

**OPENING KEYNOTE FOR TAN SRI ABDUL WAHID OMAR  
WORLD BANK GROUP MALAYSIA X CFA SOCIETY MALAYSIA:  
SUSTAINABLE AND RESPONSIBLE INVESTMENT SERIES 2021  
4 FEBRUARY 2021**

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Assalamu'alaikum and a very good afternoon,

Distinguished Speakers,

Ladies and Gentlemen,

1. Let me begin by thanking the World Bank Group and CFA Society Malaysia for giving me the honour to deliver the opening keynote at this inaugural “Sustainable and Responsible Investment Series 2021”. I would also like to commend both organisations for their on-going efforts towards sustainable development.
2. It has been a year since COVID-19 emerged. The pandemic has cost more than 2.2 million lives from more than 103 million cases of infection and disrupted livelihoods on an unimaginable scale. Although many nations started to reopen their economies in the fourth quarter of 2020, the new year 2021 saw many nations having to go back into lockdown, including us here in Malaysia.
3. Therefore, the effects of this crisis are expected to linger for the foreseeable future, impacting not only the broader economy but especially the poor and vulnerable households. Yes, we have an important task of protecting the lives, wellbeing and livelihoods of the millions that have been affected. But we should also seize this opportunity to create a new, resilient, healthy and more equitable society.
4. Please allow me to cover three areas in my address this afternoon:
  - i. Bringing sustainable and responsible investing into the mainstream;
  - ii. Building a platform for better decision making; and
  - iii. Supporting Malaysia’s ambition as a regional hub for sustainable living.

## *Bringing Sustainable and Responsible Investing into the mainstream*

Ladies and gentlemen,

5. Sustainable and responsible investing is something that is not entirely new. Once considered a niche area, market participants have gained a better understanding of the value-proposition of incorporating sustainability considerations in their asset allocation.
6. Our sustainability investment index, The FTSE4Good Bursa Malaysia Index, has played an essential role in recognising public listed companies (PLCs) that have taken steps to improve their ESG practices and disclosures. Since its launch in 2014, the number of constituents in the index has tripled from 24 to 75 constituents.
7. Our Bursa Malaysia's Sustainability Disclosure Framework was launched in 2015, and since then we have observed the remarkable growth of the Malaysian sustainability ecosystem. All 900-plus of our PLCs are now disclosing annual Sustainability Statements and Reports - detailing their governance structure and the approach they have put in place to manage their material sustainability matters, covering a range of economic, environmental and social themes.
8. There is a wealth of evidence showing that companies with strong ESG practices are better able to brace uncertainties and have a competitive edge over their peers. Across the board, sustainability funds have outperformed their peers since the COVID-19 crisis began both in developed and emerging markets.
9. ESG-oriented companies are also emerging more resilient in the post-COVID-19 economy, resulting in more asset owners demanding more sustainable investing strategies. In fact, Malaysia's largest institutional fund EPF was quoted last week as targeting to make all its investments based on ESG practices by 2030.
10. Businesses that are stakeholder-focused are now fast becoming mainstream and redefining corporate purpose. In addition to delivering dividends to shareholders, companies must invest in talent management and value creation for customers, protect the environment, support communities and deal ethically with their respective suppliers.

## *Building a platform for better decision making*

Ladies and gentlemen,

11. While we are heartened to observe significant improvements in sustainability-related practices and disclosures by our PLCs, we continue to observe persistent challenges across several dimensions. For instance, a number of PLCs approach sustainability with a compliance mindset rather than wholly embracing its underlying philosophy. And some PLCs have yet to build sufficient internal capacities and capabilities to undertake more sophisticated sustainability processes and initiatives.

12. We at Bursa Malaysia will be collaborating with the United Nations Global Compact Malaysia and Brunei to develop a Corporate Sustainability Competency Framework. This framework will be essential in helping future professionals identify the necessary competencies and skills to respond to the sustainability challenges in our evolving environment.
13. Apart from competency, there is also a general lack of standardisation and comparability in the data or indicators that PLCs adopt. Even if similar indicators are reported, the methodologies may vary significantly depending on which sustainability reporting frameworks and guidelines adopted and varying sophistication in practices. This impedes informed and effective decision-making by investors.
14. Responding to these challenges, Bursa Malaysia is exploring ways to enhance the quality and comparability of ESG disclosures. We have commenced engagements with stakeholders such as the Institutional Investor Council of Malaysia and the broader institutional investor community to obtain more in-depth insights on the industry's ESG data requirements. This will enable the Exchange to work towards an ESG framework that can cater to the industry's common needs and priorities.
15. Improved standardisation of disclosures particularly comparable datasets will help spur better acceptance and adoption of ESG among investors. This in turn, will help further strengthen the integrity and accuracy to facilitate investor decision-making. This brings me to the third subject of my address.

### *Supporting Malaysia's ambition as a regional hub for sustainable living.*

Ladies and gentlemen,

16. For most companies, the shift to sustainable practices will require investments in new technologies and funding. In this regard, the capital market can facilitate effective and efficient flow of capital to sustainable solutions and initiatives.
17. For instance, significant investments in clean energy are required to mitigate climate change while meeting the growing demand for energy. Hence, new financial investment products such as green bonds, green loans, carbon linked index, to name a few, can spur innovation and accelerate the transition towards a low carbon future.
18. At the sovereign or national level, as announced in Budget 2021, the Malaysian Government has committed to issue its first Sustainability Bond for environmental and social initiatives in 2021 as part of efforts to create a Sustainable Finance Hub and position Malaysia as a regional hub for sustainable living.

## *Closing Remarks*

Ladies and gentlemen,

19. Much more needs to be done if we are to transition to a truly sustainable economy. A business-as-usual approach is not enough, nor viable. Market players, regulators and policymakers need to develop and deliver a sustainable financial system that works at all levels.
20. On our part, in line with our vision to be ASEAN's leading, sustainable and globally-connected marketplace, we will continue to engage with our stakeholders - the listed issuers, institutional and retail investors alike, to create value for all - sustainably.

Thank you for your attention. Have a productive session ahead.