

Advancing Sustainability via the Development of the Modified Environmental, Social and Governance Disclosure Index (MESGi) for Malaysian Public Listed Companies

Monie Ramba^{#1}, Corina Joseph^{#2}, Roshima Said^{#3}

[#]Faculty of Accountancy, Universiti Teknologi MARA

¹monieramba@gmail.com

²corina@sarawak.uitm.edu.my

³roshima712@kedah.uitm.edu.my

Abstract— The paper aims to explain the development of the modified environmental, social governance disclosure index (MESGi) for the Malaysian public listed companies. MESGi consists of 130 items will serve as a holistic and comprehensive checklist to evaluate the extent of environmental, social and governance information disclosure on companies annual and sustainability reports. It is hoped that the MESGi would enhance the level of disclosure by companies as the checklist includes both local and international items that have been developed in a detailed process. As well, it is hoped that the MESGi would assist more Malaysian companies to be listed in the FTSE4Good Index. This would in turn assist in advancing the sustainability agenda in the Malaysian business environment.

Keywords—environmental, social, governance, disclosure, sustainability

1. Introduction

The tragedy of the 2007's global financial crisis has become one of the starting points for firms' management to revise their business strategies. The improvement in the companies' strategies is crucial to ensure their sustainability in the industry. The environmental, social and governance (ESG) issues have turned out to be an emerging part of corporations' competitive strategies to compete with their rivals [1]. This displays that one of the business strategies which can be undertaken by the firms in order to build a competitive advantage is by disclosing information related to ESG issues in the annual reports.

There are several reasons why corporations should provide ESG information in the annual reports. Firstly, the companies that are willing to disclose on their ESG information are able to enhance and secure their reputation [2], [3]. Companies that engage in implementing ESG disclosures are perceived to acquire a strong ESG performance [4]. This is because ESG disclosures enable the managements to have proper documentation on their non-financial performance. This documentation becomes a useful reference for the firms in Malaysia to evaluate their ESG performance from time to time. As a result, companies

with ESG practices are able to perform and compete well in the market.

Secondly, investors view a firm that fails to provide insufficient and incomplete information as a riskier organization [5]. This may cause the investors to lose confidence on the company and will be less willing to invest in it. This means that less investors will lead to less funding for the corporation to finance its projects. Therefore, in order to attract more potential investors, a firm should implement a better disclosure on its non-financial information by reporting ESG issues in the annual reports.

Thirdly, ESG reporting can be one of the emerging parts of a firm's business strategies to create a competitive advantage and sustain its existence in the market place [1]. In order to compete with the competitors in the same industry, a corporation should possess strong and unique strategies in order to be outstanding from other firms [6]. By adopting the ESG disclosure practices, the firm will disclose more non-financial information; whereby, this will lead to higher amounts of internal resources and capabilities incurred by the firm. Additionally, investors are more confident to invest in companies with ESG disclosures practices as a greater degree of the firms' transparency can be achieved.

Fourthly, companies should publish the ESG disclosures in the annual reports so that the transparency and accountability of the firms' operations can be achieved [3]. The issues of climate change, environment pollution, human rights and corruption have required the firms to disclose more on ESG information in their annual reports. This is one of the initiatives undertaken by the firms to ensure that the business activities do not bring harm to the environment and society. In addition, by disclosing the governance practices in the annual reports, the management team is able to ensure that the corporation is operating in an ethical way.

Research on ESG reporting or disclosures is important nowadays as this kind of reporting reflects firm's efforts in

minimizing business unfavorable impacts on environmental, social and governance aspects. The insufficient of ESG information provided by companies in the annual reports may lead to certain conflicts [7] such as transparency and accountability issue between the firms and the stakeholders. For instances, the inadequate disclosures on corporate governance practices will encourage the presence of corruption among employees of a firm. Thus, this unethical action will jeopardize corporate good image and put firm's sustainability in a risk circumstance.

As one of the developing countries, Malaysia continue to emphasize the importance of ESG matters among Malaysian public-listed companies. Malaysia's fifth Prime Minister, Datuk Seri Abdullah Ahmad Badawi in his 2007's budget speech stated that the Malaysian public-listed companies are require to furnish their CSR initiatives in the annual reports. Companies must report on the reasons regarding the failure to provide ESG information in the annual reports. Not only that, Malaysian government supporting the 2030 Development Agenda and its Sustainable Development Goals (SDG), whereby the main purpose of these 17 Sustainable Development Goals are to sustain the preservation of planet and prosperity of society by emphasizing the importance of good health and well-being, gender equality, quality education, as well as responsible consumption and production [8].

