

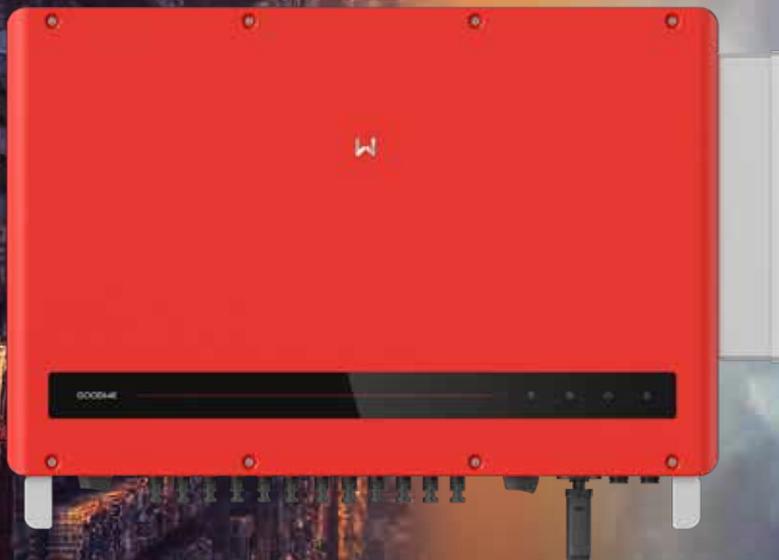
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ECONOMIC RECOVERY

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Published by

**Federation of Malaysian
Manufacturers (7907-X)**

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52200 Kuala Lumpur

 +603-62867200

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Printed by

Percetakan Zanders Sdn Bhd

No 16, Jalan BK1/11

Bandar Kinrara

47180 Puchong

Selangor Darul Ehsan

ON THE COVER



ON THE PATH TO ECONOMIC RECOVERY

It is vital to adopt smart
moves to restart and
stabilise businesses
affected by the pandemic



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RETURN TO POSITIVE GROWTH



The government's recent announcement that Malaysia will enter the "Transition to Endemic" phase of COVID-19 on April 1 is a much-welcomed move, and it comes at an opportune time to further boost the economy.

It has been a long two years since the pandemic struck, and various restrictions put in place for the overall wellbeing of the Rakyat have nevertheless directly impacted businesses nationwide.

We welcome the news that international borders will be opened for fully vaccinated travellers as this will facilitate human capital movement for work and trade will help the industry recover, as well as allow personnel to travel abroad to diversify their businesses and products and explore new markets.

I would like to take this opportunity to express my heartfelt thanks to our members, who upon hearing about the devastating floods that struck several states late last year, were quick to organise a flood relief drive and mobilise volunteers to help out.

Thank you to all those that contributed to this cause through logistics support, volunteering with the packing and distribution of items, and in other ways, directly or indirectly.

In this issue of Business in Action, we delve into the topic of economic recovery, and how companies can look into rebooting their businesses that have been affected by the pandemic.

This edition also looks at the labour shortage in Malaysia, discusses on what is being done to improve the situation and some of the long-term solutions that have been proposed.

Moving into the second quarter of 2022, let us continue to support each other as we head towards complete recovery and positive growth as an industry.

Sincerely,

Tan Sri Dato' Soh Thian Lai

President

Federation of Malaysian Manufacturers

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China's industrial firms are roaring back into business in full force weeks after ushering in the Lunar New Year, according to *China Daily*.



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BACK TO BUSINESS IN CHINA'S INDUSTRY

China's industrial firms are roaring back into business in full force weeks after ushering in the Lunar New Year, according to *China Daily*.

The purchasing managers' index (PMI) for the country's manufacturing sector came in at 50.1 in January, staying in expansion territory for three months in a row.

The site reported that confidence by manufacturing companies was on the rise, with the sub-index for production and operation activity expectations at 57.5, up 3.2 points from a month earlier.

Other barometers, such as the total consumption of electricity are also a reflection of the industry's performance.

East China's Jiangsu province saw its total electricity use rise 18.27% year-on-year (y-o-y) during the holiday, while Hubei, a key manufacturing base, reported a 36.45% y-o-y increase.

The China Electricity Council estimated that the country's total electricity consumption will rise by 5% to 6% y-o-y in 2022, the report said.

To ensure stable industrial growth, several measures including boosting the development of SMEs, enhancing supply chain resilience, and supporting emerging sectors like new

energy vehicles (NEVs) are being rolled out.

China's NEV sales ranked first globally for a seventh straight year in 2021, and moving forward, the growth of this sector will be further facilitated by relieving chip shortages, improving supporting facilities such as battery swapping stations, and carrying out the recycling and utilisation of NEV power batteries.

A BOOST FOR U.S. MANUFACTURING

The global chip shortage triggered by the COVID-19 pandemic, which resulted in a year-long disruption of electronics manufacturing, has caused countries to take a long, hard look at their reliance on Asian high-tech manufacturing.

According to an article on *cnet.com*, the shortage is leading the United States' tech industry and politicians to re-evaluate their stance on the microprocessor business, in light of how much this sector has been outsourced.

Intel, which has slipped to third place behind Taiwan Semiconductor Manufacturing Co. (TSMC) and Samsung Foundry in the semiconductor sector, hopes to take advantage of an increase in demand and government funding to reclaim its leadership position, the article noted.



In January 2022, Intel chose a 1,000-acre site in Ohio as its third major chipmaking location and committed to spending US\$20 bil (RM83.7 bil) on two chip fabrication facilities. The new "megafab" site eventually could house eight Intel fabs costing \$100 bil (RM418 bil) in total.

The US Congress is working on a bill that would provide chipmakers RM221 bil. The House of Representatives passed its version in February after the Senate's work on the bill in 2021.



PRODUCTION VALUE RISES 25% IN Q4 FOR TAIWAN

Taiwan's local manufacturing sector hit a new high for the third consecutive quarter in the fourth quarter of 2021, driven by a strong global demand for electronics.

According to data compiled by the Ministry of Economic Affairs' (MOEA) Department of Statistics, the output of export-oriented manufacturers in Taiwan rose 25.03% from a year earlier to US\$155 bil (RM652 bil) in the October-December period, marking the fifth straight quarter of year-on-year growth.

For 2021 as a whole, the manufacturing sector's production value was up 26.31% from a year earlier, benefiting from a rise in demand for tech devices, reported the *Taipei Times*.

In the fourth quarter, Taiwan's electronics component industry output was up 20.14% from a year earlier, with production value generated by semiconductor suppliers up 25.85% at RM67 bil driven by strong demand for 5G applications, high-performance computing devices, and the Internet of Things and automotive electronics.

In the computer and optoelectronics industry, the output rose 13.62% from a year earlier to RM35.51 bil in the fourth quarter, marking the 15th consecutive quarter of year-on-year growth due to strong shipments in storage devices, cloud technology-based gadgets, servers, and wireless communications gadgets, the MOEA said.

The country's manufacturing sector is expected to enjoy growing momentum in 2022 due to rising global vaccination rates, increased infrastructure investment in many economies, and new technology innovations, said the report.

THE INDUSTRY NEWS

YOU NEED TO KNOW



Steps to economic recovery

The government, in ensuring the country is on its way to economic recovery, has implemented numerous schemes, one of the latest being the SemarakNiaga Keluarga Malaysia Programme (SemarakNiaga), with an allocation of more than RM40 bil under Budget 2022.

Prime Minister Datuk Seri Ismail Sabri Yaakob said that the programme would not only support businesses by providing working capital injections or financing, but also through equity injections for businesses affected by the COVID-19 pandemic.

"This (taking up equity stake) is a novel and innovative solution that has never been implemented before. The government is confident that this initiative will help entrepreneurs recover and move forward," he said in a report in *Sunday Star*.

He said that through the government's assistance and support given to the business community, there would be more job creation as companies recover and grow.

"This will reduce the unemployment rate, which the government targets as less than 4% by year-end," he said.

The SemarakNiaga allocation consists of RM1.8 bil in micro credit loans, RM2.2 bil in equity/alternative financing, RM14.2 bil in small and medium enterprise (SME) soft loans, and RM22 bil in guarantees through Syarikat Jaminan Pembiayaan Perniagaan.

"All levels of businesses, from micro/small to large and listed ones on Bursa Malaysia, can benefit from measures in the SemarakNiaga initiative in Budget 2022. In fact, for micro SMEs (MSMEs), the government has never before provided such a sizable RM1.8 bil funding with a moratorium feature of up to 12 months," said Ismail Sabri in a *Bernama* report.

SemarakNiaga is complemented by other Budget 2022 initiatives, in particular those aimed at helping businesses, including preparing them for post-COVID-19 operational requirements.

"For example, the government will extend the tax deduction for renovation costs of up to RM300,000 to support standard operating procedure

compliance, such as improving the ventilation system and providing additional tax deduction of up to RM50,000 on employee housing rental expenses," he said.

Appeal to reconsider minimum wage decision

FMM expressed its disappointment that its call for a progressive adjustment to the minimum wages under the current business conditions was not taken into account.

The increase from the current minimum wages rate of RM1,200 to RM1,500 represents an immediate increase of 25% on the basic salary which will have a knock-on effect to the overall payroll cost, which will have a spiralling impact on business cost and potentially derail economic recovery.

Based on the findings of the recent FMM-MIER Business Conditions Survey 2H2021, the majority of survey respondents opined that a RM100 increase in minimum wage was an acceptable rate in this current review given the current economic conditions.

FMM had proposed to the Government that the minimum wages adjustment be implemented gradually, with a RM100 increase in the third quarter of 2022 and a subsequent adjustment in 2023/2024 to reach RM1,500.

The survey also revealed the escalating cost of doing business which stems from multiple cost factors which could have a profound impact on business recovery and sustainability:

FMM notes that micro enterprises, which make up 78.6% of the 97.4% of the micro small and medium enterprises (MSMEs) establishments in the country would be exempted from this new minimum wage, however, the SMEs with up to 200 employees are not spared. Within FMM's own membership, only less than 2% of members would be exempted thus impacting the majority of members. In addition, given that foreign workers would also enjoy the increase in wages, it would lead to an additional outflow of close to RM2 bil annually (based on 1.6 million legal foreign



In a statement on the Statistics of Labour Force Malaysia, December and Fourth Quarter of 2021 from the Department of Statistics Malaysia (DOSM), last December, the working population continued to increase, with a marginal increase of 0.2% month-on-month to 15.65 million people.

The ratio of employment to population indicating the economic ability to create employment recorded a slight increase to 66.1%.

Chief statistician Datuk Seri Mohd Uzir Mahidin said to address the impact COVID-19 has had on the global economy, initiatives were implemented to ensure public health was protected and the country's economy could be reopened in stages through the National Recovery Plan (PPN).

Employment in the services sector remained high for the sixth month, manufacturing and construction sectors recorded positive growth for five consecutive months while employment in the agriculture, mining and quarrying sectors continued to decline since August 2020.

According to the report, the overall labour force participation rate (LFPR) for 2021 rose from a 0.2 percentage point to 68.6% compared to 68.4% in 2020, and the increase in employment was due to the low working population in 2020.

workers) which will eventually rise to close to RM6 bil annually when the minimum wage reaches RM1500.

FMM, in a statement, appealed to the Government to reconsider the decision to immediately increase the minimum wages to RM1,500 in May 2022 and instead take on the progressive increment approach suggested.

Vaccine manufacturing potential in Malaysia

Moderna Inc recently expressed that it is open to working with partners from Malaysia in the areas of manufacturing or vaccine development research, in its bid to make its platform technology available to the world, said its senior vice president for commercial vaccines Patrick N Bergstedt.

In an interview with the *New Straits Times*, he said as Malaysia was a pro-vaccination country, the company saw an opportunity to collaborate with academic centres, universities as well as hospitals here.

"We also see potential in collaborating and continuing to develop the science of mRNA (messenger ribonucleic acid) in Malaysia to help protect the citizens. It is also a country that is pro-biotic and pro-industry and that makes it also an opportunity for us to look for areas of collaboration.

"There are also good talent, good skills and capabilities for us to establish a presence and build upon," he said.

Moderna recently announced plans to establish a new subsidiary in Malaysia, alongside three additional subsidiaries in Taiwan, Singapore, and Hong Kong. The company has offices in Japan, South Korea and Australia.

Rise in employment rates

A recent report in *Bernama* revealed that the labour market has been improving since December 2021 with a lower unemployment rate of 4.2%, with 687,600 unemployed while employment continued to rise.

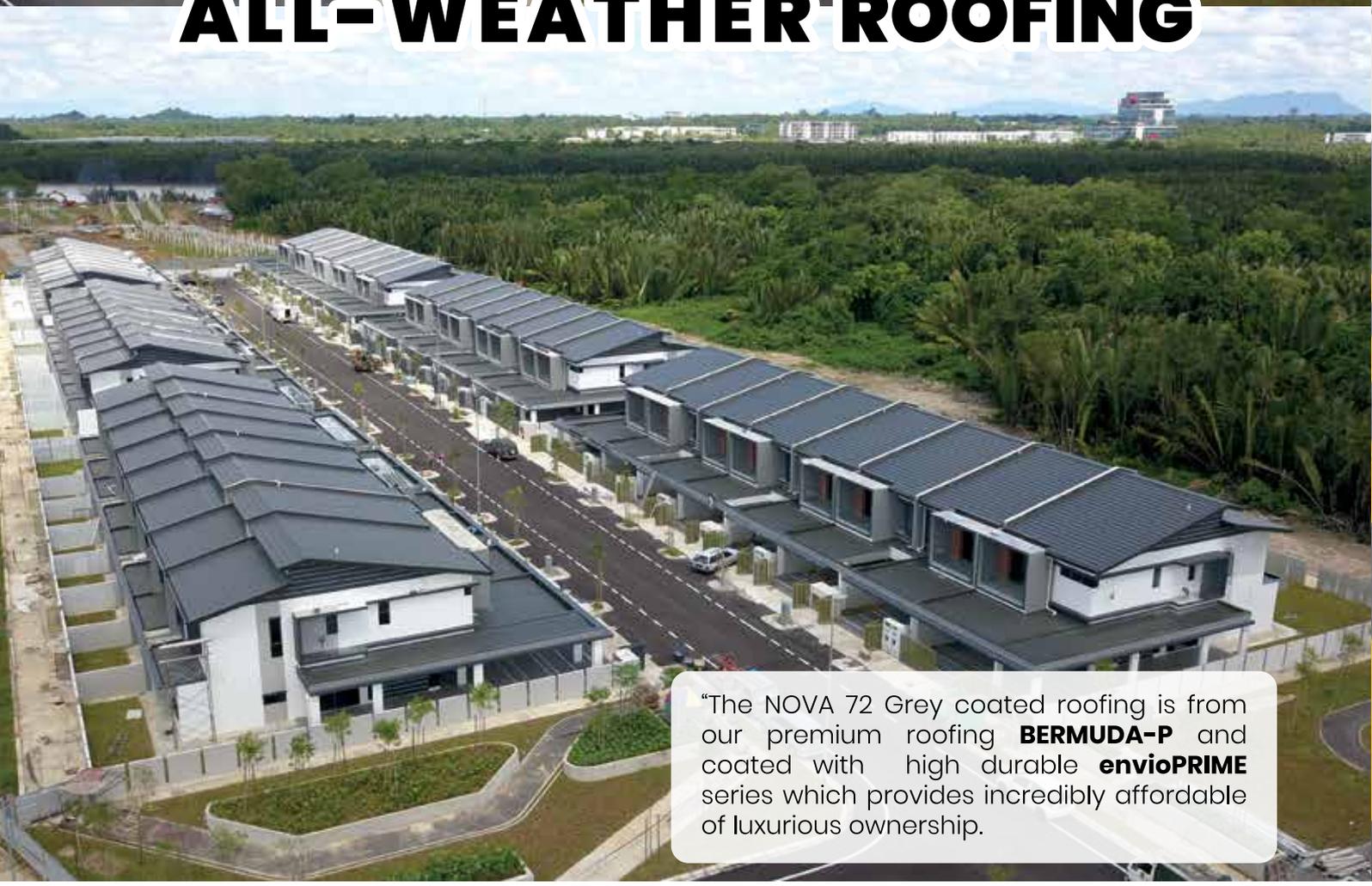




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FOR EVERYONE



ON THE PATH TO ECONOMIC RECOVERY

It is vital to adopt smart moves to restart and stabilise businesses affected by the pandemic

The COVID-19 pandemic has shaken the Malaysian business landscape in several key sectors such as manufacturing, retail, tourism and entertainment. In the last 24 months, businesses have struggled to stay afloat while coping with the various movement control orders (MCO) and social distance practices.

A 2020 study by the Department of Statistics Malaysia (DOSM) and Malaysian Investment Development Authority found the estimated value of production losses was about RM64.6 bil during two weeks of the MCO (March 18 till March 30, 2020).

The report also found that the manufacturing sector had potential losses of RM12.6 bil during the MCO.

The health crisis has also posed various unprecedented challenges in many industries, which severely affected trade disruption, business closures and reduced productivity.

The pandemic also caused retrenchment and salary cuts, resulting in thousands of Malaysians losing their jobs. We have heard stories of aircraft pilots who resorted to selling burgers, retrenched engineers who took on jobs at the wet market, and tour agents who have become e-hailing drivers to make ends meet.

In 2020, Malaysia's SMEs Gross Domestic Product (GDP) growth shrank 7.3%, according to a report in *The Edge Markets*. This is the first time in

17 years that their growth fell below Malaysia's overall GDP growth (negative 5.6%), according to the DOSM.

