



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



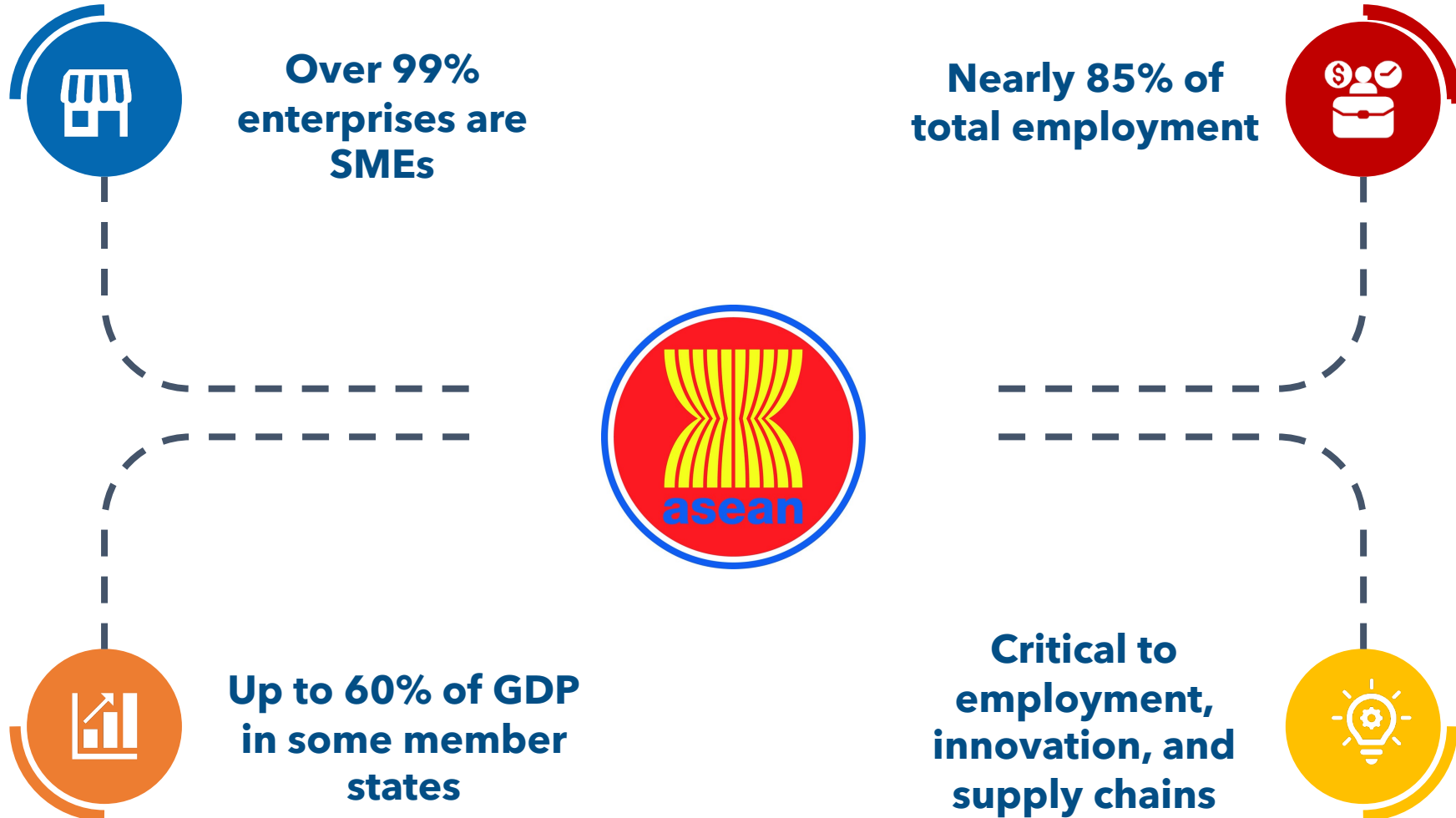
Building Supply Chain Resilience

INSIGHTS INTO GREENING VALUE CHAIN FOR ASEAN

8 April 2025

UNDP Malaysia, Singapore & Brunei Darussalam, in partnership with Bank Negara Malaysia and Asian Development Bank

