



**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, because societal inequalities and climate disasters have been occurring right here on our home ground and in our backyard. The pandemic, too, has exposed our socio-economic structural faults, which demand long-term solutions that are critical to saving lives and livelihoods should another major disaster strike.

The silver lining from all these dramatic turns of events, whether Covid- or climate-induced, is the resulting sense of urgency and the increased awareness on the importance of embracing sustainability and environmental, social and governance (ESG) principles to build long-term climate and socio-economic resilience.

The Malaysian government is resolute in its commitment to implement development projects and programmes that prioritise ESG principles or are aligned to the United Nations' Sustainable Development Goals (SDGs). This involves, among others, empowering SMEs in ESG, boosting sustainability-related funding and investment and facilitating the execution of ESG-focused programmes, as outlined in the Twelfth Malaysia Plan.

As a first step, the Government is walking its talk through the implementation of the Principles

of Good Governance for Government-Linked Investment Companies (PGG). PGG includes, among others, the recommendation to establish a governance structure for the oversight of ESG elements in future investment strategies. There is a wealth of data that shows that companies focusing on ESG issues have managed to reduce costs, increase employee productivity, reduce risks and create more business opportunities. The Government-linked investment companies (GLIC) collectively manage RM1.7tril of assets, which yield considerable influence in the context of guiding and empowering the SMEs in the GLIC ecosystem to embrace ESG principles.

Just recently, the Ministry of Finance (MOF) issued four Public Consultation Papers for Budget 2023, two of which are ESG-related. One is on the incorporation of ESG considerations in GLICs and MOF Inc companies, while the second one is on Government's Green Procurement to encourage more sustainable initiatives through public procurement for goods and services.

Through these initial efforts, the Government aims to encourage the private sector and other segments to be more aware of both the short and long-term impact of their operational decisions on the environment and communities in which they operate. The Government also perceive businesses as its partners in ESG leadership, whether it is in adapting to climate change, addressing social inequalities or

conserving our natural environment, to name a few.

To that end, we are glad to have seen enterprises, neighbourhood communities, non-profit organisations, and start-ups taking proactive measures to re-evaluate how they conduct their business and how best to incorporate ESG standards and sustainability indicators as guiding principles into their operations. Indeed, collective public-private sector collaboration is the fastest way for us to realise our national vision for a more inclusive, resilient and sustainable Malaysia.

Beyond our borders, international investment communities have also focused on ESG-related risks and opportunities. Global ESG assets are on track to exceed \$53tril by 2025, representing more than a third of the \$140.5tril in projected total assets under management. As such, for our companies to remain competitive regionally and globally, ESG considerations are no longer a choice, but a profit-oriented imperative. The options are obvious: shape up on ESG or lose out!

I would like to commend the Star Media Group and its partners for initiating the ESG Positive Impact Awards. This is a step in the right direction to not only encourage corporate Malaysia to embrace ESG principles in their operations, but also help raise public awareness on the criticality of achieving our short, medium and long-term sustainability objectives for a better, more resilient and more prosperous Malaysia.

Foreword



**Datuk Seri
Takiyuddin
Hassan**
*Minister of Energy and
Natural Resources*

THERE has been a continuous growth of organisations paying closer attention to how their businesses impact the environment and more importantly, what they can do to reduce these impacts. This growing response and support is a clear indication that corporate Malaysia is more than ready to drive the nation's sustainability agenda.

As part of the overarching Malaysian sustainability plan, the

Malaysia Renewable Energy Roadmap (MyRER) 2022-2035 aims to improve the renewable energy (RE) mix in the country's electricity supply and fulfil its climate action goals. The energy transition agenda illustrates the dedication in achieving net-zero greenhouse gas emissions (GHG) by 2050 and commitment to the Paris Agreement on climate change. Aside from drawing confidence from external investors on our strong and competitive basic facilities and infrastructure for RE, MyRER also creates 47,000 renewable energy job opportunities.

As the country moves towards a lower-carbon future, our goals would not be possible without participation from the private sector. Organisations that invest concerted efforts for energy conservation and efficiency will contribute significantly to our national energy goals. Collectively, together with the government, businesses and the general public, we will be able to mitigate and reduce impacts to the environment, and encourage greater adoption of sustainable energy.