To cushion the impact of the COVID-19 on SMEs and to boost Malaysia's economy, the government introduced several stimulus packages in 2021. It includes the Strategic Programme to Empower the People and Economy (PEMERKASA), PEMERKASA Plus and National People's Well-Being and Economic Recovery Package (PEMULIH).





Thankfully our economy began to rebound in the fourth quarter of last year, in line with more relaxed MCO as more Malaysians received their COVID-19 vaccinations. As a result, Bank Negara predicts growth is expected to gain further momentum in 2022.

One of the first steps to boost the economy is the implementation of SemarakNiaga Keluarga Malaysia Programme (SemarakNiaga) by Prime Minister Dato' Sri Ismail Sabri Yaakob last month.



The pandemic represents a rare but narrow window of opportunity to reflect, reimagine, and reset our world
- Professor Klaus Schwab, World Economic Forum founder and executive chairman

Over RM40 bil has been allocated for this programme under Budget 2022. It aims to ensure business community and create more job opportunities with the hope of restoring the livelihoods of the Malaysian Family.

In a nutshell, the purpose of the initiative is to ensure Malaysia is on a solid path to economic recovery amidst the COVID-19 pandemic.

"This (taking up equity stake) is a novel and innovative solution that has never been implemented before. The government is confident that this initiative will help entrepreneurs recover and move forward," Ismail said in a written interview on the SemarakNiaga initiative.

For Finance Minister Tengku Datuk Seri Utama Zafrul, the focus to drive the country's financial recovery is crucial to ensure people can return to everyday life comfortably.

"I hope we can continue to give the most important priority to economic recovery for the people. We are on the right track where economic activity, whether from a macro, business or individual perspective, is gradually recovering based on indicators such as the job market.

"I am confident that we can recover according to plans and generate the economy, hence continuing to bring confidence to investors to continue to come to Malaysia," said Zafrul in a Facebook post.

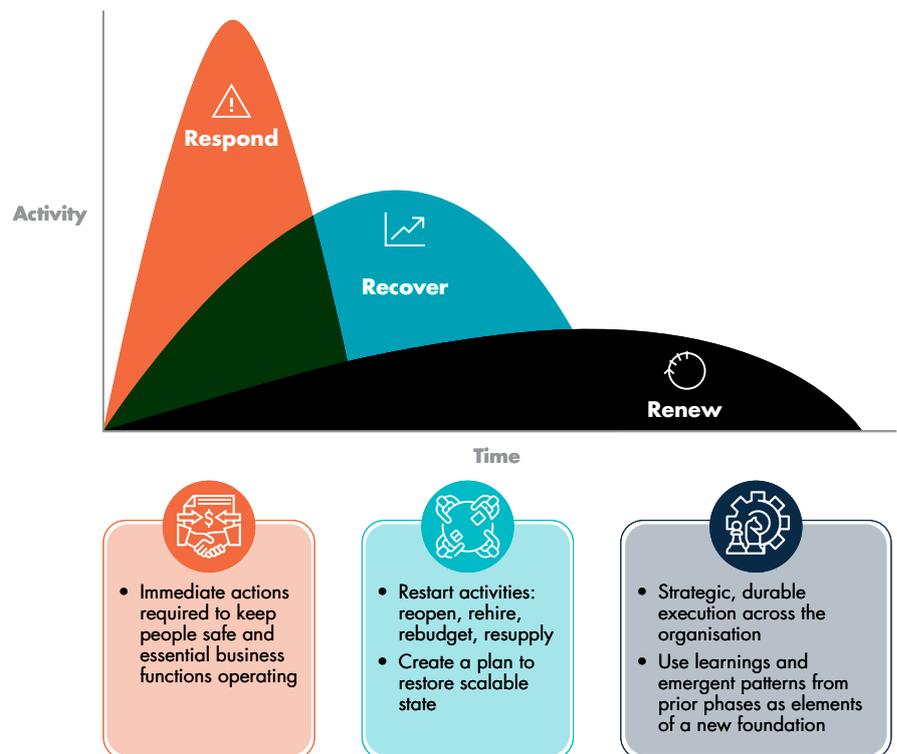
REBOOTING BUSINESSES

Restarting a manufacturing operation after numerous MCOs is no bed of roses as companies grapple with digital transformation, unstable economic environments and the need to remap marketing strategies.

One company that used the pandemic to relook its businesses is low-cost airline giant AirAsia Group. The pandemic had affected the company badly so its group CEO Tan Sri Tony Fernandes quickly zoomed in on businesses that it had not been able to act on earlier and pushed its digital transformation.

The company launched its e-commerce super app food delivery and grocery shopping services like airasia fresh, airasia farm and airasia shop.

THE RESET



Source: gartner.com/SmarterWithGartner

Gartner

"With digital platforms such as the super app, fintech and food business going pretty well, we are now at the end of the tunnel and excited on the diversified businesses that are coming in," Fernandes said during a virtual session titled Road to Recovery: Turning Crisis Into Opportunity at the Youth Economic Forum (YEF) 2021.

Online report *Reset Your Business Strategy in COVID-19 Recovery* on gartner.com explained it is vital to invest in lessons learned during the pandemic by resetting newer strategies to build resilience.

The article, written by Chris Howard, sees the pandemic response in three phases. The duration of each stage will vary by country, industry and enterprise, and even by business unit, product or service. However, the phases are defined primarily by what's happening at three stages - respond, recover and renew (see graph).

"You need to determine where and how the crisis has stretched and broken your existing models. Also, ascertain where the risks and opportunities lie as a result.

"Given the highly disrupted environment, create a minimum viable strategy and use adaptive strategy tools and techniques to iterate as your new normal emerges. Make strategic planning a continual activity, so it can respond quickly to the inevitable changes in a business context," Howard shared.

As Malaysia moves towards the endemic phase, it is essential to revamp sustainable alterations into business models. Learn from the past and incorporate newer and workable strategies for the future.

Moving ahead of the pandemic might seem like an upheaval task, but businesses will be able to survive the year on a positive note with a good strategic plan.

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MARKETING TRENDS FOR 2022

Online marketing, customer engagement and responsible consumerism are the way forward to thrust your brand into the limelight

As we welcome a brand new year, it is essential for manufacturing companies to think out of the box, remain flexible and adopt better business strategies amid the pandemic.

For manufacturers, it involves predicting how businesses can operate and the possibility of reinvesting in different marketing channels to generate business revenue.

The COVID-19 has been challenging for marketing a business. Hence, business owners need to account for a change in buying behaviour and a change in landscape.

According to online article *Digital Marketing in 2022: Preparing For The Next Phase Of The Pandemic* on the website startup.info states consumers are now spending more time online than ever before.

"This could be due to the added safety online shopping now offers, many prefer to convert online rather than coming to visit physical premises," the article reports.

To develop a marketing strategy that sells, it is vital to slip into customer's shoes and determine how to make your product stick.

LEVERAGING ON SOCIAL MEDIA PLATFORMS

Social media platforms are among the most effective and profitable digital

marketing platforms companies use to increase their business visibility. Online platforms like Instagram, Pinterest and Facebook are vital marketing outlets as it allows businesses to reach, nurture and engage with their target market, regardless of their location.

Article *16 Top Content Marketing Trends To Stay On Top Of In 2022* on forbes.com says some of the popular content marketing trends for 2022 include social media videos, as seen on TikTok, podcasts, vlogs and Instagram Reels.

By using social media platforms, brands can build brand awareness, generate business leads and build brand authenticity.

Did you know the hashtag #tiktok has close to 8 billion hits on Google? According to software company statistica.com, Facebook is the most used online social network worldwide, with close to 3 billion monthly active users as of the fourth quarter of 2021.

With such a massive impact online, it is essential to promote your branding by opting for trends such as challenges, hashtag videos, and lip-syncing videos.

RELATIONSHIPS MATTER

Cementing customer relationships is essential because they are directly tied to a company's financial well-being. In addition, building good relationships can lead to loyal customers and positive

word of mouth, leading to increased sales.

Harvard Business Review online report *10 Truths About Marketing After the Pandemic* stresses marketing messages need to be personally relevant, aligned to an individual's situation and values, as opposed to demographics, such as age and gender.

"Creating a personal, human connection within any commercial message requires defining consumer segments that describe people according to multiple dimensions that influence their purchasing behaviour - from their psychographics to attitudinal characteristics," said New York-based marketing leader Janet Balis in the article.

STRATEGIC MARKETING TRANSFORMATION

Online story *21 Marketing Trends You Need to Know For 2022* on marketinginsidergroup.com describes





strategic marketing transformation as when a business operating without a strategic marketing plan evolves by changing its fundamental business processes and procedures.

Undergoing a marketing transformation can help companies to improve customer service and experience, boost brand awareness and reputation, and ultimately increase revenue and profits, the article adds.

Author Michael Brenner says it is imperative to transform a business's corporate culture according to the pandemic.

"Your marketing transformation won't work if your company continues with traditional corporate culture. Two factors common to traditional corporations can put a wrench in the works of your marketing transformation: top-down leadership structure and departmental silos.

"Until you can get leadership on board to trust your teams to make decisions on the fly, you won't have the kind of agility that data-driven, rapidly changing marketing requires," said Brenner in the article.

Your marketing transformation must stretch beyond cutting-edge technology and commercials to succeed in building your business. It must encompass your company culture, adapting to market change and an updated reinvention of your operating model to survive during the pandemic.

RESPONSIBLE CONSUMERISM

Trust is the keyword that enables companies to further cement their relationship with customers. When consumers view your company as credible, they will have treasure and want to engage in business with your company.

Since the pandemic, Sunway Malaysia has put aside RM50 mil worth of assistance to support healthcare institutions and underprivileged communities.

These actions are attuned to the adage "actions speak louder than words" and advertising a message of "we are here for you in good times and bad."

In conclusion, 2022 looks promising as Malaysia works towards a gradual economic recovery during the pandemic. With the right data-driven marketing strategies and increased digitisation and automation of interactions between brands and consumers, we can move towards a good year that will be more diverse, inclusive, and connected to customer needs.

THE RISE OF ESG FACTORS TO ELEVATE SUSTAINABILITY IN MANUFACTURING

Good corporate governance practices are crucial to ensure that an organisation performs well



In recent years, the Environmental, Social and Governance (ESG) criteria has become one of the biggest yardsticks for organisations in the manufacturing industry to regulate and monitor their operations and business practices.

A key driver of ESG is the adoption of the United Nations Sustainable Development Goals (SDGs) – regarded as the “blueprint to achieve a better and more sustainable future for

all”, and with 169 specific aims, the goals allow organisations to make a difference and ultimately improve their ESG score in addition to uncovering new growth and development opportunities.

According to the recently published 2022 Governance Outlook: Projections on Emerging Board Matters, “diversity, equity, and inclusion; human capital management; and

environmental and sustainability matters" were top of the board priorities in 2021 – with investors analysing companies' ESG behaviours in determining the viability of long-term returns.

Sunway University Business School professor of economics Dr Yeah Kim Leng was quoted in a *The Sun* article that listed companies are "required to report on their ESG practices and risk exposure", adding that the FTSE4Good Bursa Malaysia ("F4GBM") Index facilitates investors to make insightful investments and raises the profile of companies with leading ESG practices. The F4GBM Index measures the performance of public listed companies ("PLCs") demonstrating strong ESG practices.

"To encourage more companies to adopt ESG, the government and industry bodies could consider a range of programmes covering incentives, training and support, including re-engineering, measurement, and rating services," he was quoted as saying in the article.

Dr Yeah also stated that with an accelerated adoption of good ESG practices, Malaysia can transform into a more sustainable and low carbon economy, adding that some companies may face higher cost of doing business with the adoption of best practices in ESG although, the longer-term benefits "will likely outweigh the costs, given the global shift towards sustainable development."

SUSTAINING THE ENVIRONMENT

The "Environmental" aspect in ESG evaluates how an organisation conducts its operations as a steward of nature, analysing how its activities impact the surroundings as well as its environmental risks management. The analysis is carried across direct operations and throughout the supply chain.

FMM regularly organises programmes which focus on what organisations can do to play their part in protecting the environment.

Among others, seminars and talks on waste management are held, which include guidelines on emission control, chemical management and optimisation of cogeneration system with industrial waste.

Sessions such as these are held with the purpose of updating environmental, factory, plant, production personnel and engineers on the Government's guidelines on emission control and chemical management in Malaysia.

They also aim at enhancing attendees' knowledge on how to recover and utilise energy from industrial waste.

In 2021, FMM's Sustainable Development & Climate Change Committee which aims at advocating for the restoration and protection of our planet's biodiversity to prevent land degradation, restoring ecosystems and also contributing to food security, organised an impactful event before the third movement control order was implemented.

The successful Mangrove Re-planting activity was held in collaboration with Nestle Malaysia at Taman Rekreasi Paya Bakau - Kg Sijangkang, in Teluk Panglima Garang, Selangor.

SOCIALLY CONSCIOUS EFFORTS

The strengths and weaknesses of how a company manages relationships with its employees, stakeholders and the communities where it operates are indicative of the "Social" element. This includes, but is not limited to, working conditions, health and safety, employee relations and diversity – elements for which the manufacturing industry is often scrutinised.

FMM's recent philanthropic endeavours include providing support to those affected by the recent floods in Selangor and Pahang, by initiating a Flood Relief drive for 5,000 households by providing a package to each household comprising cleaning items (pail, mop, brush, detergent, garbage disposal bags) and personal care items (towel, bath soap, shower cream, toothbrush, toothpaste, sanitary pad, baby and adult diapers, face masks). The Flood Relief package was distributed to flood victims throughout several localities, in the aftermath of the devastating floods in Selangor and Pahang between December 25, 2021 and January 2, 2022.

In addition, FMM had also contributed cash donations of RM500,000 to the Ministry of International Trade and Industry (MITI) Tabung Misi Bantuan Prihatin MITI dan Agensi 2021 in support of MITI's flood relief activities in the affected states in the Peninsular and RM200,000 to Selangor State.

IN GOOD GOVERNANCE

BlackRock's head of Investment Stewardship, Asia ex Japan, Shinbo Won, had recently shared with *The Edge* that the level of corporate governance requirements and expectations in Malaysia is generally higher than for most other countries within the region.

Won cited the Securities Commission Malaysia's 2021-23 Corporate Governance Strategic Priorities that now include new requirements for public-listed companies such as the mandatory 12 years tenure limit for independent directors as well as the first mandatory gender quota in the region which states that these companies must have one woman board member.

While adding that such a regulatory landscape could possibly encourage more companies in Malaysia to integrate ESG and sustainability into their corporate strategy and operations, Won further stated that good corporate governance practices are crucial to ensure that an organisation performs for the environmental and social aspects as well.

In a similar vein, Dr Yeah was quoted in *The Sun*, explaining that the governance element focuses on the organisational structure of a company which includes its operating transparency. He said that a good governance practice could help organisations avoid conflicts of interest and other unethical moves including in dealings with the public sector.

Dr Yeah stated that when more companies and organisations practice good governance, the collective performance would positively impact the nation's governance, with rising trust and integrity levels on the whole.

In conclusion, the advocacy of ESG practices is vital for industries across the board, and especially the manufacturing sector as it allows businesses to grow sustainably and responsibly in tandem with the recuperating Malaysian economy.

The recent Ernst & Young Global Limited report shared that the pandemic has undoubtedly revealed the importance of ESG best practices as well as boosted the acceleration into a more inclusive capitalism. With that, the report also states that investors are drawn to companies that perform well on ESG as they are viewed to be less risky, better positioned for the long term as well as better prepared for disruptions and uncertainties.



DATA-DRIVEN MANUFACTURING: BENEFITS, STRATEGIES AND CHALLENGES

Advanced data-based decision-making processes are the way forward in manufacturing

Data-driven manufacturing is regarded as the next revolutionary wave to push manufacturing assets to be smarter, connected, as well as integrated within a singular system.

An entry in the *Innovation & Technology Business School* blog states that one of the advantages of using the data-driven manufacturing approach is the utilisation of machine learning algorithms to solve complex problems.

"Combining manufacturing analytic technologies, artificial intelligence and machine learning, companies can implement advanced data-based decision-making processes such as predictive maintenance," it stated.

MOVING TOWARDS SMARTER MANUFACTURING

In 2021, the Malaysian government revealed the Malaysia Digital Economy Blueprint (MyDIGITAL) that aims to transform the nation to be digitally capable. Coupled with the national Industry 4.0 policy, these initiatives could possibly improve the nation's all-sector productivity by 30% in 2030.

These initiatives were designed to also improve Malaysia's manufacturing industry, which reportedly remains one of the nation's priorities. According to the Department of Statistics, Malaysia the manufacturing industry saw an 11.6% increase in September last year compared to the RM135.3 bil achieved in the same period within the previous year.

Vulcan Post, in an article sponsored by the Malaysia Digital Economy Corporation (MDEC), stated that while many sectors were impacted by the pandemic last year, manufacturing remained as one of the strongest contributors to the economic growth. It added that "Investing in 5G will allow Malaysian firms to connect their manufacturing and distribution operations to the real-time marketplace and compete on a global scale in a post-pandemic stage."

In the article, Hartalega Holdings Bhd CEO Kuan Mun Leong shared how data-driven manufacturing had reportedly improved the company's production of gloves from 10

employees to produce 1 million gloves a month, to less than three workers to produce the same amount in the same time.

The investment in the digital capabilities was the result of hiring data analysts and developers to create an algorithm to detect quality issues even before they occur. This in turn boosted the glove manufacturer to be more productive and efficient.

BENEFITTING FROM THE UPGRADE

By utilising data in its business operations, Hartalega had managed to build a fully-digital and automated manufacturing plant which proved profitable when demand for gloves tripled during the pandemic. This is a great example of how manufacturers can adjust their output in direct relation to the market demand.

