



Network
Malaysia & Brunei

Module 1: Part 1

Understanding the SDGs, UNGC 10 Principles and Its Importance



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Module 1: Understanding the SDGs, UNGC 10 Principles and its importance. Part 1

Introduction to the SDGs in Malaysia

- 1) Introduction to the SDGs
- 2) The UNGC Ten Principles
- 3) The SDG Ambition Benchmark

In this module, we will discuss how the Sustainable Development Goals (SDGs) can impact the sustainability landscape, how the Ten Principles can provide a business perspective to sustainability issues and how the SDG Benchmark can help you aim for greater SDG changes within your business.



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Sustainable Development Goals



Introduction to Sustainability Issues in Malaysia

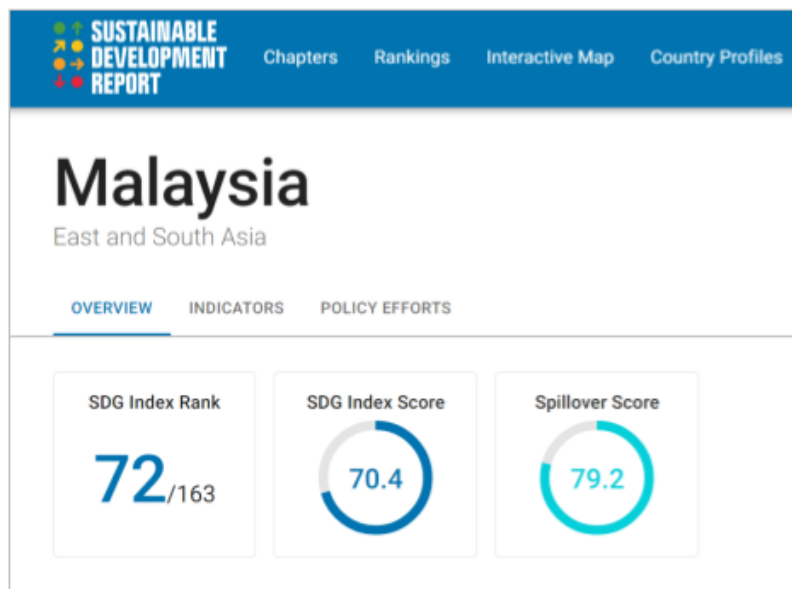
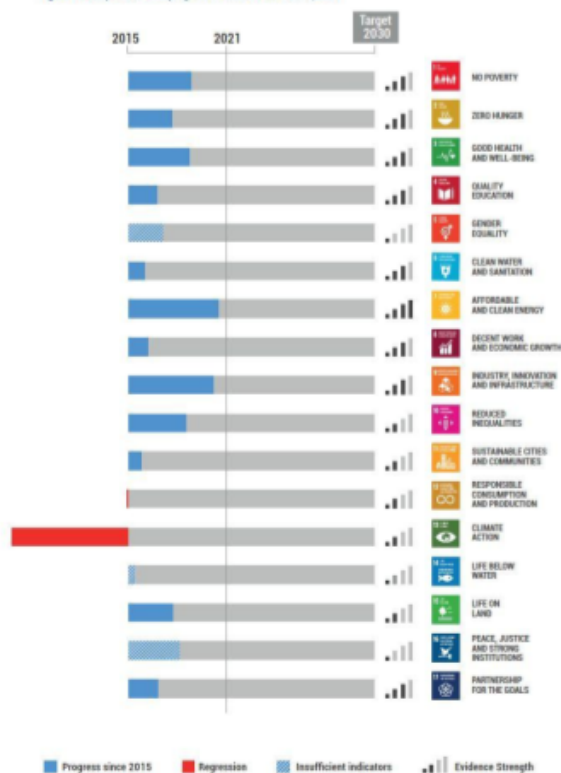
In Module 1 of the course, we will learn about current sustainable issues in Malaysia, and how a Principles based approach can contribute to your company in a positive and profitable way.



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CHAPTER 1 REGIONAL OVERVIEW 6

Figure 1.2 Snapshot of SDG progress in Asia and the Pacific, 2021



While some progress has been made, the pace of progress is insufficient and must double if the region is to meet the 2030 targets.

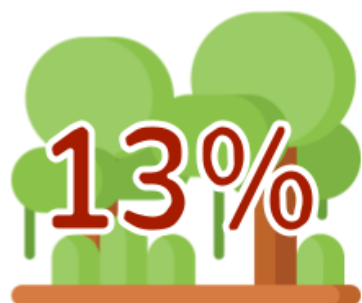
To accelerate progress, Malaysia must make significant strides towards equality through investments that improve the lives of the poorest and vulnerable groups of people to ensure that no one is left behind.

The most urgent needs include enhancing quality and equity in education, closing all types of gender gaps, ending violence against women and girls,

Issues such as poverty, inequality, climate change, environmental degradation, and food security are just a few that needs to be addressed. Everyone must have access to decent employment opportunities so that growth will be sustainable.

It is still possible to achieve the SDGs by 2030, but it will take urgent, scalable, multi-stakeholder action to dramatically accelerate the progress.

The Environmental Cost of Economic Growth



or **2.77 million hectares** of
primary forest **lost**



or **8.67 million hectares** of
overall tree cover **lost**



giga tonnes of CO2
emissions



This could potentially lead into **further issues** such as a **decrease in water** and **air quality**, as well as an **increase in temperature**.

