MARE
MALAYSIAN RECYCLING ALLIANCE

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Unlocking Circularity

MALAYSIAN RECYCLING ALLIANCE BERHAD



FEATURE · SECTION 03

Learning to Connect the Dots

The Semporna Case Study

Also in this issue: Malaysia's EPR transition — turning operational lessons into EPR design, and the run-up to 2030.

Community waste-collection house, Kampung Sri Aman

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Defining a System Still in Motion

Dear Members, Partners and Stakeholders,

A regulation is only as good as the definitions beneath it. This has become increasingly clear during the third quarter of 2026 as Malaysia's discussion on extended producer responsibility moves from broad policy commitments towards the design of an actual regulatory system.

The feasibility study for Malaysia's proposed Circular Economy Bill presented a preliminary legislative structure and an initial set of definitions for the future framework. Our engagement with the Ministry of Housing and Local Government (KPKT) also moved towards the practical requirements of implementation, including producer reporting, auditing, and monitoring, reporting and verification.

These details will determine whether an EPR system works. A target that cannot be measured cannot be enforced, and a tonne that cannot be adequately evidenced cannot credibly be counted or paid for. The systems needed to support a mandatory regime must therefore be developed and tested before 2030, not after it.

The feasibility study is clear about the underlying principle: those deriving economic benefit from placing products on the market should bear the cost of collecting and managing them when they become waste. What remains less clear is how this financial responsibility will be translated into operations—and how the work will be divided between producers and their PROs, formal waste-management services, informal and semi-formal recovery networks, aggregators, materials recovery facilities and recyclers.

Malaysia already has two systems operating alongside one another. The formal collection system managed through local authorities, concessionaires and waste-management operators provides essential household waste services but remains predominantly focused on collection and disposal. Meanwhile, informal and semi-formal collectors, traders and aggregators recover a substantial share of the recyclable materials returning to the economy.

Neither system can remain unchanged.

The feasibility study recognises the need to acknowledge the informal sector and support the communities involved. Recognition alone, however, will not be sufficient. It would be unrealistic and unfair to impose new documentation, licensing and verification requirements while expecting smaller operators to continue under the same uncertain economic and institutional conditions. Their participation will require investment, capacity building, improved working conditions and an appropriate pathway towards progressive formalisation.

It would be equally unrealistic to implement EPR at scale without changing the formal collection system. National source-separation requirements, public collection points, licensed PRO schemes and regulated recovery facilities will require municipalities, concessionaires and waste-management operators to play a more active role in segregation, sorting and recovery. EPR should strengthen existing public services, but it cannot simply operate around a system focused principally on the collection and disposal of mixed waste.

The challenge is not to choose between formal and informal collection, but to connect them through a system in which responsibilities, funding and material flows are clearly defined.

MAREA's collection projects are helping us understand this interface in practice. Through our current pilot of a live material-tracking platform, we are also testing how traceability can be improved without imposing an unmanageable administrative burden on smaller operators. Technology can support this transition, but it cannot substitute for investment in the people and infrastructure upon which recovery depends.

The definitions now being developed must do more than describe the system Malaysia has today. They must provide the foundation for the system Malaysia will need.

Our thanks go to KPKT, MITI, MoF and NRES; to our fellow industry associations; and especially to the local authorities, collection partners, aggregators, waste-management operators and recyclers whose experience must inform the framework we build together.

Sincerely,

Roberto Benetello
Chief Executive Officer
Malaysian Recycling Alliance Berhad

Budget 2027

Setting the Landscape for EPR

Budget 2027 was tabled in the Dewan Rakyat on 9 October 2026. It contains several measures that will shape how Malaysia's recovery and recycling sector develops in the run-up to mandatory EPR. This update looks at two of them: the revised Green Investment Tax Allowance (GITA) and the Budget's support for municipal solid waste management.



Budget 2027 is tabled in the Dewan Rakyat, 9 October 2026. Photograph: The Edge Malaysia.