The combination of manufacturing analytic technologies, artificial intelligence and machine learning, manufacturers can implement advanced data-based processes including automated decision-making to greatly improve their operations.

KPMG Malaysia Head of Lighthouse Au Soon Yong and head of Data Analytics Eric Ong in an article titled *How Data is Advancing the Manufacturing Industry* stated that effective application of data and analytics allows manufacturers to stay apprised of their essential business performance.

"This allows them to monitor vital KPIs such as production volume, production downtime, defect rate, production costs and capacity utilisation rate. With this monitoring, they can create alternative plans to avoid pitfalls and identify underperforming components throughout the whole manufacturing process," they explained.

The possibility of reducing operating costs via data-driven manufacturing is also undeniably high, especially when the said data can simplify production processes and minimise wastage. Real-time data can be used as cost-saving measures; for example, when the system notices differences in production quality, it can reduce waste, rework and optimise the entire supply chain in the process.

They also explained how data-driven manufacturing can help manufacturers predict the demand for products. "By leveraging on business intelligence (BI) tools, manufacturers can collate and

analyse customer feedback from various platforms. This allows manufacturers to innovate and customise their products according to the customers' demands and market trends," he wrote.

POSSIBLE CHALLENGES

The Data Driven Technologies in Manufacturing Companies article in the *Innovation & Technology Business School* website shares some of the challenges that may arise from using analytics in manufacturing.

It states that one of the biggest challenges that the manufacturer could face is to identify which data to acquire, how to acquire the said data as well as how to analyse it according to their production process while expecting a "higher level of operational intelligence".

"In fact, the collected data must be re-formatted in order to easily locate any problems and set up procedures to deal with them in real-time. For example, if too many defective products are leaving a production line, you can quickly identify the problem, perform diagnostics or analysis to pinpoint the problem, and then initiate the required actions to resume production on a regular basis," the article stated.

The KPMG experts also shared that even today, manufacturing companies are "burdened by manual data processing tasks, legacy IT infrastructure and systems that do not easily integrate." They further stated that a number of manufacturers are getting information from different systems and links, which doesn't accord them vetted and verified data from a single source.

"This in turn handicaps decision makers from accurately assessing the impact of disruptors on supply chains, demand fluctuations, cost structures and other crucial components that drive profitability," they shared before adding that the application of data and analytics can be key for manufacturers to reap benefits across the value chain.

Overall, data-driven manufacturing has the capability to improve the quality of the end product, via several vital processes such as product optimisation, defects level management, customers' needs and market trends. By better understanding the business operations with reliable insights, manufacturers can re-engineer their manufacturing processes to predict demand, enhance efficiency, cut cost and reduce waste among others.

AN UPHILL BATTLE FOR COMPANIES

The shortage of workers in Malaysia is an issue that needs to be addressed before its impact on the economy is irreversible

The COVID-19 pandemic which has been disrupting lives, livelihoods and businesses for over two years has brought with it a myriad of challenges, one of which is the worsening manpower situation in various sectors.

In Malaysia, the manufacturing industry continues to be plagued with challenges related to the severe shortage of workers.

Currently, the country needs to replenish over 600,000 foreign workers in the industrial sector, especially export-based companies, to enable businesses to return to pre-pandemic operations.

Recently, Human Resources Minister Datuk Seri M. Saravanan stated that 111,807 applications to hire foreign workers had been submitted to the Human Resources Ministry since it was opened on February 15, 2022.



Of this number, 77,848 applications were for workers in the manufacturing sector, followed by plantation (13,119), service (10,611), construction (8,530) and agriculture (1,699), he said in a *Bernama* report.

To make matters worse, the unhealthy practice of “pinching” of foreign workers by companies offering higher pay has increased, according to an article in *The Star*.

According to Kuala Lumpur and Selangor Chinese Chambers of Commerce and Industry President Datuk Ng Yih Pyng, members had raised concerns about their migrant workers being lured away for higher salaries.

“This is a big enticement (factor) and many foreign workers have switched companies although this is against the law,” said Ng in a report by *The Star*.

“Such counter-offers immediately make a legal foreign worker illegal, and the

new employer will probably recalibrate the foreign worker’s status to make him legal again. This is a very unhealthy chain that creates even more manpower issues and social problems,” he said.

The impact of failing to bring in sufficient manpower will be severe, as this could derail the recovery of the industries, impacting the ability to fulfil supply obligations as part of global supply chains, was FMM president Tan Sri Dato’ Soh Thian Lai sentiment in a statement published in *The Edge Markets*.

Based on the employment trend of foreign workers by sectors, Soh noted that there had been a 44% drop in foreign workers in the manufacturing sector to 391,831 foreign workers in December 2021, compared to 697,124 foreign workers in 2019.

This was mainly due to workers whose permits and terms of employment had expired during the pandemic and have since returned home.

SEEKING SOLUTIONS

For now, Malaysia has no choice but to rely on foreign workers as locals are not keen on jobs in the 3D (dangerous, dirty, difficult) sectors.

However, in the long term, the issue needs to be examined further to find a sustainable solution.

Structural policy changes to reduce the country’s dependence on foreign workers need to be looked into.

The topic of reducing foreign labour has been discussed since the Eighth Malaysia Plan (2001-2005), and in the 11th and 12th Malaysia plans, the number of foreign workers was placed at no more than 15% of the workforce.

Official statistics show that the numbers have been kept under the 15% threshold – in 2021, the number stood at 1.1 million, making up about 7% of the total workforce, however the exact number of undocumented workers remains unconfirmed.

Sunway University economics professor Dr Yeah Kim Leng told *The Edge Markets* that the over-dependence on foreign labour was a structural problem.

“The two-year pandemic would be a ‘wasted opportunity’ if industries were to revert to the use of foreign workers

without considering plans to upgrade, adopt new technology and automate those processes that are performed by low-skilled foreign workers. Such industries should be encouraged to relocate to low labour cost countries in the region,” he said in the article.

Policy-wise, many proposals have been made which aimed at reducing the dependency on migrant workers, including a multi-tier, market-based system for the hiring of workers, which will allow the forces of demand and supply to determine the number of labourers needed, said the report.

Another angle to entice locals to take on these jobs would be to “rebrand” job positions, said Malaysian Employers Federation (MEF) President Datuk Dr Syed Hussain Syed Husman in a *The Star* report.

He noted that despite Malaysia’s 4.2% unemployment rate with more than 690,000 locals out of a job and the youth unemployment rate at 11%, employers in the plantation, construction and manufacturing sectors still face difficulties where manpower is concerned.

“While MEF supports efforts to reduce dependence on foreign workers in certain sectors, the government should address this complex matter on a sectoral basis, as many other sectors also depend on foreign labour.

“Thus, in the short term, it is critical for the government to finalise the mechanisms to bring in the required number of foreign workers to fill up the vacancies in jobs shunned by locals,” he said, adding that rebranding less favourable job positions could be an option.

“For example, housemaids may be rebranded as house managers, who need to be certified and in charge of a few households instead of being employed by a particular household. This will make the job more professional, allowing the worker to earn a higher income and attracting more locals.”

“Similarly, security guards can be rebranded as auxiliary police, cleaners as environmental assistants, janitors as hygiene associates, gardeners as landscape associates, bus drivers as bus captains and so on,” he said.



HQ

FMM Flood Relief Drive

FMM initiated a flood relief drive for 5,000 households greatly affected by the floods in Selangor and Pahang at the end of 2021.

Each household received a package consisting of cleaning items such as pail, mop, brush, detergent, garbage disposal bags and personal care items such as towel, bath soap, shower cream, toothbrush, toothpaste, sanitary pad, baby and adult diapers as well as face masks.

FMM also contributed a cash donation of RM500,000 to the Ministry of International Trade and Industry (MITI) Tabung Misi Bantuan Prihatin MITI dan Agensi 2021 in support of the Ministry’s flood relief activities in the affected states in Peninsular Malaysia.

A cash donation of RM200,000 was also handed over to the Selangor State Government’s Tabung Ikhtiar Selangor Bangkit in support of flood relief efforts and restoration of areas affected by the floods in Selangor.

The flood relief packages were transported and handed over to the rakyat and front liners in several localities including Shah Alam, Klang, Hulu Langat, and Mentakab between December 25, 2021 and January 2, 2022. The exercise would not have been possible without the valuable assistance of non-governmental organisations (Methodist Crisis Relief & Development), community associations (Penganut Sri Maha Mariamman Kota Kemuning, Kota Raja Barisan Nasional), village heads, Rukun Tetangga, as well as the Civil Defence Force (Angkatan Pertahanan Awam Malaysia), Fire and Rescue Department of Malaysia (Jabatan Bomba dan Penyelamat Malaysia), Malaysian Army and Army Veterans, Malaysian Red Crescent, St. Johns Ambulance of Malaysia and Usahanita.

FMM President Tan Sri Dato’ Soh Thian Lai, Vice Presidents Dato’ Nathan K Suppiah, Dato’ Andrew Goh Boon Kim, Jacob Lee as well as FMM Selangor & Kuala Lumpur Branch Chairman Michelle Hah and FMM Eastern Branch Chairman Ir Kua Jit How were also at the flood relief locations to personally hand over the flood relief packages to the rakyat.

FMM members namely Vinda Marketing (M) Sdn Bhd, Colgate-Palmolive (Malaysia) Sdn Bhd, Evyap Sabun Malaysia Sdn Bhd, Wipro Unza (Malaysia) Sdn Bhd, Lam Soon Edible Oils Sdn Bhd and Goodmaid Chemicals Corporation Sdn Bhd had generously donated the items for the flood relief package. Several suppliers/members namely Plastictecnic (M) Sdn Bhd, Rayaco Marketing (M) Sdn Bhd, Sekoplas Industries Sdn Bhd and Erasco Marketing Sdn Bhd also lent their support by providing contributions in-kind in addition to extending special pricing on the items which FMM procured from them as part of the flood relief package. The total value of the items donated were worth over RM1 million.

FMM extends its heartfelt thanks and utmost appreciation to all the organisations that had directly and indirectly contributed to this cause including logistic support, volunteers who tirelessly assisted with the distribution of the items directly to the victims in various locations, as well as FMM staff & family members and volunteers who came forward to assist with the packing of the 5,000 packages of items at Wisma FMM.

FMM hopes the aid provided had helped to ease the burden and sufferings of all affected.



FMM VP, Jacob Lee (right) and volunteers delivering aid at Hulu Langat areas.

Dato’ Nathan (left) and Dato’ Andrew Goh at Sri Muda distribution centre.



FMM President, VPs and FMM Selangor & Kuala Lumpur Branch Chairman with Usahanita at Kg. Bukit Lanchong, Shah Alam.



Aid delivery in Mentakab with Ir Kua Jit How (right).

HQ



Employers' Dilemma and Choices on Employee COVID-19 Vaccination webinar.

Making the right choice

The Employers' Dilemma and Choices on Employee COVID-19 Vaccination webinar was held on November 11, 2021, with the attendance of 247 participants. The webinar aimed to help members to

better understand what choices employers have with regard to their employees' COVID-19 vaccination.

As the COVID-19 vaccination is not mandatory for all, employers in the private sector have been facing the huge dilemma of dealing with employees who refused to get vaccinated. Employers have to set workplace rules or standards for unvaccinated employees which impacts overall company productivity and also gives rise to legal repercussions to the company.

The webinar was moderated by FMM Vice President Dato' Nathan K Suppiah, and speakers from the Labour Department Peninsular Malaysia Policy Division Principal Assistant Director Dr Aida Bakar, Ministry of Health Occupational and Environmental Health Sector, Disease Control Division Head Dr Priya Ragnath, Zul Rafique & Partner Partner P Jayasingam and Department of Occupational Safety and Health Policy, International and Research Development Division Director Ir Ts Dr Majahar Abd Rahman.

Understanding the Budget 2022

The Webinar on Budget 2022 held on November 19, 2021 was organised in collaboration with Ernst and Young Malaysia to better understand the Malaysian Government's Budget 2022.

Themed 'A Prosperous Malaysian Family' the national budget that was announced on October 29, 2021 primarily focuses on assisting the Rakyat and businesses as the nation enters the recovery phase of the COVID-19 pandemic.

Budget 2022 represents the Government's commitment to adopt an inclusive approach to rebuild and grow the nation's economy by ensuring that nobody is left behind in the recovery journey with continued fiscal support for the Rakyat and businesses to get back on their feet.

A total of 166 members attended the webinar conducted by Ernst & Young Tax Consultant Sdn. Bhd Business Tax Services partner Wong Chow Yang and partner Jalbir Singh.



Jacob Lee delivering the welcome address during the webinar.

Business beyond borders

The Beyond Borders: Grow Your Business via Taiwan's E-Commerce Platform Despite COVID-19 webinar was held to help Malaysian companies who are keen to expand into the Taiwanese market through e-commerce platforms.

Organised by Malaysia External Trade Development Corporation (MATRADE) and Taiwan External Trade Development Council (TAITRA) the event was chaired by FMM Council member and Co-Chair of Malaysia-Taiwan Economic Cooperation Committee Business Advisory Group (MTECC BAG) Jacob Lee.

Taiwan remains a very important market for Malaysia and ranks among its top five largest trading partners. This is evident with the 20% increase in bilateral trades between Malaysia and Taiwan between January to August last year to RM72.24bil as compared with the RM59.98bil recorded for the same period in 2020.

MATRADE Central, West, South Asia & Africa director Mansor Shah Wahid, MATRADE Taiwan Trade commissioner Saudah Mat Ida and TAITRA director Eva Peng also graced the webinar attended by 271 participants on October 5, 2021.

HQ

Strengthening the Malaysia-Philippines tie

On October 6, 2021, the Philippines Ambassador to Malaysia His Excellency Charles C. Jose paid a virtual courtesy call to discuss the potential collaborations and to strengthen bilateral ties between Philippines and Malaysia.

FMM President Tan Sri Dato' Soh Thian Lai, Vice Presidents Dato' Andrew Goh Boon Kim, Dato' Gan Tack Kong, Datuk Noraini Soltan, CEO Dr Yeoh Oon Tean and FMM Council member and FMM Export & International Business Committee Chairman Hiroyuki Imizu attended the important virtual call as well.



Tan Sri Dato' Soh Thian Lai, Dato' Andrew Goh Boon Kim, Dato' Gan Tack Kong, Datuk Noraini Soltan, Hiroyuki Imizu and Dr Yeoh Oon Tean, at the virtual meeting with Charles C. Jose.



The Task Force meeting was chaired by Tan Sri Dato' Soh Thian Lai and Oliver Roche.

First MEUFTA meet

Following the signing of the Memorandum of Understanding (MOU) between FMM and EUROCHAM Malaysia on April 22, 2021 to establish the Joint Task Force on Malaysia-EU Free Trade Agreement (MEUFTA) to revive the MEUFTA negotiations, the first joint task force meeting was held on October 14, 2021.

The Task Force meeting was chaired by FMM President Tan Sri Dato' Soh Thian Lai and EUROCHAM Malaysia Chairman Oliver Roche.

Ministry of International Trade and Industry (MITI) deputy secretary-general (Investment) and MEUFTA Chief Negotiator for Malaysia Datuk Bahria Mohd Tamil and her team briefed the Task Force meeting attendees on the developments of the MEUFTA negotiations and the ways forward.

A platform to learn

In collaboration with China Productivity Center (CPC), FMM organised the Malaysia-Taiwan Collaboration Webinar on Smart Manufacturing to update Malaysian manufacturers and provide them with a platform to learn from international experts to share best practices to assist companies on their smart manufacturing journey.

FMM Council member and Co-Chair of Malaysia-Taiwan Economic Cooperation Committee Business Advisory Group (MTECC BAG) Jacob Lee and CPC president Dr Pao-Cheng Chang shared how the COVID-19 pandemic has forced businesses to rethink, reposition and rebuild to adapt to the new ways of doing business.

The webinar showed how businesses must expedite the adoption of the Fourth Industrial Revolution (Industry 4.0) principles and technology to help lower cost and increase levels of productivity.

A total of 111 participants attended the webinar on October 27, 2021 which was a follow up of the highly successful webinar by FMM and CPC held on May 18, 2021.



Jacob Lee delivering the welcome remarks during the webinar.

HQ

Business with Hungary

The FMM Doing Business With The World Webinar Series: Focus On Hungary held on November 10, 2021 was jointly organised with the Embassy of Hungary.

Through the webinar, the 70 participants learned how Hungary's open economy and its central location in Europe are features that make the European nation an attractive market for Malaysian investment and exports.

Some of the top reasons for doing business in Hungary include its reputation as one of the fastest growing economies in the European Union, its central location considered to be the gateway to Central and Southeast Europe, as well as supply chain opportunities for manufacturers.

Present at the webinar were FMM vice president Dato' Andrew Goh Boon Kim, Ambassador of Hungary Her Excellency Dr Petra Ponevács-Pana, Embassy of Hungary

Economic and Trade counsellor Zsolt Ipolyi-Keller, Malaysia External Trade Development Corporation (MATRADE) Europe and Americas Section Director Khairul Nizam Moonier, Mega Fortis Group Chief Executive Officer Datuk Adrian Ng and FMM Council member Karen Young.



Dato' Andrew Goh Boon Kim delivering the welcome address during the event.

Exporting to Hong Kong

The webinar titled Exporting to Hong Kong: Perspectives on F&B and FMCG Industries gave an insight into the region's leading financial hub – home to the Guangdong-Hong Kong-Macao Bay Area (GBA) which combines more than ten cities to create a world-class city cluster.