Initiatives such as the ESG Positive Impact Awards by Star Media Group supported by OCBC Bank Malaysia not only encourages corporate Malaysia to consider how businesses are carried out from the inside out, but also promotes a platform that allows for knowledge sharing. This ultimately contributes to the larger sustainable development of the nation. My ministry and I are fully supportive of endeavours such as this in achieving our common goal of making Malaysia a leading nation in sustainability.



**Tan Sri
Chor Chee
Heung**
*Chairman
Star Media Group Bhd*

THE Covid-19 pandemic was a wake-up call for many of us. It brought to the forefront the urgent need for more sustainable practices and changed the way consumers and businesses think about their purpose, actions and more importantly, the impact of their actions.

The shift towards becoming a more socially-conscious and responsible community has become a worldwide movement. Coming closer to home, our government has made net-zero pledges and demonstrated a strong commitment to supporting long-term environmental, social, and governance (ESG) aspirations.

Local organisations, large and small, are also addressing the growing need for stronger ESG adoption. Where before we had seen apprehension, we now see businesses incorporating ESG practices within their operation frameworks and integral culture. This is encouraging and lays

a strong foundation, seeing as organisations are key drivers of economic and social capital of the nation. The consumers of today have also pivoted towards brands whose values align with their own.

However, there is still much more that needs to be done. In order to truly push forward the sustainability agenda, a whole-of-nation approach involving the government, private sector and the rakyat, is necessary.

In the midst of the positive changes we see, there are organisations that are taking their first steps in adopting ESG. Amongst the community, there are also those who have yet to see the need for change.

As one of Malaysia's leading media organisations, Star Media Group Bhd (SMG) understands the integral role that the media plays in driving awareness among Malaysians. Through our various platforms, we are committed to take proactive measures in facilitating the exchange of knowledge and information.

SMG's latest endeavour in the ESG agenda is the launch of the ESG Positive Impact Awards that aims to provide a strong and credible platform to educate and give due recognition on ESG efforts that bring about positive change and lasting impact. Through this award, we hope to build a like-minded business community to advance the ESG cause. We believe that strategic public-private collaborations will pave the way for accelerated adoption of ESG best practices and serve as a clarion call for corporate Malaysia.

Beyond that, we hope to rally the nation together in a common purpose of creating a better and more sustainable future, today. At a fundamental level, the everyday citizen plays a pivotal role in helping the nation achieve its sustainability goals. Through our monthly ESG pullout in The Star dedicated to sustainability topics, trends and insights from corporate leaders and ESG experts, we aim to continuously keep the public and businesses informed of the latest developments and trends surrounding sustainability and how they can do their part as responsible citizens.

The journey ahead is long and will be met with numerous challenges. But we believe that together, we will be able to ride the tailwinds of sustainable transformation and ultimately create a future-ready nation. SMG will remain purposeful in setting forth a sustainability agenda that will expand and grow in tandem with our ambitions, while keeping true to our mission to inform, inspire and innovate.



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 experience challenges to attract quality talent and 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.

Companies must take proactive measures and invest in meaningful initiatives to manage natural resources, mitigate climate change, build workforce resilience and invest in community projects.

Such efforts enable companies to become ESG leaders and attract more capital from investors while also making significant contributions to the betterment of our society, economic development and environmental protection.

Aside from raising awareness, the Awards will help create a forum for Malaysian businesses to support one another in improving their ESG practices.

The Awards will highlight companies that are actively striving to advance ESG in their organisations, and will inspire others to follow.

A holistic, nuanced approach to addressing material factors under each ESG pillar (managing carbon footprint or use of natural resources, employee safety and well-being, adequate risk prevention and mitigation, among others) is integral to the overall effectiveness of a business model or strategy that an organisation adopts and work towards delivering. Well-informed leadership actions and decisions rely on a detailed understanding of a business's contribution and scope of influence within the broader economic, environmental and social ecosystems, as well as the interconnectivity between all three areas.

It is imperative that relevant governmental authorities and industry associations provide adequate guidance, ease access to resources and perhaps offer incentives to encourage adoption of sustainable practices and certifications amongst SMEs.

