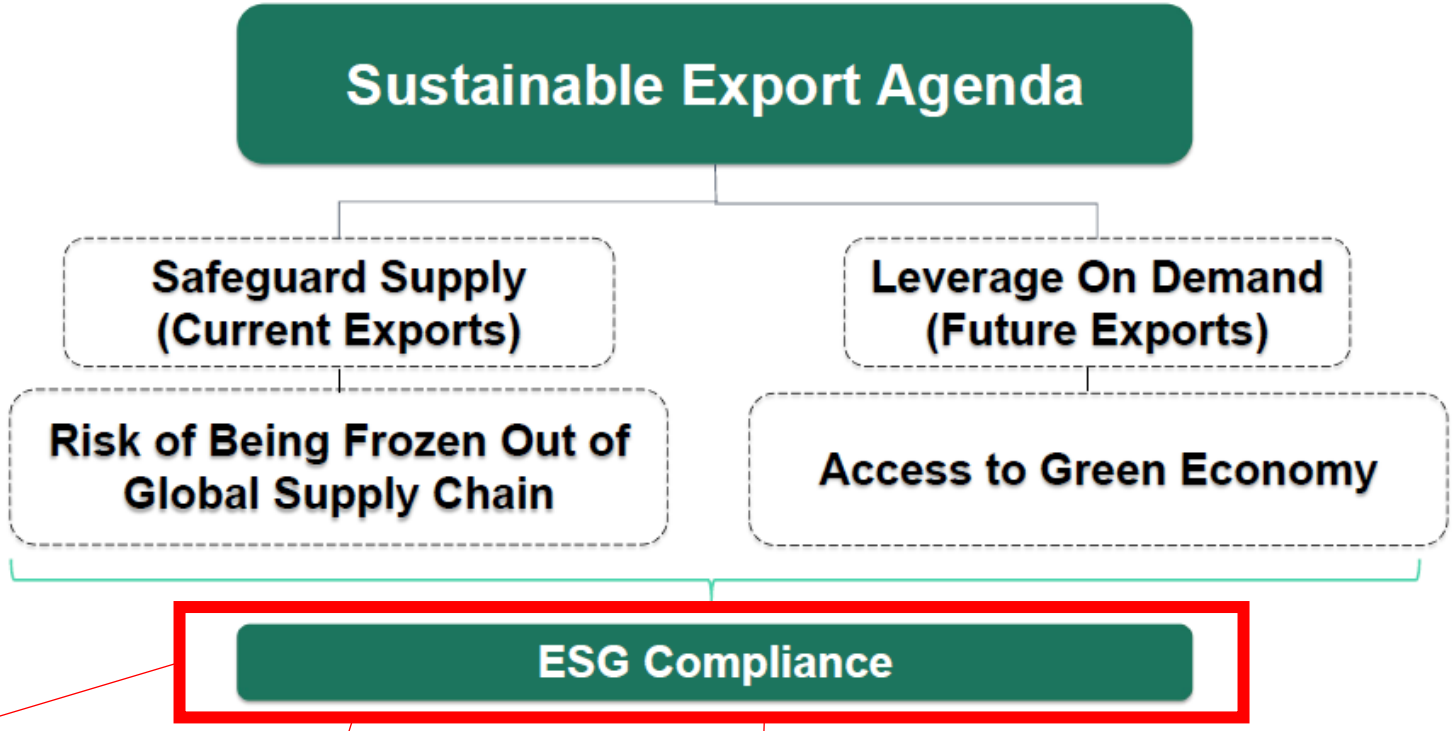
2. MPMA and Plus Exnergy (previously known as Plus Solar) have embarked on sharing of solar energy concept sine 2018.



Malaysian Plastics Manufacturers Association

ENVIRONMENTAL, SOCIAL & GOVERNANCE - RELEVANCE & OPPORTUNITIES

Embarking on ESG



Global sustainability framework

Regional / national regulations

Reporting standards (ESG, sustainability, climate, etc.)

