NEW INDUSTRIAL MASTER PLAN 2030

Attempting to Bring Malaysia Forward

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EXECUTIVE SUMMARY

- **Journey towards formulating the NIMP 2030 is underscored by the need to build a robust industrial sector as an important prerequisite to achieve socioeconomic prosperity. Compared to the IMP 3.0, the NIMP 2030 shifts from a sectoral-based approach to Mission-based approach.**
- **On the thrust of 4 Missions and enhancement by Enablers, a total of 21 Strategies and 62 Actions Plans will be executed. These missions are supported by 4 key Enablers which are (i) Mobilize financing ecosystem; (ii) Foster talent development and attraction; (iii) Strengthen best-in-class investor journey for ease of doing business; and (iv) Introduce whole-of-nation governance framework.**
- **With NIMP 2030 as a catalyst, manufacturing is expected to record a CAGR of +6.5% between 2022-2030 (2015-2019 CAGR: +4.8%), reaching RM587.5b contribution to total GDP in 2030. It is also set to drive employment up by +2.3% annually on average between 2022-2030, creating a total of 3.3m new jobs or 20% increase in employment by 2030.**
- **NIMP 2030 recognizes that the roadmap toward a high-income nation relies on acquiring and applying productive knowledge to develop sophisticated industries and output while at the same time ensuring sustainable growth.**
- **There is an interdependence between sectors as it attempts to raise the economic complexity of the nation. Therefore, should NIMP 2030 be successful, then almost all the sectors will be a beneficiary either directly or indirectly.**
- **The key to going forward will be the implementation of these various initiatives.**
- **The emphasis towards raising economic complexity is of long-term strategic importance to the nation's well-being. In gist, the positive impact on equity market may manifest albeit over an extended period.**
- **However, in the short term, it is not expected to spur significant reaction in the equity market. We expect the immediate market undertone shall continue to be dominated by monetary statement/action of the US Fed. Hence, we maintain our FBM KLCI end-2023 target at 1,540 points or PER23 of 15.3x.**

A. ECONOMIC COMMENTARY AND ANALYSIS

History of the Industry Master Plan. The Industry Master Plan (IMP) was founded nearly 4 decades ago by the Ministry of International Trade and Industry (MITI), solely focusing on the manufacturing sector. The first IMP, which was launched in 1986, paved the foundation for manufacturing to become the Malaysian economy's leading industry. Its main aims were to ramp up growth in the manufacturing sector, make better use of the country's natural resources, and enhance indigenous technological competence. The second IMP was formed in 1996 to broaden and strengthen manufacturing's base in order to improve its competitiveness through cluster-based industrial development and manufacturing plus-plus. The third IMP was launched in 2006 to promote Malaysia to achieve international competitiveness. In addition, the focus was also broadened to accommodate services as well as other areas such as SMEs, human resource development, among others.

Manufacturing Sector Gained Momentum. The post-pandemic period recorded a surging growth in the manufacturing sector by +10.4%yoy, leading to the increase in share to 24.2% of the economy in 2021. The manufacturing sector continued to be resilient compared to pre-pandemic, supported by a strong rebound in demand for E&E products & rubber gloves. Meanwhile, the size of sub-sectors like refined petroleum and chemicals remained roughly the same. The share shift was attributable to diminished shares from agriculture, mining and construction segments. The oversupply of crude oil & gas from the USA among others caused unattractive commodity prices during the pre-pandemic period and led to lower revenue from agriculture and mining activities. On the other hands, Malaysia's service sector stayed resilient as the largest contributor

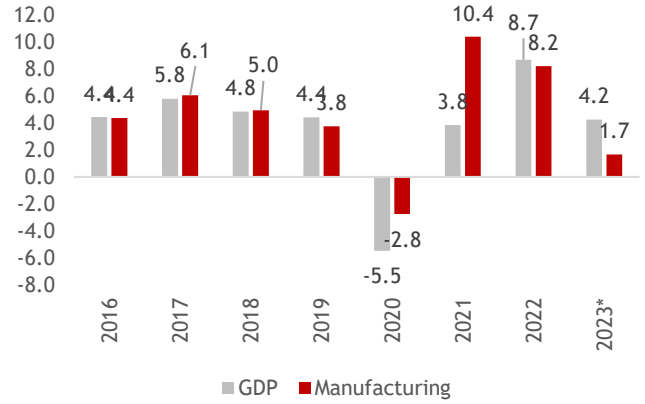
to national GDP. A stable job market, low inflation pressure and accommodative economic policies are key supporting factors for the strong consumer and services sector.

Table 1: Malaysia's Real GDP Structural Analysis (% of GDP)

	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Agriculture	8.3	7.6	7.6	7.3	7.1	7.4	7.1	6.6	6.1
Mining	8.8	8.6	8.1	7.6	7.2	6.9	6.7	6.4	6.3
Construction	4.7	4.8	4.9	4.9	4.7	3.9	3.7	3.5	3.6
Services	54.7	55.4	55.6	56.7	57.6	57.8	57.1	58.3	59.2
Manufacturing	22.3	22.3	22.3	22.4	22.2	22.8	24.2	24.1	23.6
Oils & Fats	1.0	0.9	1.0	1.0	0.9	1.0	0.8	0.8	0.7
Processed Food	1.1	1.2	1.2	1.2	1.2	1.4	1.4	1.4	1.4
Beverages	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.4
Tobacco	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.3
Textile & Wearing Apparel	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Leather	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Wood	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Paper	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Printing	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Refined Petroleum	2.9	2.9	2.8	2.8	2.7	2.6	2.9	2.8	2.6
Chemicals	2.4	2.5	2.4	2.4	2.4	2.4	2.6	2.4	2.3
Rubber	0.5	0.5	0.5	0.5	0.6	0.9	1.1	0.8	0.7
Plastics	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.7
Non-Metallic	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8
Basic Metals	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Fabricated Metals	1.2	1.2	1.2	1.2	1.2	1.0	1.1	1.1	1.2
Machinery & Equipment	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Computers & Peripheral	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.4	0.4
Electrical Equipment	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.6
Electronic Components	4.0	4.1	4.3	4.4	4.3	4.7	5.3	5.7	5.7
Medical & Optical	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Motor Vehicles	2.0	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.9
Furniture	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4
Others	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

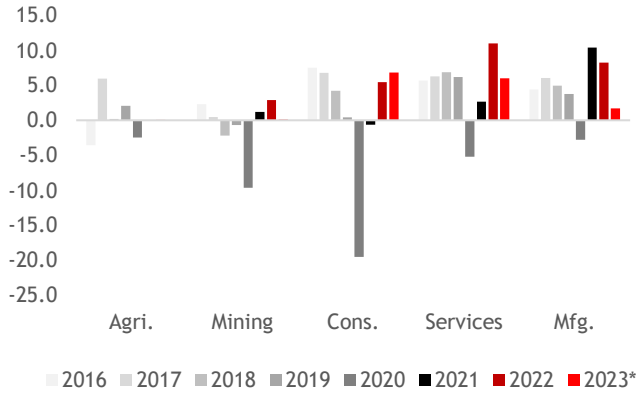
Source: DOSM, MIDFR
*As of 1HCY23

Chart 1: GDP vs. Manufacturing Sector (YoY%)



Source: DOSM, MIDFR
*As of 1HCY23

Chart 2: GDP Growth by Sector (YoY%)



Source: DOSM, MIDFR
*As of 1HCY23

Manufacturing exports share regained its position. Outbound shipment of manufacturing products regained its share above 85% of total exports in 2020 onwards, equivalent to 2000s. Among manufactured export products, E&E remained the largest contributor, stabilizing around 40% of total exports. The proportion of E&E exports is heavily centered on semiconductors, rising to 27.8% of total exports as of 7MCY23, with reduced shares from other E&E products. Notably, the sales of refined petroleum gained larger share at 10.3% since 2015. As of 7MCY23, re-exports grew by +6.4%yoy, faster and more fluid as compared to domestic exports (-9.0%yoy). Re-exports' share to total exports registered a new high at 22.9% as of 7MCY23. We opine Malaysia benefited from USA-China trade war; as the share of re-exports touched 20% in 2018 (average 2013-2017: 13.7%) amid the peak of the trade war. With the tensions continued in the post-pandemic period, we noticed re-exports grew even more and accounted 21% of total exports in 2022.

