



# Environmental, Social and Governance (ESG) Progress Report 2022



PREPARED BY  
American Malaysian Chamber of Commerce



## ABOUT THE REPORT

The 2022 Membership ESG Progress Report (here in referred to as “the Report”) is a report undertaken by the American Malaysian Chamber of Commerce (AMCHAM), advised by PwC Malaysia. The Report aims to call attention to the annual Environmental, Social and Governance (ESG) performance of member companies, as well as to address opportunities and challenges faced by local and international organisations from rising global demands for more ethical and sustainable business practices.

Insights gathered for this report is for the most part, from a survey of 32 member companies from various industries, majority of which are American Multinational Companies (MNCs) operating in Malaysia. The survey was carried out from April to early May 2022. Additional information was gained from available ESG or Sustainability Reports already published by survey respondents, group and individual discussions held with multiple industry players and consulting companies in the membership, from late December 2021 to early May 2022.

### PROFILE

Of the **32** member companies surveyed, **28** of them are American Multinational Companies (MNCs) with operations in Malaysia. The remainder are either non-American MNCs or large local companies of which **30** are listed companies.



**2**

Listed in  
Bursa Malaysia



**28**

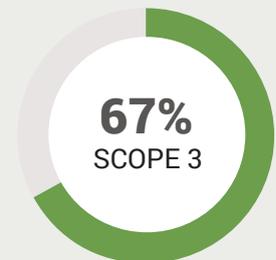
Listed in at least one stock  
exchange outside of Malaysia



# ANALYSIS: ESG REPORTING

## Emissions Reporting

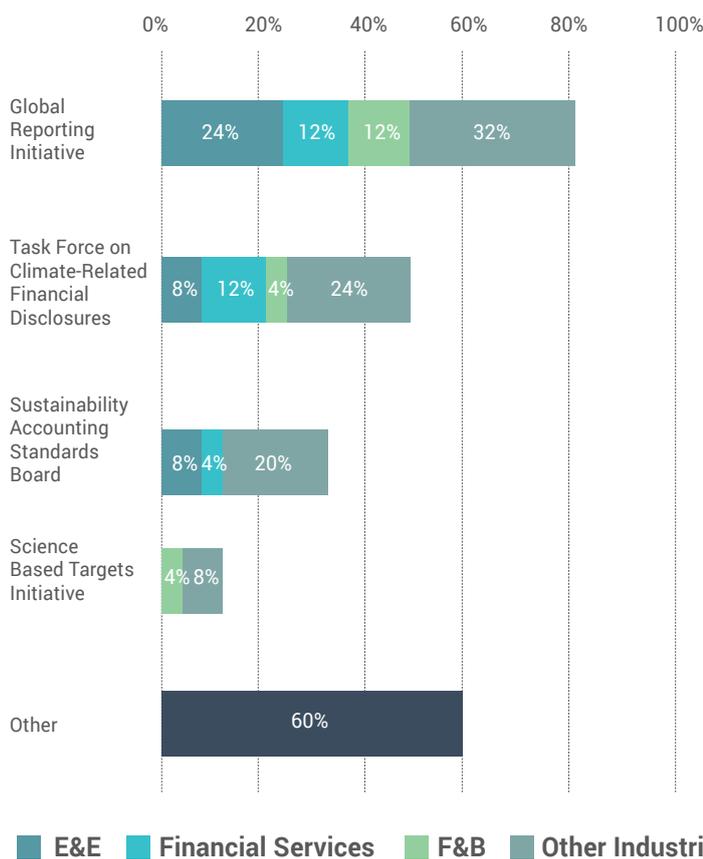
Most recent ESG and sustainability reports of respondent member companies report varying categories and number of categories for scope 3 emissions.



