



ESG Sustainability Newsletter

Issue No.10 | Oct 2022

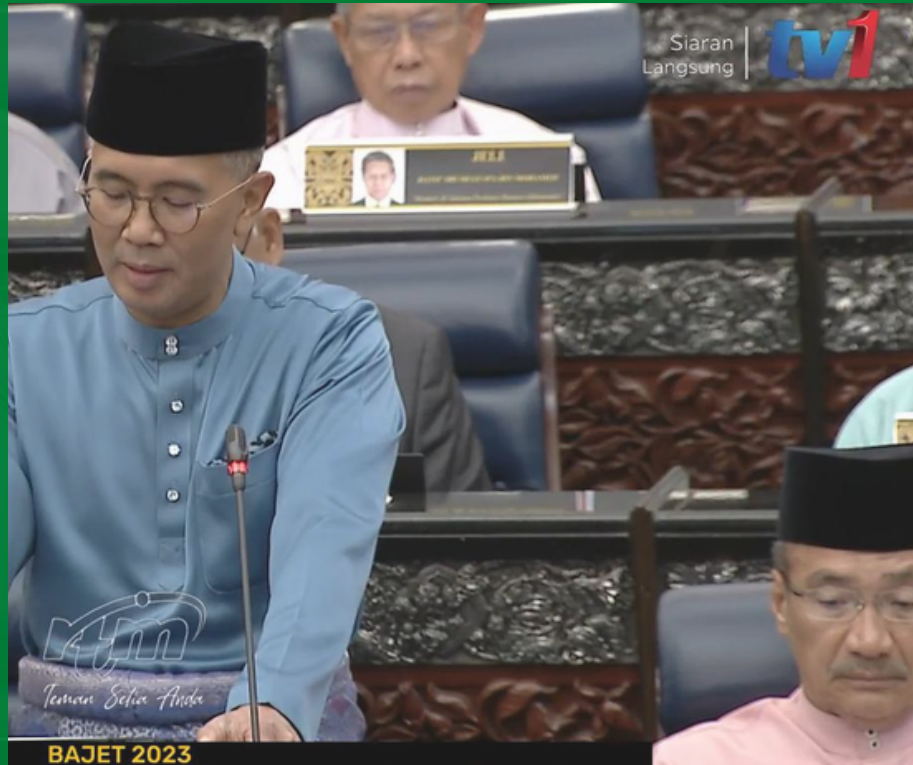
Budget 2023: Advancing Sustainability

Sustainability was certainly a key focus in the Budget 2023 proposals, with the Government's intention to introduce Carbon Tax to drive the Environment, Social and Governance (ESG) agenda.

Although no specific implementation date has been announced, the Government is evaluating the carbon pricing mechanism. Already introduced in various developed countries, the Carbon Tax will serve as a new source of government revenue and is certainly a step in the right direction to assist our nation in achieving carbon neutrality by 2050.

The extension of the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) by another two years to 31 December 2025 will also continue to incentivize and encourage businesses to accelerate the use of ESG-focused technology and embark on green projects.

To encourage the take-up of EVs, the government also proposes to extend exemptions on import and excise duties on completely built-up (CBU) EVs until Dec 31, 2024, as well as exemptions on approved permit fees for the import of EVs until Dec 31, 2023.



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BUDGET
2023

All in all, the sustainability agenda and green technology development promotion are apparent in Budget 2023. In light of the announcement by the Malaysian Prime Minister of the dissolution of the Parliament on 10 October 2022, the Budget 2023 may be subject to change after the general elections so it remains to be seen whether the proposals will carry through once a new Government is in place. Nevertheless, a clearer roadmap has definitively been shown through the Budget 2023 with aim to achieve the multiple sustainability goals.



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MALAYSIA NEEDS ITS OWN 'GREEN NEW DEAL' POST-GE15

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The prime minister and UMNO found it fit to trigger a general election amidst the incoming monsoon is very telling of how our nation has ignored science and climate change.

This is, of course, not the first time.

Malaysia has one of the highest deforestation rates in the world, which has manifested in the recent terrifying “banjir balak” in states like Pahang. Our National Energy Policy launched in September 2022 sets a dismally low target of 17 per cent renewable energy in the total primary energy supply by 2040, while the rest of the world is turbo-charging towards renewables at warp speed. Forget climate mitigation, we are wholly unprepared in climate adaptation too — as seen in the repetitive flash floods in the Klang Valley and a damning auditor-general’s report implicating an incompetent DBKL.

All this talk about supposedly skyrocketing GDP numbers and increasing FDI will be meaningless, if we do not adequately prepare for the climate change and environment catastrophe that is about to hit us.



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A higher portion of the annual budget has been channelled to protect the environment (Budget 2023 allocates only 0.007 per cent directly to environmental protection). Second, there must be an aggressive drive for green financing, similar to how Singapore plans to issue US\$35 billion (RM164 billion) of green bonds by 2030 to fund public sector green infrastructure projects. Malaysia is already leading in green sukuk since 2017, and must scale-up. Third, Malaysia must demand developed nations to pay its fair share to support developing nations, a gap highlighted in the recent UN IPCC report.



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Malaysia: Malaysian National Energy Policy 2022-2040

BY MARK LIM AND FAEZ ABDUL RAZAK - OCTOBER 12, 2022 - 6 MINS READ

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THE MALAYSIAN GOVERNMENT LAUNCHED THE NATIONAL ENERGY POLICY 2022-2040

The National Energy policy held the following objectives:

- Enhancing macroeconomic resilience and energy security
- Achieving social equitability and affordability
- Ensuring environmental sustainability

In order to achieve these objectives, numerous action plans have been developed and laid out in the NEP and this client alert aims to provide an overview of the Low Carbon Aspiration 2040 initiative (“Aspiration”) and highlight key action plans that would be of interest to all types of investors and companies intending to comply with environmental, social and governance (ESG) requirements. The NEP is a ‘live document’ and subject to periodic reviews every 3 years to ensure that the targets are achievable and to keep in line with international development in the energy transition space.

The NEP has clearly laid out the roadmap for Malaysia to achieve the Aspiration targets by the year 2040, improve its socioeconomic position and is in line with its other policies to achieve net-zero greenhouse gas emissions by 2050. Although the action plans laid out in the NEP are broad initiatives and does not specify specific timelines, it should still be regarded as a welcome sight for the industry participants who now have a clearer picture on how the Malaysian energy sector will shape up and what can be expected in the foreseeable future.



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Vision Group has extensive experience in corporates and SMEs in areas of business transformation, sustainability & ESG, investor relations and finance.