Table 2: Malaysia's Manufacturing Exports Structural Analysis (% of Total Exports)

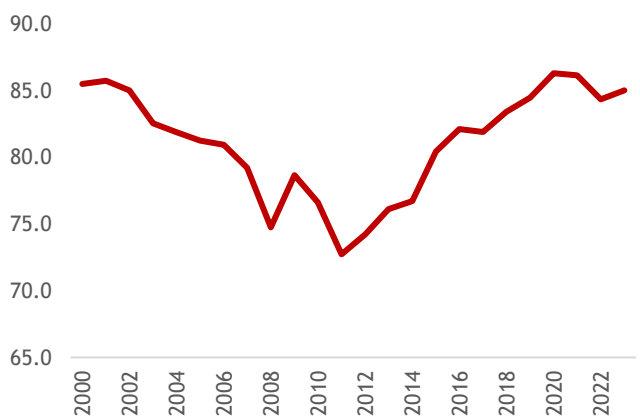
	2000	2005	2010	2015	2020	2023*
Manufacturing	**85.5**	**81.2**	**76.6**	**80.4**	**86.3**	**85.0**
E&E	58.7	49.4	39.1	35.7	39.1	41.1
EE: Semiconductors	19.1	16.9	15.3	17.7	24.3	27.8
EE: Electrical Machinery, Apparatus, Parts	5.5	6.9	5.2	6.2	5.8	5.5
EE: Office & Auto Data Process Machines & Parts	21.6	16.4	11.8	6.7	4.6	3.8
EE: Telecomm & Sound-Record & Reproduce Equip	12.5	9.2	6.8	5.2	4.4	3.9
Chemicals	3.9	5.8	4.5	5.1	5.2	5.0
Refined Petroleum	2.6	3.7	5.0	7.0	6.4	10.3
Metals	1.9	2.0	2.9	4.4	3.7	4.0
Machinery, Equipment & Parts	3.0	3.3	3.4	4.6	4.0	3.8
Optical & Scientific Equipment	1.8	2.3	2.9	3.4	4.3	3.8
Rubber Products	1.3	1.3	2.5	2.6	4.4	1.5
Processed Food	0.9	1.2	1.7	2.2	2.2	2.0
Wood Products	3.0	2.7	2.3	2.0	1.6	1.0
Plastics	1.0	1.2	1.5	1.7	1.3	1.1
Textiles & Footwear	2.9	2.0	1.6	1.7	1.4	1.1
Transport Equipment	0.8	1.3	1.4	1.5	1.9	1.2
Jewellery	0.6	0.8	1.1	1.0	0.4	0.5
Iron & Steel	0.6	1.3	1.3	1.1	2.4	2.1
Non-Metallic Mineral Products	0.7	0.5	0.8	0.8	0.8	0.9
Beverages & Tobacco	0.3	0.3	0.4	0.6	0.3	0.2
Paper & Pulp Products	0.4	0.4	0.5	0.5	0.7	0.8
Others	1.2	1.6	1.6	2.2	4.0	3.0

Source: MATRADE, BNM, MIDFR
*As of 7M23

Chart 3: Domestic vs. Re-Exports (% of Exports)

Source: DOSM, MIDFR
*As of 1HCY23

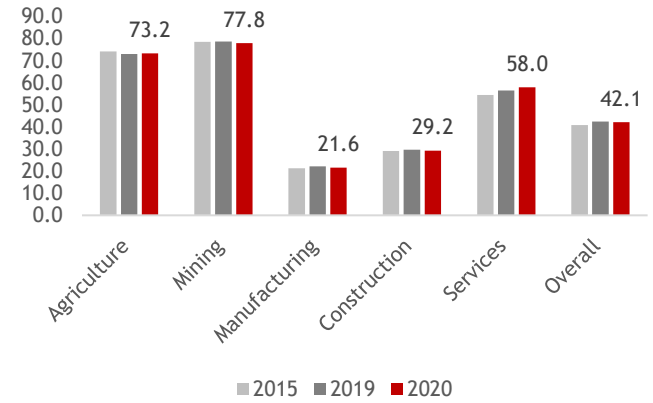
Chart 4: Manufacturing Exports (% of Exports)



Source: DOSM, MIDFR
*As of 1HCY23

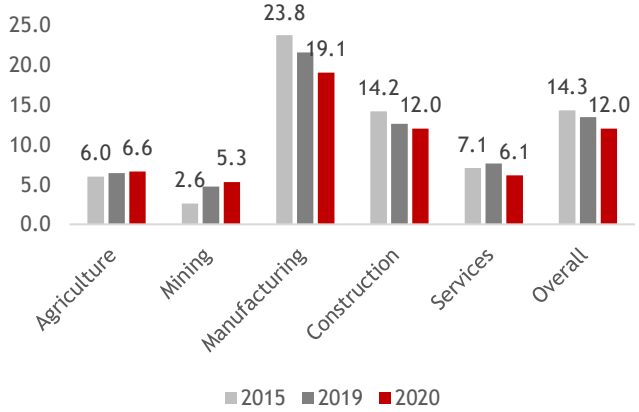
Raising Value-Added in manufacturing sector. Referring to DOSM database, value-added ratio to total output of manufacturing sector remained the lowest. After half of a decade, the ratio still hovered slightly above 20% while services sector's ratio improved from 54.4% in 2015 to 58% in 2020. Primary sectors, namely agriculture and mining, also had the high value-added ratio, close to double of overall economy's 42.1%. The most obvious factor for the low value-added ratio in manufacturing sector's output was the high imported-content contribution. Even though the ratio had been on a downward trend, the contribution of imported content to the sector was almost one-fifth of output. A similar case was observed for the construction sector, although the ratio was lower at more than one-tenth of the sector's output. On the contrary, sectors that have value-added ratio of more than 50%, recorded low import's contribution of less than 10%. Looking forward, we foresee the value-added ratio for Malaysia's manufacturing sector to improve underpinned by greater input localization, adoption of capital-intensive approaches, exploring high-end production for technology sector and higher concentration on downstream activities of commodity-based products.