SMEs: A Driving Force of ASEAN's Economy



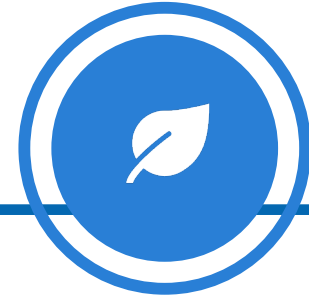
Climate Resilience can be Economic Resilience



**Climate disruptions
threaten supply
chains and profits**

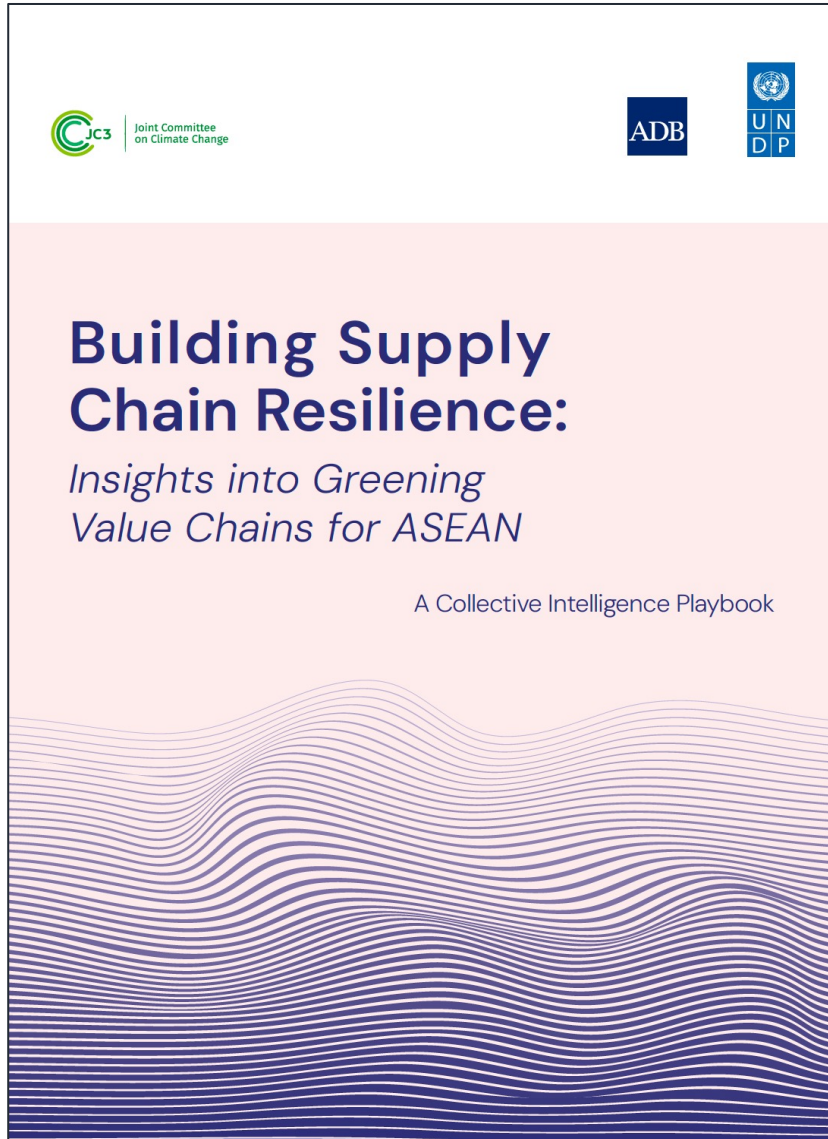


**Low-carbon strategies
can secure future
competitiveness**



**Strong link: Cutting
emissions and
enterprise resilience**

Execution lies in the fine print: From Strategy to Uptake



A Collective Intelligence Playbook



Six tactical levers to creating an enabling environment for a just transition



Actionable key steps in each lever



Collective intelligence from stakeholders across sectors and Malaysia's GVC experience

Key Research Questions

1

How might we
**motivate and
enable SMEs**

to measure, track, and manage
GHG emissions?

2

How might we
make policy tools, services,
and interventions
**truly accessible
to SMEs?**

3

How might we
**enrich and scale
the GVC model**
across ASEAN for regional
resilience?