GITA: What Changes and What to Do Now

The Budget extends green technology tax incentives until 31 December 2030 and restructures GITA. Two changes matter most for the sector:

UNTIL 31 DEC 2026

Integrated waste management projects: apply by 31 December 2026.

Projects in this category currently receive a 100 per cent allowance on qualifying capital expenditure, which can be set off against all of a company's statutory income for five years. This treatment applies only to applications received by MIDA by 31 December 2026. From 2027, the list of qualifying projects covers green hydrogen, ocean thermal energy, electric vehicle charging and renewable energy, and no longer includes integrated waste management.

APPLICATIONS TO MIDA

FROM 1 JAN 2027

Recycling equipment: a new route from 1 January 2027.

Companies buying waste composting and recycling systems for their own operations will be able to claim GITA on these assets. The allowance is 100 per cent for locally produced systems and 60 per cent for others, set off against up to 70 per cent of statutory income. Qualifying commercial vehicles, including lorries, light trucks and forklifts, are also covered. Applications are made to MGTC within 24 months of purchase.

APPLICATIONS TO MGTC

What this means for the industry

- Operators planning materials recovery facilities, sorting centres or integrated recovery facilities have a short window. They should contact MIDA now and submit complete applications before 31 December 2026.
- From 2027, support moves from whole facilities to the equipment inside them. Recyclers planning purchases should check with MGTC that their equipment qualifies, compare locally produced options for the higher allowance, and keep purchase records for their applications.
- Collection operators renewing their fleets should check whether the vehicles they plan to buy meet the qualifying criteria.
- Clear guidance on which equipment qualifies, such as sorting lines, balers, shredders and washing lines, and on how "locally produced" is defined, will help operators make full use of the incentive. MAREA will continue to engage MoF, MIDA and MGTC on this.

Municipal Solid Waste Management in Budget 2027

Alongside these tax incentives, the Budget continues public investment in solid waste management through the Ministry of Housing and Local Government (KPKT):

Infrastructure development.

KPKT's development budget for solid waste management infrastructure increases in 2027, with continued funding for SWCorp and the National Solid Waste Management Department (JPSPN). Specific projects include a new access road to the Sungai Udang Solid Waste Management Facility in Melaka.

Marine waste buy-back.

A buy-back programme for old fishing nets will be introduced so that abandoned nets no longer endanger marine life. The principle is the same as at the Semporna buy-back centre described in Section 03: when recovered material has a dependable buyer, it is far more likely to be collected than lost to the environment.

Ministry targets.

For 2027, KPKT has set a target to divert 45 per cent of solid waste from landfill and to implement 13 circular-economy initiatives.

How the Landscape for EPR Is Being Set

Taken together, these measures point in one direction. The incentive for recycling equipment builds the capacity to sort and process material. Public investment in solid waste infrastructure maintains the system through which much of that material flows. The fishing-net buy-back shows how a price signal can bring material back into the economy. A landfill-diversion target gives local authorities, concessionaires, PROs and recyclers a shared and measurable goal.

EPR will build on this foundation. Producer funding can help close the gap between the cost of recovering materials and their market value. The MRV framework now being developed, described in Section 04, will be essential to show how much of the 45 per cent target is met through verified recovery.

ENGAGEMENT CONTINUES

MAREA will continue working with MoF, KPKT, MIDA and MGTC to support uptake and refinement of these measures. Members planning investments that may qualify for GITA are invited to contact the MAREA Secretariat.

