

Madelena Mohamed: Keynote address - JC3 SME Focus Group (SFG) Climate Conference for SMEs 2025

Keynote address by Ms Madelena Mohamed, Assistant Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the JC3 SME Focus Group (SFG) Climate Conference for SMEs 2025, Kuala Lumpur, 17 November 2025.

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Empowering SMEs for Climate Resilience: From Awareness to Action

Some of you may have driven through Bukit Tunku to get here this morning. Along the winding road, you would have seen large, beautiful trees covering the hills. While you might have admired the greenery and feeling blessed, few of us would have been thinking about the roots of those trees. And so it is with SMEs, the roots beneath Malaysia's economic canopy.

Just like root networks in a forest, SMEs hold up Malaysia's growing economy. 97% of business establishments in Malaysia are SMEs. The SME sector supports 8 million jobs and contributes nearly 40% of Malaysia's GDP¹. The Thirteenth Malaysia Plan aims to further grow the sector's contribution to 50% of GDP by 2030.

Climate action is costly. Yet climate inaction today is costlier – one which must be borne by our future generations. It is therefore my pleasure to be here this morning to speak on the responses to propel the decarbonisation agenda forward.

The theme for today's conference '***Building Climate Resilience: Practical Actions for SMEs***' is indeed timely to shape the actions needed now for a sustainable tomorrow.

We will spend the day going deeper into this. But before we begin, allow me to say a few words about (a) why climate resilience matters for SMEs, and (b) to highlight practical steps that SMEs can take to build climate resilience.

Why climate resilience matters

Ladies and gentlemen,

Climate resilience, and sustainability in general, is ultimately about securing stability. In a world with increasing uncertainty, stability is precious for businesses.

With climate change, we must now deal with **physical risk** events like more frequent and severe floods, droughts and weather disruptions. These events affect business operations - businesses may face supply delays, damaged inventory and lost of revenue. There's also what we call **transition risk** - that is the risk of being left behind as business norms shift to address climate change.

As export markets and large corporates set net zero targets and seek to mitigate their own environmental footprint, SMEs are finding it increasingly important to navigate a **growing alphabet soup** of compliance regimes – **NDPE** (No Deforestation, Peat or

Exploitation), **EUDR** (EU Deforestation Regulation), **CBAM** (Carbon Border Adjustment Mechanism), **Scope 1, 2, 3**; the list goes on. Even here at home, Belanjawan 2026 introduced a carbon tax targeting high emitting sectors such as iron, steel, and energy². Even if SMEs are not taxed yet, compliance will matter for firms along the supply chain.

Climate resilience is not just about managing the physical and transition risks of climate change. There is in fact an element of opportunity for businesses. **First**, climate action creates **new demand**. For instance, the National Energy Transition Roadmap (NETR), which charts Malaysia's path to Net Zero by 2050, aims to mobilise RM1.2 trillion in investments and create over 300,000 green jobs³.

These opportunities are not limited to the large corporations. SMEs in solar installation, EV maintenance, green building materials, and waste recycling for example stand to benefit directly.

Second, the current recalibration of global supply chains creates a **unique window of opportunity for Malaysia**. As the world adjusts to evolving geopolitics and new technologies, there is growing interest in ASEAN as a relatively neutral and reliable trading partner. Even within ASEAN, the current 23% intraregional trade has prospects to grow to at least 40%. With this, Malaysia has a historic opportunity to quickly move up the value chain and seize this potential. But this requires the "root network" of our SMEs to be ready to meet the requirements of global and regional demand, including in sustainability standards and disclosures.

Third, building climate resilience ultimately serves the **bottom line**. Many of the steps to transition also reduce everyday costs. Better cooling and ventilation lower electricity use and reduce machine breakdowns. Digital tools for inventory and maintenance cut wastage and prevent costly delays. These are practical upgrades that pay for themselves over time, often within a year or two.

Resilience also strengthens a firm's commercial position. Businesses that can continue operating during bad weather, or recover quickly after disruptions, deliver more reliably to customers.

The financial sector has a key supporting role

Ladies and gentlemen,

The financial sector has a key role in helping SMEs navigate the uncertainties posed by climate change and make the most of new opportunities – so that our economy can benefit from stable prosperity. As I alluded to earlier, **stronger roots, stronger forests**.

Organised under the leadership of the JC3 SME Focus Group (SFG), co-chaired by Bank Negara Malaysia and UOB Malaysia, along with 14 focus group members, this conference marks an important step forward in building a supportive ecosystem where knowledge, tools, and partnerships coalesce.

I would like to extend my gratitude to the SME Focus Group for their dedication and hard work in bringing together distinguished speakers and working closely with the SME

associations, key ministries and government agencies, as well as solution providers to make this event a reality.