A total of 153 participants attended the webinar which also delved into how Hong Kong offers a highly transparent and robust regulatory regime for financial services industries such as banking, securities and futures, insurance and retirement schemes.

Participants were given a better chance to understand the requirements and opportunities in the Food and Beverages (F&B) and Fast-Moving Consumer Goods (FMCG) sectors and get ideas on how best to optimise on this knowledge to penetrate the market.

Chaired by FMM Council Member and FMM Export & International Business Committee Chairman Hiroyuki Imizu, the webinar held on November 12, 2021 was co-organised by Maycham and InvestHK. Speaking at the event were Consul General of Malaysia in Hong Kong Yap Wei Sin, as well as InvestHK Consulate and Chamber Engagement Head Lam King Chung.



Dato' Andrew Goh Boon Kim delivering the welcome address during the session.

Trading with Egypt

Egypt is Malaysia's largest trading partner in the North African region with a trade value RM3.63 bil last year. According to the Department of Statistics Malaysia, bilateral trade between Malaysia and Egypt from January

to September 2021 has increased by 84% to RM2.83 bil compared with RM1.53 bil for the same period in 2020.

FMM and the Federation of Egyptian Industries co-organised the Doing Business with the World Webinar Series: Focus on Egypt to help members better understand the opportunities for Malaysian businesses in doing business in Egypt. A total of 101 participants attended the webinar held on November 30, 2021.

FMM Vice President Dato' Andrew Goh Boon Kim was present at the webinar which was also attended by ambassador of Egypt to Malaysia His Excellency Ragai Tawfik Said Nasr, The Federation of Egyptian Industries Chairman Eng. Mohamed Zaki El Sewedy, Egyptian Side of Egypt Malaysia Business Council Chairman Dr Sherif El-Gabaly, Malaysia External Trade Development Corporation (MATRADE) Central, West, South Asia & Africa Director Mansor Shah Wahid, General Authority for Free Zones and Investment of Egypt (GAFI) Investment Promotion Department Head Ahmed Zoheir, and The Suez Canal Economic Zone (SCZone) Executive Director Walid Gamal Eldin.

HQ



Dato’ Dr Ir Andy Seo addressing the attendees during the event.

Delving into Import and Export Licensing

As part of the mission to provide the latest updates and essential information on licensing procedures and labelling requirements for the food industry, FMM organised the Trade Facilitation Webinar Series – Food Industry All You Need to Know on Import and Export Licensing and Labelling Requirement webinar.

A total of 72 participants attended the session held on October 27-28, 2021 to better identify the various Ministries and agencies that govern the movement of goods across the borders. As different procedures apply in getting different types of permits and licenses for importation and exportation in Malaysia, the webinar worked to provide the latest updates and essential information on licensing procedures and labelling requirements for the food industry in Malaysia.

Present at the webinar were FMM Council member Dato’ Dr Ir Andy Seo as well as Ministry of Health Export Branch, Food Safety & Quality Division Deputy Director Zuraini Adam, Department of Veterinary Services (DVS) Biosecurity and SPS Management Division Deputy Director Dr Sabariah Ismail, Fisheries Development Authority of Malaysia (LKIM) Marketing and Licensing Department Deputy Director Mohd Farid Sharif, Department of Agriculture (DOA) Plant Biosecurity Division Deputy Director Arizal Arshad, Federal Agricultural Marketing Authority (FAMA) Regulatory Division Director Azizi Azimi Mat Nayan and Malaysian Quarantine and Inspection Services (MAQIS) Data and Import/Export Division Assistant Director Muhammad Ikram Abd Talib.

An insightful webinar

The Navigating the Regional Comprehensive Economic Partnership (RCEP) Series 2: How to Leverage on RCEP for Market Access of Manufactured Goods webinar was held on November 9-10, 2021.

A total of 42 participants attended the virtual briefing session which aimed to provide more information and updates on the RCEP – Rules of Origin chapter to the businesses. Currently, the RCEP consists of 20 chapters covering 14,000 pages. The Trade in Goods chapter is one of the most important chapters for manufacturers to trade under the RCEP framework.

FMM Council member and FMM Export & International Business Committee Chairman Hiroyuki Imizu was present at the webinar which included in attendance

Ministry of International Trade and Industry (MITI) Industry Development Division Industry & Government Relation Unit Senior Principal Assistant Director Abdul Aziz Mohamad Sharkawi, Department of Standards Director General’s Office Principal Assistant Director Ahmad Razif Abd Rahim, Trade Practices Section Senior Principal Assistant Director Gayatri Kumaraveloo, Ministry of Agriculture and Food Industries (MAFI) International Division WTO & International Trade Section Senior Principal Assistant Director Siti Salwahanim



Hiroyuki Imizu delivering the welcoming remarks during the webinar.

Mohd Nazir, Royal Malaysian Customs Department (RMCD) Customs I Senior Assistant Director (Lead Negotiator for CPTF, RCEP) Tuan Mohd Zamzuri Berahim and Association of Southeast Asian Nations (ASEAN) Secretary-General Advisor Anna Robeniol.

HQ

US pays a courtesy call

On December 8, 2021, FMM President Tan Sri Dato' Soh Thian Lai received a courtesy visit from the United States of America Ambassador to Malaysia, His Excellency Brian D. McFeeters at Wisma FMM in Kuala Lumpur.

The 2-hour session covered a broad range of discussions relating to trade and investment cooperations, business linkages and areas of bilateral collaboration to benefit businesses in Malaysia and the US.

Also in attendance representing FMM were FMM Vice Presidents Dato' Nathan K Suppiah, Dato' Andrew Goh Boon Kim, Council member and Co-Chair of Malaysia-Taiwan Economic Cooperation Committee Business Advisory Group (MTECC BAG) Jacob Lee, Council member and FMM Export & International Business Committee Chairman Hiroyuki Imizu, and FMM



Tan Sri Dato' Soh Thian Lai received a courtesy visit from the United States of America Ambassador to Malaysia Brian D. McFeeters.

Chief Executive Officer Dr Yeoh Oon Tean. The ambassador was accompanied by US Embassy Commercial Counselor Francis Peteres, Regional Agriculture Attache Timothy Harrison and Economic Officer Michael Marcous.

KEDAH/PERLIS

Insights on MTD guidelines

A Pay-As-You-Earn (PAYE) Scheme seminar was held to enhance the knowledge of the Monthly Tax Deduction (MTD) operational guidelines and updates in relation to MTD pursuant to the Income Tax (Deduction from Remuneration) Rules 1994, on November 18, 2021 via Zoom.

Led by Crowe KL Tax Sdn Bhd Director Shalina Jaafar, the session, which was attended by 33 participants, also aimed at highlighting the common mistakes, do and don'ts as well as practical issues in relation to MTD calculations especially for foreign workers and expatriates.

Also in attendance was Crowe KL Tax Sdn Bhd Global Mobility Services Associate Director Monaliza Mohd Ali.



Ng Lai Choon (6th from right) with Harun Elik (4th from left) during the visit.

Courtesy call

Branch Chairman Ng Lai Choon and FMM Kedah Perlis team members paid a courtesy visit to the MIDA Kedah/Perlis office in Alor Setar with the aim to strengthen the branch's relationship with the state government.

During the visit, topics regarding utility and infrastructure, shortage of manpower, the Kuala Ketil land issues, flash floods at Changlun-Arau Highway and the increase cost of doing business in Kedah were highlighted and discussed.

Present at the visit, which took place on November 23, 2021, were MIDA Director Harun Elik, Assistant Director Rohani Saad and Assistant Director Zaidi Asraf Idris, who would try their best to refer the concerns to the relevant authorities.

A visit to strengthen bonds

Branch members paid a courtesy visit to the Royal Malaysian Customs Department Sungai Petani district branch to strengthen the relationship with the government sector on November 30, 2021.

Together with district Head Tuan Mohd Sukri Jusoh, customs issues related to license renewal, local sales reporting and sales tax report compliance were discussed during the visit.



Group picture with Tuan Mohd Sukri Bin Jusoh (4th from left).

KEDAH/PERLIS

Visit to JTK

On December 6, 2021, branch members visited the Director of Jabatan Tenaga Kerja (JTK) Kedah and discussed issues related to manpower shortage and compliance to Act 446, to which JTK Kedah Director Arzanil Bahadon assured that he would try to expedite approval for the online applications.



Group picture with Arzanil Bahadon.

Visit to the DOE

Branch members paid a courtesy visit to the Director of the Department of Environment (DOE) Kedah on December 8, 2021, where Director Norazizi Adinan took note of the challenges faced by SMI companies with regard to disposed of used COVID-19 self-test kits. He also expressed interest in future collaboration with the branch.



A photo session during the visit on December 8, 2021.



A photo session during the visit on December 8, 2021.

Visit to DOSH

During a courtesy visit to the Department of Occupational, Safety & Health (DOSH) Kedah on December 8, 2021, Director Tuan Hairozie Asri expressed interest in collaborating with the Branch on safety related programmes.

Seminar on Labour Recalibration Program

On December 16, 2021, a seminar that focused on the initiatives by the government with regards to the Labour Recalibration programme for undocumented illegals, including those who overstayed; entered and stayed in Malaysia without a valid pass or violated conditions stipulated in the past and were repatriated voluntarily back to their countries of origin.

Held at Wisma Idealcare in Sungai Petani and attended by 18 members and 4 non-members, the session was led by the Foreign Workers Department's Deputy Assistant Director Som Suai Nai Sam Rong.



Courtesy visit to (BPEN) and Invest Kedah Berhad

On December 27, 2021, branch members paid a courtesy visit to Bahagian Perancangan Ekonomi Negeri (BPEN) Kedah and Invest Kedah Berhad.

Invest Kedah Director and BPEN Director Muhamad Mahazi Haji Ibrahim discussed the Kedah 2035 plan with FMM representatives, as well as the feasibility of turning abandoned government buildings into CLQs.

A token of appreciation being presented during the visit on December 27, 2021.

With reference to the page titled "FMM NEW COUNCIL LINE-UP FOR 2021/2022 AND 2022/2023" on page 44 of the Oct-Dec 2021 issue of BIA, under the section "Branch Committee Chairmen", Kedah/Perlis Branch Committee Mr Ng Lai Choon's name was misspelled as "Mr Ng Lai Choo". This error is regretted.

PENANG



Participants during the webinar.

Understanding Budget 2022

A total of 38 participants joined the webinar titled Budget 2022 Announcement: What Employers Need to Know About Their Payroll & The Employer's Tax Obligations on December 14, 2021.

Crowe KL Tax Sdn Bhd Director Shalina Jaffar and Associate Director Monaliza Mohd Ali conducted the session to help employers better understand the Budget 2022 announcement and highlight changes which impact the employers' tax obligations as well as payroll related matters.

The webinar aimed to ensure that member companies understand the implications of the reporting of income for employees, for issuance of the Form EA for the year ending December 31, 2021, and what should be done to comply with the employers' tax obligations.

Delving into workers' issues

The FMM Penang Branch held the FMM-Jabatan Tenaga Kerja Semenanjung Malaysia: Enforcement of the Latest Amended Act 446 (Workers Housing) webinar on November 17, 2021 to guide member companies on the relevant rules pertaining to the matter.

A total of 50 participants attended the webinar that was led by the Department of Labour Peninsular Malaysia, Putrajaya Head of Legal Unit Suraiya Ch'ng Abdullah.

The session reinforced the importance of complying with the criteria stated in Act 446, Under the Emergency Ordinance that any offences of non-compliance by employers or workers accommodation providers will result in a hefty penalty that is up to RM200,000 fine or jail up to three years or both or to be compounded up to RM100,000.

A visit to the CM

A delegation of 9 FMM Penang members led by Branch Chairman Dato' Lee Teong Li paid a courtesy call to the Chief Minister of Penang Tuan Chow Kon Yeow on December 22, 2021.

InvestPenang CEO Dato' Loo Lee Lian was also present at the visit during which several important matters pertaining to the industry were highlighted and reviewed.

Some of the matters discussed during the meeting were the renewal of industrial leaseholds, shortage of manpower and skilled labour among others.



Group Photo with Chief Minister of Penang.

PERAK**Introducing Perak's newly minted MITI Director**

Khalid Faesal Abdul Rahman, the new director of Perak's Ministry of International Trade and Industry (MITI), paid a courtesy visit to FMM Perak Branch's office in Ipoh on October 6, 2021. FMM Perak Branch Chairman Tan Seow Heng, FMM Perak Branch Vice Chairman Chua Kay Lin, FMM Perak Branch Vice Chairman Edmund Wong and FMM Perak Branch Vice Chairman Mark Chan welcomed the newly minted director at the office. During his visit, the branch committee members discussed current issues affecting members. They also provided recommendations on shortage of manpower, bi-weekly screening of workers, proposed foreign workers multi-tier levy and the progress of Chemor's Silver Valley Technology Park.



Group photo of Courtesy visit Khalid Faesal (front row 2nd from left) with Tan Seow Heng (front row 3rd from left) and Edmund Wong (back row 2nd from left), Mark Chan (back row 2nd from right) and Chua Kay Lin (back row 1st from right).



The meeting, chaired by Ir. Mohd Azhar Abd Rashid (top row 3rd from left) and co-chaired by Zulkepli Hussin (top row 4th. from left).

Ironing out power quality concerns

FMM Perak Branch and Tenaga Nasional Berhad (TNB) held its first e-meeting on October 13, 2021 to discuss current power quality issues in factories. TNB responded positively to the concerns raised and agreed to organise quarterly meetings to iron out problems faced by manufacturers. In addition, TNB updated members on Perak industrial area electricity supply and power quality compliance during the Webex session. TNB Perak Head of Retail Ir Mohd Azhar Abd Rashid and FMM Perak Branch Committee Member Zulkepli Hussin were present at the e-meeting.

FMM Perak 53rd Annual General Meeting

At the FMM Perak Branch 53rd Annual General Meeting (AGM) on October 22, 2021, it was agreed that the 21 nominations verified by the Branch Election Committee be elected as members of the FMM Perak Committee for 2021/2022 and 2022/2023. As a result, 21 ordinary member companies attended the AGM, and the Branch Committee's report for the financial year ended June 30, 2021 was adopted. FMM Perak Branch Chairman Tan Seow Heng attended the AGM along with 21 members.



Members at the FMM Perak Branch 53rd Annual General Meeting.

*Designations stated are prior to the branch AGM, held on October 22, 2021.

PERAK

Strengthening ties

Members of the Ministry of International Trade and Industry (MITI), Malaysian Investment Development Authority (MIDA) and Invest Perak paid a courtesy call to FMM Perak Branch on December 8, 2021. The purpose of the meeting was to create close rapport with its committee members and discuss issues affecting manufacturers. Among the concerns are staffing shortage and export royalty charges on processed kaolin. The branch committee also sought updates from the agencies on the status of employees' centralised living quarters and a park manager at Kinta's Free Industrial Zone. In attendance were Perak MITI Regional Office Director Khalid Faesal Abdul Rahman, Perak MIDA Director Mohd Fairuz Iqbal Mohd Akhbar, Invest Perak Chief

Executive Officer Izran Abdullah, FMM Vice President Dato' Gan Tack Kong, FMM Perak Branch Chairman Chua Kay Lin, FMM Perak Branch Vice Chairman Edmund Wong, FMM

Perak Branch Vice Chairman Mark Chan, FMM Perak Vice Chairman Mok Tuck Meng and FMM Perak Branch Vice Chairman Tony Cheam.



The courtesy call was chaired Dato' Gan Tack Kong (centre, right), co-chaired by Chua Kay Lin (centre, left), attended by Izran Abdullah (3rd from right), Khalid Faesal (2nd from right) and other Vice Chairman.



The signing of the Anti-Corruption Pledge witnessed by Dato' Haji Mohd Fauzi (1st from right), Tuan Rosley (1st from left) and represented by Dato' Gan Tack Kong (2nd from left) and Chua Kay Lin (3rd from left).

Stand against bribery

FMM Perak Branch and the Malaysian Anti-Corruption Commission (MACC) co-organised the Anti-Corruption Day 2021 on December 9, 2021. At the event, held at FMM Perak's office in Ipoh, Branch Chairman Chua Kay Lin recited and signed the Anti-Corruption Pledge. 45 participants attended the event and the briefing on Section 17A of the MACC Act. Senior officers who graced the occasion were MACC Perak Director Dato' Haji Mohd Fauzi Mohamad, Yayasan Anti Rasuah Malaysia (Perak) Chairman Aswanuddin Ariffudin, FMM Vice President Dato' Gan Tack Kong, FMM Perak Branch Vice Chairman Edmund Wong and FMM Perak Branch Vice Chairman Mark Chan.

Enhancing bilateral ties

On December 15, 2021, the Ambassador of Azerbaijan to Malaysia His Excellency Irfan Davudov paid a visit to FMM Perak's office. He briefed the Branch Committee on Azerbaijan's national programme to develop its economy and current trading partners and products. In addition, His Excellency Irfan Davudov proposed a virtual business meeting between Azerbaijan's National Confederation of Entrepreneurs and FMM Perak Branch members to enhance trade further. Present to welcome His Excellency Irfan Davudov were FMM Perak Branch Chairman Chua Kay Lin, FMM Perak Branch Vice Chairman Edmund Wong, FMM Perak Branch Vice Chairman Mok Tuck Meng and FMM Perak Branch Vice Chairman Tony Cheam.