SOURCES CONSULTED

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2. Ministry of Finance Malaysia (2026). *Budget 2027 Tax Measures, Appendix 25: Review of Green Technology Tax Incentive.* belanjawan.mof.gov.my/pdf/belanjawan2027/ucapan/tax-measures.pdf
3. Ministry of Finance Malaysia (2026). *Estimated Federal Expenditure 2027 (Anggaran Perbelanjaan Persekutuan 2027)*, B/P.43 Ministry of Housing and Local Government. belanjawan.mof.gov.my/pdf/belanjawan2027/perbelanjaan/BP.43.pdf

Photograph attributed to The Edge Malaysia: theedgemalaysia.com/node/821276

Learning to Connect the Dots

The Semporna Case Study

Two years of collection activities in Semporna produced measurable tonnage, a working partnership with local schools and the district council, and an answer to a question MAREA had not fully appreciated at the outset: why does recovery stall in a community that is willing and able to segregate its waste?

The principal constraint was not awareness. It was the absence of a reliable market for recyclable plastics—and the need to connect several critical parts of the recovery chain to overcome major storage, transport and logistical barriers.

150,220 kg

of recyclable materials recovered since 2025

Recovered through school and community collection in Semporna, working with the Pejabat Pendidikan Daerah Semporna and WWF-Malaysia. See “What We Built in 2025”.



Semporna, Sabah. The district lies on Sabah’s eastern coast; collected recyclables must travel to Tawau Port and onward to recycling facilities. Town locations are indicative; project sites are not shown. Map data: Natural Earth.

Why Semporna

Semporna sits at the eastern edge of Sabah and serves a geographically dispersed population extending across numerous islands and coastal communities. The district records poverty incidence and unemployment above the national average, while many households depend substantially on informal-sector income. This geography makes conventional solid waste management complex and expensive to deliver.

The community also depends heavily on packaged goods. Bottled water, in particular, is often a daily necessity rather than a convenience, which means plastic packaging enters the waste stream continuously and in significant volumes. Recovery routes for paper and cardboard already exist through established supply chains, but an equivalent system for plastics has never fully developed. Material that is collected is frequently stored in the open, causing it to deteriorate before it can reach a buyer.

This combination—high plastic consumption, genuine economic need and the absence of an organised recovery chain—made Semporna an important focus for intervention.

Semporna is also an environmental jewel. Located within the Coral Triangle, it is home to marine biodiversity and coral-reef ecosystems of global importance. Protecting this natural environment is essential in its own right and because marine tourism represents an important source of economic opportunity for the district. At the same time, a functioning market for recyclable materials has the potential to provide supplementary income for local households, including people with limited livelihood opportunities.

In Semporna, environmental protection and community development are therefore closely connected.

HOW THE PIECES CONNECT



In Semporna, environmental protection and community development are closely connected

What We Built in 2025

MAREA began its work in Semporna through engagement with local communities and schools. Working with the Pejabat Pendidikan Daerah Semporna and WWF-Malaysia, collection targets were established for participating schools, supported by awareness activities and collection points within school grounds.

Since 2025, the project has recovered 150,220 kg of recyclable materials through this route—a substantial result for a district of Semporna's size. It was achieved largely through the voluntary participation of pupils, teachers and surrounding communities.



Working with schools. Engagement at the Pejabat Pendidikan Daerah Semporna, MAREA's partner in establishing school collection targets.

Where the Model Reached Its Limit

School and community collection demonstrated that willingness to participate was not the principal constraint. Storage, price and logistics were.

Schools can generate more material than they are able to store. At SK Kampung Simunul, as at other participating sites, the limited capacity to keep segregated materials in usable condition became a constraint on further collection. A school will eventually stop collecting when it has nowhere left to store the bags. When material is kept in the open, its quality deteriorates and so does the price that a buyer is prepared to pay.

The deeper problem was economic. A community under financial pressure is more likely to segregate recyclable materials when doing so provides a dependable return. Semporna had no reliable buy-back point and therefore no consistent price signal. At the volumes being collected—and given the cost of storage, compaction and transport to distant recycling facilities—the commodity value of the material alone was insufficient to sustain the recovery chain. This is precisely the gap that EPR funding is intended to close. By injecting predictable additional revenue into the chain, EPR can support transparent buy-back prices and make otherwise unviable transactions possible.