## ADOPTED FRAMEWORKS

## INDUSTRY REPRESENTATION

Figure 1: ESG frameworks adopted, by industry



It is not rare for companies to adopt or reference multiple frameworks or standards to accommodate for different operational and industry-specific requirements. While the GRI was the common framework, companies were observed to pair this with various other frameworks including the TCFD, SASB, and the SBTi to name a few.

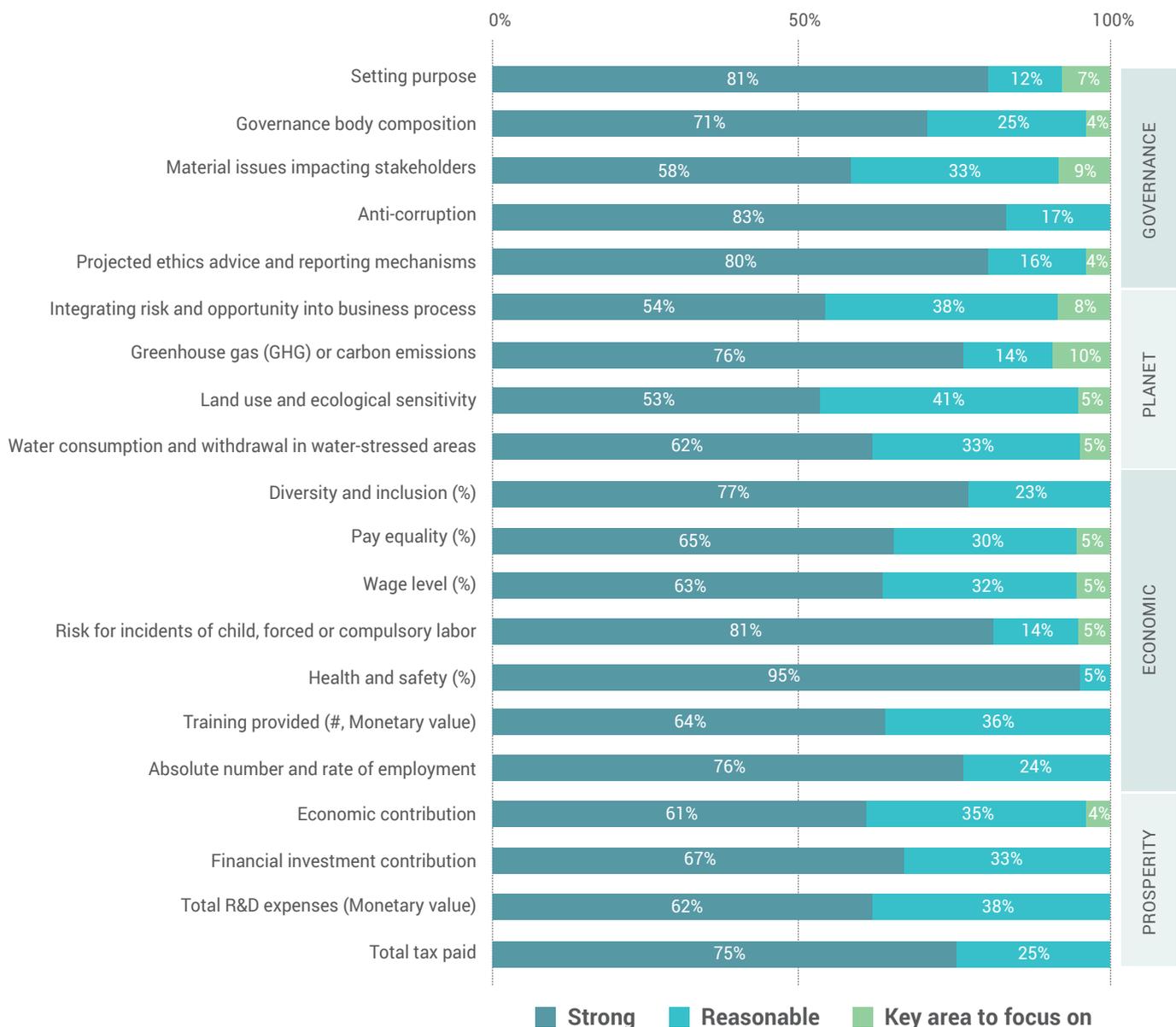


## Strength of ESG Themes & Indicators (WEF Stakeholder Capitalism)

At least 50% of reporting respondents qualified all ESG metrics asked in the survey as ‘strong’. There is a high proportion of companies that scored metrics representing themes of Governance to be ‘strong’ as compared to the other