Introductory Courtesy Call by H.E. Irfan Davudov (4th from right), the embassy's First Secretary Dr. Rafiq Rustamov (3rd from right), received by Chua Kay Lin (4th from left) and Tuck Meng (2nd from left), Edmund Wong (3rd from left) and Tony Cheam (2nd from right)

SELANGOR & KUALA LUMPUR

Briefing on Licensing of Trades, Businesses and Industries By-Laws

FMM Selangor & Kuala Lumpur Branch and Majlis Perbandaran Klang's (MPK) briefing on Licensing of Trades, Businesses and Industries By-Laws 2007 was held on October 15, 2021. MPK senior officers Siti Aishah Zulkifly, Muhammad Amir Zahin Ismail, Rozana Kamsani and Rafidah Shahrul led the two-hour Zoom briefing, which focussed on educating stakeholders on licensing fee rates gazetted in the Licensing of Trades, Businesses and Industries By-Laws 2007. 42 participants attended the session, highlighting improvements made to the 2007 annual licensing fee rate and discussions on factors affecting the yearly licensing fee rate were held.

Placing FMM in the spotlight

The FMM Virtual Pavilion - developed for FMM member companies - was one of the exhibitors at the Selangor State Government's 5th Selangor International Business Summit (SIBS). The virtual booths of FMM members highlighted local products ranging from the healthcare, food and beverage industry, pharmaceutical to rehabilitation equipment. SIBS is an event to attract foreign and domestic investment to Selangor. Among the attendees were Senior Selangor State Executive Councillor Dato' Teng Chang Khim, Invest Selangor Chief Executive Officer Dato' Hasan Azhari Idris, FMM Vice President Jacob Lee Chor Kok, FMM Selangor & Kuala Lumpur Branch Chairman Michelle Hah and FMM Selangor & Kuala Lumpur Branch Vice Chairman Mag Ng. The event took place from November 18-21, 2021 at the Kuala Lumpur Convention Centre.



A group picture of the panelists during the Fireside Chat, with moderator FMM Vice President Jacob Lee Chor Kok.



(from left) From left Federation of Malaysian Consumer Associations (FOMCA) CEO Saravanan Thambirajah, FMM Selangor & Kuala Lumpur Branch Infrastructure & Utilities Working Sub-Committee Chairman Tan Sri Dato' Prof Dr James Alfred, Air Selangor Head of Customer Experience Department Abdul Halem Mat Som and FMM Selangor & Kuala Lumpur Branch Chairman Michelle Hah.

Chat over tea

Air Selangor's 'It's High Time for Hi-Tea' event was held on November 29, 2021 at Glenmarie Golf Resort and Country Club in Subang, Selangor. The event's objective was to enable FMM Selangor & Kuala Lumpur Branch members to meet Air Selangor's regional lieutenants and customers, exchange ideas and discuss issues regarding manufacturing. FMM Selangor & Kuala Lumpur Chairman Branch Michelle Hah, FMM Selangor & Kuala Lumpur Infrastructure and Utilities Working Sub-Committee Chairman Tan Sri Dato' Prof Dr James Alfred, Federation of Malaysian Consumers Associations Chief Executive Officer Saravanan Thambirajah and Air Selangor Head of Customer Experience Abdul Halem Mat Som were present at the hi-tea.

SELANGOR & KUALA LUMPUR



The International Anti-Corruption Day (HARA) 2021 was celebrated simultaneously nationwide on December 9, 2021.

Your right, your role

The Malaysian Anti-Corruption Commission (MACC) and its strategic partners - FMM and Yayasan Anti-Rasuah Malaysia (YARM) - organised the 4th International Anti-Corruption Day on December 9, 2021. The purpose of the meeting was to highlight the rights and responsibilities of everyone - including government officials, civil servants and law enforcement officers - to tackle corruption. 120 participants from 22 companies attended the event. MACC Kuala Lumpur Director Razaliah Ab Rahman, YARM Kuala Lumpur Chairman Haji Mohd Nasir Ab Hadi and FMM Selangor & Kuala Lumpur Branch Vice Chairman Danny Ng were present at the special occasion, held at MACC office in Kuala Lumpur.

Say no to corruption

Hari Anti-Rasuah Antarabangsa (HARA) was celebrated on December 9, 2021, focussing on foreign workers and expatriates and what action they can take to fight bribery and corruption in workplaces as per Section 17A of the 2009 MACC Act. Held at Mega Fortris (Malaysia) Sdn Bhd in Shah Alam, the attendees were Selangor MACC Director Dato' Haji Alias Salim, FMM Selangor & Kuala Lumpur Branch Chairman Michelle Hah and FMM Selangor & Kuala Lumpur Branch Vice Chairman Mag Ng. The event was made possible by YARM and MACC.



The Memorandum of Understanding Ceremony between FMM Institute Selangor & Kuala Lumpur Branch and Selangor Human Resource Development Centre took place on December 16, 2021.

Establishing better relationships

The memorandum of understanding (MoU) between FMM Institute Selangor & Kuala Lumpur Branch and Selangor Human Resource Development Centre (SHRDC) took place on December 16, 2021. The purpose of this MoU was to cement an agreement between both parties on the possibility of exploring and executing activities related to the Malaysia Smart Factory. The aim is to equip Malaysia's future workforce with a technology-driven skill set and talent development acquisition. The MoU was held at SHRDC auditorium at Shah Alam's Pusat Perniagaan Worldwide and signed by FMM Selangor & Kuala Lumpur Branch Chairman Michelle Hah and SHRDC Executive Director Teh Sook Ling. Witnesses were FMM Institute General Manager Dr Shanmuga Vivekananda Nadarajan, FMM Selangor & Kuala Lumpur Branch Vice-Chairman Mag Ng, SHRDC General Manager Masliza Othman and Malaysian Smart Factory 4.0 Head Ts Dr Chua Wen-Shyan.

SELANGOR & KUALA LUMPUR



FMM Selangor & Kuala Lumpur Branch Chairman Michelle Hah (third from left) handing a mock cheque worth RM 200,000 to Selangor Menteri Besar Dato' Seri Amirudin Shari (fourth from left).



FMM Selangor & Kuala Lumpur Branch Vice Chairman Danny Ng (second from left) presenting a donation in the form of facemasks to Selangor Menteri Besar Dato' Seri Amirudin Shari (third from left).

Lending a helping hand

FMM contributed RM200,000 to the Selangor State Government's Tabung Ikhtiar Selangor Bangkit to support flood relief and restoration of areas affected by the recent floods in Selangor. In addition, FMM Selangor & Kuala Lumpur Branch Vice Chairman Danny Ng donated 100,000 facemasks on behalf of his company MTS Fibromat (M) Sdn Bhd, FMM Selangor & Kuala Lumpur Branch Chairman Michelle Hah presented the mock cheque to Selangor Menteri Besar Dato' Seri Amirudin Shari. Also in attendance were Selangor State Secretary Dato' Haji Haris Kasim, Industry and Trade Exco Dato' Teng Chang Khim, FMM Selangor & Kuala Lumpur Branch Vice Chairman Mag Ng and FMM Selangor & Kuala Lumpur Branch Vice Chairman Dr Helena Eian. The contribution was given on December 31, 2021 at the Selangor State Hall in Shah Alam.

NEGERI SEMBILAN

22nd Annual General Meeting

The FMM Negeri Sembilan Branch held its 22nd Annual General Meeting and concurrently its first Branch Committee Meeting 2021/2022 on November 10, 2021.

Chaired by Branch Chairman Steven Aroki, the meeting reviewed the successful performance of the Negeri Sembilan branch for the financial year 2020/2021 and also addressed related issues pertaining to the branch. Moving ahead, the branch aims to continue strengthening its presence and improve its performance under FMM.

In addition to discussing any business for which notice has been given, members of the FMM Negeri Sembilan Branch Committee for 2021/2022 were also announced during the meeting held at d'Tempat Country Club in Bandar Sri Sendayan, Seremban. A total of 25 participants attended this meeting.



FMM NS Branch Committee Members with Steven Aroki (Front row, 4th from right) during the FMM Negeri Sembilan Branch 22nd AGM.

NEGERI SEMBILAN



Trainer Pragasam (First row, 1st from the left) with participants at the end of the program.

Understanding the benefits of Reliability Centered Maintenance

The FMM NS Webinar on Implementation of Reliability Centered Maintenance (RCM) and Root Cause Analysis towards Zero Equipment Failures was held to ensure that participants understood the benefits of RCM which includes cost effectiveness, improved asset performance, improved employee motivation and safety and environmental integrity.

The webinar also aims to teach participants how to make the operating plant and equipment more reliable and available for use, understand the use of RCM key questions, recognise the importance of data structure before any strategy work and to understand the importance of equipment selection.

Held from December 6-7, 2021, a total of 10 participants joined the webinar conducted by FMM associate trainer Nyana Pragasam Sellavappan.

Anti-corruption dialogue

A half-day dialogue session was held in conjunction with International Anti-Corruption Day 2021 on December 9, 2021.

Led by Malaysian Anti-Corruption Commission (MACC) Negeri Sembilan state director Awg Kok Ahmad Taufik Putra Awg Ismail, the dialogue session aimed to promote greater awareness to expatriates and members of the industry in combatting corruptions and abuse of power.

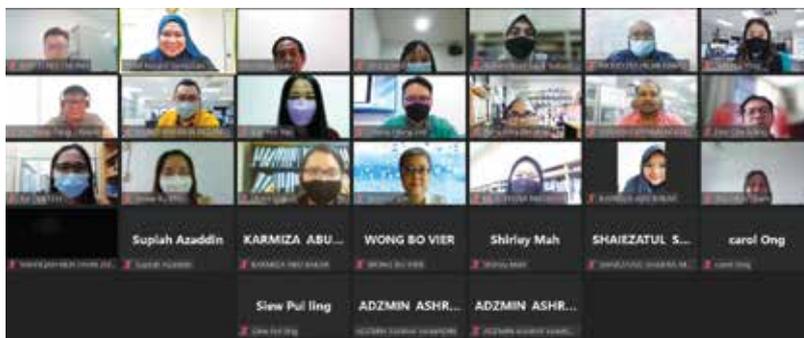
The event was held at the D'Sora Boutique Business Hotel in Bandar Sri Sendayan, Seremban while some of the 40 participants joined remotely via Zoom.



Group photo of representatives from MACC, FMM NS and YARM Negeri Sembilan with the State Director of MACC NS, Tuan Awg Kok Ahmad Taufik Putra Awg Ismail (front row, 2nd from right) at the event.



Director of MACC NS, Tuan Awg Kok Ahmad Taufik Putra Awg Ismail (on the right) is presenting the token of appreciation to Haslinda Harun, the Head of Branch for FMM Negeri Sembilan.



Trainer Goh Kin Siang (First row, 3rd from left) with participants at the end of the programme.

Learning the trade

The FMM NS Webinar on Free Trade Agreements; Drawback under Section 99, Customs Act 1967; B1, B2, B3, B4 and AMES – Another way to overcome difficulties in obtaining MIDA Customs duties exemption was held on December 16, 2021.

Participants learned how manufacturers can utilise the facilities offered by the Free Trade Agreement from which they are able to import raw materials, components, machineries and equipment at 0% import duty. This will help them reduce the cost of production and make their products more competitive in the world market.

A total of 27 participants attended the webinar that was conducted by FMM associate trainer Goh Kin Siang.

MELAKA

Attendees during the AGM.

47th Annual General Meeting

The FMM Malacca Branch held its 47th Annual General Meeting on October 12, 2021. The meeting proved to be a fruitful affair as all 18 nominations for Branch Committee members were accepted.

The meeting was chaired by the FMM Malacca Branch Chairman Jimmy Ong with the attendance of 16 participants from 16 companies. During the meeting, relevant matters pertaining to the branch were also discussed and tabled for the betterment of its members.

Faster and easier Customs experience

In order to accelerate its members' experience when dealing with the Customs department, the branch organised a webinar on November 21, 2021 to help avoid possible miscommunication or clerical errors when filling up the declaration forms.

Correct declarations would possibly lead to faster Customs clearance of goods and subsequently allow members to avoid committing any offence by paying the right amount of tax or duties.

Titled How to Declare Goods on Customs Forms, the webinar was conducted on Zoom by trainer Goh Kin Siang who guided the 32 participants from 19 companies on the best ways to fill and use the correct Customs forms for each declaration.



Participants during the webinar.



Participants of the International Anti-Corruption Day event.

Saying no to corruption

On December 9, 2021, the Malaysian Anti-Corruption Commission held the MACC Anti-Corruption Day briefing which proved to be educational and beneficial to the attendees.

Led by MACC State Director Senior Assistant Commissioner Mohd Shahril Che Saad, the briefing on section 17A was held to bring awareness to the top management of organisations on matters pertaining to the topic. The session was specially organised in conjunction with the International Anti-Corruption Day which is observed on the same day every year.

A total of 25 participants from eight companies attended the session held at the Hatten Hotel Melaka.

Discussing with the experts

The branch held the FMM Malacca Branch – Customs Melaka Consultative Panel Meeting on December 1, 2021 to discuss several matters concerning its members' experience with the state department.

Some of the issues discussed during the meeting were wrongly paid import duties, percentage of export through value added activities for companies in the Free Zones and charges that will be imposed by the Zone Authority.

Customs Melaka acting state director Noor Aishah binti Mohd Samsi was present at the meeting that was attended by 14 participants from 15 companies, and held at the Wisma Kastam.



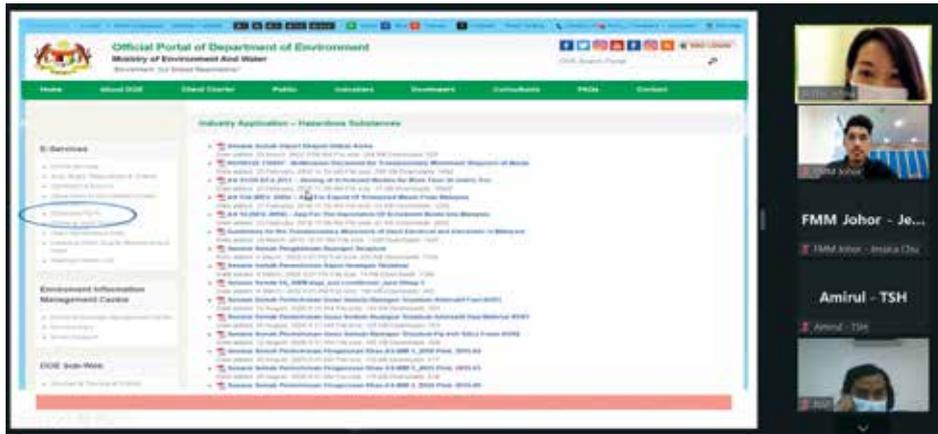
Consultative Panel Meeting.

JOHOR

Briefing on managing waste

In conjunction with the Infrastructure, Utilities and Industrial Park Management (IUIPM) sub-committee meeting, a webinar session with the Johor State Department of Environment (DOE) on Managing Industrial’s Schedule Waste was held on December 7, 2021 via Zoom.

Attended by 72 participants, the session was led by the Johor DOE’s Industrial Enforcement Unit’s Senior Assistant Director Selina Chong Cheay Yein, with the aim of providing an in-depth understanding on how to control and manage industrial scheduled waste. The session also provided guidance to participants on how to use the Electronic Scheduled Waste Information System (eSWIS).



FMM Johor members during the webinar.



Participants of BPP with Topmedic Healthcare & Clinic Federal.

Session on COVID-19 booster dose

To give members information on understanding the importance of the COVID-19 vaccine booster shot, FMM Johor organised a webinar session with Topmedic Healthcare on December 8, 2021 via Zoom.

The Webinar under FMM BPP Package, was attended by 45 members and 3 non-members and was led by Topmedic Healthcare Director Koh Yee Soon.

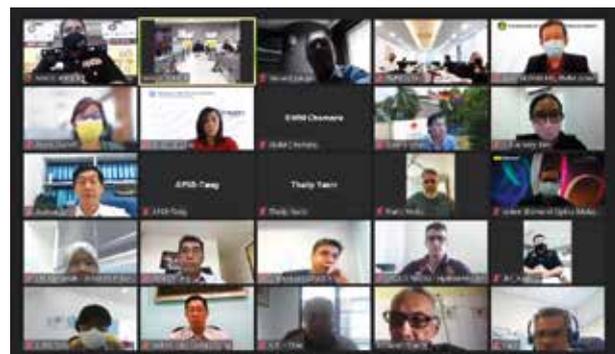
During the session, participants were given the opportunity to raise their concerns on the booster dose.

Insightful webinar in conjunction with International Anti-Corruption Day

A talk titled Strategic Partner for the International Anti-Corruption Day (HARA) was co-organised with the Foundation of Malaysian Anti-Corruption (FMAC) Johor, Transparency International-Malaysia (TI-M) and Malaysian Anti-Corruption Commission (MACC) Johor on December 9, 2021 via Zoom.

Attended by 47 members, the session aimed at sharing the initiatives taken by the (MACC) to fight against corruption in Malaysia with expatriates was led by the Head of Inspection and Consultancy Unit Tuan Koo Lik Chi.

Held in conjunction with International Anti-Corruption Day (IACD), the briefing ended with a dialogue session with expatriates from the business and corporate sectors.



Participants of the International Anti-Corruption Day (IACD) event.

JOHOR

Networking opportunity

A virtual Business Opportunity Networking Session was held on December 16, 2021 with members of FMM Johor Branch. The session, held via Zoom, was led by FMM Johor Branch Vice-Chairman Gerard R. Sankar with the aim of providing a networking platform for members to explore collaboration opportunities.

19 members and 4 non-members attended the meeting.



Participants during the networking session.