Chart 5: Value-Added Ratio to Output (%)



Source: DOSM, MIDFR

Chart 6: Imported Content Ratio to Output (%)



Source: DOSM, MIDFR

Gearing up global ranks for NIMP 2030 Focused Sectors. According to OECD database, Malaysia managed to rank 12th position for the global output for **coke & refined petroleum products** with share of 1.34% in 2018 where the biggest global share led by USA (share: 24.5%), followed by China (share: 22.6%). Meanwhile, Malaysia as the 25th largest manufacturer of **chemical products**, closely behind from our neighboring countries, Indonesia at 18th place with 1.2% share and Thailand at 23rd place with 0.9% share. Meanwhile, the manufacturing for **pharmaceuticals & botanical products** remained at low ranks among regional countries, signaling the need for more intensified scientific research to transform Malaysia into a thriving commodity hub for this sector.

Expanding E&E sector. Malaysia is one of the major players in the rapidly growing E&E market. Malaysia managed to stand in 12th place in terms of global share for **computer, electronic & optical equipment** and 31st place for **electrical equipment**. For **IT & information services**, Taiwan surpassed Malaysia by 3 steps above with 0.32% global share, followed by Indonesia (0.28%) and Philippines (0.25%). Accelerating technology adoption and catalyzing the digitalization would elevate the potential of Malaysia to be among top 30 global IT service providers.

Ranked among the Top 3 ASEAN Automotive Manufacturer. Among the ASEAN countries, Malaysia is the third largest automotive manufacturer, holding the 32nd global rank, behind Indonesia (rank: 11th) and Thailand (rank: 20th). In line with The National Automotive Policy (NAP) 2020, both Proton and Perodua play pivotal role as the domestic automotive manufacturers to be equipped with advanced features like autonomous driving, in addition to adoption of Next-Generation Vehicle (NxGV) such as electric and hybrid vehicles. As of now, Malaysia has established itself as major automotive component production centre and successfully attracted the global automotive players to set up their operations within the country. Besides motor vehicles, the transportation sector which includes aerospace, rail and ship, has also been a focus to be developed, particularly in the maintenance, repair and over (MRO) segment. In term of **professional, scientific & technical service**, Malaysia still faces a gap. As of 2022, our high-skilled workforce constitutes 29.6% compared to 58.4% semi-skilled workers. Through NIMP 2030, government is committed to structure skill development and re-skilling programs

for mid-skilled employees through training and education, to progressively catch up to Singapore which occupies the 23rd position with a global output share of 0.52%.

Table 3: Selected NIMP 2030 Focused Products

Product	Global Rank	Global Output Share %
Coke & refined petroleum products	12	1.34
Chemical products	25	0.67
Pharmaceuticals & botanical products	47	0.07
Computer, electronic & optical equipment	12	1.42
Electrical equipment	31	0.31
Motor vehicles, trailers & semi-trailers	32	0.24
Other transport equipment	30	0.32
IT & information services	34	0.24
Professional, scientific & technical	42	0.16

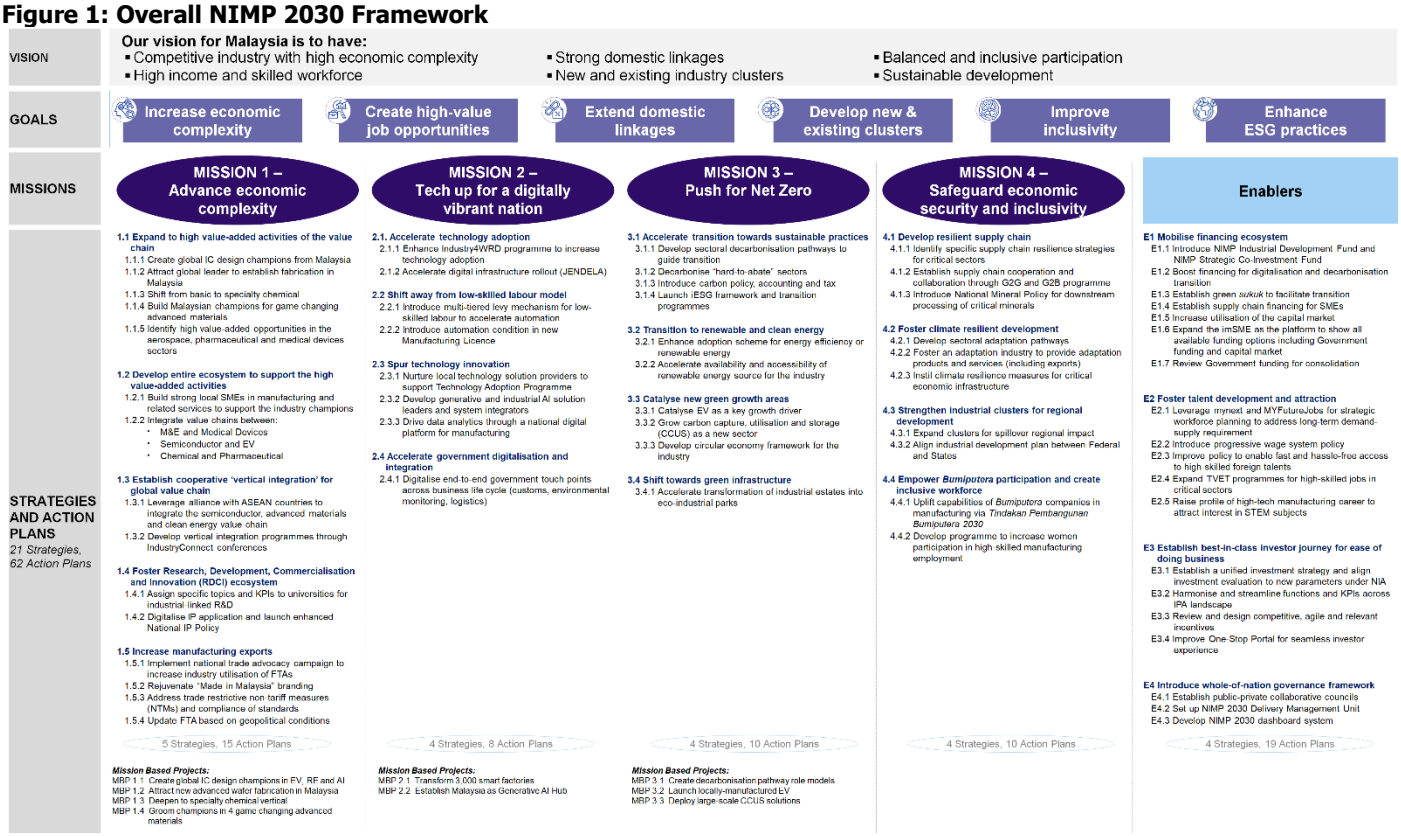
Source: OECD, MIDFR

Shift to Mission-Based Approach. Compared to the IMP 3.0, the NIMP 2030 takes another transformative strategy, shifting from sectoral-based approach to Mission-based approach. This approach outlines the targeted and focused action plans across the sectors known as horizontal strategies, instead of focusing on the vertical action plans of individual sectors. On the thrust of 4 Missions and enhancement by Enablers, a total of 21 Strategies and 62 Actions Plans will be executed, along with several catalytic Mission-based Projects (MBPs). The missions were formulated as below:

- **Mission 1 - Advance economic complexity:** This is to encourage high-growth industries to innovate and produce more sophisticated products. This will enhance the competitiveness of Malaysia in the global market;
- **Mission 2 - Tech up for a digitally vibrant nation:** By embracing a whole-of-nation digital transformation, Malaysia can drive digital adoption, spur innovation, enhance labour productivity, and unlock opportunities in digital frontier technologies;
- **Mission 3 - Push for Net Zero:** This emphasizes Malaysia's commitment to addressing climate change by striving for a Net Zero future. Through sustainable practices and green initiatives, Malaysia aims to reduce carbon emissions and build a resilient and environmentally friendly economy; and
- **Mission 4 - Safeguard economic security and inclusivity:** Malaysia aims to build resilience and enhance trade security against global shocks and geopolitical tension. Apart from that, Malaysia is creating an enabling environment that fosters entrepreneurship, supporting SMEs, and promoting equitable participation in economic activities to narrow all forms of disparities between the states.

