

WILL MALAYSIAN BUSINESSES SAVE THE WORLD?

Though we stand at the brink of catastrophe, companies have the opportunity to innovate and recreate a better future.

The average global temperature in 2019 was 1.1°C above pre-industrial era. At the current rate of emissions, the world will reach 1.5°C warming by between 2030 and 2052. Scientists in the Intergovernmental Panel on Climate Change (IPCC) have provided evidence that if the climate warms by 2°C this century, the effects will be unbearable. Above 4°C, it will be catastrophic. Yet our current economic trajectory is on a definite course to transcend these limits.

All 193 member states of the United Nations have adopted the Sustainable Development Goals (SDGs) for two reasons: the first is out of profound worry that the world economy is on a course that is far from satisfactory; and the second is in the knowledge that with modern scientific know-how and technologies, nations can, collectively, alter this course.

Businesses are a crucial component in the realisation of the SDGs, and one may argue, are as important, if not more so, than governments. Businesses are the producers of goods and services in an economy. Manufacturing, construction, agriculture and services outside government services are completely in the hands of private businesses. Unless businesses are properly oriented and directed in their activities to provide the kinds of goods and services that are aligned with the SDGs, the goals will be unattainable.

The SDGs present three important considerations for Malaysian businesses.

1. The SDGs provide guidance to the type of market and economy the world is likely to see in the next 10 to 15 years. The SDGs will redirect global public and private investment flows towards the challenges they represent and opportunities for firms that can deliver innovative solutions.

These include:

- The substitution of traditionally manufactured products and processes with novel solutions that can reduce emissions and waste;
- Technologies to advance the production and use of clean and renewable energy; especially with the costs of such technologies spiralling downwards and the incremental costs, after the initial payback period, being exceedingly low;
- Meeting the needs of a large and untapped market for products and services that can improve the lives of half the global population who remain deprived of affordable nutrition, healthcare, education, energy, finance and ICT.

2. A call for good corporate responsibility, governance, decency, good behaviour and honouring standards in many different dimensions of business. For example, cleaning up production systems and supply chains in industries that have a tendency to pollute; not destroying biodiversity; not undermining ecosystems; and not compromising the health of



consumers. The SDGs, such as SDG 5 on gender equality, call for companies to examine their hiring, promotions, pay and other treatment of women versus men in the staff force. The SDGs also call for the ending of all forms of modern slavery which includes the treatment, pay and working conditions of migrant workers.

Companies should conduct an assessment on positive and negative impacts of business activities on the SDGs throughout the value chain. This will help identify where positive impacts can be scaled up and where negative impacts can be addressed or circumvented. Subsequent steps are to set specific, measurable and time-bound sustainability goals that will define shared priorities and drive performance across the organisation. Companies should also select KPIs to be used as the basis for driving, monitoring, and communicating progress.

3. SDGs call for the fostering of mutually beneficial partnerships. While there are government-initiated public-private partnerships, there can also be business-initiated outreach to the public sector.

There is also an emerging force of new sustainability technologies and social enterprises offering innovative solutions to address sustainable development challenges. Many of these solutions are small and modular in nature, making them affordable to large corporations and SMEs alike. And many enlightened firms initiate partnerships with these enterprises without waiting for directives or greenlights from governments. These businesses have become frontrunners of sustainability.

Malaysian companies can decide to be a leader or follower. Companies that help advance the SDGs will likely:

- Improve trust among stakeholders.

- Reduce legal and reputational risks.
- Be resilient to costs imposed by future legislation.
- Have a strong license to operate.

The Sunway Group is an example of such a leader. The group and its subsidiaries are implementing sustainable projects at different scales, from large-scale urban rehabilitation, green buildings, renewable energy projects, water treatment systems and electric bus rapid transit; to mid-sized and smaller projects like elevated pedestrian walkways, sustainable landscaping, waste management and energy savings. Its close association with academia through Sunway University means that the Sunway Group can utilise latest research, scientific and technological know-how to help it lead the way in finding and applying solutions to the challenges of sustainable development, and in turn, assist other businesses to transition as well.

As the world market continues to embrace sustainable development criteria, and as corporate responsibilities become more complex, how will Malaysian businesses lead the way?

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