

Approaching technology sustainably

By MAHADHIR AZIZ

THE digital economy contributes to almost a quarter of Malaysia's GDP and will continue to be a key driver of Malaysia's development moving forward. As the world grapples to address the sustainability impact of economic development, the digital economy can play a crucial role in the nation's shift to more sustainable economic practices. Studies show that digital technology solutions can positively contribute to 103 out of the 169 United Nations Sustainable Development Goals and that the rapid advances in these technologies are helping to accelerate our transition to a net-zero future.

New estimates from the World Economic Forum reveal that digital technologies, at scale, can enable up to a 20% reduction in greenhouse gas (GHG) emissions by 2050 in the highest-emitting sectors. Industries can draw on a range of technologies to decarbonise their operations and value chains, including:

- > Foundational technologies such as big data analytics.
- > Decision-making technologies such as artificial intelligence or machine learning and digital twins.
- > Enabling technologies such as cloud, 5G, blockchain and augmented reality.
- > Sensing and control technologies such as the internet of things, drones, and automation.

While every business' digital transformation will look different, the use of real-time data to enable sustainable decision-making, new-skilling opportunities for workforces to accelerate digitalisation, and collaboration both internally and across the value chain will be core to success.

Various studies also suggest that the global digital economy contributes up to four percent of global GHG emissions annually. As digitalisation becomes more pervasive, the digital technology sector will need to manage its own carbon footprint, while it helps to increase productivity levels across the economy.

The Malaysia Digital Economy Corporation (MDEC) recognises these dual drivers impacting the digital economy – the increasing role that digital technologies will play in ensuring a sustainable, inclusive and ethical digital economy; and the need for digital companies to embrace environmental, social, and governance (ESG)-friendly practices for their own growth and longevity.

Over the years, a plethora of scale-up programmes has been put in place to support the growth of tech companies in Malaysia and beyond. These programmes have produced global companies that are actively deploying a range of digital solutions, many of which contribute to a more inclusive and greener economy.

This year, MDEC is putting greater emphasis on channelling ESG-related business opportunities to digital economy companies. We are addressing this sustainability imperative in several ways, including through advocacy, to build a collective movement to combat climate change. In order to achieve our aim, all companies, from tech giants to small and medium-sized enterprises (SMEs), must play their part.

There is clear evidence that sustainable transformation is already underway in Malaysia. Through the introduction of Malaysia Digital (MD) in 2022, MD-status companies are highly encouraged to align their operations to the government's ESG goals. To this end, we are collecting ESG-related data from MD-status companies via the half-yearly MD Industry Survey. This is spurring ESG awareness amongst these companies while providing MDEC with a baseline understanding of their progress against sustainability indicators.

The latest MD Industry Survey involving all active MD-status companies showed that 53% are already committed to ESG, with a further 19% likely to commit within two years. Respondents have made significant strides in terms of gender equality and women's empowerment in the workplace, with women making up 48% of employees. Businesses are also embracing the development of ESG-friendly products and services. These account for 83% of expenditure on research and development and 64% of local, and 84% of export, sales.

The environment is the first area that comes to mind for many businesses. However, MDEC recognises that some, particularly SMEs, may find it difficult to relate climate change complexities to their operations. In response, in 2022, MDEC developed the Malaysia Digital Climate Action Pledge (MDCAP), in partnership with the UN Global Compact Network Malaysia & Brunei, to inspire digital businesses to take practical steps to reduce their carbon footprint.

We have received a positive response to



date to MDCAP, with over 70% of signatories being SMEs, and will be expanding the programme this year. Conducting operations in an environmentally responsible manner is the most popular commitment, which 77% of companies have signed up for. This year, MDEC will be extending MDCAP to more companies, while we partner current signatories to fulfil their pledges and disclose the impact of their actions.

To close, in her book *Gloom to Boom*, Dr Andrea Bonime-Blanc – a global governance, risk, ESG, ethics, cyber and crisis strategist – addresses the concept of ESG having a fourth pillar for technology. Let us pick up this idea and better understand the intersection of technology with ESG, working it like any other ESG pillar.



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Sustainability highlights of Budget 2023

Good governance above all



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THE revised Budget 2023 tabled on Feb 24 by Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim emphasised the importance of good governance in actualising plans aimed at helping everyday Malaysians and micro, small and medium enterprises (MSME); green initiatives; and digital advancements – whilst reducing our government debt and tackling extreme poverty.

Here are some of the environmental, social

and governance (ESG) highlights from the tabled Budget sorted into ESG pillars.

Environmental

> Electricity tariffs for domestic users and SMEs will be maintained, with tariffs for large corporations – except for those in the food and agriculture sectors – to be raised.

> Expansion of travel bus programme (MyBAS50 Unlimited Travel Pass) to encourage use of public transport whilst maintaining the My50 monthly LRT pass which continues to benefit nearly 180,000 urban commuters.

> Allocation of the Ecological Fiscal Transfer

for Biodiversity Conservation (EFT) to state governments will be increased to RM150mil per year.

> The federal government has set aside RM38mil for the protection of wildlife such as tigers and elephants, as well as their habitats.

> RM80mil was allocated to improve palm oil sustainability efforts and to counter anti-palm oil campaigns.

> Addition of 1,500 forest rangers which will consist of those from indigenous communities, veterans and police.

Social

> The Social Security Organisation (Socso) will amend its Act to allow the payment of a grant equal to 80% of a worker's insured salary value to encourage women to return to work after maternity (or parental) leave – benefitting an estimated over 130,000 women.

> Members of the B40 group with a household income of less than RM2,500 are eligible for Rahmah cash assistance of up to RM2,500 depending on the number of children.

> Belia Rahmah eTunai initiative for those registered in eKasih to receive food baskets and vouchers for staple food items worth RM600.

> A total of RM300mil will be apportioned to support micro-businesses run by women and youth entrepreneurs, while Bank Simpanan Nasional will provide over RM1bil in financing to MSMEs and hawkers.

> The Ministry of Women, Family, and Community Development will establish a

Child Development Department to provide comprehensive support for children.

> A special unit under the Sexual, Women, and Child Investigations Division (D11) will be established to combat child pornographic activities and collaborate with various agencies to identify those involved.

> RM8mil will be allocated to strengthen the role of One-Stop Social Support Centres (Pusat Sokongan Sosial Setempat) in providing early intervention for mental health and domestic violence issues.

Governance

> A collaborative approach with local authorities to provide incentives to accelerate investment efforts.

> Spurring direct foreign investments (FDIs) by reducing bureaucracy and expediting approvals.

> Transparency an emphasis in government projects.

> Flood mitigation projects worth RM15bil and Jana Wibawa projects worth RM7bil will be scrapped and re-tendered through direct negotiations.

> The Whistleblowers Protection Act will be amended this year to aid in eradicating corruption and fortifying protections for informants.

> Thorough investigation on several Malaysian politicians named in the Pandora Papers. The Pandora Papers was a data leak involving 2.94TB of data involving former and current government and political leaders from around the world, including Malaysia.