Supported by 4 Key Enablers. These missions are supported by 4 key Enablers which are (i) Mobilize financing ecosystem; (ii) Foster talent development and attraction; (iii) Strengthen best-in-class investor journey for ease of doing business; and (iv) Introduce whole-of-nation governance framework. Recognizing the systemic and institutional issues faced by the player industries, these enablers will facilitate executing MBPs. Two funding systems will be introduced under NIMP 2030, namely NIMP Development Fund and NIMP Strategic Co-Investment, together with other allocation from the government, to provide financing support for the industry players, particularly the SMEs. Additionally, a key focus will be placed on expanding programs and training initiatives aimed at nurturing high-skilled workers, who serve as crucial contributors to the nation's economy. A well-structured council to strengthen the collaboration among industry stakeholders, coupled with attractive incentives, will position Malaysia as a premier choice for global and local investors.

Figure 1: Overall NIMP 2030 Framework

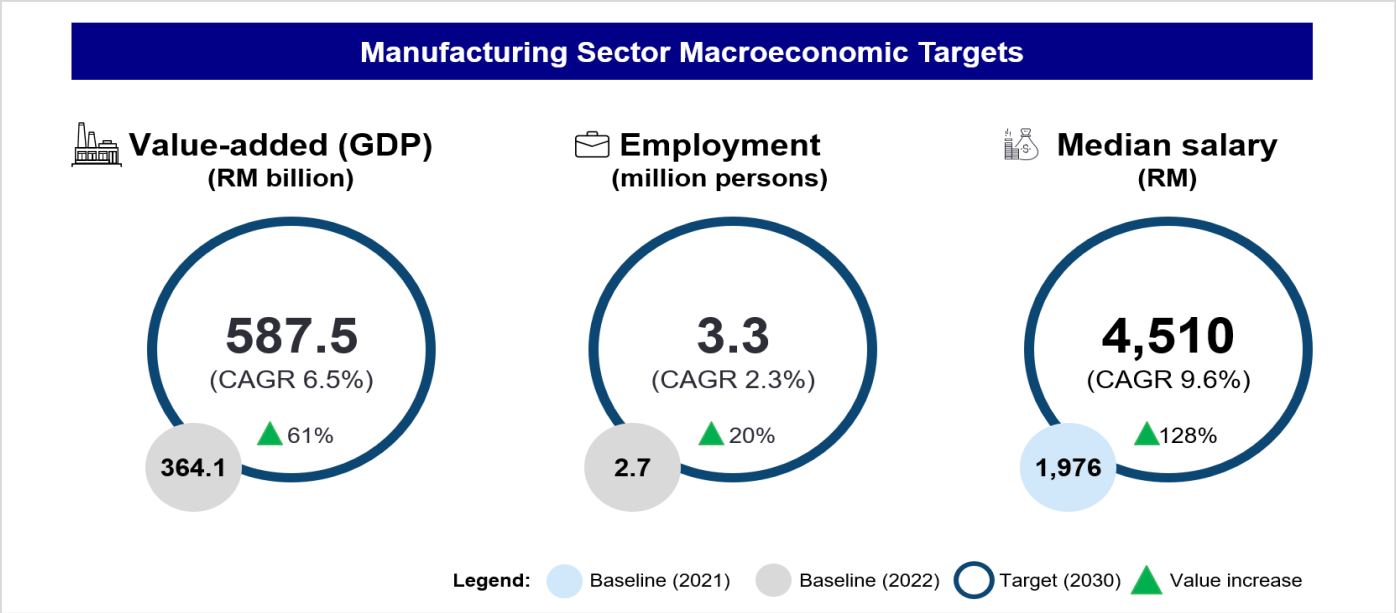


Source: MITI

Manufacturing GDP to grow +6.5% annually until 2030 under NIMP 2030. With NIMP 2030 as a catalyst, manufacturing is expected to record a CAGR of +6.5% between 2022-2030 (2015-2019 CAGR: +4.8%), reaching RM587.5b contribution to total GDP in 2030. This totaled a +61.0% increase from 2022 as growth accelerates in high-impact emerging growth sectors, including chemical, E&E, electric vehicle (EV), aerospace, pharmaceutical, and advanced materials. Looking at a few sub-sectors as references, pre-pandemic (2015-2019) CAGR for refined petroleum products and chemical and chemicals product & pharmaceutical stood at +3.2% and +4.3%, respectively. Meanwhile, manufacturing of motor vehicles & transportation equipment, recorded a CAGR of +3.2%. Within the E&E space, the GDP value for electronic components & boards, computer equipment & electronics grew by a cumulative average of +7.2%. As of 2022, the combined GDP of these sub-sectors made up more than half of manufacturing GDP, with great potential to house many additional high-tech and high-value-added industries.

High-skilled jobs to drive growth of employment and salary within the sector. NIMP 2030 is set to drive employment up by +2.3% annually on average between 2022-2030, creating a total 3.3m new jobs or 20% increase in employment by 2030. The additional employment will primarily be in high-skilled jobs, as the NIMP will promote greater adoption of automation that will reduce reliance on low-skilled labour. This will push median pay to rise on a cumulative average of +9.6% between 2021-2030 to reach RM4,510 by 2030 or +128.0% increase from 2021. Among the initiatives, the Ministry of Economy (KE) and the Ministry of Human Resources (MOHR) are currently exploring introducing a progressive wage system (PWS) to increase the number of skilled workers and accelerate wage growth. The PWS aims to allow employees to chart a clear career pathway for better livelihood through upskilling and acquiring more experience. The impact of NIMP 2030 within employment in manufacturing is set to increase the number of jobs, productivity, and livelihood in tandem with each other for more sustainable sector growth.

Figure 2: NIMP 2030 Value-added, Employment and Median Salary Targets



Source: MITI

Increasing economic complexity while ensuring sustainability. NIMP 2030 recognizes that the roadmap toward a high-income nation relies on acquiring and applying productive knowledge to develop sophisticated industries and output while at the same time ensuring sustainable growth. This effort encompasses nurturing an ecosystem that promotes research, development, commercialization, and innovation (RDCI) and creating robust domestic linkages both in breadth and width. To provide an impetus for innovation and growth of high-potential industries, developing new clusters and strengthening the existing ones is crucial to enhancing specialization and competitiveness. Putting stress on equitability and sustainability, NIMP 2030 underscores initiatives to address social and income disparities and enhances ESG practices by adopting greener production processes. Also, we are optimistic that NIMP 2030 will drive up and utilize the advantages of current and upcoming infrastructure projects in the country. Better regional and states economic developments ahead especially with the completion of ECRL, Pan-Borneo Highway and several seaports which will stimulate more manufacturing and other economic activities.

