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# ESG index in the pipeline, says Bursa

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BURSA Malaysia Bhd plans to come up with an Environmental, Social and Governance (ESG) index as investors increasingly show interest in companies that pay attention to these issues, its chief said.

"We hope to do it in the next two years. Our index should give investors an indication of which companies have good ESG practices," chief executive officer Datuk Yusli Mohamed Yusoff told reporters after delivering a keynote address at the Corporate Social Responsibility (CSR) Asia Summit in Kuala Lumpur yesterday.

Bursa plans to rate all the listed companies here and select the best ones for the ESG Index.

Yusli said for businesses to succeed in the long-run, they have to look at ESG issues seriously.

The oil palm industry, for instance, must address issues relating to the environment and climate change as this has an impact on how their products are perceived in the global market.

ESG is, however, not yet a buzz word in Malaysia when compared with CSR. The former is an expansion of CSR, but with a stronger focus on governance issues.

CSR Asia chairman Richard Welford said that ESG is going to become an increasingly important aspect for companies to address, especially if they want to attract good quality investors.

"There are big institutional investors who are now seeing ESG areas as quite significant risks, and they are avoiding investment in companies — and sometimes even countries — where they think those ESG risks are out of control," he said.