Bursa Malaysia Sustainability Reporting Guide: https://bursaacademy.s3.ap-southeast-1.amazonaws.com/Print-PDF/Sustainability%20Reporting%20Guide%202022_FINAL.pdf

National Industry ESG (iESG) Framework 2023

MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

iESG NATIONAL INDUSTRY ENVIRONMENTAL, SOCIAL & GOVERNANCE FRAMEWORK

Phase 1.0: "Just Transition"

i-ESG Framework: Summary

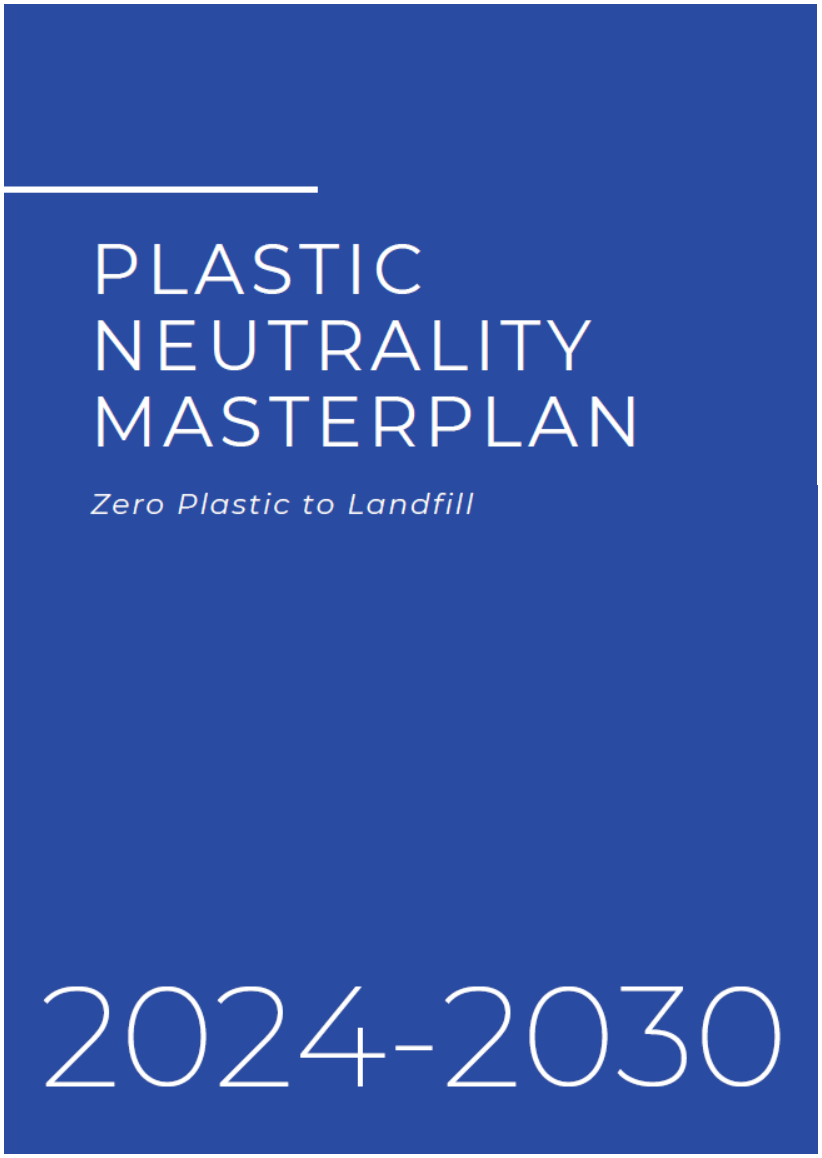
Vision	For the manufacturing sector To be economically beneficial, environmentally sustainable and socially equitable			
3 Missions	• Support manufacturing firms to learn, be agile and adopt ESG practices • Transform challenges into opportunities • Foster symbiotic public-private partnership for value creation			
4 Components	Standard	Capacity Building	Financing	Market Mechanism
17 Strategies	**A.1** i-ESGReady: Design and conduct ESG readiness assessment to evaluate the extent of companies' readiness in their ESG journey **A.2** i-ESGStart: Formulate a clear, consistent and coherent sustainability reporting guideline for manufacturers intiating or at a foundation stage of their ESG endeavors **A.3** Utilise digital tools for the collection and analysis of sustainability reporting data. **A.4** Transition to net zero industrial parks **A.5** Introduce a carbon price certificate as a proactive measure to ensure compliance with the Carbon Border Adjustment Mechanism (CBAM). **A.6** Develop carbon footprint for products.	**B.1** KenalESG - Conduct awareness programme across regions, with a specific focus on reaching out to MSMEs. **B.2** GSEP: Raise awareness among ministries and government agencies including state and local councils. **B.3** Promote ESG training programmes tailored for MSMEs, encompassing globally acknowledged ESG Certification Courses. **B.4** ESG training programmes for government officers. **B.5** Establish a CSRMatch platform.	**C.1** Establish financing market place **C.2** Provide outcome-based incentives. **C.3** Promote Green Financing / ESG Financing Options **C.4** Promote net-zero technologies	**D.1** Design Carbon Pricing Instruments **D.2** Launch SDG Investor Map
50 Deliverables				