Figure 3: NIMP 2030 Targets

The NIMP 2030 Goals	Outcomes	Measures	Baseline (2021)	Targets (2030)
Increase economic complexity	Sophistication in economic value-added ▪ Intensifying efforts in higher value-added activities	High-tech manufacturing and services value-added share of GDP	8.1% of GDP	15% of GDP ▪ Consistent with the achievement of countries like Korea (15.6% of GDP)
	Malaysia as a regional innovation hub ▪ Driving R&D-intensive companies and academia to accelerate breakthrough technologies and transform industries, develop new products and core technologies	GERD to GDP	1.0%	3.5% ▪ In line with top 10 OECD economies (between 2.8-5.6% of GDP as at 2021)
Create high-value job opportunities	High-skilled jobs in the manufacturing sector ▪ Generating high-income job opportunities in manufacturing and related services which would support a sustainable base of middle-income earners	Number of jobs created	N/A	700,000 total in 7 years

The NIMP 2030 Goals	Outcomes	Measures	Baseline (2021)	Targets (2030)
	Fair income in the manufacturing sector ▪ Raising income levels and providing fair employment opportunities	Median salary	RM1,976	RM4,510 ▪ Higher increase of RM282 per annum between 2021 to 2030 (vs. +RM64 per annum between 2011 to 2021).
Extend domestic linkages	Internationally competitive SMEs ▪ Integrating domestic SMEs into the Global Value Chain	Share of export-oriented SMEs	11.7%	25% ▪ Doubling share of SMEs involved in vendor development.
	Deepened local supply chain integration ▪ Fostering more interconnected and robust domestic economy, greater contribution from local companies to production of domestic output and supporting cross-linkages across sectors	Domestic value-added in manufacturing	49% (2018)	60%
Develop new and existing clusters	Accelerated growth in existing core clusters by diversifying into new products ▪ Deepening existing core clusters for greater economic contribution	Global market share in high-tech manufacturing exports	3.0%	6.0%
	Accelerated growth in emerging markets such as 4IR and digital ▪ Expanding to new higher-value clusters	Global market share in green and digital exports	2.0%	4.0%
Improve Inclusivity	Catalysed sectoral and regional development through investments ▪ Encouraging distribution of investments for more equitable regional development across the States	Realised FDI and DDI share of contribution to State GDP	Average 13% ▪ Based on investment approvals figures provided by MIDA	25%
	High manufacturing value-added participation by less developed States ▪ Encouraging value-added and higher income generating activities for balanced growth distribution across the States ▪ Support greater regional industrial linkages across activities between the States	Manufacturing value-added in less developed States	22% of State GDP	30% - 35% of State GDP ▪ In line with advanced states' GDP (between 35% to 37%)
Enhance ESG practices	Derisked economy against ESG factors ▪ Increasing Malaysia's attractiveness as an investment destination by meeting global ESG standards and investors' needs	Sustainalytics ESG Index	56.5 (Grade C)	75-100 (Grade A)
	Drive towards Net Zero aspirations ▪ Achieving commitments in reducing GHG emissions intensity under NDC by 2030	Reduction in carbon emission intensity based on NDC goals	33% ▪ Based on percentage changes in GHG levels between 2005 and 2019	45%

Source: MITI

B. SECTORAL REVIEW

1. Automotive Sector (Maintain NEUTRAL)

Analyst: Hafriz Hezry

Action Plan/Mission Based Project	Remarks
Formulate a comprehensive policy to attract global EV manufacturers into Malaysia; increase SME participation in the local EV value chain and facilitate the set-up of more charging infrastructure;	• The transport sector is the 2nd largest contributor to carbon emissions in Malaysia after the energy sector, in which land transport accounts for the bulk of this, henceforth, the emphasis to decarbonize land transportation in the country. • The National Energy Transition Roadmap (NETR) outlined an ambitious 80% penetration of xEV (defined as BEV, PHEV, FCEV and hybrids) 4W and E2W by 2050, while earlier targets under the Low Carbon Mobility Blueprint and Low Carbon Nation Aspiration sets 15%-38% xEV penetration by 2030/2040. • A key incentive offered currently is the CBU EV duty exemption till end-2025 and CKD EV duty exemption till end-2027. Additionally, the Government launched the Global BEV Leaders program earlier this year to attract qualifying international BEV players to setup operations in Malaysia without any foreign equity restrictions and with provision of temporary franchise APs for import of CBU BEVs. So far, the program has managed to attract Tesla to setup sales, after sales and charging station operations in the country, while localization plans, if any, will be discussed within a 2-year period (*See our sector report dated 3rd March 2023 for details*). • The current CBU EV duty exemption is scheduled to expire at end-2025, which should provide sufficient leeway for players to prepare to localize their EV models. Meanwhile, the EV duty exemption for CKDs will remain in place till end-2027. The potential incentives to encourage EV localization under the NIMP are complementary to this broad duty exemption incentive timeline to encourage the transition from CBUs to CKDs. • Based on the recent NETR Phase 2 release, complementary measures to drive Malaysia's decarbonisation agenda include implementation of carbon pricing mechanism and energy subsidy rationalization – current fuel subsidy system contradicts the electrification drive for the land transport sector. Meanwhile, the ambition to enhance EV charging infrastructure is a welcome move to prepare the industry for mass market adoption of BEVs in the future and is one of its critical enablers. • Another potential positive is the NIMP's target to improve EV demand by lowering the cost of EV, which has been a stumbling block to increase BEV ownership in the country. We take this positively, depending on the actual measures to be announced on this front. Additionally, pending release of the "comprehensive policy" to attract global EV manufacturers into Malaysia, we are broadly positive on the ambitions to grow EVs in the country, in general. • However, in the near-term, we expect TIV to peak after 2 consecutive years of record-breaking sales volume, on top of stretched valuations for select stocks under our coverage. Hence, we remain **NEUTRAL** on the auto sector.

Action Plan/Mission Based Project	Remarks
	• The national cars are expected to be some of the key beneficiaries of the drive to localize EVs, especially with the drive to increase SME participation in the EV value chain, given their extensive reliance on the domestic vendor network. Both national cars are expected to launch their BEV offerings within the next 2-3 years with Perodua, emphasizing affordable EVs. **MBMR (BUY, TP: RM4.70)** is a key proxy to Perodua with >70% of group earnings contributed by its 22.6% stake in Perodua. The stock is also trading at undemanding valuation of 6.6x FY24F PER.

