

# KERATAN AKHBAR

TARIKH : 14 SEPTEMBER 2022  
AKHBAR : NEW STRAITS TIMES  
MUKA SURAT : 13

## GETTING OUR ACT TOGETHER FOR A MORE SUSTAINABLE WORLD

### ESG-DRIVEN CULTURE

## Getting our act together for a more sustainable world

TO transition towards a prosperous, inclusive and sustainable Malaysia, in line with the vision of the 12th Malaysian Plan (12MP), the private sector must accelerate the implementation of environment, social and governance (ESG) initiatives.

This means empowering small- and medium-sized enterprises in ESG, boosting sustainability-related funding and investment and facilitating the execution of ESG-focused programmes, as outlined in the 12MP.

ESG is instrumental in driving the nation's sustainability agenda. Organisations should be paying closer attention to how their businesses impact people and the environment.

To truly push forward the sustainability agenda, a whole-of-nation approach involving the government, private sector and the rakyat is necessary.

The shift towards becoming a more socially conscious and responsible community has become a worldwide movement. ESG considerations are no longer a choice, but a profit-oriented imperative.

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.

In addition, 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.

Developing an ESG-driven culture is a pivotal step in transitioning to a more sustainable world and enabling the shift towards more ecologically and socially responsible practices.

Measuring company performance based on return on financial capital is no longer sufficient. Natural capital and social capital need to be shown in the balance sheets of companies, too.

ESG is a framework designed to be integrated into an organisation's strategy to create enterprise value by expanding the organisational objectives to include the identification, assessment and management of sustainability-related risks and opportunities with respect to all organisational stakeholders and the environment.

ESG has evolved from various movements in the early 1980s that focused on environmental, health, and safety and corporate sustainability, and in the early 2000s, corporate



A rainy day in Kuala Lumpur recently. Companies must take proactive measures and invest in meaningful initiatives to manage natural resources and mitigate climate change. FILE PIC

social responsibility.

By the late 2010s and into the 2020s, ESG started to emerge as a much more proactive, instead of reactive, movement. In less than 20 years, the ESG movement has grown from a corporate social responsibility initiative into a global phenomenon.

ESG has now evolved into a comprehensive framework that includes key elements on environmental and social impacts, as well as how governance structures can be amended to maximise stakeholder wellbeing. ESG principles are aligned with the

United Nations' Sustainable Development Goals. The term ESG was used in a 2004 United Nations report titled "Who Cares Wins".

The three components of ESG — environment, social and governance — are well documented and can be summarised as follows:

**ENVIRONMENTAL:** This includes climate change, greenhouse gas emissions, biodiversity loss, deforestation, pollution, energy efficiency and water management.

**SOCIAL:** This focuses on people and relationships, include work-

ing to support gender equality and inclusivity, in addition to enhancing customer satisfaction and employee engagement.

**GOVERNANCE:** This focuses on enhancing corporate governance and leadership, including in board composition, cybersecurity practices, management structure, executive compensation and preventing bribery and corruption.

**TAN SRI LEE LAM THYE**  
Chairman, Alliance For A Safe Community