Logistics compounded the problem. Recyclable material collected in Semporna must travel considerable distances to reach a processor. Transporting small, loose and uncompacted volumes to Tawau Port and onward to recycling facilities consumes much of the material's value before it reaches its destination.

CONSTRAINT AND RESPONSE

What held recovery back, and how the proposed buy-back centre is intended to respond

OPERATIONAL CONSTRAINT		INTENDED RESPONSE
No dependable buyer — no reliable buy-back point and no consistent price signal	→	**A dependable buyer** offering transparent prices, giving segregation a predictable economic return
Inadequate storage — material kept in the open deteriorates, and so does its price	→	**Covered storage and pre-treatment** so that materials retain their quality between collection and sale
Fragmented volumes — small, loose and uncompacted loads	→	**On-site compaction**, allowing volumes to be consolidated before transport
High transport costs — the journey to Tawau Port and onward consumes much of the material's value	→	**Consolidated transport** that should reduce logistics costs and enable better prices for collectors
Insufficient commodity value — the material alone cannot sustain the recovery chain	⇢	**EPR funding** — the gap it is intended to close: predictable additional revenue that can support transparent buy-back prices

The first four responses describe the buy-back centre's intended functions. The fifth (dashed) is the role the article attributes to EPR funding rather than to the centre itself.

The 2026 Approach: A Buy-Back Centre in Semporna

In 2026, MAREA received approval from Majlis Daerah Semporna to work with a project partner to establish a recyclable-materials buy-back centre in Semporna. The facility is being developed on land made available by the local authority and is intended to operate alongside the district's solid waste management arrangements rather than separately from them.

The site was selected for its accessibility. A buy-back point can function only if the people expected to use it can reach it without spending more on the journey than their material is worth. The location is within practical reach of the town, participating schools and island communities that travel to the mainland to trade.



Existing arrangements. A waste transit station (Pusat Transit Sampah). The buy-back centre is intended to operate alongside the district's solid waste management arrangements rather than separately from them.

The centre is intended to address three critical constraints.

First, it will provide a dependable buyer offering transparent prices, giving segregation a predictable economic return.

Second, it will provide covered storage and pre-treatment capacity so that materials retain their quality between collection and sale.

Third, it will provide on-site compaction, allowing volumes to be consolidated before transport. This should reduce logistics costs and enable better prices to be offered to the people collecting the material.

THE INTENDED RECOVERY CHAIN



Steps 02–04 are the functions the Semporna buy-back centre is being developed to provide.

For the community, the centre can convert recyclable waste into an accessible source of supplementary income. This is particularly important for collectors who are already doing the work but currently lack a reliable outlet for what they recover.

For the recycling chain, the centre should improve both the quality and quantity of material leaving Semporna. Recyclables purchased at a fair and transparent price are more likely to be properly segregated, kept dry and delivered in a condition that processors can use. Material that previously leaked into disposal—or never entered the recovery system at all—will have a viable route to market.

Why This Matters Before 2030

Semporna is one district, but the constraints it has exposed—a lack of dependable buyers, inadequate storage, fragmented volumes and logistics costs that erode material value—are found across much of Malaysia outside the major urban corridors.

Each of these constraints can be addressed, and it is considerably easier to develop and test solutions during the EPR voluntary phase than under a future compliance deadline. The project also demonstrates the potential importance of integrating EPR funding with community-based recycling initiatives.

Community participation may initiate collection, but reliable financing, infrastructure and market access determine whether that collection can continue.

The preliminary results are encouraging, but more implementation experience and data are needed. Continued EPR funding during the voluntary phase will be essential to demonstrate whether the buy-back-centre model can become financially viable, deliver lasting benefits to local communities and provide a replicable approach for other underserved areas.

After two years of building participation and local partnerships, Semporna has valuable momentum. The next phase must convert that momentum into a recovery system capable of sustaining itself.