EASTERN

SOCISO Incentives

On October 1, 2021, the Pertubuhan Keselamatan Sosial (PERKESO) and FMM Eastern Branch organised a webinar to update FMM members on PERKESO’s Wage Subsidy Programme, Penjana Kerjaya 3.0, MyFutureJobs portal and employers’ claims for COVID-19. Speakers from PERKESO Pahang were Deputy Director Hamzi Hanifa Mahyuddin, Talent Executive Pramila Ganesan, Hiring Incentive Officer Wan Nur Syazwani Yaakob, Strategic Initiative and MyFutureJobs Officer Dang Teh Hidayah Hamitaf.



A photo taken during the online session.



Ceremony was held to hand over the items for frontliners.

Mask up and stay safe

In the wake of the COVID-19 pandemic, FMM Eastern Branch and Top Glove Foundation donated latex gloves and face masks for frontliners at Kuantan’s Hospital Tengku Ampuan Afzan. The ceremony took place on October 26, 2021 at Bilik Gerakan Negeri, Wisma Sri Pahang in Kuantan. FMM Eastern Branch Chairman Ir Kua Jit How handed the items to Pahang State Secretary Dato’ Sri Dr Sallehuddin Ishak. Also present at the event was Top Glove Foundation’s Dato’ Dr Ir Andy Seo.

FMM Eastern’s AGM

On November 16, 2021, the FMM Eastern Branch held its Annual General Meeting (AGM). The meeting received and adopted the FMM Eastern Branch Committee’s report for the financial year, which ended on June 30, 2021. During the AGM, FMM Eastern Branch Committee members for 2021/2022 and 2022/2023 were also elected. Elected as Chairman was Sadagene Steel Sdn Bhd’s Ir Kua Jit How. His four Vice Chairmen were Pascorp Paper Industries Berhad’s Ir. Burhanud-Din Ishak, CS Wind Malaysia’s Fakhru Adly Hashim, Twins Furniture Manufacturing’s Dato’ Stanley Goh and CSA Chemicals’ Chen Lai Peng.



A group photograph of the office bearers after the AGM & 1st Branch Committee Meeting

EASTERN

Combatting corruption

On December 6, FMM Eastern had a meeting with the Malaysian Anti-Corruption Commission (MACC) and Pahang's Yayasan Anti Rasuah Malaysia (YARM) to discuss any additional preparations in conjunction with International Anti-Corruption Day on December 9, 2021. FMM Eastern Branch Chairman Ir Kua Jit How, MACC Deputy Director (Prevention) Ahmad Rizal Samat, MACC Community Education's Maizatul Idzwie Mat Ali, YARM Pahang's President Wan Emril Nizam Wan Embong and YARM Pahang Secretary Mohd Fariezy Fairdaus Muhd Salleh.



A presentation of a token of appreciation after the meeting.

Round-table Talk

FMM Eastern Branch/Customs Pahang annual round table talk took place on December 7, 2021 to provide members with an opportunity to discuss and obtain clarifications on issues related to the manufacturing industry. The meeting was co-chaired by FMM Eastern Branch Chairman Ir Kua Jit How and Pahang Customs Director Abdul Ghafar Mohamad. 34 representatives from 14 member companies attended the round table talk via Zoom. In addition, staff from Kuantan Port Authority, Kuantan Port Consortium, Ministry of International Trade and Industry, Malaysian Investment Development Authority, Malaysia Productivity Corporation, Standard and Industrial Research Institute of Malaysia and SME Corp Malaysia were also present.

Be honest and fight corruption

The MACC, together with YARM, organised an engagement come dialogue session targeting expatriate employees. FMM Eastern Branch was involved in organising the state event with Pahang, Kelantan and Terengganu. The hybrid session was held physically and online on December 9, 2021. The event was attended by Terengganu's MACC Chief Assistant Director Ruslan Che Amad and YARM President Wan Emril Nizam Wan Embong. FMM Eastern Branch representatives were Chairman Ir Kua Jit How and Branch committee member Dato' Rozano Saad.



The hybrid session was held physically and online.



For the ones in need

On December 28, 2021, FMM Eastern Branch Chairman Ir Kua Jit How distributed donations to 508 households affected by the flood in Mentakab, Pahang. The donations were distributed through the Methodist church in Mentakab, Pahang.

Donations from FMM Eastern Branch were distributed by FMM Eastern Branch Chairman, Ir Kua Jit How.

HERSHEY



Our founder, **Milton Hershey**, had a vision to make chocolate accessible to everyone... building the foundation of our timeless purpose:

TO MAKE
more
MOMENTS OF
GOODNESS

These moments shared with our brands create our unique place in people's hearts and minds, differentiate our business, and inspire our future growth.



ABOUT HERSHEY

The Hershey company is one of the most established confectionery manufacturer in the world. The company is well known for signature chocolate the HERSHEY'S KISSES among various other chocolate and candy. In year 2015, the Hershey company setup state-of-the-art manufacturing plant in Johor, Malaysia. The location is highly strategic as it's located in vicinity of various international access point. With a total area of 690,000 square feet, it is expected to cater a support growing consumer demand from 30 countries and above in Asia, Europe, Middle-East and Africa as well supporting supply to US and Latin America. Hershey Malaysia is developed with advanced manufacturing technology. The facilities 5+1 chocolate technology allows it to systematically and productively produce various form of chocolate which refer to chocolate making, almonds roasting, various chocolate molding, depositing and panning as well as syrup. In addition, the facilities has high speed wrapping machine, proprietary pouching equipment and we also be able to do customized packing to cater the customer unique needs. We also equipped with in house microbiology and analytical lab for the confectionery quality assurance.

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HERSHEY is committed to have an engaged and competent workforce to provide the best quality of confectionery at the same providing the local workforce with career path as well the opportunities to enhance their skills thru learning management system.



A collage of various promotional graphics and statistics for the Hershey Company. The central focus is the Hershey logo and the tagline 'making more moments of goodness' with 'SINCE 1894' below it. Other elements include: 'TAKE ACTION OWN IT CHAMPION PERFORMANCE BE REAL CREATE THE FUTURE'; '16,500 remarkable PEOPLE AROUND THE WORLD'; '80+ BRANDS'; 'GOOD TO GIVE BACK week 1,222 employees 4,107 hours'; 'GOODNESS iconic trusted loved favorite quality delicious'; 'COCOA For Good'; 'Sold in 90 COUNTRIES'; 'heart-warming the world.'; 'Founded in 1909, the Milton Hershey School prepares kids in need for success in life.'; 'THE SHARED GOODNESS'; 'Forbes | 2019 AMERICA'S MOST REPUTABLE COMPANIES'; and 'Michele Buck FIRST FEMALE CEO IN COMPANY HISTORY'.

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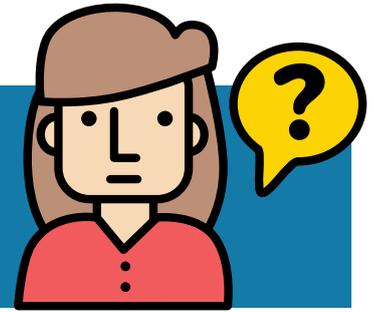


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ASK FMM



Q1.

Employee A commenced his employment as a packing operator with the company on November 1, 2016, with a starting basic monthly salary of RM1500. Under his contract of service, the length of notice of termination is 2 weeks. The company decided to downsize the work force because the business was diminishing and employee A was selected to be terminated effective November 1, 2021. During the last 2 years before termination, he was earning RM1800 per month with an additional attendance allowance of RM80 per month.

- a. Employee A was notified of the termination in mid-October 2021 with 2 weeks' notice as per contract of service. Employee A was not satisfied with the 2 weeks' notice period and made a complaint to the Labour Department. Does the employee have a case to make such a complaint? Please advise.
- b. Is Employee A entitled to termination benefits? If your answer is yes, please give your reason and tabulate the amount of termination benefits payable to employee A.

A1.

a. Yes, the employee has a case to complaint because the termination notice in the contract of service does not apply when the termination is caused by downsizing and according to section 12 (3) of Employment Act 1955, the employee is entitled to 8 weeks of notice for working 5 years.

- b. Yes, since the employee was earning less than RM2,000 per month he is covered under the Employment Act 1955. The employee is entitled to termination benefits under the Employment (Termination and Lay-off) Benefits Regulations 1980. The employee is entitled to termination benefits as follows:

$$(RM1800 + RM 80) \times 12 / 365 \times 20 \text{ days} \times 5 \text{ years}$$

Note: Attendance allowance RM80 needs to be included as wages, since it falls within the meaning of wages as defined under section 2 of the Act.

Q2.

Employee B intends to commence her maternity leave, is she required to notify her employer and if she is required to do so, when must she notify her employer, to whom and how shall she go about doing this?

A2.

A female employee who intends to commence her maternity leave is required to notify her employer of her intention of commencing her maternity leave within 60 days immediately preceding her expected confinement. The female employee can give notice either orally or in writing to her immediate senior or another person under whose supervision the female employee was employed or to any person designated for this purpose by the employer such as her supervisor or manager.

Q3.

A production manager is planning to implement round the clock production with 2 shifts of working hours, from 7.00 a.m. to 7.00 p.m. and 7.00 p.m. to 7.00 a.m. During each shift, employees are entitled to breaks in the aggregate of 75 minutes. For the second shift, the production manager intends to schedule the first break from 10:30 p.m. to 11:00 p.m.; the second break from 2:00 a.m. to 2:15 a.m. and the third break from 5:00 a.m. to 5:30 a.m. Are these break hours scheduled by the production manager in accordance with the law?

A3.

For shift workers who are under the scope of the Employment Act 1955, the working hours of an employee are subject to section 60C of the Act. Under section 60C of the Act, the break hours as required under section 60A(1)(a), are as follows: "an employee shall not be required to work more than 5 consecutive hours without a period of leisure of not less than 30 minutes". The first break of 30 minutes from 10:30 p.m. to 11:00 p.m. does comply with the requirement, however there is no such break from 11:00 p.m. to 5:00 a.m. (a period of 6 consecutive hours) even though there is a break of 15 minutes from 2:00 a.m. to 2:15 a.m. This is because under the law, any break less than 30 minutes in the five consecutive hours shall not break the continuity of the five consecutive hours. The production manager has to schedule the third break of 30 minutes before 4:00 a.m.

Q4.

Under the company handbook which has not been revised since 2011, the age of retirement of an employee is 55 years of age. An underperforming employee is going to attain the age of 55 years on March 31, 2022. Instead of acting against the employee for not performing, the management intends to apply the retirement clause in the handbook to retire the employee. Can the management do so? What are the consequences?



A4.

Even though there is a retirement clause of 55 years old in the employee handbook, such clause has been superseded by the coming into operation of the Minimum Retirement Act 2012 where the minimum retirement age is upon attaining 60 years. If the management proceeds to retire the employee at the age of 55 years old on March 31, 2022, the company may face action by the Labour Department under section 8 of the Minimum Retirement Act 2012 or representation by the employee under section 20 of the Industrial Relation Act 1967.

Q5.

The Minister of Health has requested that employers allow their employees to Work From Home (WFH) as one of the measures to slow the spread of the Omicron strain. Employee D is a female employee allowed to WFH by the company. While working from home, employee D is required to log into the computer system on time to show that the employee has started working from home. One morning, employee D was late in clicking into the system and received a call from her

male supervisor with a remark “wah, semalam malam jumaat, kerja kuat sampai tak dapat mula kerja pagi ini walaupun WFH”. The female employee was not happy with this remark and made a complaint to the HR Executive that she felt humiliated by the sexual remark. What course of action should the HR Executive take with regards to the complaint?

A5.

While employees are allowed to WFH, employees are still in the course of employment, and the relationship between the supervisor and the female employee is that of an employee/employer. The company needs to investigate the complaint of the female employee to ascertain whether there is any wrongdoing by the supervisor for making such a remark. If such a remark is discovered to be of sexual nature, then it will fall into the meaning of sexual harassment in which an inquiry can be held to inquire the complaint of the female against the supervisor for committing sexual harassment in which disciplinary action can be taken against the supervisor if he is found guilty of committing sexual harassment.

FMM-MIER BUSINESS CONDITIONS SURVEY

Business conditions rebound in 2H2021,
Higher momentum expected in 1H2022



- Higher business activity in 2H2021
- Local sales and export sales pick up on higher demand
- Production cost increases further
- Production volume and capacity gear higher
- CAPEX and employment beef up in 2H2021; to increase further in 1H2022
- Higher local and export sales projected for 1H2022
- Another increase in cost of production expected in 1H2022 ease further in 1H2022
- The top 3 increases of production costs: cost of materials, labour and logistics

BUSINESS ACTIVITY - 2H2021 & OUTLOOK 1H2022



- 31% of respondents confident of Malaysia's economic recovery in 2022
- 54% of respondents to implement domestic investment or re-investment soon
- 61% of respondents confident of business recovery in 2022, with 32% optimistic of recovery better than pre-COVID levels
- Labour shortages, supply chain disruptions and the COVID-19 pandemic most potential risks to growth in 2022 within the domestic economy
- 71% of respondents not impacted by ending of bank moratorium in March 2022
- Employees of 78% of respondents work from office from 1 January 2022

ECONOMIC AND BUSINESS RECOVERY & POTENTIAL RISKS TO GROWTH IN 2022



- 63% and 65% of respondents increase salaries of executives and non-executives by 1-7% in 2021, respectively
- Non-contractual bonus in 2021 awarded by more respondents, most at a quantum of 0.5-<1.5 months
- 72% of respondents not agreeable to minimum wage being raised to RM1,500
- 47% of respondents at 11-40% automation of warehousing and material handling
- 42% of respondents have completed and received their Certificate for Accommodation (CFA), 20% pending endorsement/approval from local councils
- 60% of respondents not impacted by the recent floods, 31% indirectly impacted, 9% directly impacted
- Total company losses of those directly impacted by the floods estimated at more than RM220 mil, and more than RM238 mil for those affected indirectly
- 67% respondents to undertake training and upskilling in 1H2022, 74% to adopt Industry 4.0 and 65% to embark on automation

OTHERS

Indicators	FMM - MIER Business Conditions Index Values							
	Current (Compared to 6 months ago)				Looking Forward (Next 6 months)			
	1H2020	2H2020	1H2021	2H2021	2H2020	1H2021	2H2021	1H2022
Business conditions	31	101	65	107	76	87	60	122
Local sales	34	88	56	94	71	74	51	113
Export sales	41	88	71	96	69	88	68	111
Production volume	35	101	61	105	78	91	62	122
Capacity utilisation	38	101	59	101	78	92	60	117
Capital investment	61	88	78	105	83	98	81	125
Number of employees	82	95	82	99	93	102	87	121
Cost of production	130	146	165	174	133	155	166	179

The manufacturing sector ended the year 2021 on a positive note as economic activities resumed with the easing of containment measures and recovery of global demand for manufactured goods. Both current and forward-looking indicators in the latest survey picked up pace from 1H2021, an indication that confidence among manufacturers generally improved in 2H2021, and the sector is poised for further strengthening of its recovery momentum in 1H2022.

BUSINESS ACTIVITY INCREASES

Manufacturing activity rose in 2H2021, as reflected in the general business activity index which, at 107, had gained 42 points from 1H2021. Its surge past the 100-point optimism threshold suggests that the level of respondents’ confidence on their businesses had improved substantially in the past six months.

36% of the 702 respondents in 2H2021 replied favourably, while 35% did not see any change in their business activity, up from the prior period’s 19% and 27%, respectively. Negative responses had also shrunk to 29%, almost halving the 54% tabulated in 1H2021.

Local Sales and Export Sales Pick Up

Local sales performed as well as export sales in 2H2021. Attesting to this is the latest current local sales index which rose to 94 from 56 in 1H2021, while the index for current export sales climbed to 96 from 71 previously. 39% and 38% of the respondents managed to maintain their local sales and export sales, respectively, in 2H2021, up from 30% and 31% in 1H2021, respectively. Those who sold more domestically rose to 28%, more than doubling the 13% in 1H2021. Among those who export, 29% reported higher sales in 2H2021, up from the previous period’s 20%.

Production Volume and Capacity Utilisation Expand

Production and capacity utilisation rose in tandem with sales in recent months. With the indexes for both these indicators soaring above the optimism level in 2H2021, it infers that the demand for manufactured goods has grown markedly during this period. The current index for production volume rose to 105 from 61 previously, with 36% having increased their production in 2H2021, doubling that of 1H2021. The index for current capacity utilisation also climbed to 101 from 59 in 1H2021, with 31% of the respondents reporting higher capacities in 2H2021, up from 16% in the prior period.

Production Cost Rises Further

Manufacturing cost rose again in 2H2021, as reflected in the index for the current cost of production which, at 174, is the highest reading since the inception of this survey in 1H2012. An all-time high of 77% of the respondents reported higher production costs in 2H2021, while only 3% were able to reduce their costs, the lowest proportion received in this series.

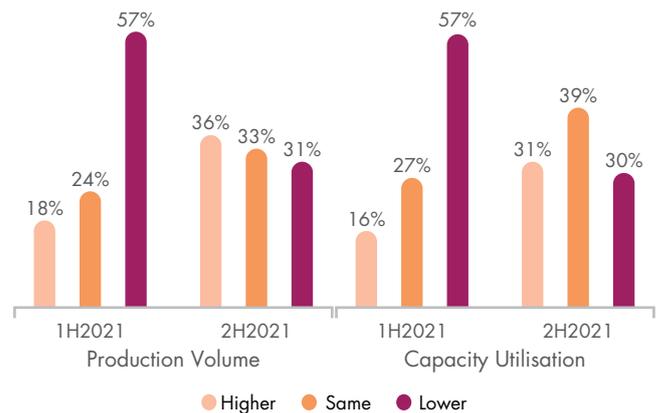
Capital Investment Pumps Up

The current index for capital investment shifted higher above the optimism threshold to 105 from 78 previously, implying that CAPEX has grown lately. Such expenditure rose for one-quarter of the respondents in 2H2021, up from 14% in 1H2021 and 17% in 2H2020. Another 55% have maintained their CAPEX for now, while 20% have cut down on their capital budgets, compared to 50% and 36% in 1H2021, respectively.