OCBC Bank believes in "doing well by doing good", i.e., the bank



Datuk Ong Eng Bin
Chief Executive Officer
OCBC Bank (Malaysia) Bhd

achieves sustainable growth by prioritising the welfare of all our stakeholders and growing alongside them. As a bank that is deeply rooted in the country, we are committed to providing innovative sustainable financing solutions that can be tailored to support the achievements of any business's unique ESG goals while also addressing their financial needs. With 90 years of giving to our communities, OCBC Bank is enabling individuals, SMEs and businesses to build a more sustainable future.

We are proud to be part of this substantial initiative to promote greater awareness of ESG. The collaboration and opportunity to be main sponsor of the inaugural ESG Positive Impact Awards aligns with our goal to bring value-added benefits to our community. We believe the ESG Positive Impact Awards with the country's leading English newspaper will serve to highlight exemplary ESG practices nationwide that form a benchmark others may refer to,

as well as promote discourse in fostering a culture which places ESG considerations at the forefront of responsible business conduct.



Zafar I. Anjum
Group Chief Executive Officer
ABAC Center of Excellence

CUSTOMER and supply chain pressures are now driving the message of ESG down the supply chain of organisations, requesting a reference to ESG strategies from their suppliers. Furthermore, investors increasingly believe that companies that perform well on ESG are less risky, better positioned for the long term and more prepared for uncertainty. Also, organisations that incorporate ESG principles into their management are often more profitable.

Unfortunately, bribery and corruption can undermine a company's ESG policies and processes – the perceived risks of bribery and corruption can also lead to a trust deficit in a company. This could happen if investors and shareholders feel its processes and systems are not sufficiently geared to prevent bribery and corruption.

The implementation of a robust anti-bribery and anti-corruption programme reflects positively on a company's ESG compliance, leading to corporate growth, foreign investment, international recognition, the establishment of a global baseline of standards and in turn propel the nation's economy.

The ESG Positive Impact Awards recognise the successes and cement the credibility of Malaysian businesses. It will encourage businesses to do better and learn from each other. It will play a key role in this journey; they will become a catalyst for leadership and set trends for wider adoption of the ESG among industry leaders and professionals in the ecosystem.



Roberto Benetello
Executive Director
Business Council for Sustainable Development Malaysia

PUTTING ESG at the centre of decision-making and developing an ESG-driven culture is a pivotal step in transitioning to a more sustainable world. Business decision makers must factor ESG fundamentals into the company's strategy and own up to the fact that they are accountable for facilitating the shift towards more ecologically and socially responsible practices.

Companies with good sustainability practices and strong ESG performance create value for a wider number of stakeholders and not just for their shareholders. Measuring company performance on return on financial capital

is no longer sufficient.

Other forms of capital need to show in balance sheets of companies, such as natural capital and social capital.

Moving forward, companies will receive the licence to operate from their stakeholders only if they create positive impact. Creating no-harm is no longer enough. Net-positive is the new way forward.

With ESG becoming more pervasive, capacity building is more important than ever in the business industries. Businesses lack the skills necessary to effectively incorporate ESG in their business models and expertise in handling the ESG issues are in short supply.

A corporation can better comprehend and respond to some of these shifts in the world if it can forge connections with its stakeholders, build trust and act with a higher purpose. An important part of addressing this difficulty is through partnerships beyond individual organisations, only then can we find new opportunities for collaboration on ESG issues.



It is obvious that banks have a crucial role in supporting the green transition. Banks are playing an important role in enabling clients and businesses to adapt to and accelerate the transition through their lending, underwriting and investment decisions.

- Tan Sri Nor Shamsiah Mohd Yunus, Governor, Bank Negara Malaysia (Bernama, June 3, 2022)



ESG components are central to the evolution and transformation of businesses today. Within this context, the launch of the ESG Positive Impact Awards is indeed a timely and laudable initiative. I congratulate the Star Media Group, OCBC Bank and their working partners on their commendable efforts in taking this key step to steer corporate Malaysia towards embracing meaningful ESG frameworks that resonate with businesses.