As for the SMEs who are present in this auditorium – whether you are here because you are curious and want to learn, or you are here because you want to know how to go about embracing sustainability in your business operations, or you are here to share and spread your experience, I want to congratulate you for taking this important step.

Practical actions for SMEs

So, what can you, the SMEs, start doing today? Building climate resilience may sound complex, but it starts with **three** practical steps.

The first is to **understand your risks and opportunities**. As I have mentioned, climate change brings both challenges and openings. Begin by assessing where your business is exposed and where it can grow. Today, you will have a chance to learn more about this from the experts lined up. You can also find out several tools available for this.

- The JC3 [ESG Jumpstart Portal](#) is a good place to start. It offers practical guides, training programmes, as well as resources on relevant certifications and financing opportunities.
- The [JC3 Climate Data Catalogue](#) links you to datasets to support risk assessments such as flood maps for site decisions and drought projections for crop planning.
- The [SME Loss Prevention Framework](#), developed by Generali and UNDP, is a digital tool to identify vulnerabilities, especially from flood exposure, and receive tailored recommendations.

The second step is to **start measuring and reporting what matters**. Increasingly, global trade counterparts are demanding sustainability-related data, particularly on carbon emissions. Even if you are not selling directly to them, very often your local trade partners are part of a supply chain that ultimately sells to global markets which have these reporting requirements.

The Greening Value Chain programme introduced by the JC3 provides a structured mechanism for SMEs to understand and measure your own carbon footprint, identify aspects of your operations that can be more emission friendly, begin tracking and reporting your emission. You should call on your banker to find out more about this.

Later today you will learn about other measurement and disclosure tools and how these can open doors for your business to new supply chains. For instance:

- The [Simplified ESG Disclosure Guide \(SEDG\)](#), developed by Capital Markets Malaysia (CMM), makes reporting more accessible for SMEs.
- This guide includes a [GHG Emissions Calculator](#) which helps measure Scope 1 and 2 emissions in line with global standards.

The third step is to **finance your transition**. Making your business climate resilient is an investment for stable, lasting growth. Lower operating costs, access to new markets,

and stronger brand trust await those who act early. Financing is available to support you in this investment. You will hear today how to access these opportunities.

- Bank Negara Malaysia has allocated [RM3.8 billion in targeted facilities](#) such as the Low Carbon Transition Facility (LCTF) and the High Tech & Green Facility (HTG) to help SMEs take steps to build climate resilience and make most of the opportunities. Recently, we have also introduced the Relief and Adaptation Facility (RAfT) that helps SMEs improve resilience to floods - both through post-flood relief and proactive adaptation steps.
- Credit Guarantee Corporation Malaysia (CGC), along with 18 partner banks, has committed to a RM1 billion portfolio guarantee scheme specifically to support Small and Medium Enterprises (SMEs) transition towards Environmental, Social, and Governance (ESG) principles.
- There are also several other programmes to support SMEs through a combination of public and private funding which reduce the risk profile of projects to make them more attractive for private investors. [MyCIF](#), administered by the Securities Commission, supports SMEs in the agriculture and bio-economy via equity crowd-funding and peer-to-peer platforms. To date, this has mobilised RM6.9 billion for over 9,000 SMEs, including RM1.2 billion from government allocation⁴. Similarly, [NIMP CoSIF](#), the National Industrial Master Plan 2030 Strategic Co-Investment Fund launched by the Securities Commission and MITI, facilitates fundraising in new growth areas including Electric Vehicles, Renewable Energy, and Carbon Capture, Utilisation and Storage (CCUS)⁵.
- The [Climate Finance Innovation Lab \(CFIL\)](#), administered by Bank Pembangunan Malaysia which came into action recently is pioneering innovative financing structures and models for climate projects.

Conclusion and call to action

Ladies and gentlemen,

Making the transition may feel daunting, but **every big change starts with small first steps**.

As SMEs gather here today to learn, share challenges, and explore climate-aligned opportunities, **this is a crucial moment for financial institutions to demonstrate leadership and commitment** by providing the support SMEs and your clients need – be it capacity building, advisory, and access to finance.

We have lined up a programme to help SMEs size up your risks and opportunities, start measuring and reporting relevant data, and find financing for your transition.

Remember, you are not alone. There is an entire ecosystem ready to support you, including fellow entrepreneurs who are on a similar journey. With their help, **I am confident that the SMEs in Malaysia can be a strong 'root network' that can support the canopy of Malaysia's economy to rise to greater, greener heights.**

Thank you, and I look forward to an exciting conference ahead.

¹ Source: Department of Statistics Malaysia (2025) MSME Performance 2024

² Source: Belanjawan 2026

³ Source: National Energy Transition Roadmap

⁴ Source: Securities Commission Malaysia

⁵ Source: NIMP 2030 Strategic Co-Investment Fund (NIMP CoSIF)