pillars. Other metrics to highlight on are land use and ecological sensitivity, opportunity integration in business processes and material issues impacting stakeholders and risk. These scored lower, with a higher proportion selecting ‘reasonable’ or being a key area to focus on.

It should be noted that the World Economic Forum’s (WEF’s) Stakeholder Capitalism is just one of many internationally accepted frameworks for ESG reporting and may not cover a comprehensive list of indicators that are accounted for in other reporting frameworks. It does however provide valuable insight to some generally used indicators.

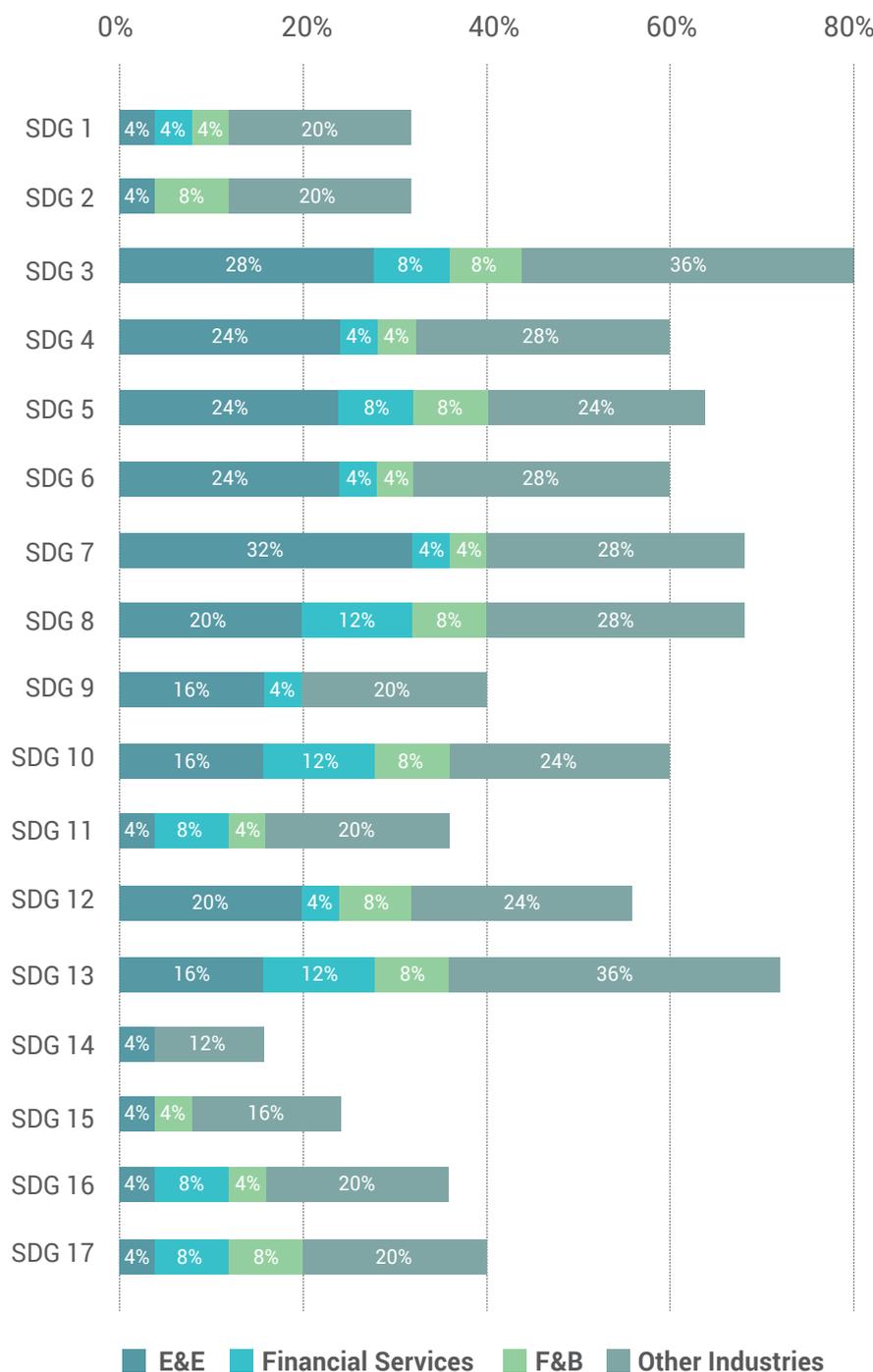
Figure 2: ESG metrics by strength, based on WEF’s Measuring Stakeholder Capitalism Report, 2020



