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Malaysian companies fare well in ESG among Asean peers

KUALA LUMPUR: Malaysian public-listed companies (PLCs) are faring well in environmental, social and governance (ESG) factors among their Asean peers based on leading ESG indicators, according to a report.

A research publication entitled 'Positioning Corporate Malaysia for a Sustainable Future' released by PriceWaterhouseCoopers (PwC) and Capital Markets Malaysia (CMM) yesterday highlighted corporate Malaysia's

progress in sustainability and overall transition trajectory, and the country's efforts in promoting sustainable investing.

"Twenty-eight Malaysian companies are represented as constituents in the MSCI All Country World Index (ACWI) ESG Leaders Index. The index consists of large and mid-cap companies across developed and emerging markets countries.

"Malaysian companies are also comparatively advanced

in embracing global standards, with nine companies currently committed to emissions reduction targets grounded in climate science through the Science Based Targets initiative (SBTi)," said a joint statement by PwC and CMM yesterday.

Malaysia accounts for the second highest number among Asean peers for both the MSCI ACWI ESG Leaders Index and the SBTi indicators, it said.

Chairman of CMM and deputy

chief executive of the Securities Commission Malaysia (SC) Datuk Zainal Izlan Zainal Abidin said the rise in demand for sustainable investments and sustainable assets has placed the capital market in a unique position to drive meaningful change in sustainability practices among corporates.

"The SC's Capital Market Masterplan 3, covering the period 2021 to 2025, has laid out initiatives to shape a stakeholder

economy by mobilising more capital towards sustainable businesses.

"Recognising that businesses will require significant financing to decarbonise and to transition towards net zero, the SC is working on a framework for market-based instruments to enable transition finance in Malaysia," he said.

In the meantime, the publication also lays out the challenges in measuring and

comparing ESG efforts across different organisations.

"The report highlights some of these best practices taken by Malaysian PLCs and organisations through 10 case studies.

"A comparison of top ranked companies across four ESG ratings providers finds that across 41 companies, almost half of them (19) appear just once, and only one company appears consistently across all four ratings," said the statement.—Bernama