2. Construction Sector (Maintain POSITIVE)

Analyst: Royce Tan Seng Hooi

Action Plan/Mission Based Project	Remarks
Action Plan 4.3.1 - Expand clusters for spillover regional impact	• This is an action plan that will be led by MITI, collaborating with key stakeholders such as the state governments, economic corridors, MIDA and sub-national IPAs. • Part of the NIMP's targets is to address the disparity in industrial development between states. This is where state governments will come in on a collaborative effort to complement each other based on their strengths, such as the integrated high-tech park in Kulim supporting the E&E cluster in Bayan Lepas and Batu Kawan. • A strategic infrastructure project cited in the NIMP is the ECRL. To unlock the transit-oriented development (TOD) for the project, MIDA has inked a MoU with the project's EPCC contractor China Communications Construction Company (CCCC) for the development of Economic Accelerator Projects (EAPs) along the alignment from Kelantan to Port Klang. MIDA has identified three logistic hubs and 11 industrial parks so far. • Another project with such a potential for greater state collaborations and possibly even larger TODs is the potential revival of the KL-Singapore High Speed Rail (HSR), which will benefit the central and southern region of Peninsular Malaysia. More than just a high-speed option to Singapore, part of MyHSR Corp's initiatives is to maximise the economic prospects along the HSR corridor. • These initiatives would generate meaningful job flows for the construction sector, on top of the infrastructure projects that are expected to be rolled out by the government, such as MRT3 and the Penang LRT. Local industry players are also expected to benefit from development plans in East Malaysia and Nusantara, being the new capital of Indonesia. We maintain our POSITVE recommendation on the sector and our top picks are **Gamuda (BUY, TP: RM 5.04)**, **IJM Corp (BUY, TP: RM2.11)** and **Sunway Construction (BUY, TP: RM2.09).**

3. Healthcare Sector - Pharmaceuticals (Maintain POSITIVE)

Analyst: MIDF Research Team

Action Plan/Mission Based Project	Remarks
Action Plan 1.1.4: Build Malaysian champions for game-changing advanced materials	Microcrystalline cellulose (MCC) offers several benefits for the pharmaceutical industry. It acts as a binder, allowing tablets to be compressed and enhancing stability. MCC can also bulk, disintegrate, bind, and lubricate, extending drug release. It has a large surface area, porosity, and moisture retention powers, making it an excellent bio-adhesive and a thickening agent for liquid dosage forms. Additionally, MCC is considered safe for use according to the regulatory framework. However, there are challenges to implementing MCC, depending on the source and manufacturing conditions, which can affect its performance. Additionally, high costs and the need for technological advancements are also challenges that need to be addressed, especially in Malaysia's local pharmaceutical market with increased competitiveness with internationally established pharmaceuticals. Nevertheless, we believe the strengthening of existing regulatory framework and ensuring effective coordination among stakeholders, as well as sufficient funding for more R&D, are important for successful future implementation of MCC in the industry.
Action Plan 1.1.5: Identify high value-added opportunities in the aerospace, pharmaceutical and medical devices sectors	Malaysia has the leverage to further enhance its pharmaceutical and medical devices base subsectors through government support, good infrastructure, and trusted manufacturing environment. This makes Malaysia an attractive market for pharmaceutical companies. To increase value-added opportunities, we believe the main focus should be in the following: • **Research and Development (R&D):** Investing in R&D capabilities can lead to the development of innovative pharmaceuticals and medical devices, driving growth and attracting more companies to establish research facilities in the country. • **Collaboration and Partnerships:** Collaborating with international pharmaceutical companies, research institutions, and healthcare organizations can facilitate knowledge transfer, technology sharing, and joint ventures, leading to the development of advanced healthcare solutions. • **Regulatory Framework:** Strengthening the regulatory framework to ensure compliance with international standards and streamline the approval process for pharmaceuticals and medical devices can boost investor confidence and encourage further investment. • **Talent Development:** Investing in the training and development of skilled healthcare professionals, researchers, and technicians can enhance the country's human resources and expertise, making Malaysia a hub for high-quality pharmaceutical and medical device manufacturing. • **Market Diversification:** Expanding export opportunities by tapping into emerging markets (e.g halal market) and exploring new therapeutic areas can increase the value-added opportunities in the sector. By capitalizing on these strategies, we believe Malaysia can attract more investments, and position itself as a regional leader in the healthcare industry.

Action Plan/Mission Based Project	Remarks
	In addition to the growing aging population, locally and regionally, adapting to these opportunities can assist the nation to be more adaptable to the changes in demographics, supply and demand, as well as technological advances in the sector.
Action Plan 1.2.2: Integrate value chains between: M&E and Medical Device, Semiconductor and EV, and Chemical and Pharmaceutical	Identifying areas of synergy between the chemicals and pharmaceuticals industries must involve the exploring of chemical byproducts in pharmaceutical manufacturing, as well as developing new chemical processes that enhance pharmaceutical production. Through this action plan, Malaysia can encourage collaboration between chemical and pharmaceutical companies to foster knowledge sharing and joint innovation, through partnerships, joint ventures, or industry clusters. With the added regulatory framework for both industries, a seamless integration of the value chain, including streamlining approval processes and harmonizing standards can be ensured. However, cost management and technological advancements remain challenges to integration. Integrating the value chain may require significant investments in infrastructure, technology, and talent development. We believe in establishing a similar business model and intellectual property protection between the two industries can unlock the full potential of integrating the value chain, with coordinated effort from industry players, government agencies, and other stakeholders involved in the healthcare sector.

4. Oil and Gas Sector (Maintain POSITIVE)

Analyst: MIDF Research Team

Action Plan/Mission Based Project	Remarks
Petrochemicals	
Action Plan 1.1.3: Shift from basic to specialty chemicals	The global specialty chemicals market was valued at USD272b in 2022 and is projected to reach USD365b by 2028 at a 5-Y CAGR of 5.0%. Malaysia has the potential to shift from basic chemicals to specialty chemicals, driven by industrial growth, technological advancements, and market demand. This transition can offer economic benefits, increase value-added products and reduce the need to import specialty chemicals, as well as enhance competitiveness in the global chemicals industry. As global markets increasingly demand environmentally friendly and sustainable products, specialty chemicals aligned with these trends for its bio-based or eco-friendly alternatives. With existing, well-developed infrastructure, skilled workforce and established innovation and research hub, notably in the petrochemical subsector, Malaysia is set to transition and develop its specialty chemicals hub alongside its growing petrochemicals hubs in the strategic oil and gas locations in Sarawak, Terengganu and Johor.
Mission-based Project 1.3: Deepen to specialty chemical vertical	Malaysia is committed to advancing specialty chemicals vertically to achieve technological innovation and transitioning from a specialty chemical importer to a net exporter, in consideration of the opportunity to produce specialty chemicals domestically, fostering innovation and high-skilled jobs, supporting R&D and economic complexity, and establishing collaborations with private