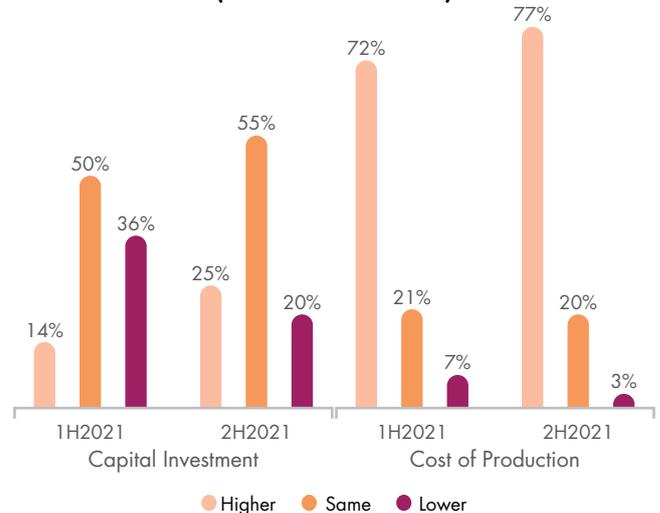
Local and Export Sales (1H2021 vs 2H2021)



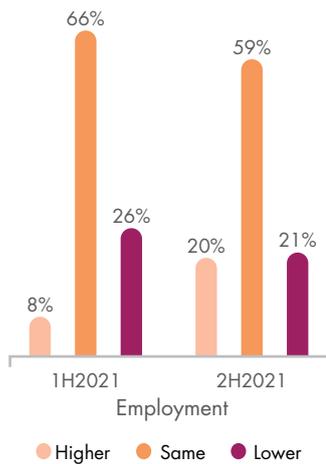
Production Volume and Capacity Utilisation (1H2021 vs 2H2021)



Cost of Production and Capital Investment (1H2021 vs 2H2021)



Employment (1H2021 vs 2H2021)



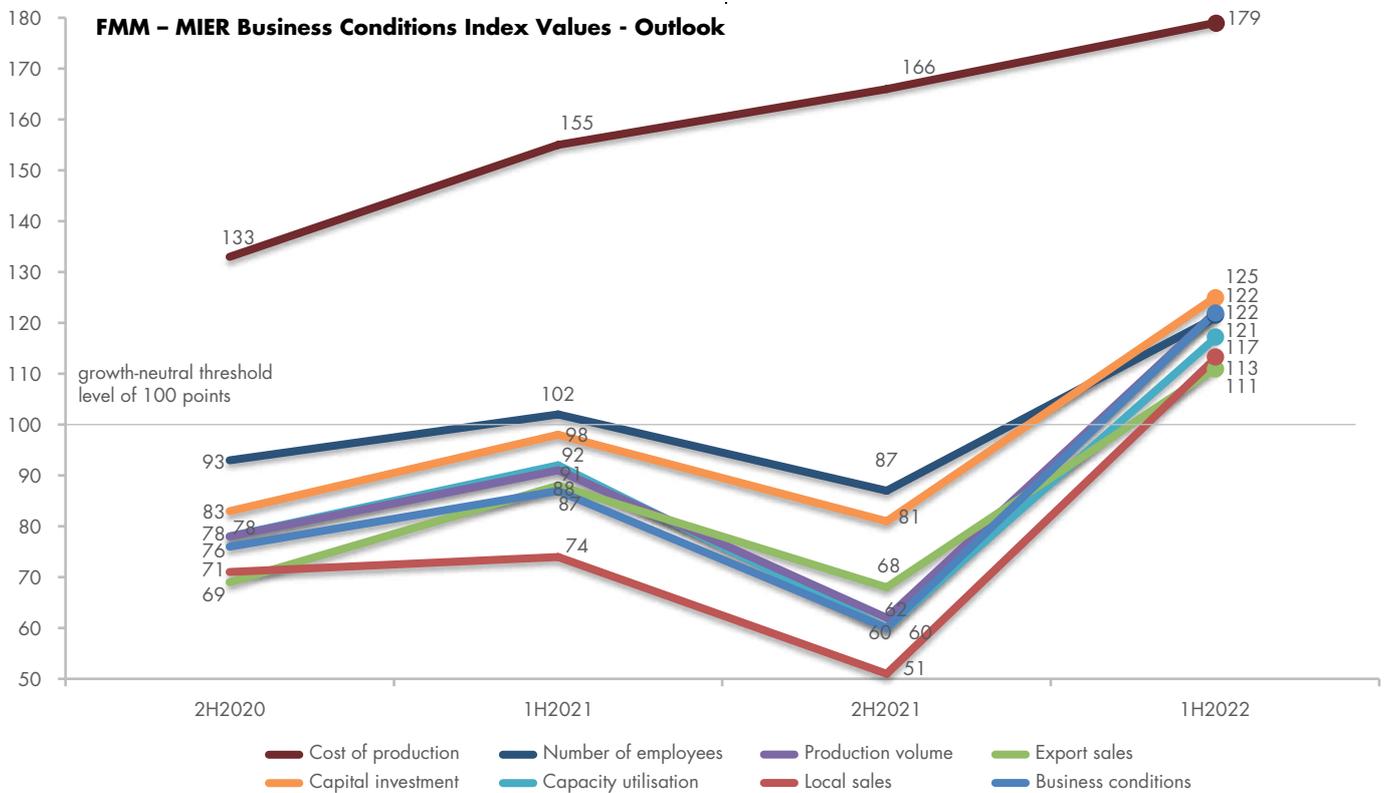
HIRING RESUMES

The current index for employment rose to 99 from 82 previously, indicating that manufacturing recruitment has picked up recently. 20% of the respondents increased their headcount in 2H2021, up from 8% in 1H2021. While 59% have maintained their headcount for now, 21% downsized their workforce, compared to 66% and 26% in 1H2021, respectively.

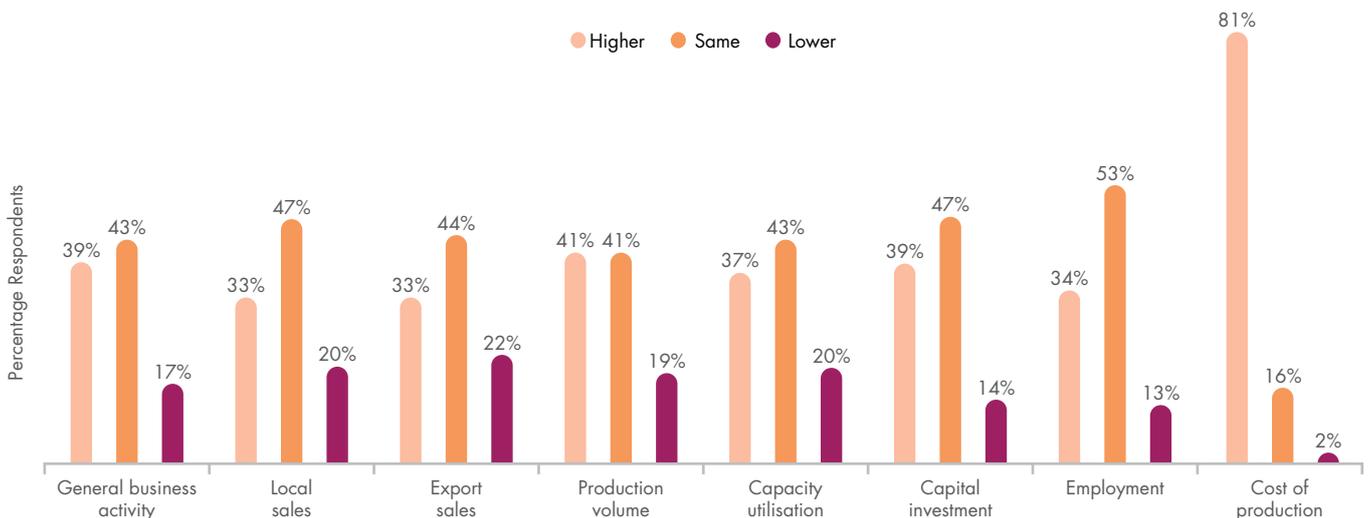
SANGUINE OUTLOOK FOR 1H2022

Heading into 2022, growing external demand is expected to bolster recovery in the manufacturing sector amid continuing domestic and external headwinds. All forward-looking indicators are back in the black with readings above the threshold level of optimism, portending that the near-term prognosis for the manufacturing sector is positive moving forward.

FMM - MIER Business Conditions Index Values - Outlook



● Higher ● Same ● Lower



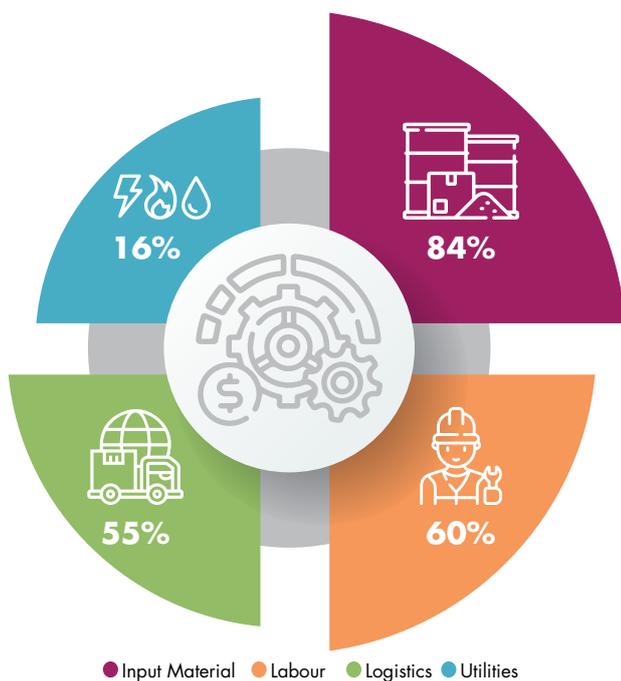
The latest expected business activity index soared to 122 from 60 previously, implying that business activity is expected to gain further momentum in the next six months. 39% of the respondents believed that business activity will pick up soon, up from 15% in the prior period. Only 17% were pessimistic in this aspect, which is in sharp contrast to the 55% who replied similarly in the previous survey.

The indexes for expected local and export sales also improved considerably from the prior survey. At 113 and 111, respectively, it shows that expectations among respondents on their sales outlook are looking up in the coming months, both locally and globally. 33% of those who sell locally and 33% of those who export are optimistic of higher sales soon, up from 10% and 18% in the prior survey, respectively.

The latest expected indexes for production and capacity utilisation rose to 122 and 117, respectively, from 62 and 60 previously, suggesting that higher production and capacity are in the pipeline in anticipation of better demand in the months ahead. 41% and 37% of the respondents are planning to step up their production and capacities soon, respectively, up from 17% and 15% previously.

The expected index for cost of production rose to an all-time high of 179, an implication that production cost is set for another increase in 1H2022, as envisaged by 81% of the respondents. Another increase was observed for the expected index for capital expenditure. At 125, the index this time has gained 44 points from the preceding survey, a connotation that a rise in CAPEX is imminent in the coming months as well. 39% of the respondents will likely increase their CAPEX soon, up from 18% previously.

Recruitment is expected to beef up in early 2022, as depicted by the index for expected employment which rose to 121 from 87 previously. 34% are planning to expand their workforce soon, while 13% are contemplating downsizing, compared to 12% and 25% previously, respectively.

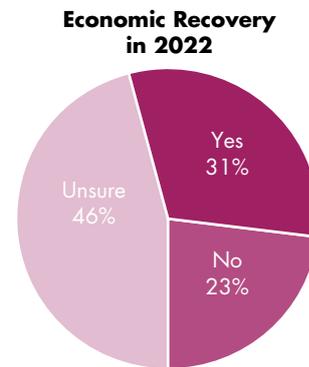


TOP INCREASES OF COST OF PRODUCTION

The top three increases of production costs in 2H2021 were cost of input materials, labour and logistics. Cost of materials topped the list of increase, with 84% of the respondents citing it. While labour costs (headcount change; salaries & wages; and sub-contract costs) were confirmed by 60% of the respondents, logistics (mainly due to freight rates) received 55% responses. Higher cost of utilities (electricity, energy/fuel, natural gas and water) was also noted by 16% of the respondents, while only 9% and 6% had to put up with higher overheads, and maintenance and repairs, respectively.

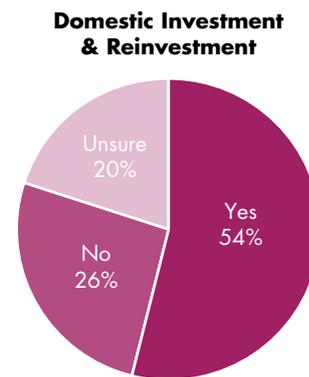
ECONOMIC RECOVERY IN 2022

In terms of the country's economic recovery, 31% are confident of a recovery in 2022, while 46% are unsure and 23% responded negatively.



DOMESTIC INVESTMENT/RE-INVESTMENT

Respondents were asked if they will carry out domestic investment or re-investment such as adding in more advanced machines and expanding operations, including building additional factories, etc. 54% replied favourably, while 26% do not have such plans for now, and 20% are currently unsure.

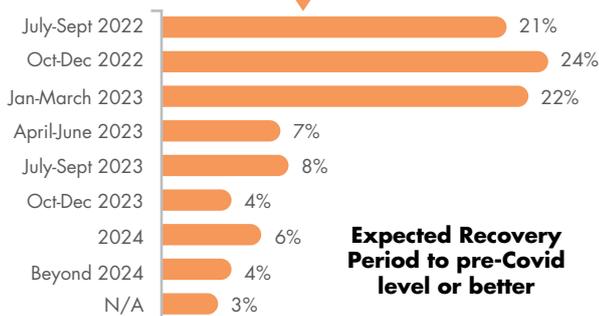
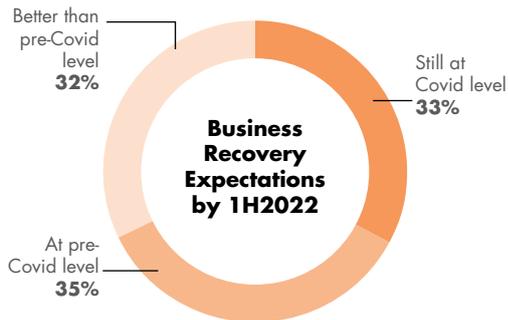
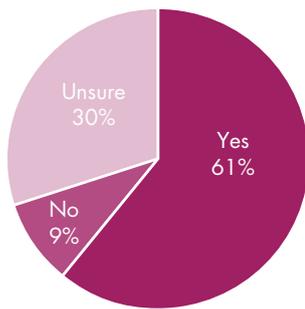


BUSINESS RECOVERY IN 2022

Insofar as their own business recovery is concerned, 61% are confident of this eventuality in 2022, while 30% were unsure about it. Only 9% were pessimistic.

Among those who responded positively, 35% believed that their businesses will recover to pre-COVID levels in 2022, while 32% are even optimistic that their recovery will be better than pre-COVID levels. 33% are reportedly still at COVID levels but they are expecting their businesses to recover to pre-COVID levels, or better, from 2H2022 to March 2023. 24% believed their recovery to be in 4Q2022, while 22% and 21% are looking at 1Q2023 and 3Q2022, respectively.

Business Recovery in 2022



POTENTIAL RISKS TO GROWTH IN 2022

Labour shortages have been voted by most (63%) respondents as the potential risk to growth in 2022 within the domestic economy, followed by supply chain disruptions (59% responses) and the COVID-19 pandemic (50%). High freight rates and inflation were pointed out by 49% and 43% of the respondents, respectively. Only 25% cited the domestic political climate as a potential risk.

IMPACT OF END OF BANK MORATORIUM ON BUSINESS SUSTAINABILITY

According to 71% of the respondents, the ending of the bank moratorium in March 2022 will have no impact on them. For those who will be impacted, 12% will likely undertake business merger and acquisition to sustain their business, while 11% and 10% are contemplating retrenchment and business closure, respectively.

WORKING FROM OFFICE (WFO) VS WORKING FROM HOME (WFH)

Effective January 1, 2022, employees of more than three quarters of the respondents are back to working from the office (WFO). 59% estimated the proportion of their employees WFO at >80-100%, while 9% of the respondents have >50%-80% of their staff WFO. Another 10% reported that 40-50% of their employees are working from the office.

SALARY INCREMENT AND BONUS PAYOUT IN 2021 AND 2022

Salary increments, if any, in 2021 for both executives and non-executives were mainly at a quantum of less than 5%. This was disclosed by 48% and 49% of the respondents who increased the salaries of their executives and non-executives by 1-<5% in 2021, respectively. Increments of 5-<7% were awarded to executives by another 14% of the respondents, while 16% reported the same quantum for their non-executives. 31% and 29% of the respondents have not raised the salaries of their executives and non-executives in 2021, respectively.

