



Elevating Sustainability Practices: The Imperative For Malaysian Companies

The Malaysian corporate landscape is on the cusp of a transformative journey as Bursa Malaysia, the country's stock exchange, gears up to enforce reporting on environmental, social, and governance (ESG) metrics. This regulatory shift has brought to the forefront a key challenge facing Malaysian firms: the urgent need to develop robust internal ESG capabilities. As the clock ticks toward the 2023 deadline, the imperative of fostering in-house expertise and engaging external ESG experts cannot be overstated.

Casting Light on the Challenge

A critical examination of the current state of Malaysian corporations reveals a noteworthy gap - a conspicuous absence of dedicated sustainability teams or officers. ESG management, in many cases, is an addendum to the responsibilities of corporate social responsibility (CSR), human resources (HR), or compliance personnel, rather than a domain overseen by specialized positions such as Chief Sustainability Officers. In the quest to embrace ESG, it becomes evident that companies must allocate human resources specifically to focus on these issues over the long term.



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This gap, while a challenge, presents a significant opportunity. With the impending ESG regulations, organizations now have a unique chance to reevaluate their internal structures and focus on building ESG capabilities from the ground up.

In-House Expertise: The Foundation of ESG Success

The significance of in-house ESG roles is paramount, as they serve as the linchpin for harmonizing ESG efforts across various corporate functions. Collaborative endeavours involving data collection, target setting, performance tracking, reporting, and more require a synchronized effort across departments – from procurement to production, logistics to HR, investor relations, and beyond. Sustainability specialists play a pivotal role in guaranteeing the seamless integration of ESG factors into decision-making processes and day-to-day operations.

Moreover, fostering internal expertise in ESG isn't just about compliance; it's about driving long-term value. Companies that dedicate themselves to sustainable practices not only adhere to regulations but also enjoy enhanced operational efficiency, reduced risks, improved brand reputation, and increased investor and stakeholder trust. It's a holistic strategy that fundamentally transforms the way business is conducted.

Broadening the Spectrum: Inclusive ESG Expertise

Apart from the leadership roles, companies must cultivate ESG expertise at every level. Human resources departments must adapt by incorporating ESG criteria into their hiring and training practices. Financial analysts should incorporate sustainability risks into their investment evaluations. Product designers need to be conscious of the environmental lifecycle impacts of their creations. ESG knowledge should become the bedrock of individual business units, tailored to their specific operations.

For HR, it's about rethinking the skill sets and attributes they seek in new hires. Candidates with ESG acumen, passion for sustainability, and the ability to integrate these principles into their work should be a priority. Likewise, the finance department needs to adapt to a changing landscape where investments are not just evaluated on potential returns, but also on the sustainability and ethical dimensions of the organizations they invest in. This



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shift requires the development of new skills and metrics to assess sustainability performance.

Product designers play a pivotal role in embedding sustainability into a company's DNA. Their ability to consider environmental impacts throughout a product's lifecycle, from design to disposal, can significantly reduce a company's carbon footprint. It's about embracing sustainable materials, efficient manufacturing processes, and recycling initiatives.

Furthermore, individual business units, be it marketing, supply chain, or sales, can benefit immensely from ESG knowledge tailored to their specific operations. It's not a one-size-fits-all approach. Sustainability specialists can work in conjunction with these units to design strategies that are both effective in terms of ESG and practical for each department.

Cultivating Expertise through Comprehensive Training Programs

Developing robust internal ESG capabilities necessitates comprehensive training programs that permeate the organizational fabric. This training should be extended not only to leadership but also to all staff. It's not just about a few webinars or an annual workshop. It's a continuous process that fosters a culture of sustainability.

Leadership training should focus on not only understanding the intricacies of ESG but also on incorporating these principles into strategic decision-making. This requires a nuanced understanding of the organization's core values, long-term goals, and the identification of ESG opportunities and risks that align with these aspirations.

Staff training should be interactive and engaging, with a focus on practical skills. Team members should understand not only the theory behind sustainability but also the tools and methodologies for effective ESG integration into their everyday roles.

Collaborations with renowned business schools and industry groups, focusing on ESG education, can significantly augment the knowledge base within the organisation. Business schools often offer specialized courses, certificates, and executive education programs dedicated to sustainability and ESG. These programs equip executives and



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emerging leaders with the knowledge and tools necessary to drive ESG initiatives effectively.

Industry groups, on the other hand, often bring together experts, practitioners, and thought leaders. Engaging with these groups not only provides access to the latest trends and insights but also fosters invaluable networking opportunities. Companies can participate in conferences, seminars, and workshops, where they can learn from experts in the field and share experiences with peers facing similar challenges.

Site visits to leading sustainable companies provide invaluable exposure to best practices that can be customized to align with the organization's unique needs and goals. Witnessing how these leading organizations have successfully integrated ESG into their operations can be a game-changer for firms looking to do the same.

[Augmenting In-House Talent with External Expertise](#)

While cultivating internal ESG expertise is fundamental, leveraging the insights of external experts is paramount. In Malaysia, where there is a scarcity of domestic ESG proficiency, it becomes essential for firms to globally source knowledge and expertise. External professionals such as international consultants, auditors, and trainers come with a nuanced understanding of managing contemporary challenges including climate change, human rights, and ethical governance.

External consultants act as essential navigators in the intricate terrains of ESG frameworks and reporting standards, helping organizations align their practices with exemplary global norms. Their profound knowledge facilitates organizations in meeting regulatory demands with utmost efficiency and precision.

Auditors are quintessential in endorsing the authenticity of sustainability data and uncovering realms for enhancement. Their impartial evaluation not only substantiates the accuracy of a company's ESG practices but also fuels continuous advancement, steering operational shifts that amplify sustainability and efficiency.

Participation in industry associations' events, like conferences and workshops, becomes a nexus for learning and networking. These platforms, enriched by the expertise of thought

leaders, become crucibles where corporations can glean essential insights and strategies, bolstering their aptitude to navigate the multifaceted ESG terrain successfully.

Recruiting accomplished ESG specialists can act as a catalyst, expediting the internal cultivation of ESG competence. Such recruitment allows organizations to imbibe an immediate profusion of expertise, enabling them to hasten their initiatives and align with best practices swiftly and effectively. In soliciting external expertise, it is imperative for organizations to ensure a synergistic alignment with the local backdrop, seamlessly integrating global best practices with regional contexts and sensitivities.