## Focus on U.N. Sustainable Development SDGs (SDGs)

The focus on SDGs is closely tied to multiple ESG frameworks and mapping used by reporting companies. Based on the survey, most SDGs are taken into account in member respondents' ESG reporting. In particular, SDG 3 has the highest adoption, by 80% followed by SDG 13 at 72% - implying mass commitment to promote good health and wellbeing as well as commitment to take urgent action to combat climate change.

Figure 3: U.N. SDGs used in frameworks, by industry

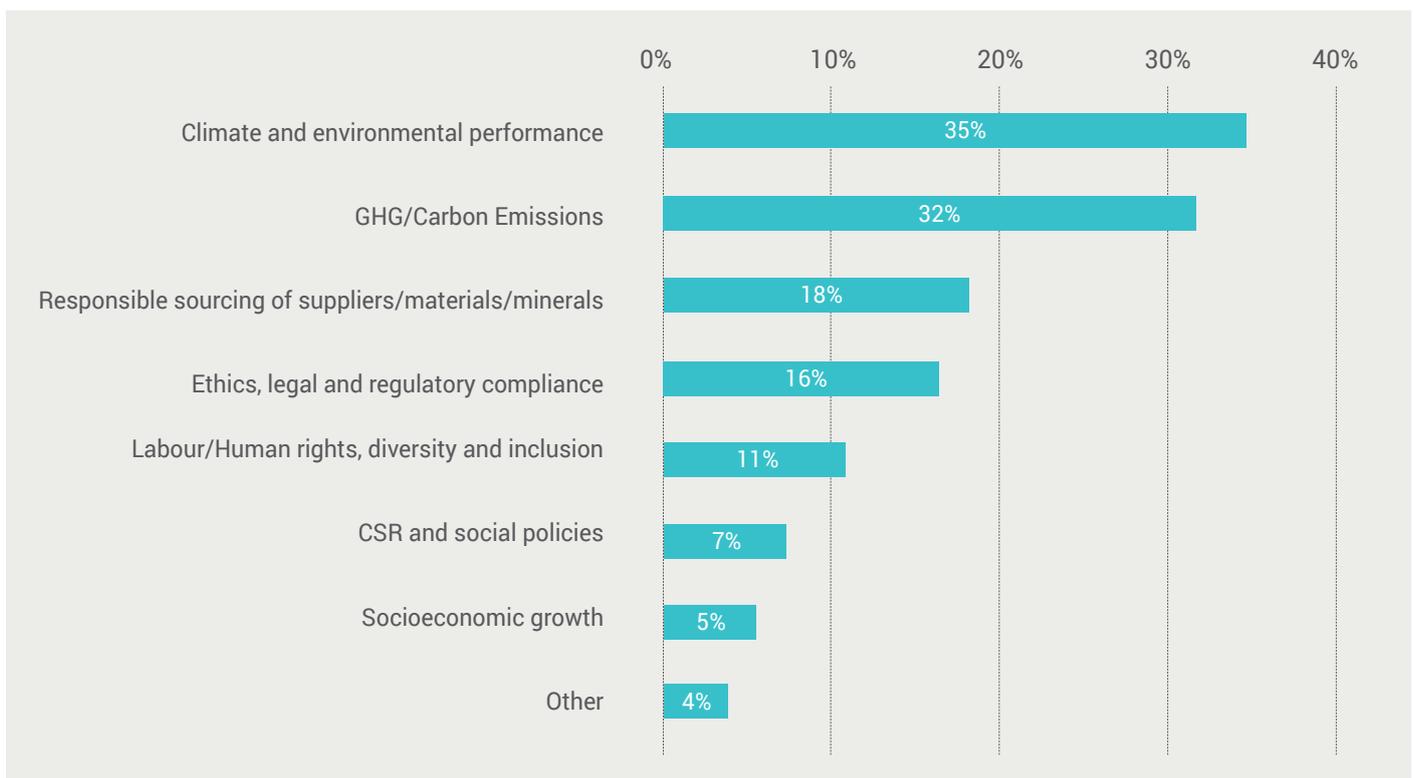




### ESG Indicators MNCs Desire From Their Suppliers

The survey also explored ESG indicators or metrics that respondents desire or are already reporting from their suppliers in Malaysia. Climate and environmental impact and actions came up the most – in particular emissions by tonne or by target. Responsible sourcing as well as ethics, legal and regulatory compliance were also judged to be highly important indicators to collect from suppliers.

Figure 4: Most important ESG Indicators to track from suppliers



# ANALYSIS: NON- REPORTING

## Reasons For Not Practicing ESG

While the survey identifies some member companies that do not practice ESG reporting, there was indication that most were either considering to or are in the midst of integrating ESG into their company operations.



## MOVING FORWARD

This Report seeks to act as an introduction to member companies' ESG response, to be used as a guide and preliminary benchmark on the efforts and concerns regarding ESG reporting of American companies and/or global MNCs that have operations in Malaysia.

The adoption of multiple, internationally-recognised frameworks indicate that many American MNCs, while not necessarily listed locally, broadly practice ESG at global standards.