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THE PLASTICS NEUTRALITY MASTERPLAN

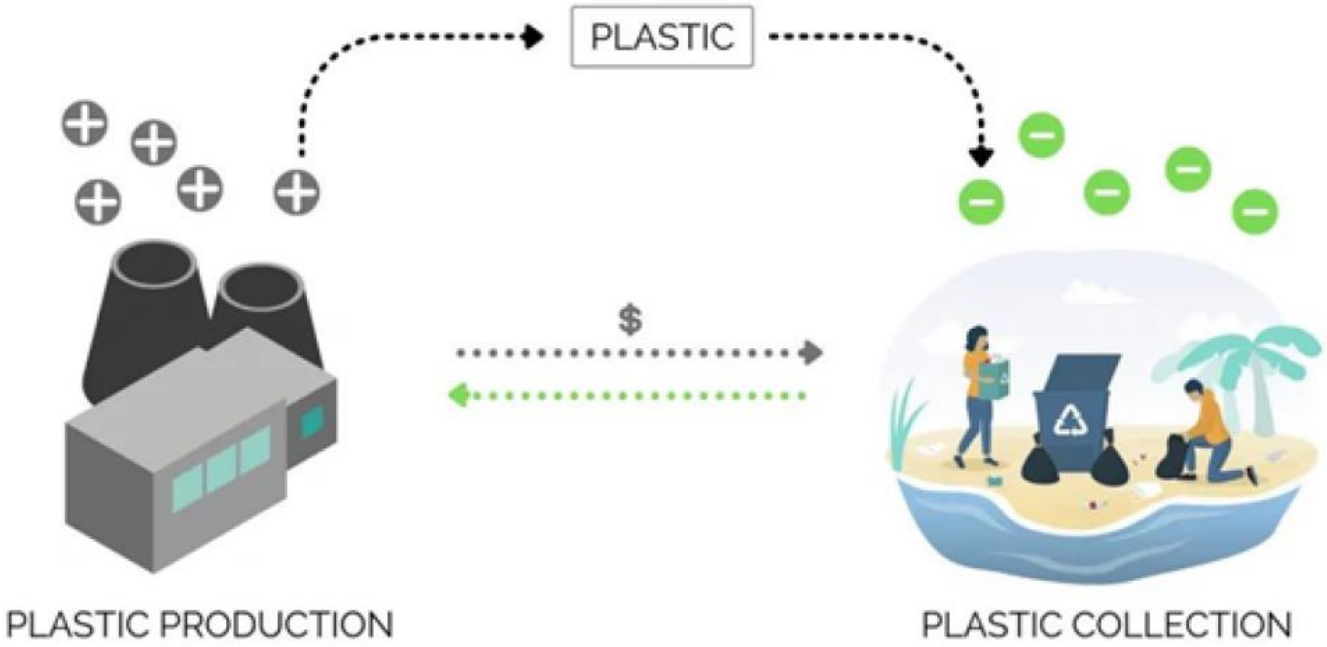


ZERO PLASTIC TO LANDFILL

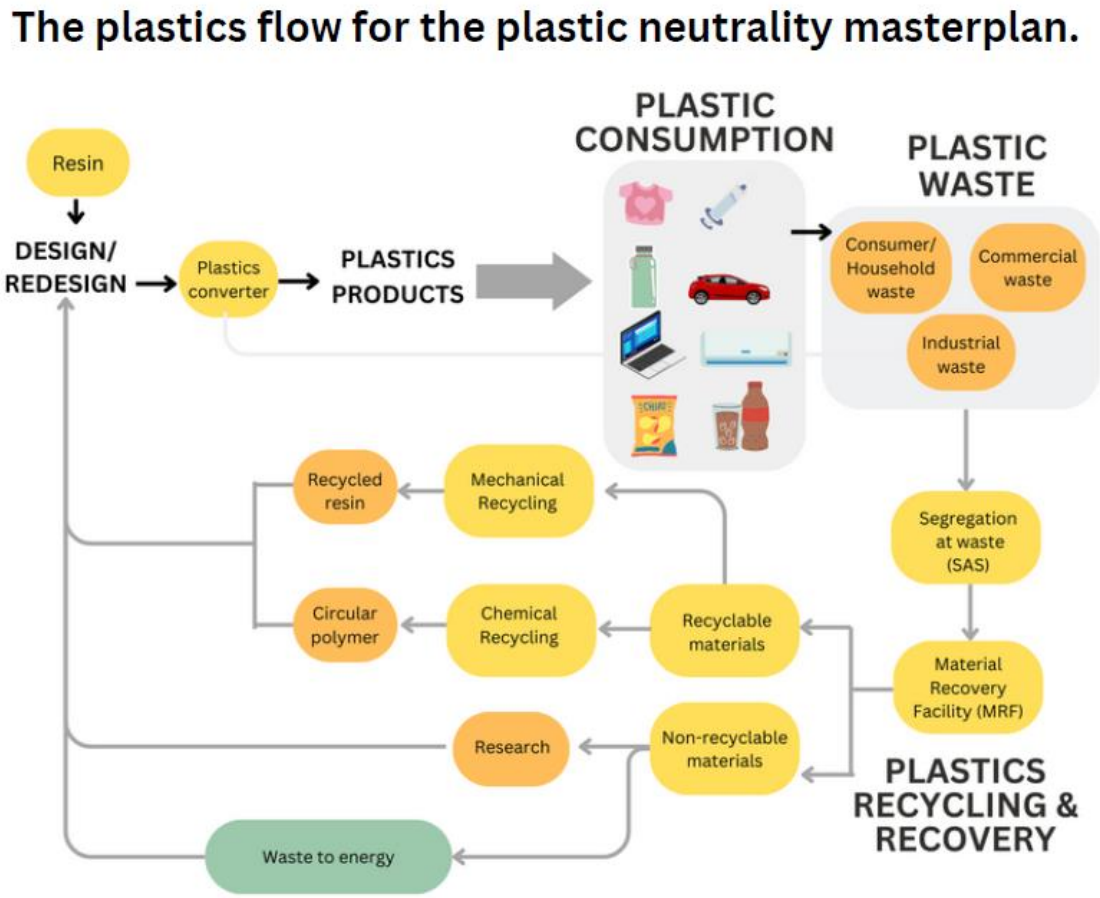
This document is Malaysia's plastics industry vision for the role of plastics in the circular economy, so as to achieve zero plastics to landfill

What is plastic neutrality?

Plastics neutrality is achieved when plastics is being kept in the loop to achieve plastics net-zero in the environment, and this can be done through the practice of redesign, reuse, repurpose, recycle and recovery. In this manner, plastics neutrality will help mitigate plastics pollution whilst continuing to provide society the benefits of plastics.