Over the past decades, Malaysia has achieved high levels of economic growth and has successfully reduced extreme poverty within the country. However, this has come at a great environmental cost.

From data collected between 2002 to 2021, Malaysia lost 2.77 million hectares of its Primary Rainforest, which accounts for 13% of the country's most ecologically significant rainforest.

Furthermore, within that same time frame, Malaysia had also lost 8.67 million hectares of its overall tree cover. The damage caused by this 29% reduction in canopies is equivalent to 4.99 gigatonnes of CO2 emissions.

This could potentially lead to further environmental issues such as a decrease in water and air quality as well as an increase in temperature.

Industrial pollution

Within 2021 alone, several industry-related **river pollutions** were recorded, causing the **shut-down** of the **Semenyih Water Treatment Facility** which provided water supply to over **30%** of the **Klang Valley population**.

Sungai Langat was also impacted with **similar issues**.



In fact, in 2021 alone, several industrial-related river pollutions were recorded causing the shut down of the Semenyih Water Treatment Facility which provided water supply to over 30% of the Klang Valley population.

To make matters worse, Sungai Langat, another major water supply for the Klang Valley was also impacted with similar issues.

In both instances, the damage to Klang Valley's clean water supply was caused by a deliberate discharge of industrial wastes into the river systems. Resulting in water supply disruptions to communities and businesses, as well as health risks and financial losses.

Extreme Weather Events



- The **floods of December 2021**, caused by a **mild typhoon**, resulted in an overall **estimated financial loss of RM6.1 billion**.
- As **climate change escalates**, **extreme weather events** are expected to **become more frequent**, exacerbating the **risk of climate related losses**.

Extreme Weather Events

Another example of how sustainability issues has affected Malaysia is the increasing number of floods.

In December of 2021, Malaysia faced some of its worst floods causing the loss of lives, the evacuations of 400,000 people and an overall estimated financial loss of RM6.1 billion.

Brought on by what most Malaysians presumed to be the usual monsoon downpour, unprecedented volumes of heavy rainfall left areas on the west coast of Peninsular Malaysia under almost four meters of water, turned roads into rivers, and causes multiple landslides.

As climate change escalates, extreme weather events like this are expected to become more frequent, exacerbating the risk of climate related losses.

Labour Shortages from Sustainability Issues



- Labour shortages of **migrant workers** is estimated to cost the palm oil industry **2 billion USD**.
- A **lack of capacity building** can potentially cost Malaysia over **RM148 billion** in **business opportunities** within the electrical and electronics industry.

Labour Shortage from Sustainability Issues

Furthermore, issues in business and human rights also impacts Malaysia's economic progress and its business climate. For example, Indonesia's freezing of it's working migrants to Malaysia due to workers' rights concerns has cost several industries billions in ringgit, causing manufacturers and companies to operate below capacity.

Within the palm oil sector alone, this freezing of employees is estimated to cost Malaysia more than 2 billion USD within the first 5 months of 2022. Moreover, in the electrical and electronics industry, a lack of capacity building is costing Malaysia potentially RM148 billion in business opportunities as its low production capacity means that Malaysia is having difficulties capitalizing on the increased global demand for semiconductors.

Economic Cost of Inequality



- Malaysia's women participation in the workforce stands at **55.2%** of the population compared to **80.4%** of men.
- This **decreased participation** is estimated to be a lost opportunity costing over **70 trillion USD** globally.

The Economic Cost of Inequality

Gender and social inequality is also a major concern within Malaysia as currently, Malaysia's women's labour force participation stands at only 55.2% of the women population as opposed to 80.4% of men. The lack of women participation within the workforce is estimated to have cost over 70 trillion USD globally.

Furthermore, decreasing this participation gap is a massive opportunity as it can potentially create up to 28 trillion USD in GDP, at a time when GDP growth worldwide is at a low 3.6% in 2022 compared to 6.1% of GDP growth in the previous year.



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By adopting the UNGC's **principles-based approach** to doing business, companies meet **fundamental responsibilities** in the areas of **human rights, labour, environment and anti-corruption**.



The private sector plays an important role in sustainable development, and can make significant impact towards achieving the SDGs.

However, the SDGs are not written in the language of business and it may be challenging for companies to understand how they can apply it within their own businesses to take action. Therefore, the UN Global Compact has developed specific business tools and frameworks, that can help companies align their business goals with sustainable development.

One framework is the UNGC 10 Principles.

By adopting the UNGC's principles-based approach to doing business, Companies meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.

It is a value-based and practical framework for corporate responsibility that's universally understood and applicable worldwide. It can help companies build trust with their customers, employees, and investors. And even give companies a competitive edge in the marketplace by conducting business responsibly.

Why Does This Matter to Malaysian SMEs?

- upholding **basic responsibilities** to the **people** and the **planet**
- setting the stage for **long-term sustainable success**.



More than 16,000 companies worldwide have committed to the Ten Principles of the UN Global Compact, and have incorporated them into strategies, policies and procedures to establish a culture of integrity.

These companies not only uphold their basic responsibilities to people and the planet, but they are also setting the stage for long-term business success.

Conclusion



Conclusion

Environmental and social problems this large a scale can be overwhelming.

Therefore, frameworks such as the Ten Principles can help corporations and SMEs align their businesses with sustainable practices and do their part in contributing to achieving the SDGs.

Aside from the challenges and risks highlighted in this video, sustainability can also bring business opportunities.

In the next videos, we will explain the business benefits that sustainability can bring, and how it links to a resilient and competitive business model.

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