- Datuk Seri Lokman Hakim Ali, Secretary-General, Ministry of International Trade and Industry



Kasa is in the midst of developing the National Long-Term Low-Emissions Development Strategy to chart the nation's pathway towards the government's aspiration to achieve net zero carbon emissions in 2050 at the earliest.

- Noor Afifah Abdul Razak, Deputy Secretary-General (Environment), Ministry of Environment and Water (Kasa)



Datin Seri Sunita Rajakumar
Chairperson
Climate Governance Malaysia

Malaysian businesses need to recognise that comparisons are increasingly easily made – with peers (competitors), with best practices – and the conversation has evolved beyond metrics to embedding ESG into the DNA and culture of the business.

It will be difficult for businesses

and boards of directors to claim they were not aware of how critical this topic has become for access to capital and investments, to consumers and the best of talent (employees).

Governments around the world recognise the need for ambitious climate goals, but are grappling with multiple uncertainties, which is challenging optimal policy-making.

Companies need to navigate this environment by networking and engaging with like-minded businesses and thence with key ministries, articulating their commitment to a smooth and just transition and even sharing easily implementable policy recommendations, which could increase national climate ambition significantly.



Dr Mahadi Mohamad

Executive Director
Green Growth Asia
Foundation

ESG criteria and guidelines should be at the core of country and business transformation strategies. There is a growing recognition and integration of ESG framework in private sector operations and investment decisions; however, a lot more needs to be done in a team spirit. To transition towards a "Prosperous, Inclusive, Sustainable Malaysia" in line with the vision of the Twelfth Malaysian Plan, the private sector must accelerate the implementation of ESG strategy and measures. ESG can play an instrumental role in Malaysia's goal of being a carbon-neutral country by 2050.

Malaysia is leading in the Asean region on the ESG path, however, it is still quite early. Comparatively speaking to industrialised Asian countries, there is still significant potential for progress. For Malaysia to accomplish an equitable transition, it is high time to consider the most vulnerable communities in society including small companies and workers. Another thing is by reducing the consumption of resources by ensuring requisite investing in new and creative ways of producing goods and services. Infusing good corporate governance principles can go a long way in addressing

the range of typical ESG issues.

The lack of technical understanding of how companies can manage risk and opportunities around sustainability is one of the top issues. It is important to build the technical capacity of industry experts on ESG integration into business design and implementation. Further, it is important to implement the robust monitoring, evaluation and reporting framework around ESG to assess and document the results and impacts of ESG integration in companies' operations. It is important to facilitate the adoption of good practices on sustainable and responsible investment to enhance the uptake of ESG guidelines.

Awards can play a significant role in inspiring and encouraging the implementation of ESG strategies in corporate operations. While it will infuse a sense of competition among Malaysian companies to adopt ESG principles, it will also provide access to good practices and new innovative models for larger uptake and scale-up. Awards could play a catalytic role in creating a movement and urgency of ESG among stakeholders to adopt and lead the ESG practices in their respective capacities.



Ahmad Izdihar Supaat

Past President
Malaysia Green
Building Council

In today's economic climate, investors are interested not only in the profitability of a business, but also on how the profits are realised and the sustainability behavior of the organisation running the business. ESG adoption with clear indicators and targets becomes paramount for businesses to attract investors, which puts ESG as a major criteria, in addition to the financial prowess and prospect of a business. By making ESG a major guidance, if not rule, a more ethical, sustainable and dignified business will be the new normal, which in turn will drive the country's economy with emphasis on sustainability.

Understanding why the adoption of ESG is very important for the prosperity and longevity of a business is a challenge. Voluntarily adopting ESG to mold the business behavior towards sustainability rather than concentrating on just the "product" or because of necessary conditions laid out by law or listing requirement. Currently, ESG practices and adoption are in the limelight, brought out by the media. As more and more of the population understands and demands ESG practices and adoption, ESG adoption and disclosure will be common for all businesses.

The ESG Positive Impact Awards will help in demonstrating the depth of ESG adoption in Malaysian businesses, big and small. It also highlights different routes and paths in which businesses can adopt ESG, indicators chosen for the benchmarking in the adoption of an ESG theme and standards/reference used for the disclosure of the effort in overcoming sustainable and ethical challenges.