Action Plan/Mission Based Project	Remarks
	sectors domestically and internationally. We believe that concentration on petrochemicals to pioneer as a leader in the creation of specialty chemicals for other key chemicals to follow through is crucial, as petrochemicals had been a well-established subsector in processing chemicals in terms of asset and manpower availability. With the proper funding for this initiative from the private sector, the further development of specialty chemicals in Malaysia and the transition from basic chemicals can be accelerated.
Carbon Capture, Utilisation and Storage (CCUS)	
Action Plan 3.1.2: Decarbonise "hard-to-abate" sectors	Upstream oil and gas had been one of the divisions in oil and gas that had been difficult to adhere to ESG demands. Decarbonising the division is a critical step towards mitigating climate change and achieving global carbon reduction goals. Under the guidance and assistance of MITI and its collaboration with NRECC, Department of Environment (DOE), MIDA, Malaysian Green Technology and Climate Change Corporation (MGTC) and MTDC, we believe the upstream oil and gas sector could establish a more comprehensive and circular ESG compliance, in the form of renewable energy transitions, CCUS, emission reduction technologies and hybrid fuels, while also increase the investments in the economic opportunities for CCUS and carbon tariffs.
Action Plan 3.3.2: Grow carbon capture, utilisation and storage (CCUS) as a new sector	Geological study of the ASEAN region pinpoints Malaysia's offshore areas as offering high potential for carbon dioxide (CO2) storage in the region. Industry experts believe underground rock formations below the surface in offshore Malaysia offer safe and permanent sequestration of CO2 captured from industrial processes. However, it should be noted that the primary focus for the development of CCUS lies in cost management and the regulatory framework, as well as technological advancements and cost-efficiency improvements. The successful implementation of CCUS in different industries heavily relies on a well-established regulatory framework. To effectively integrate CCUS into the local economic network, it is crucial to adopt similar laws like The London Protocol and the EU CCS Directive as a first step, extending CCUS beyond the oil and gas sector. We believe with the support from NRECC, MITI, MOT, Ministry of Foreign Affairs (MoFA) and MOF, this first crucial step can be fast-tracked to ensure a safe and efficient CCUS implementation.
Mission-based Project 3.3: Deploy large-scale CCUS solutions	The potentiality for Malaysia to deploy a large-scale CCUS solution lies in its significant oil and gas reserves. Malaysia's active involvement in the oil and gas industry makes it an ideal candidate for such. However, there are several challenges that need to be addressed, including: • **Cost of implementing CCUS technology**: The high initial investment required for infrastructure development and operation can be a deterrent for many smaller industries. • **Preliminary regulatory framework:** Regulations in regards of CCUS adoption needs to be strengthened to provide clear guidelines and incentives for all industries involved • **Requirements for more technological advancements:** Research and development efforts must focus on improving CCUS technologies to enhance their efficiency and reduce costs.

Action Plan/Mission Based Project	Remarks
	• **Lacking offshore geological data:** A large scale CCUS solution requires a large storage field, and due to lack of crucial data for poorly explored basins in offshore Malaysia, more exploration initiatives may be needed to find a suitable storage for CCUS adoption. Collaboration with international partners, such as US companies, can help Malaysia access advanced technology and expertise in this field. Furthermore, establishing a cluster or hub approach, where multiple emitters invest in shared infrastructure, can help lower expenses and generate profits. This collaborative approach requires effective coordination and cooperation among various stakeholders.
Hydrogen Fuel	
Action Plan 3.2.2: Accelerate availability and accessibility of renewable energy source for the industry	Malaysia is strategically embracing hydrogen through projects like H2ornbill and H2biscus in Sarawak, collaborating with Japanese and South Korean entities. These projects align with Sarawak's Hydrogen Economy Roadmap, aiming to develop the region by 2030. The upcoming Hydrogen Economy Transition Roadmap (HETR) is set to further advance Malaysia's hydrogen goals. Nevertheless, storage and production challenges persist, affecting technical and commercial viability. Production hurdles include global electrolyser scarcity, expertise shortage, and high capital expenditure. Technological advancements could enhance electrolyser efficiency, providing Malaysia a competitive edge, and subsequently accelerate the accessibility of renewable energy resource to various industries.

5. Property Sector (Maintain NEUTRAL)

Analyst: Jessica Low Jze Tieng

Action Plan/Mission Based Project	Remarks
Transforming brownfield industrial estates into eco-industrial parks that have green and resilient infrastructure and sustainable processes reduces greenhouse gas emissions, the amount of wastes produced and natural resources used. The principles of circular economy are a central component of eco-industrial parks **Action plan:** • Obtain buy-in of relevant stakeholders to transform industrial estates to eco-industrial parks • Enhance industrial estates' development and management	• The transformation of industrial parks into green industrial parks bodes well for the long-term outlook for industrial properties in Malaysia. Performance of industrial properties and industrial parks in Malaysia were resilient, driven by growing demand for industrial assets and defensive nature of industrial assets as industrial assets were relatively unfazed by Covid-19 pandemic. • The transformation of industrial estates to eco-industrial parks should benefit property developers that have exposure to industrial parks namely **Eco World Development (NEUTRAL, TP: RM0.96)**, **S P Setia (BUY, TP: RM0.91) and Sunway Berhad (NEUTRAL, TP: RM1.71)**. Note that Eco World Development Group has a few Eco Business Parks in Malaysia. Meanwhile, S P Setia added three new industrial estates recently into its portfolio namely Setia Fontaines Industrial Park in Penang, Setia Alaman in Klang, and Tanjung Kupang in Johor. On the other hand, Sunway Berhad expanded portfolio to industrial asset development recently by acquiring 245acres of freehold land at Kuang, Rawang for development of an Industrial Tech Park.

Action Plan/Mission Based Project	Remarks
• Implement green practices in industrial estates	

6. Plantation Sector (Maintain NEUTRAL)

Analyst: MIDF Research Team

Action Plan/Mission Based Project	Remarks
Shift from basic to specialty chemicals/ Action Plan Deepen to specialty chemical vertical /Mission-based Project 1.3	• For the plantation sector, we are positive about the action plan, as this will safeguard the pure planter's palm oil intake to the oleochemical and refinery despite normal export trading. In 2022, circa 15.5m tonne, 1.0m tonne, and 2.2m tonne of PO, PKO and PKC were exported, and these really a worrying condition as its accounted 63.6%, 4.3% and 8.7% to the total export, which indicates only 23.4% export based on palm oil derivatives (eg. Oleo, finished products and biodiesel). • In the typical feedstock cycle, the feedstock is exported to foreign nations for the manufacturing of specialty chemicals before being imported back to Malaysia. Nonetheless, under NIMP, specialty chemicals will instead be produced in Malaysia, which is anticipated to increase demand for oleo and refineries. • We applaud government initiative, because in 2022, there were 22 oleochemical, 18 biodiesel, and 52 PO refineries in Malaysia. However, utilization rate remains at satisfactory level at 57.78%, 88.96% and 60.07% although Oleo products has significant breadth of applications that impact us daily industry/personal products usage across coating & resins, personal care & cosmetics, soaps & detergents etc. • Under NIMP action, we expect government to be serious on; 1) working closer with the pure planters to address price spread between trading export price and feedstock price to boost local consumption of Oleo/biodiesel plants and PO refineries plants since majority unprocessed palm-based oil were exported (due to high base average selling price), and 2) setting up partner with other industries eg. Partnership with energy industry to utilize palm biomass to produce biofuel, such as sustainable aviation fuel (SAF), bio methane and black pellets (coal replacement) so this aligns to megatrend and national ESG agenda.

7. Telecommunication Sector (Maintain Neutral)

Analyst: Foo Chuan Loong, Martin

Action Plan/Mission Based Project	Remarks
Accelerate digital infrastructure rollout (JENDELA) (2.1.2)	• The NIMP reemphasizes the need to have a robust digital infrastructure foundation. As can be seen from the JENDELA Phase 1 program, Malaysia now has a much commendable mobile broadband speed, 4G population coverage which is more than 95% as well as vast fibre connecitivty. 5G rollout has also been expedited.

Action Plan/Mission Based Project	Remarks
	• Pursuant to this, Phase 2 of Jendela will further focus on full deployment of the 5G network in populated areas after strong 4G coverage nationwide. On this note, the industry players are also working towards taking equity stakes in DNB to ensure that the 80% population coverage by end 2024 can be met. • The widespread 5G deployment would present as another avenue for the telecommunication companies to diversify their offering, especially for the SMEs as well as large organization. This is because we view that the local telecom industry has reached the maturity stage of industry life cycle as can be seen from the heightened price competition which affect the average revenue per user (ARPU) as well as slow subscriber growth.