SUPPORT THE PROGRAMME

MAREA welcomes additional producers and industry partners interested in supporting the programme. For further information, please contact the MAREA Secretariat.

Turning Operational Lessons into EPR Design

During the third quarter of 2026, MAREA participated in a series of engagements concerning the proposed Circular Economy Bill, EPR implementation, minimum recycled content, financing, and monitoring, reporting and verification, both in Malaysia and at regional level.

These engagements gave MAREA the opportunity to bring forward lessons from its collection projects and provide practical evidence of what Malaysia's future EPR system must address: the economics of recovery, the relationship between formal and informal collection, the availability of infrastructure, and the administrative burden placed on smaller operators.

THE QUARTER AT A GLANCE — 17 ENGAGEMENTS

2 Jul	IIUM Focus Group	1
3 Jul	INCEIF Focus Group	3
7 Jul	Securities Commission Malaysia	2
8 Jul	KPKT Townhall	1
14 Jul	KPKT MRV Workshop	2
15 Jul	KPKT Webinar	1
21 Jul	Penang State Government	4
21–22 Jul	Asia ESG Positive Impact	2
24 Jul	Eco-Business Roundtable	3
10 Aug	WMAM Annual Conference	4
12 Aug	Cities Climate Connect	4
17 Aug	SWCorp and UTHM	4
19 Aug	RMK-13 E-Waste EPR	5
19–20 Aug	APEC Seminar	5
15 Sept	UNEP MRC for PET	1
22–23 Sept	ASEAN Regional Dialogue	5
29 Sept	MGCC / WMAM Conference	4

Numbers refer to the five themes that follow.

THEME 1

Establishing the Legislative and Administrative Framework

2 July
2026

IIUM Focus Group on the Proposed Circular Economy Bill

Convened by IIUM Consultancy as part of the Bill's feasibility study, the session examined the assumptions underlying the proposed legislation.

> MAREA'S CONTRIBUTION
>
> MAREA emphasised that legal obligations must be supported by collection infrastructure, operator capacity and verification systems. The future legislation should also recognise the different actors involved in collection, aggregation, sorting and recycling, as well as the relationships between them.



Focus group discussion convened by IIUM Consultancy, 2 July 2026.

8 July
2026

KPKT Townhall on the Proposed Circular Economy Bill

KPKT presented the preliminary structure of the proposed legislation, including ecodesign obligations, powers to establish minimum recycled-content requirements, producer registration and reporting, and licensed PRO schemes.

> MAREA'S CONTRIBUTION
>
> MAREA highlighted that these upstream obligations will deliver recovery only if they are matched by adequate collection capacity, infrastructure and enforcement.

15 July
2026

I-KPKT Webinar on EPR Implementation

The webinar addressed the practical mechanics of EPR implementation, including producer registration, reporting obligations and the sequencing of requirements ahead of 2030.

MAREA'S CONTRIBUTION

MAREA reiterated that this administrative architecture must be settled and tested before it becomes legally binding. A registry or reporting system that has not been tested under operational conditions creates risks for regulators, producers and service providers alike.



The I-KPKT webinar on EPR implementation, held online on 15 July 2026.

15 Sept
2026

UNEP Phase 2 Stakeholder Workshop on Minimum Recycled Content for PET Packaging

Organised by Eco-Ideal Consulting and Universiti Malaya, funded by UNEP and the Government of Japan and supported by MITI, the workshop reviewed a preliminary proposal for minimum recycled content (MRC) in PET packaging, drawing on experience from Japan and Korea.

The impact assessment found that Malaysia has enough PET waste to meet initial targets, but only if material currently exported is retained for domestic use and collection is expanded.

MAREA'S CONTRIBUTION

MAREA highlighted that recycled-content requirements and EPR work as one system: MRC creates demand for recycled material, while EPR funds the collection needed to supply it.

THEME 2

Building Credible Monitoring, Reporting and Verification

7 July
2026

Securities Commission Malaysia Engagement on the ASEAN Taxonomy

This engagement examined how waste management and recycling activities should be treated under the ASEAN Taxonomy for Sustainable Finance.

MAREA'S CONTRIBUTION

MAREA highlighted that traceable tonnage, verified destinations and a credible chain of custody are required both to substantiate producer compliance and to demonstrate the environmental outcomes needed to attract sustainable investment.

14 July
2026

KPKT Workshop on Monitoring, Reporting and Verification for EPR

MAREA'S CONTRIBUTION

MAREA shared its experience of applying chain-of-custody and documentation requirements across live collection projects. This experience demonstrates that verification is possible at operational scale, but also that its cost and administrative burden fall disproportionately on smaller collectors and aggregators. The future MRV framework must provide credible evidence without excluding the operators responsible for recovering much of Malaysia's recyclable material.

MRV WORKING GROUP

Work is progressing towards the establishment of an MRV working group. Members and partners interested in contributing are invited to contact the MAREA Secretariat.



Participants at the KPKT workshop on monitoring, reporting and verification for EPR, 14 July 2026.

2026

21–22 July
2026

Asia ESG Positive Impact Summit and Awards

MAREA'S ROLE

MAREA returned as a judge for the Asia ESG Positive Impact Awards, which recognised 44 organisations across the award categories. The judging process provided insight into how organisations substantiate their environmental claims. A recurring challenge was not the absence of ambition, but the availability of sufficiently reliable data to demonstrate actual environmental outcomes.

THEME 3

Financing Collection and Recovery Infrastructure

3 July
2026

INCEIF Focus Group on Circular Economy Financing

The session examined why collection, sorting and recycling activities frequently struggle to access conventional finance.

MAREA'S CONTRIBUTION

MAREA contributed evidence that demand for recycled material is not always the principal constraint. As the Semporna project demonstrates, recyclable materials may have market value while remaining uneconomic to recover because collection, storage, compaction and transport costs exceed that value.

EPR can help close this gap by creating a predictable revenue stream linked to producer obligations. This can make recovery activities financially viable and improve the investment case for aggregation, sorting and processing infrastructure.

24 July
2026

Eco-Business Roundtable on Extended Producer Responsibility

The roundtable brought together producers, recyclers, civil society organisations and policy specialists to consider Malaysia's transition to mandatory EPR.

MAREA'S CONTRIBUTION

MAREA emphasised that the voluntary phase must be used to establish registries, definitions, verification capacity and collection arrangements. The transition in 2030 should represent a change in legal status, not the point at which Malaysia begins developing the capabilities needed to comply.



Participants at the Eco-Business roundtable, 24 July 2026.

THEME 4

Integrating EPR with Existing Waste Management

21 July
2026

Penang State Government Engagement on Single-Use Plastics

MAREA'S CONTRIBUTION

Ahead of Penang's restrictions on single-use plastic bags, MAREA highlighted the need to align state initiatives with the future national EPR framework. Restrictions and EPR perform different functions: restrictions reduce or remove selected products, while EPR finances the recovery of materials that remain on the market. If designed separately, they can create inconsistent requirements and introduce substitute materials without viable recovery routes.

10 August
2026

Waste Management Association of Malaysia Annual Conference

MAREA'S CONTRIBUTION

MAREA addressed the relationship between producer responsibility and existing waste-management services. Although EPR is a producer obligation, the material it seeks to recover frequently passes through local-authority, concessionaire and waste-operator systems. Producer funding should enable these systems to provide additional segregation, sorting and recovery services rather than unnecessarily create parallel collection arrangements.



The Waste Management Association of Malaysia Annual Conference, 10 August 2026.

12 August
2026

Cities Climate Connect 2026

MAREA'S CONTRIBUTION

MAREA linked packaging circularity with municipal and urban planning. Collection points, sorting facilities, materials recovery facilities and the land they require are determined through local plans and development approvals, often years before an EPR system begins operating. Producer funding cannot deliver recovery if the physical infrastructure has not been anticipated and accommodated.

17 August
2026

SWCorp and UTHM Workshop on the EPR Scheme

Convened by Universiti Tun Hussein Onn Malaysia and SWCorp, the workshop gathered stakeholder input on the design and operation of Malaysia's future EPR scheme.

MAREA'S CONTRIBUTION

MAREA contributed evidence concerning the volumes producers can realistically commit to, the location and capacity of the existing collection base, and the documentation burden that different scheme designs could place on service providers.

29 Sept
2026

Waste Management Industry & Circular Economy Conference

Organised by the Malaysian-German Chamber of Commerce and Industry (MGCC) and the Waste Management Association of Malaysia, the conference brought German technology providers together with Malaysian operators and included an update from JPSPN on the national solid waste management agenda. MAREA's CEO moderated the panel on recycling infrastructure and circular

economy solutions, covering sensor-based sorting, full-line recycling machinery and metal recovery from incinerator bottom ash.

> MAREA'S CONTRIBUTION
>
> MAREA highlighted that proven recovery technology is already available, and that predictable feedstock and EPR funding are what make investment in it viable for Malaysian operators.

THEME 5

Supporting a Coherent and Inclusive Transition

19 August
2026

RMK-13 Stakeholder Workshop on EPR for E-Waste

Although MAREA's mandate concerns post-consumer packaging, the governance questions raised by e-waste EPR are similar: producer registration, scheme licensing, reporting standards and verification.

> MAREA'S CONTRIBUTION
>
> MAREA encouraged the development of common administrative architecture across waste streams. Separate registries, reporting cycles and verification standards would create unnecessary duplication for producers subject to more than one EPR regime.

19–20 August
2026

APEC Seminar on Women-Led Innovation in Waste Management and the Circular Economy

The seminar examined the role of women-led innovation and community enterprises in the circular economy.

> MAREA'S CONTRIBUTION
>
> MAREA highlighted that many small-scale collection and sorting activities involve informal workers, including women. Registration, documentation and payment mechanisms should help these participants enter the future EPR system rather than unintentionally exclude them.

22–23 Sept
2026

ASEAN Regional Dialogue on Circular Economy, Manila

Held under the Philippines' 2026 ASEAN Chairmanship, the dialogue included a session on policy instruments and system enablers, which examined how EPR can be combined with eco-design, standards, green public procurement, fiscal incentives and digital traceability. MAREA joined a panel with regulators from the Philippines and Vietnam, Thailand's TIPMSE and the ASEAN Business Advisory Council to share lessons from Malaysia's industry-led PRO experience.

MAREA'S CONTRIBUTION

MAREA emphasised that regional alignment on standards, data and reporting can add real value while leaving room for national differences in implementation. The session's recommendations are intended to inform the ASEAN Chair's Summary.

Across these engagements, one conclusion remained consistent: Malaysia's EPR framework cannot be designed solely around legal obligations and national targets. It must reflect how materials are collected, traded, transported, verified and ultimately recycled.

The voluntary phase provides an opportunity to test these arrangements before compliance becomes mandatory. MAREA will continue using evidence from its projects to help ensure that the system developed for 2030 is both ambitious and operationally achievable.

RECURRING ISSUES ACROSS THE QUARTER'S ENGAGEMENTS

- Definitions and producer obligations
- Collection and infrastructure capacity
- Monitoring, reporting and verification
- Financing
- Integration with existing waste management
- Inclusion of smaller and informal operators

The Run-Up to 2030

How Voluntary Should Voluntary EPR Really Be?

Malaysia is expected to remain in a voluntary EPR transition phase ahead of mandatory implementation from 2030, subject to the enactment of the necessary legislation. For producers, however, "voluntary" should not be interpreted as "wait and see".

This period provides companies with something they are unlikely to have once mandatory obligations begin: time to understand the emerging framework, identify their exposure, test internal systems and make deliberate decisions about packaging design, recovery arrangements and compliance costs.

By the time the legislation enters into force, starting this work may be too late. Companies should use the voluntary period to complete several practical readiness steps.

SEVEN READINESS STEPS FOR THE VOLUNTARY PERIOD



1 Understand the emerging policy framework

Follow the development of the Circular Economy Bill, EPR regulations and associated reporting requirements. Companies should begin asking where they fit within the proposed framework, which entities will be considered obligated producers, what obligations may apply, and whether compliance will be individual, collective or a combination of both.

2 Participate in policy development

Producers should contribute actively to stakeholder consultations, technical workshops and industry discussions. This is the period in which important definitions, responsibilities and implementation rules are being shaped. Participation allows companies to identify potential difficulties early and provide regulators with evidence of how different options would operate in practice.

3 Establish internal responsibility

Someone within the organisation should receive a formal mandate to monitor EPR developments and coordinate the company's response. EPR will require input from sustainability, packaging, procurement, finance, legal, regulatory affairs and commercial teams. Without clear internal ownership, important decisions can easily fall between functions.

4 Quantify the packaging footprint

Companies should understand the packaging they place on the Malaysian market by material, format and weight. How many tonnes could become subject to EPR obligations? Which materials are comparatively easy to collect and recycle, and which will be difficult or expensive?

Existing collection programmes should also be reviewed. If individual or partial self-fulfilment is permitted under the future framework, could these programmes contribute towards compliance? What evidence, traceability and verification would be required for them to qualify?

5 Estimate the cost of compliance

Producers should begin modelling possible EPR costs under different scenarios. This includes discussing indicative service fees and the cost of acquiring verified recovery claims or titles with voluntary schemes, emerging PROs, recyclers and specialist advisers.

Particular attention should be given to packaging materials for which collection and recycling routes remain limited. A company's overall exposure may be determined less by its total packaging volume than by a relatively small proportion of difficult-to-collect or difficult-to-recycle formats.

6 Assess packaging design

The voluntary period should be used to review whether packaging choices can reduce future compliance costs. Opportunities may include moving from difficult multilayer structures towards recyclable mono-material alternatives, reducing packaging weight, improving separability, and incorporating recycled content.

Food-contact requirements may limit some applications, but opportunities could exist in non-food-contact components and secondary or tertiary packaging. Packaging changes require testing, investment and coordination with suppliers, which is another reason not to wait until mandatory EPR begins.

7

Understand the available compliance partners

Companies should begin engaging with existing voluntary schemes and emerging PROs to understand how future collaboration could be structured. Producers will need to compare governance, services, material coverage, traceability, reporting capability and cost—not simply the headline fee per tonne.

> **THE POTENTIAL COST OF NON-COMPLIANCE**
>
> Companies should also assess the potential cost of non-compliance. The final enforcement provisions have yet to be determined, but exposure may extend beyond financial penalties. It could include restrictions on placing products on the market, registration difficulties, inability to demonstrate compliance, reputational damage and the considerably higher cost of securing recovery services at short notice.

The voluntary phase should therefore be treated as a period of structured preparation.

Participation may remain voluntary, but readiness should not be.

MAREA invites members and other producers to engage with us during this transition, contribute to the development of practical solutions and use the voluntary period to test the systems they may depend upon from 2030.

06

Connect with MAREA

MAREA shares updates on EPR developments, collection projects, industry trends and opportunities for collaboration through *Unlocking Circularity*, our website and LinkedIn page.

EMAIL	info@marea.com.my
WEBSITE	www.marea.com.my
LINKEDIN	Malaysian Recycling Alliance Berhad

Scan to visit
www.marea.com.my

From definitions to evidence.

MAREA
MALAYSIAN RECYCLING ALLIANCE