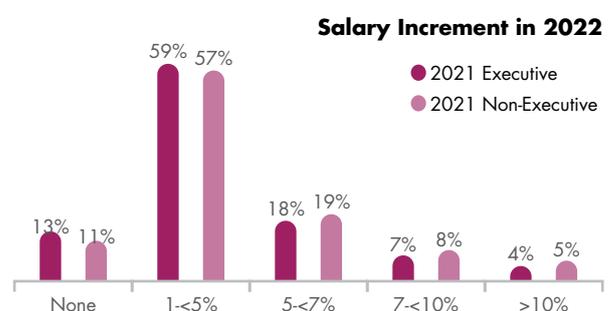
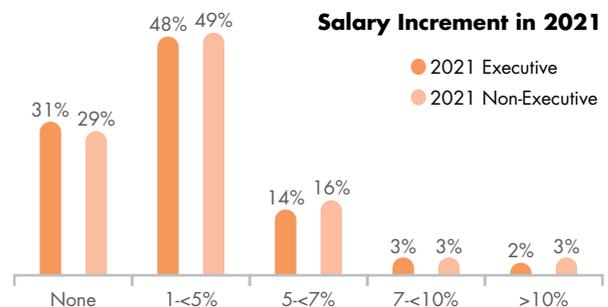
For 2022, respondents will be more generous as most are planning salary increments of 1-7% for all staff. A breakdown shows that 59% and 57% of the respondents are considering increments of 1-<5% for their executives and non-executives, respectively. 18% are looking at an increase of 5-<7% for their executives, with the same being contemplated by 19% for their non-executives.

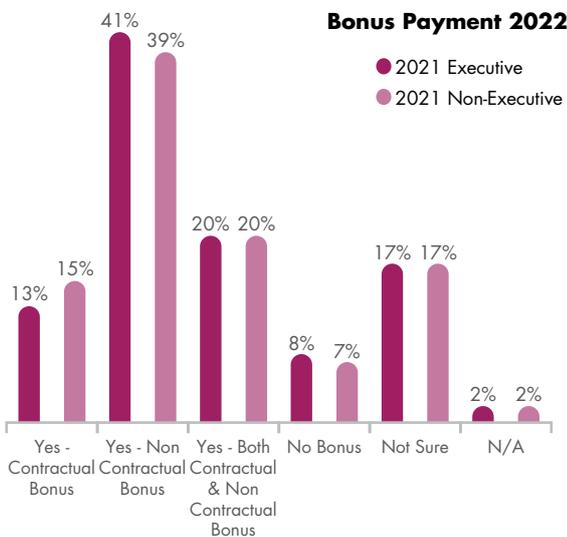
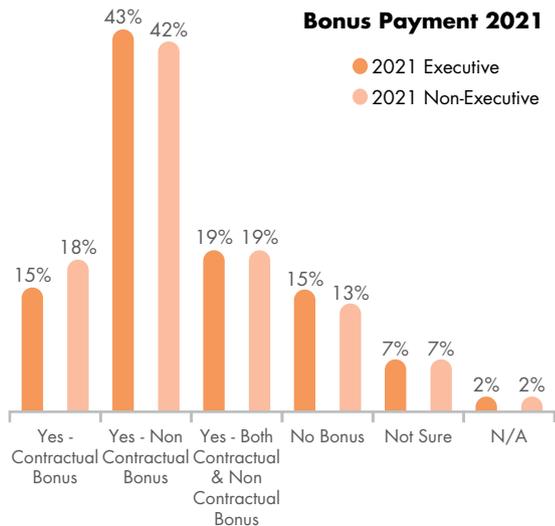
In 2021, non-contractual bonuses are being paid by more respondents than contractual ones. Executives of 43% of the respondents are awarded non-contractual bonuses in 2021, of which a quantum of 0.5-<1.5 months is being paid by 54% of the respondents. The same bonus is also given by 42% of the respondents to their non-executive staff. Among them, 59% are paying bonuses of 0.5-<1.5 months.

Contractual bonuses in 2021 are also awarded to executives by 15% of the respondents at a quantum of 0.5-<1.5 months by 59% of the respondents. This bonus is similarly awarded by 18% of the respondents to their non-executives, with 55% among them paying a quantum of 0.5-<1.5 months.

Both contractual and non-contractual bonuses are also awarded by 19% of the respondents in 2021, at a quantum of 0.5-<2 months by 60% and 65% of the respondents for executives and non-executives, respectively.

Bonus plans for 2022 are expected to be lower than 2021. In 2022, 13% and 11% of the respondents planned to reward their executives and non-executives contractual bonuses, respectively, down from 15% and 18% in 2021, respectively. Non-contractual bonuses are on the agenda of 41% of the respondents for their executives in 2022, while 39% are





contemplating the same for their non-executives, compared to 43% and 42% in 2021, respectively. Both contractual and non-contractual bonuses are also expected to be given by 20% of the respondents to executive and non-executive staff in 2022. In terms of quantum, most are planning the same 0.5- <2 months for 2022, as they did in 2021.

MINIMUM WAGE (MW)

A review of the minimum wage is due in 2022. When asked if they agree to an increase in minimum wage to RM1,500

from the current rate of RM1,200, a clear majority of 72% of the respondents replied negatively. Of this proportion, most (39%) opined that RM1,300 is a more acceptable rate, while 33% suggested that the current RM1,200 be maintained instead for now. 26% agreed to the proposed new rate of RM1,500.

PROGRESS ON AUTOMATION

Findings of the 2H2019 revealed that most operational activities are automated up to 40%, namely, assembly, inspection and testing, material handling, packaging, process control and warehousing. Two years on, as COVID-19 pandemic has accelerated the pace of automation amongst the industry, respondents were asked for an update on the extent to which their operations are automated.

Automation of operations in 2H2021 has generally remained the same as in 2H2019. 65.2% of the respondents are automated up to 40% to date, little changed from the 65.1% tabulated two years ago. Automation of 41-50% was reported by 13.5% of the respondents this time, compared to 13.9% in 2H2019. Those whose automation is at 51-100% totalled 15.1% currently, relative to 15.9% in 2H2019.

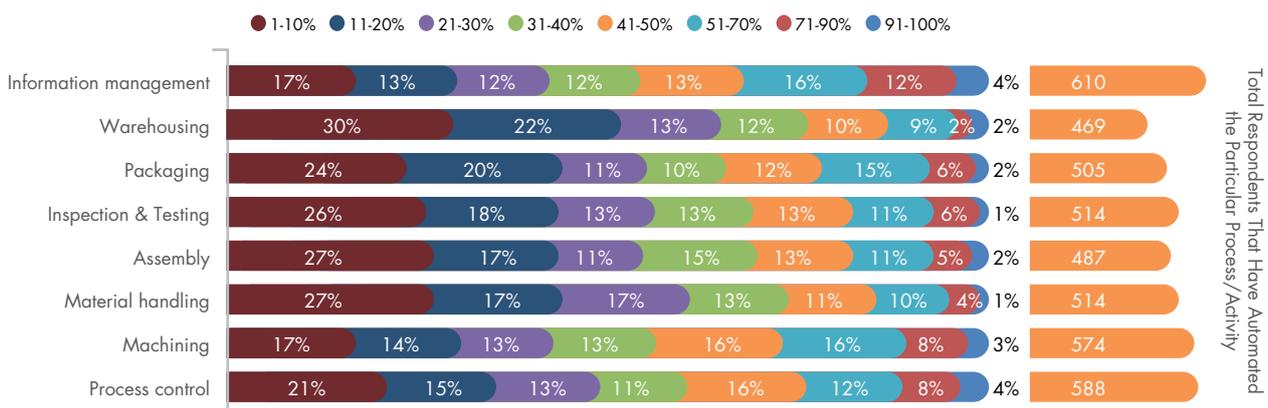
By activity, most of them are still in the early stage of automation (1-10%), especially warehousing, material handling and assembly, as disclosed by 27-30% of the respondents who are involved in such activities. Those who estimated the automation of their warehousing and material handling activities at 11-40% totalled 47% each. Automation of information management, machining and process control at 41-90% was also reported by 41%, 40% and 36% of the respondents, respectively. Among those activities which are automated at 91-100%, process control and information management topped the list, as indicated by 4% of respondents.

COMPLIANCE TO ACT 446

Companies providing accommodation for their employees were given until end of December 2021 to submit their application for the Certificate for Accommodation (CFA) under the Employees' Minimum Standards of Housing and Amenities Act 1990 (Act 446). About 58% of the respondents are subject to this Act.

On the status of their application, 42% of those who have to comply to the Act maintained that they have completed and received the CFA, while 20% confirmed that their application is pending endorsement/approval from the local councils.

Automation Level of Key Areas of Operation



Another 18% have submitted their CFA application online with all supporting documents and awaiting audit by the Labour Department, but 16% have yet to submit their application. Only 4% were found to be non-compliant after the audit process and given time to rectify the related non-compliance accordingly.

RECENT FLOOD SITUATION

According to 60% of the respondents, the recent floods that hit several states in Peninsular Malaysia have not impacted them. 31% were indirectly impacted, while the companies of 9% of the respondents were affected directly.

Most of the companies that were directly impacted by the floods reported the following: damage to property, assets and goods (65% responses), employees unable to report for work due to damage to their homes (63%) and halt in production for damage assessment, cleaning and repair works. Losses in replacement and repair of plants, machinery and equipment were reported by 47% of the respondents, while 37% had to deal with business losses due to production delays and supply chain disruptions.

For those who were indirectly impacted, majority of them faced supply chain disruptions due to suppliers/warehouse/third party logistic providers being affected by the floods (66% responses). Employees of 56% of the respondents were also unable to report for work due to their homes being affected by the floods, while 48% were affected by closure of roads, including those leading to the ports and airports, which delays their production. 31% suffered business losses due to production delays and supply chain disruptions.

Total losses to companies that were indirectly impacted by the floods were higher than those who were affected directly. For those affected indirectly, total losses were estimated at more than RM238 mil, with most reporting losses of >RM5,000 – RM50,000 and >RM100,000 - RM500,000. For those who were directly impacted, total losses amounted to more than RM220 mil, with most facing losses of >RM100,000 - RM500,000 and >RM1 mil – RM5 mil.

IMPACT OF RECENT FLOOD

Direct Impact (62 respondents) - RM220 million estimated losses

- Damage to property, assets and goods (65% responses)
- Employees unable to report for work due to damage to their homes (63%)
- Halt in production for damage assessment, cleaning and repair works (56%)
- Losses in replacement and repair of plants, machinery and equipment (47%)
- Business losses due to production delays and supply chain disruptions (37%)

Indirect Impact (219 respondents) - RM238 million estimated losses

- Supply chain disruptions due to suppliers/warehouse/third party logistic providers affected (66%)
- Employees unable to report for work due to their homes being affected by the floods (56%)
- Closure of roads, including those leading to the ports and airports, which delays their production (48%)
- Suffered business losses due to production delays and supply chain disruptions (31%)

BUSINESS STRATEGIES/ACTION IN THE NEXT 6 MONTHS

In the first six months of 2022, the most popular productivity-related strategy/action that most respondents will undertake is training and upskilling, with 67% expressing this interest. 45% will increase their technical workers and 43% will implement lean manufacturing, while 13% will allow flexi-hours and employees to work from home. Where technology-related strategies are concerned, 74% of the respondents are planning to adopt Industry 4.0 in the coming months, while 65% and 44% are considering automation and digitalisation, respectively. Other strategies that respondents are planning to undertake include market expansion (61% responses), new product introduction (48% responses), deployment of research and development and innovation (28%), expansion of local supply chain (26%); business diversification (26%).

Productivity

- Upskilling & Reskilling (67%)
- Increase Technical Workers (45%)
- Lean Manufacturing (43%)
- Flexi Work Arrangements (13%)



Technology

- Industry 4.0 adoption (74%)
- Automation (65%)
- Digitalisation (44%)



Others

- Market expansion (61%)
- Introduce new products (48%)
- Deploy R&D and innovation (28%)
- Expand supply chain & business diversification (26% each)



The FMM-MIER Business Conditions Index (FMM-MIER BCI) is a collaborative effort between FMM and the Malaysian Institute of Economic Research (MIER). Business condition is the general state of an economy affecting business viability. The FMM-MIER BCI uses the current level of business activity as a proxy for current business conditions, compared to six months ago. Index values range from 0 to 200 points. A value above the growth-neutral threshold level of 100 points indicates an improvement or positive outlook, while that below the threshold indicates a worsening or negative outlook.

The FMM – MIER Business Conditions Survey 2H2021 was conducted from January 5 to February 10, 2022 and received 702 responses, of which 67.1% were SMEs (based on full-time employees), with 249, 105 & 98 responses from Klang Valley, Johor & Perak respectively. The top three industries for responses were: Food, Beverage & Tobacco (15.1% of respondents); Chemicals & Chemical Products (15%); and Electrical & Electronics (12.3%).

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SUN2000-2-6KTL-L1



SUN2000-5/6KTL-M1



LUNA200-5/10/15-SO



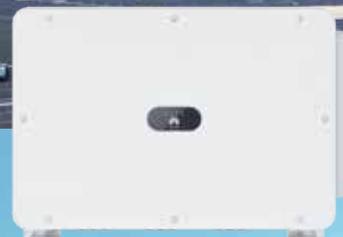
SUN2000-450W-P



SUN2000-12-20KTL-M2



SUN2000-30-40KTL-M3



SUN2000-100KTL-M1



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WELCOME TO FMM

The Federation of Malaysian Manufacturers (FMM) thrives on the active participation of its members. The involvement of our members and their staff is essential to the long-term growth of the manufacturing sector and to the primary role of the Federation.

It is with great pride and honour for FMM to welcome 37 Ordinary Members and 12 Affiliate Members that joined the Federation from January to February 2022.

Ordinary Member

- Akifcafe Coffee Industries Sdn Bhd
- ASTEEL (Sabah) Sdn Bhd
- Auspicious Tools Sdn Bhd
- Baseera Engineering Sdn Bhd
- Carpets & Rugs Industries Sdn Bhd
- Chiyoda Integre Co. (Johor) Sdn Bhd
- Daya Awana Industri Sdn Bhd
- Eastern Paper Carton Sdn Bhd
- Ensinger Engineering Plastics Malaysia Sdn Bhd
- Farm Fresh Milk Sdn Bhd
- Gadang Works Sdn Bhd
- Highturn Engineering Sdn Bhd
- Hoe Seng Chan Company Sdn Bhd
- HTEC Instruments Manufacturing Sdn Bhd
- Hume Concrete (EM) Sdn Bhd
- Iriichi (Malaysia) Sdn Bhd
- ITAG Solution Sdn Bhd
- Jin Seng Metal Works Sdn Bhd
- Kairos Conveyor Sdn Bhd
- Kemikon Sdn Bhd
- Kimanis Food Industries Sdn Bhd
- LCS Metal Works Sdn Bhd
- Maintek Technologies Sdn Bhd
- MPA Fluid Power (M) Sdn Bhd
- NEU JKF Asia Sdn Bhd
- Newbillion Precision Metal Sdn Bhd
- Ngeam Engineering Works Sdn Bhd
- Palaquin (M) Sdn Bhd
- Panoly Carton Packaging Sdn Bhd
- PHG. Ever Fresh Food (M) Sdn Bhd
- Potaglas Malaysia Sdn Bhd
- Skinology Laboratories Sdn Bhd
- Successmix Manufacturing Sdn Bhd
- T & G Metal Industries Sdn Bhd
- U Team Food Machinery (M) Sdn Bhd



- V3bio Sdn Bhd
- Voltron Malaysia Sdn Bhd

Affiliate Membership

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Project References
Rujukan Projek
项目参考

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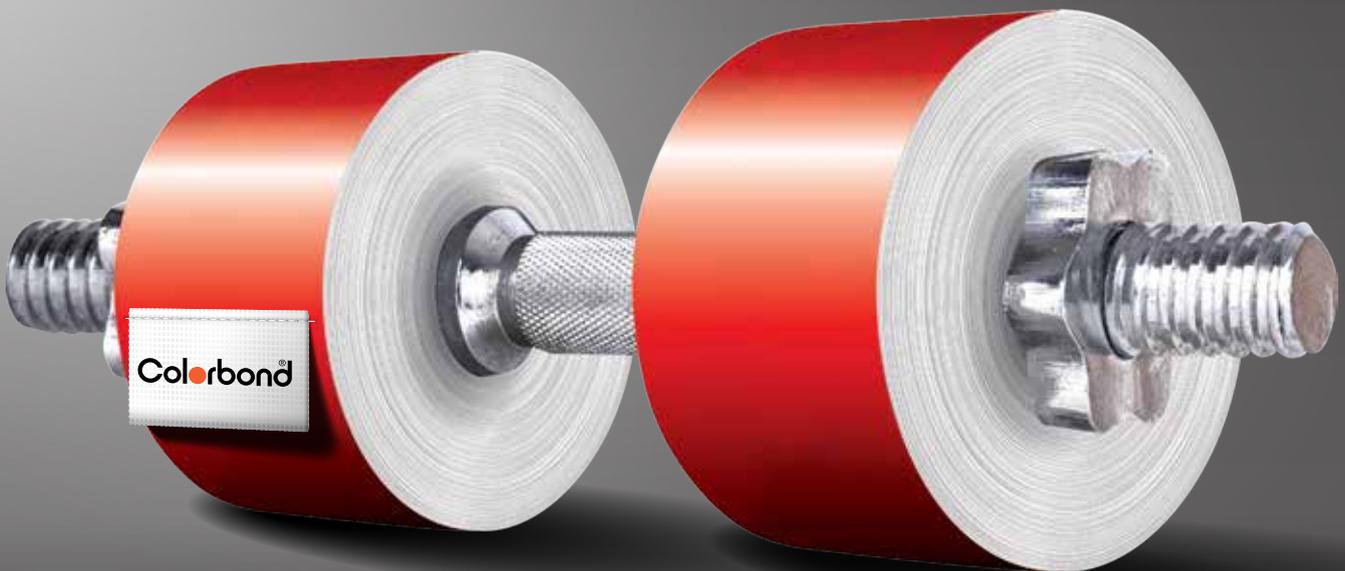
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