



# ESG Sustainability Newsletter

Issue No.8 | Aug 2022



## FROM THE ESG POSITIVE IMPACT AWARDS 2022:



**Tengku Datuk Seri  
Utama Zafrul  
Tengku Abdul Aziz**  
Minister of Finance

"The topic of sustainability has taken an urgent turn and we no longer have the luxury of time to debate on if we should act. The more critical question is when we should act and the answer is NOW."

**Tan Sri Abdul Wahid  
Omar**  
Chairman, Bursa  
Malaysia



"Embracing ESG is no longer an option but a must for business survival. Apart from the need to comply with the updated Malaysian Code on Corporate Governance 2021, which requires companies to embed sustainability in their strategy and operations, companies that ignore ESG in the future will face difficulties to raise equity and debt financing, will have to pay higher insurance premiums for their projects, will not be able to be part of the global supply chain or have difficulties selling their products to customers that are more discerning. Embracing ESG will enable businesses to build resilience and remain competitive."

[Read full article here](#)

## ACCELERATING MALAYSIA'S ESG AGENDA

In an effort to push forth the environmental, social and governance (ESG) agenda, Star Media Group Bhd (SMG) has launched the inaugural ESG Positive Impact Awards, with OCBC Bank (Malaysia) Bhd as the main sponsor. The awards seek to recognise and showcase Malaysian companies – from small and medium enterprises (SMEs) to large corporations – that demonstrate exemplary ESG practices. It also aims to accelerate the ESG momentum and inspire greater adoption among companies to drive lasting change and positive impact for a sustainable tomorrow.

During the launching of the awards, SMG group CEO Alex Yeow noted that the government and many businesses had embraced the sustainability agenda by embedding ESG pillars within their organisational framework, but added that there is a need to also place focus on SMEs, which form the backbone of the country's economy. In conjunction with the launch, an exhibition on prominent local social enterprises was held, featuring familiar names such as Impactlution, Karun Hijau, Pal-My, PWD Smart Farmability and The Tiffin Company.



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## INCREASING AWARENESS AMONG INVESTORS

### Environmental, social and governance considerations rapidly gaining traction

The age-old model of capitalism, driven by profits and focus on maximisation of value for shareholders, is transforming to take into account the challenges of climate change and other risks faced by industries. Under environmental, social and governance (ESG) targets, companies are working towards net zero and carbon neutral status in the next two to three decades, while effecting changes in their capital allocation that will positively impact the environment, people and society. Investors are taking a longer term view of ESG, especially after the pandemic, driven also by concerns on human rights, labour standards and gender equality. Maximisation of returns is not necessarily the primary ESG goal for investors, as broader measures of ESG are increasingly recognised as a barometer of a company's worth over the medium to long term. Numerous studies show that companies with developed organisational processes to measure, manage and communicate performance on ESG issues vastly outperform companies that do not, said RHB Asset Management managing director Eliza Ong. Asset managers increasingly recognise that this growing ESG tide is irreversible, seeing how stocks found wanting on labour management standards or those with questionable environmental impact, face erosion in their values.

The new approach in sustainable, responsible investing involves positive screening to select targets based on their ESG performance and negative screening to exclude targets with clearly-defined negative ESG impact, said Ernst & Young PLT executive director, strategy and transactions, Leslie Koh.

Under norms-based screening, targets are screened against the minimum standards of business practices based on international norms. When making investment decisions, it is important to understand what material ESG risks the company is exposed to and how they are being managed by the company. A company assessed to be below average from an ESG standpoint would warrant engagement; a company being seen as a leader may be engaged to share best practices. Once an understanding is formed on the state of the company, its commitments and ability to change, the fund manager takes a portfolio action such as overweight, underweight or exit and decide to continue with engagement, said Principal Southeast Asia, Asean Equities and Malaysia, chief investment officer Patrick Chang. Investors are susceptible to greenwashing risks on false or misleading information in regards to ESG.



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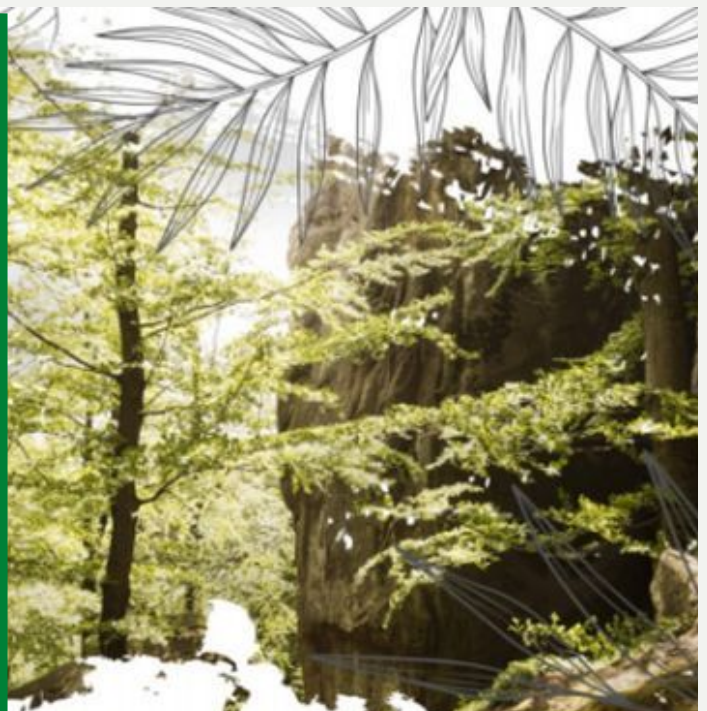
### BURSA MALAYSIA LAUNCHES TWO ESG- THEMED INDICES

Bursa Malaysia has launched two new environmental, social and governance or ESG-themed indices under the FTSE Bursa Malaysia Index Series – the FTSE Bursa Malaysia Top 100 ESG Low Carbon Select Index (FBM100LC) and the FTSE Bursa Malaysia Top 100 ESG Low Carbon Select Syariah Index (FBM100LS). The exchange operator also expect to launch a voluntary carbon market (VCM) exchange by end of 2022.

[Click here to read full article](#)

### INCREASING NEED FOR ESG COMPETENCIES IN BOARDROOMS

There is an urgent need for board members of Malaysian public-listed companies to improve environmental, social and governance (ESG) competencies as the lack of attention to ESG issues is increasingly drawing the ire of global corporations, asset managers, and financial institutions. According to research Institute of Corporate Directors Malaysia (ICDM) conducted in the third quarter of 2020, ESG expertise is amongst the most needed but least present competencies on Malaysian boards.



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# AUGUST 2022 Newsletter

# ESG SUSTAINABILITY



## ABOUT VISION GROUP

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Vision Group is an integrated business enabler ecosystem comprising in-house infrastructure and subject matter experts in the field of banking & finance, technology (blockchain, AI/Machine learning, cloud computing, core banking system and other technologies) and digital transformation. Vision Group houses a diversity of businesses under its umbrella.



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Vision Group has extensive experience in corporates and SMEs in areas of business transformation, sustainability & ESG, investor relations and finance.