8. Technology Sector (Maintain NEUTRAL)

Analyst: Foo Chuan Loong, Martin

Action Plan/Mission Based Project	Remarks
Support the development of IC design capabilities to capitalize on fast-growing end market applications which include electric vehicle, renewable energy, artificial intelligence. (1.1.1) Attract global leader to establish fabrication in Malaysia (1.1.2) Leverage alliance with ASEAN countries to integrate the semiconductor value chain (1.3.1)	• Malaysia is involved in the global semiconductor supply chain, particularly in the Outsourced Semiconductor Assembly and Test (OSAT), Automated Test Equipment (ATE) and Electronics Manufacturing Services (EMS) space. For context, Malaysia accounts for approximately seven percent of the world's semiconductor trade. This involvement, however, predominantly forms the back end of the supply chain. • Premised on this, we applaud the Government's shift in focus to the front end of semiconductor product development, in particular IC design and wafer fabrication. Malaysia would also benefit from the potential technology transfer when global semiconductor foundry companies setup its operation in the country. • Combining the expertise on back-end process with the IC design and wafer fabrication will enable Malaysia progress to become a high-value added semiconductor producing country. Having a greater presence in IC design and wafer fabrication, in the longer run, would also further spur the need for back-end process. • The ongoing trade war between US and China also helps, to a greater extent, elevate the attractiveness of Malaysia as preferred destination for the semiconductor industry. Thus, this serves as an opportune time for Malaysia to develop the front-end semiconductor manufacturing.
Nurture local technology solutions provider to support Technology adoption programme (2.3.1) Develop generative and industrial AI solution leaders and system integrators (2.3.2)	• Unlike the large organization, SMEs have limited resources. This has prevented them from embracing digitalization which includes the emergence of generative AI. Such deployment will ultimately help to improve the operation and competitiveness. Thus, having local technologies companies would help to address this concern. Moreover, we view that having local technology companies could better understand the needs of local SMEs.

9. Transportation Sector (Maintain NEUTRAL)

Analyst: MIDF Research Team

Action Plan/Mission Based Project	Remarks
Aviation	
Action Plan 1.1.5 - Identify high value-added opportunities in the aerospace, pharmaceutical and medical devices sectors.	• This action plan will be led by MITI, MIDA and the National Aerospace Industry Corporation (NAICO). • The initiatives outlined include: (i) creating a supportive ecosystem to cater to the industry's needs, (ii) fostering collaboration and knowledge sharing among industry players to adopt the industry's best practices and (iii) facilitating the industry's product development. • Overall, these initiatives would create a positive impact on the aerospace sector by promoting innovation, knowledge sharing, and collaboration. The government's support in terms of funding, resources and partnerships can drive the growth of the industry, but it appears that these initiatives are mainly aimed at supporting startups and smaller companies. Hence, we do not expect it to materially impact **Capital A Berhad's (NEUTRAL, TP: RM0.90)** subsidiary, Asia Digital Engineering (ADE), which is involved in the maintenance, repair, and overhaul (MRO) business pending further details on the execution of this action plan.
Port & Logistics	
Action Plan 1.5.1 – Implement national trade advocacy campaign to increase industry utilisation of Free Trade Agreements (FTAs)	• This action plan will be led by MITI and supported by MATRADE, Malaysia Design Council (MRM), TERAJU, SMECorp and industry players. • The initiatives outlined include: (i) conducting promotional activities through online and offline model, (ii) addressing issues based on feedback from companies regarding FTA requirements, and (iii) providing access to experts to address Rules of Origin (ROO), FTA eligibility and other related issues. • FTAs often involve the reduction or elimination of tariffs and duties on goods traded between member countries. Generally, this benefits the port & logistics players as lower tariffs mean that their customers' products become more competitive in foreign markets, potentially leading to increased shipping volumes and demand for their services. • However, the trade advocacy campaign is mainly to support SMEs and Bumiputera firms to meet FTA eligibility. Therefore, it is unlikely to significantly benefit the listed logistics players under our coverage, as their customers are mostly MNCs that readily adopt FTAs. The services offered by these players often require contractual agreements to secure rates and ensure a guaranteed volume. However, it is worth noting that port players, including **Westports Holdings Berhad (BUY, TP: RM3.90),** might observe a minor positive impact in the form of increased gateway throughput. • While the immediate impact on the port & logistics players might be more muted, we commend this initiative for its role in narrowing the knowledge gap between SMEs and MNCs as the former typically do not possess adequate resources that enable them to invest in understanding the complexities of FTAs.

C. STRATEGY

Equity Market

An attempt to bring Malaysia forward. The NIMP 2030 sets forth Malaysia's future direction in industrial transformation. It provides a national integrated plan for resilient industrial development until 2030 and sets the fundamentals for future policy development and enabling the industry at all levels. It also articulates Malaysia's position and participation in the global economic environment.

A blueprint not just for industries but also investors. Besides providing the national strategic direction to lead the industrial development policies, the NIMP 2030 also serves to be a conversation piece for investors and other economies on Malaysia's position and direction. In addition, it have a feature role for the Malaysian government in shaping the economy.

No one specific sector "winner". We opine that the NIMP 2030 has no clear sector "winner" as we normally see in the announcement of the annual government Budget. However, we should highlight that this view does not construe anything negative. Rather there is an interdependence between sectors as it attempts to raise the economic complexity of the nation. Therefore, should the NIMP 2030 be successful, then almost all the sectors will be a beneficiary either directly or indirectly.

Recognizing sustainability and ESG. We are pleased (and as we expected) that sustainability has given an emphasis on addressing ESG issues. Sustainability has been a key concern not just from an investor point-of-view but the rakyat as well. Emphasis ESG and developing a plan to address this issue will ensure a more sustainable development. We believe that it may open up new industries as well, which should bode well for the economy.

Implementation will always be key. We recognize that the NIMP 2030 is a high-level strategic plan for the nation's development. The key to going forward will be the implementation of these various initiatives and how the annual budget translates to achieving the stated aim.

Market Outlook

A paradigm-shift from 'who' to 'what'. Previously, IMP 3.0 took a Sectoral-based approach ('who') which focused on the vertical action plans of individual sectors. Now, the NIMP 2030 is shifting to a Mission-based approach ('what') which outlines the targeted and focused horizontal action plans across the sectors.

The utmost emphasis is on raising economic complexity. The first mission of the NIMP 2030 is to increase economic complexity which is to encourage innovation and production of more sophisticated high value-added products. This effort encompasses the creation of robust domestic ecosystem that promotes RDCI activities. Higher economic complexity will heighten the competitiveness of Malaysia in the global market.

Higher competitiveness could engender a positive impact on equity valuation. The emphasis towards raising economic complexity is of long-term strategic importance to the nation's well-being. Tying it to the financial market, this mission could help to improve Malaysia's overall return profile which would naturally drive market valuation higher in the long term. In gist, the positive impact on equity market may manifest albeit over an extended period.

Maintain FBM KLCI year-end 2023 target at 1,540 points. However, in the short term, the announcement of NIMP 2030 is not expected to spur significant buying (or selling) reaction in the equity market. We expect the immediate market undertone shall continue to be dominated by monetary statement/action of the US Fed. Hence, we maintain our **FBM KLCI end-2023 target at 1,540 points** or PER23 of 15.3x.

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology