



MEDIA RELEASE

NATIONAL ESG FRAMEWORK PREPARES MANUFACTURING SECTOR FOR US\$12 TRILLION ESG-RELATED MARKET OPPORTUNITIES

The Ministry of Investment, Trade & Industry (MITI) today launched the **National Industry Environmental, Social and Governance (ESG) Framework** (“i-ESG Framework”) to prepare the nation’s manufacturing sector on embracing ESG principles, and for tapping into a US\$12-trillion global market on ESG-focused opportunities.

The i-ESG Framework is a key enabler for the *Push for Net Zero* mission, one of the four (4) missions of the recently launched New Industrial Master Plan 2030’s (NIMP 2030). **The i-ESG’s overarching objective is to accelerate transition towards sustainable practices among manufacturing companies.** It consists of four (4) pillars - standards, financing, capacity building and market mechanism – as well as 17 strategies, 50 deliverables and six (6) key enablers, aimed at providing invaluable guidance and driving ‘Just Transition’ towards ESG-compliance for the manufacturing sector, especially for Micro, Small, and Medium Enterprises (MSMEs).

Minister of Investment, Trade & Industry, Tengku Datuk Seri Utama Zafrul Aziz, said, **“While the New Industrial Master Plan 2030 sets out the ‘what’ on ESG, this i-ESG Framework presents the ‘how’, serving as a roadmap for businesses to integrate ESG considerations into their operations, and a tool for regulators to ensure compliance and accountability.** The i-ESG Framework Phase 1.0 (2024 – 2026) prepares the groundwork and fosters the development of **a robust ecosystem to help companies embark on their ESG journey.**

More importantly, it centres around the principle of **‘Just Transition’** because **our businesses, particularly the MSMEs, cannot be held immediately accountable to standards that companies in developed markets have had a head start on** for at least a decade or longer. This also reflects the **MADANI Economy’s commitment to inclusivity, ensuring that no one is left behind, particularly in the pursuit of ESG objectives.”**

The i-ESG Framework Phase 1.0 comes with an **ESG Readiness Assessment (i-ESGReady)** to assist companies in understanding and evaluating their current ESG adoption level, and **the i-ESG Starter Kit (i-ESGStart)**, a clear and user-friendly, step-by-step guide with practical examples, as well as calculation methods and templates to facilitate their sustainability reporting.

In Phase 1.0, MITI will also conduct clinic sessions to empower and guide a total of **50 companies** on producing their **first sustainability report**. **The first clinic will be held at end-October 2023** and **interested companies may contact their respective business associations or chambers.**

With the i-ESGReady and i-ESGStart, companies that have no sustainability reports at all should be able to produce their report within a year. This will eventually ensure their **readiness to meet the more rigorous demands of Phase 2.0 “Accelerate ESG” (2027 – 2030).**

“The phased, progressive approach represents the ‘Just Transition’ that Malaysian companies and MSMEs need to fulfil the growing demand for sustainable products, and the requirements for ESG reporting in export markets. Through the i-ESG Framework, we also have an opportunity to get our ESG target outcomes right via our manufacturing sector. For the sake of our children and Planet Earth, let us get this right the first time, as we may not have the luxury of considering Plan B, because there is no Planet B,” continued Tengku Zafrul.

MITI has also begun its “**Kena/ESG**” outreach programme in **Kuala Lumpur (200 companies), Penang (190 companies), and Johor (130 companies)** to raise ESG awareness and introduce the i-ESG Framework to industries. The programme will also be conducted in **Sarawak, Kelantan, Terengganu, and Pahang** by end-2023, while other states will be covered by the first quarter of 2024.

Companies who wish to know more about the i-ESG Framework can visit <https://www.miti.gov.my/index.php/pages/view/9849>.

Ministry of Investment, Trade and Industry

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About MITI:

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation.

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