Register
your interest for the ESG
Positive Impact 2022 Awards

David W Berry

Chairman
Malaysian Institute of
Corporate Governance

Marina Yong

Governor
Malaysian Institute of
Corporate Governance

CONGRATULATIONS to Star Media Group (SMG) for taking the initiative to expand the ESG ecosystem.

'Governance in Action' is our watchword at the Malaysian Institute of Corporate Governance (MICG), so we applaud the decision to explore and recognise the results of actual ESG experience in Malaysian companies. It moves the understanding of ESG from the theoretical and academic to one based on real-world experience in a local context.

The stories of those who have begun their ESG journey – their successes and failures – offer us the best classroom of all.

Of course, no two ESG journeys will be identical, and there is no "one size fits all" template. But learning how someone else came to realise that an ESG strategy was essential to the long-term sustainability of their company, will open the minds of others to the questions which they must ask and answer in their own company.

Applicants for the ESG Positive Impact Awards will

cover a wide spectrum of companies, large and small, old and new. There will be companies which make and distribute products and others which are service providers. Multiple factors will be in play for each of them, and not limited to financial performance indicators.

For example, some companies have experienced foreign sanctions due to labor issues, while some are grappling with complex supply chains that are causing logjams in their business operations. Climate change will certainly come up as a strategic risk for many companies and not just in a local context.

Boards themselves can be a source of risk if they are not adequately equipped to make strategic decisions. Board competency, independence and diversity of skills and gender are needed to mandate and oversee the greatest transition of our times i.e. the energy transition and its consequent impact on all businesses.

Thank you, again, to SMG for this bold initiative. MICG is pleased to be a working partner in this important undertaking.

Earthworm Foundation

Local companies need to be prepared for future potential obligations for international supply chain due diligence on environment and social performance or risk being impacted by the supply chain-related legislation. Greater openness and more proactive evaluation of possible supply chain risks is advantageous to businesses and investors to begin the transformation journey.

At the beginning, companies may find it challenging to navigate the complexities of ESG. It would be important to seek support from experts and professionals to understand where the priorities are and from there craft together an action plan to tackle the key areas of risks. Through the implementation, communication on the lessons learnt and progress is important. By doing so, the companies can win supporters and allies in their journey, which are valuable for the long road ahead.

Awards recognising the work and dedication of companies, organisations and people bringing about change and improving the ESG are a welcome step in the right direction. By highlighting good ESG practices, the awards will hopefully inspire others to reflect on their own ESG practices and how we can all work together to achieve best practices.

Participating in an exercise (for awards) of this nature, requires a lot of work before, during and after, that shows customers and workers that ESG principles are ingrained in the corporate culture which will then act as a pushing factor for corporates to strive further.

Jeffrey Sachs

Centre on Sustainable
Development, Sunway
University &
United Nations
Sustainable
Development Solutions
Network

Many studies in corporate finance have shown that ESG investments will lead to higher company values in the long-run. This is because, high ESG companies have been found to accumulate valuable intangible capital such as better branding and reputation, higher levels of employee satisfaction and lower levels of regulatory risk.

ESG is an investment, not charity.

This is because companies must continuously create value to compete and remain relevant in the market. Therefore, ESG strategies have to return value to the company in the long-run.

Malaysian businesses have to be discerning in choosing their ESG strategies.

Companies must be constantly aware that ESG strategies and business strategies are interlinked, hence they have to formulated in an integrated manner with a long-term view to deliver the optimum value to company shareholders and benefits to society.

The ESG Positive Impact Awards contributes to Malaysia's ESG journey in two ways. First, by including small and medium enterprises (SMEs) as participants of the awards, Star Media Group extends the principles of ESG from PLCs which are well supported by Bursa Malaysia to SMEs. As more than 97% of business establishments in Malaysia are SMEs, who hire almost 50% of the country's labor force, it is important that SMEs are given the opportunity to be recognised for the ESG achievements.

In addition, awards will showcase ESG best practices of participants from various economic sectors. This best practices are objectively assessed and selected by expert judges. Through this process, ESG best practices can be widely disseminated so that they can be adopted by the wider business community in Malaysia, thus scaling up the benefits of ESG business practices for all segments of the Malaysian public.