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ESG Gaining Momentum in Malaysia

Development in ESG is ever-evolving, staying current to align with global developments. In Malaysia, from National Energy Transition Roadmap ([NETR](#)) to the [Budget 2024](#), there is a surge of initiatives and regulations surrounding ESG. In our recent coverage, we delved into the topic of [ESG Reporting for SMEs](#), [Green Sukuk](#) and other related topics.

There are some important developments in Malaysia's ESG space lately. First and foremost, Bursa Malaysia on 4 December introduced the ESG Reporting Platform for Public Listed Companies (PLCs), a repository for disclosures aligned with enhanced sustainability reporting requirements. Accessible via Bursa LINK, listed issuers can generate a performance table for sustainability statements without extra costs, featuring indicators relevant to their sustainability matters. Bursa Malaysia aims to enhance ESG disclosures, acknowledging progress by issuers ahead of mandatory periods, and provides user guides and videos for platform navigation.

Separately, MITI is planning to employ i-ESG Phase 1.0 starting in 2024, focusing on the "Just Transition" for manufacturing companies, including MSMEs, aiding their sustainability journey. In Phase 1.0, these MSMEs will receive support for sustainability/ESG initiatives through self-assessment, outreach, training, and financing. Programs like i-ESGReady and i-ESGStart offer readiness assessments and practical guide. Concurrently, MITI targets a significant share of the ASEAN EV market, projected at \$2.7 billion by 2027. Minister Tengku Zafrul Abdul Aziz emphasizes Malaysia's competitive edge in EVs and ability in attracting investments. However, addressing critical challenges, particularly the improvement of the EV ecosystem, including a greener grid and enhanced power distribution networks, is imperative.

Finally, on 14 December, Bursa Malaysia announced 11 new additions to both the FTSE4Good Bursa Malaysia (F4GBM) Index and the Shariah-compliant FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index. These indices, reviewed semi-annually, include public listed companies with strong ESG practices. The F4GBMS Index, designed for Shariah compliance, now has a total of 88 constituents. Separately, the continual increase in constituents, now at 109 for F4GBM, reflects positive growth since the index's inception in 2014 with 24 constituents. Changes take effect on December 18, 2023. New inclusions in both F4GBM and F4GBMS include: Advanced Synergy, Avaland, Classic Scenic, Datasonic Group, Gamuda, Kawan Food, Kinergy Advancement, Kossan Rubber, MSM Malaysia Holdings, OCK Group and TDM, which now meet FTSE4Good criteria and Securities Commission's Shariah Advisory Council (SAC) screening methodology, respectively. We view this as positive as Malaysia's PLCs are increasingly taking proactive measures towards advancing ESG initiatives, contributing to the country's efforts in achieving its net-zero goals.

Our investment portfolio focuses on quality companies that possess strong fundamentals, including stable earnings and a promising future outlook, and are led by capable management teams. Please click on the [link](#) to learn more or email us at phillipmutual@phillipcapital.com.my if you require any further information.

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