There are however, observable challenges and concerns revolving around the adoption of ethical and sustainable business practices. On a procedural level, standardisation of reporting will continue to evolve with the formation of the ISSB, and focus on different ESG ratings and disclosures by finance providers and other stakeholders.

Within the Malaysian landscape, discussions with member companies skewed heavily on concerns related to political stability, market uncertainty following the upcoming implementation of carbon pricing mechanisms and labor rights. This is also reflected in survey respondents' desire to obtain environmental and governance-related metrics from their suppliers.

AMCHAM is aware that investors place a growing emphasis on ESG in Malaysia. This is thus the beginning of our long-term commitment to promote transparency, improve companies' ESG practices and ultimately aid both American companies and the local economy in the sustainability transition.



**American Malaysian Chamber of Commerce**

Level 10, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

Tel: +603 2727 0070 Fax: +603 2727 0075

<https://amcham.com.my/>

Join us @AmchamMalaysia



DISCLAIMER

The content and information contained in this publication are intended for general informational purposes only and should not be relied upon by any person as being complete or accurate. Data points within the publication relate solely to survey responses of 32 AMCHAM member companies. Unanswered survey questions have been excluded from the data set.

No employee, agent or other representative of AMCHAM will accept any liability suffered or incurred by any person arising out of or in connection with any reliance on the content of or information contained in this publication. This limitation applies to all loss or damage of any kind, including but not limited to compensatory, direct, indirect or consequential damage, loss of income or profit, loss of or damage to property and claims by third party.