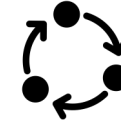
Our Research Ambition



Harness insights from
Malaysia's experience to discover
**key conditions and
success factors**
enabling practical, affordable
SME decarbonization



**Identify
tactical details**
to translate policy vision
into on-the-ground action



**Unite stakeholders
for mutual gains**
in a low-carbon transition and
strengthen regional resilience

Research Design and Stakeholder Engagement

Primary Research

In-depth
stakeholder
interviews

GVC survey and
data collection



SMEs

32%

Large
Corporations

20%

Financial Institutions

32%

Government
Agencies

16%

54 stakeholders

Chatham House Rule

GVC program
partners, anchor
corporations & banks,
SMEs,

Secondary Research

Stakeholders' Perspectives

We don't want to be ahead of the law. Decarbonization and sustainability are not just our agenda—they are national priorities. Everyone has to contribute. Some costs will inevitably come back to customers, but we don't want all of it to fall on us alone.

— Senior executive of a conglomerate

Even when they are free-of-charge, optional sustainability programs often see SME interest at first, then a drop-off. Many eventually say, 'We can't spare the human resources.'

— Executive at a commercial bank supporting exporters

If I'm not profitable, none of this ESG talk matters. We have staff to pay first.

— SME business owner

Large Corporations

We discovered if it's voluntary, you'll only get partial participation. But the ones who do it see real cost savings or brand credibility.

— Large corporation serving as GVC Anchor

Financial Institutions

We routinely get up to a five-fold return on investment in our SME green-lending programs, so there's definitely a business case when you structure it right.

— Senior executive at a bank's business division

SMEs

We have no choice; our European customers want carbon data, so we studied and responded to their surveys. Eventually, we saw it could be good for us too.

— SME in manufacturing industry

Responding to Key Challenges

KEY CHALLENGES

The Business Case

OPPORTUNITIES

Create Top-Down Demand

by mandating Scope 3 disclosure for PLCs and GLCs

Phase In Scope 1 & 2 Reporting for SMEs

by sector and enterprise size, with manageable steps

Balance Carrots & Sticks

Pair mandates with incentives (e.g., tax relief for filing audited carbon data in business license renewal) over a clear time horizon

Responding to Key Challenges

KEY CHALLENGES

The Capacity Gap

OPPORTUNITIES

Demystify Carbon Metrics

Compare carbon factors to currency exchange rates so SMEs can easily link energy use to emissions

Deploy Targeted, Sector-Specific Capacity Building:

Tailor resources and communication channels by industry

Establish a Carbon Literacy Baseline

Integrate basic climate-awareness modules, backed by small training subsidies for broader uptake

Responding to Key Challenges

KEY CHALLENGES

The Clarity Challenge

OPPORTUNITIES

Harmonize Requirements to Simplify Compliance

Map frameworks and involve stakeholders early to reduce confusion

Reframe the Narrative to Focus on Business Case

Highlight cost savings, new revenue, and growing consumer demand, and the risk of being left behind

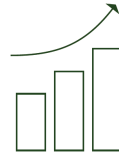
Simplify Green Financing

Begin with providing prescriptive criteria, start with intensity metrics, and upskill relationship managers

Recommendations | From Strategy to Actual Uptake



Tactical Lever 1:
Establish a Clear, Phased, and Agile Regulatory Pathway



Tactical Lever 2:
Make Green Financing More Accessible and Progressively Scalable



Tactical Lever 3:
Anchor and Strengthen Decarbonization in Supply Chains



Tactical Lever 4:
Localize Climate Communications and Demystify Decarbonization Domestically



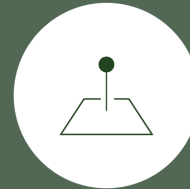
Tactical Lever 5:
Enhance and Align Platforms and Technical Infrastructure



Tactical Lever 6:
Foster Ongoing Innovation and Cross-Sector Collaboration

Recommendations | Drive Successful Implementations

6 Tactical Levers already in use across ASEAN through diverse mechanisms



Coordinated actions

from policymakers, SME development agencies, large corporations, financial institutions, SMEs and other ecosystem players

Equip & incentivize

SMEs to transition

Scale up initiatives

such as the GVC Program

Accelerate decarbonization and safeguard economic resilience **at national and regional levels**



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Thank You