The Plastics Neutrality Masterplan provides an independent perspective on transitioning to net- zero carbon emissions and circularity goals by 2050.



Malaysian Plastics Manufacturers Association

OPERATION CLEAN SWEEP

OCS Malaysia

2–5 mm
in diameter



OCS is an international industry-led programme that supports the plastics industry's efforts towards **eliminating plastics resin loss in their operations** to preserve water quality, protect the environment, and strengthen workers safety. More than 60 International Partners are actively managing the OCS programme in their countries.

OCS Malaysia was launched on 8 December 2022 by MPMA and as of date, **23 facilities** around Malaysia have signed up as OCS Partner. The programme provides guidelines for companies to implement best practices when dealing with plastics resins in the form of pellets, flakes and powder.


Operation Clean Sweep®

Presented to
PETRONAS Chemicals Polyethylene Sdn Bhd

Certificate
OF COMMITMENT

as an Operation Clean Sweep Partner having pledged to implement the OCS Programme for achieving Zero Pellet, Flake and Powder Loss.

Pledge date: 8 December 2022 to 7 December 2025

SAMPLE

Datuk Lim Kok Boon
President, MPMA

MPMA
Malaysian Plastics Manufacturers Association

Goals:

- Work towards achieving zero pellet, flake, and powder loss
- Minimize environmental footprint associated with plastic industry
- Help to establish a good housekeeping and containment practices

OCS Malaysia

- Significance of OCS to the members:

i. Forms a part of your company's **sustainability** initiatives

ii. Enhances your company's **environmental stewardship** in reducing pollution from plastics resin leakages

iii. **Increases efficiency of material usage** and **reduces waste generation** from manufacturing and handling of plastics resin, and it translates into **cost savings**

iv. Improves your company's **competitive advantage**

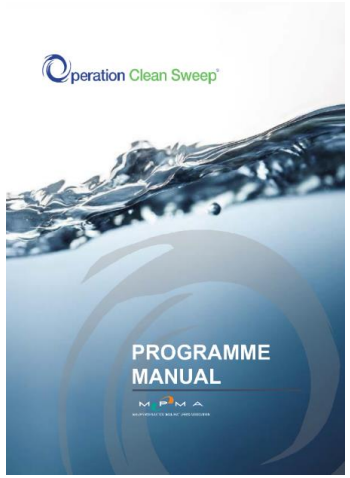
OCS Malaysia

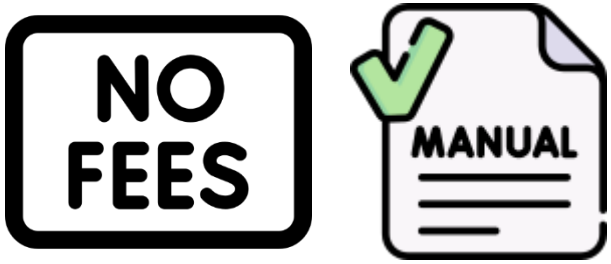
- **What to expect?**

i. Conduct internal audit to identify containment gaps

ii. Implement corrective measures

iii. Continuous review and improvement





REGISTER HERE:

For more info: https://mpma.org.my/sustainability/operation-clean-sweep
For enquiries: operationcleansweep@mpma.org.my

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CONCLUSION

Conclusion

- 2024 will continue to be a challenging year in view of the rising cost of doing business and intense competition.
- The economy in China is recovering, this may provide some good business opportunities.
- Note: The Caixin/S&P Global China manufacturing purchasing managers' index (PMI) hit 51.1 in March 2024— its strongest since February 2023 — after registering 50.9 in February 2024 (source: CNBC).

Conclusion

- Technological advancement through latest machinery and materials to create more innovative plastic products.
- Enhancing the skills of your existing workforce, preparing them for future innovations in product, technology and business models.
- Integrating ESG in business strategy to ensure long term sustainable growth.



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