Although the government had actively promoting the essential of ESG practices in Malaysia, the level of disclosing CSR information among Malaysian companies is low. This can be showed by a recent study conducted by [9]. The result from the study indicated that out of 626 chemical companies in Malaysia, only 208 companies took initiatives to provide the CSR activities in the annual reports, only 33% of Malaysian chemical companies report the non-financial information to the public. Thus, this reflect that the awareness on the importance of disclosing ESG information in the annual reports is still at minimum level among Malaysian listed companies. If the extent of ESG disclosure in companies' annual reports is still low, it is difficult for Malaysian firms to convince the shareholders to invest in the companies. Another possible reason for low disclosure of ESG information is due to the absence of holistic and comprehensive checklist or guideline that assist the companies to provide sufficient reporting in the annual reports. In this paper, the holistic or comprehensive checklist refers to the disclosure items included in both national and international reporting framework and the actual disclosures that are practised by companies that won the National Annual Corporate Awards (NACRA). Therefore, this paper aims to explain the development of the Modified Environmental, Social and Governance Disclosure index (MESGi) checklist, which enable the Malaysian public-listed companies to have a holistic approach to disclose the ESG information in the annual reports.

The emergence of environmental, social and governance reporting

The ESG reporting can be referred to different names; for example, corporate social disclosure (CSD), corporate environmental reporting (CER), triple bottom line (TBL), corporate social responsibility disclosure (CSR), and sustainability disclosure reporting (SDR) [10]. ESG disclosure refers to companies' reporting on the environmental, social and governance performance with the purpose to lower the cost of equity capital [11]. Firms with good ESG practices and reputation able to compete in the market [12] as the managerial skills of corporations with good ESG performance are transferable into corporate market activities.

As time goes by, corporations have started to realize the significance of governance factors in managing the operations of a business. This is because companies that are involved in unethical practices, such as pollution or unfair employee relations, can reduce the shareholders' trust and loyalty [13]. Due to this, ESG disclosures have started to receive the attention by corporations. In line with this, several academic studies had been carried out to examine the reporting that integrates the issues of environmental, social and governance aspects. For example, a study examined the corporate ESG disclosures in China between 2005 and 2012 found out that the EGG reporting of Chinese companies improved from four percent to 81.33% in 2009 [14]

Even though the importance of ESG reporting is prevalent nowadays, companies in several countries are facing difficulties in publishing their ESG information in the annual reports. For example, [15] stated that a number of corporations around the world are struggling in developing, applying and upgrading a measurement system that enables the firms to deliver reliable and synthesized information on true corporate sustainability. Additionally, [16] indicated that companies have their own freedom to decide on how they furnish their ESG reporting and which ESG indicators should be included in the annual reports. Different companies across different countries provide different ESG disclosure [3]. For instances, firms that operate in UK country are required to disclose a series of ESG information, whereby the ESG information must include firm's business impact to the environment, employees' details, community and policies implemented by the companies that related to ESG aspects.

From these several past studies, it is necessary for corporations of a country to have a reliable, relevant and standardized ESG reporting practice. It is essential for a company to disclose its ESG information in a proper way that will enable the stakeholders to evaluate the firm's ESG performance efficiently. Therefore, the development of MESGi in this paper is timely.

Malaysian Environmental, Social and Governance Disclosure

The emergence of CSR practices in Malaysia arose when there are numerous CSR initiatives undertaken by many parties such as government, non-governmental organizations (NGO) and Malaysian companies itself. Malaysia Trade Unions Congress, the Federation of Malaysia Consumers Association and Malaysian Nature Society are the examples of NGO that promote the importance of CSR in Malaysia. This can be shown when these NGO continue to increase the publicity on CSR aspects by raising social responsibility issues as well as environmental awareness in Malaysia [17].

Not only that, various CSR initiatives had been implemented by government in order to enhance the CSR practices in Malaysia. One of the initiatives is by introducing Government-linked Companies (GLC) Transformation Program in May 2004, whereby the CSR performance of GLC was supervised by Putrajaya Committee on GLC High Performance [17]. In addition, the Bursa Malaysia CSR Framework for Malaysian public-listed companies was launched in September 2006. This CSR framework aims to assist the listed companies to have a proper guideline in reporting their CSR strategies as the framework focuses on four main areas of CSR practices, namely, environment, workplace, community, and the market place. The Bursa Malaysia CSR Framework requires the public-listed companies to publish their CSR activities in the annual reports.

Various CSR-related awards, such as Prime Minister's CSR Award, Prime Minister's Hibiscus Award (PMHA) and Malaysian Business Corporate Governance Award have been introduced to encourage Malaysian corporations to implement good CSR practices. One of the most prestigious CSR awards is the Prime Minister's CSR Award. This is a program organized by the government to recognize the initiatives undertaken by companies to provide a positive impact through the implementation of CSR strategies.

In 2014, Bursa Malaysia and Financial Times Stock Exchange (FTSE) developed a new index, which is known as the environmental, social and governance (ESG) Index. By launching the ESG index¹, it shows the government is very concerned towards issues related to the efforts taken by listed companies in persevering the environment, concerning about social responsibility and practising proper governance practices. This ESG index is also used to improve the ESG practices among the public-listed companies to the stakeholders. However, up to June 2017, there were only 43 companies listed in the FTSE4Good Index [18]. This reflects that there were many Malaysian companies which were unable to meet the requirements in the ESG index.

The increase of awareness in implementing the ESG practices was enhanced when the proposal on the

Sustainable and Responsible Investment (SRI) Sukuk Framework was included in the 2014 budget speech. On 28 August 2014, Securities Commission Malaysia (SCM) released a statement on the introduction of SRI Sukuk Framework; whereby this framework aims to promote socially responsible financing and investment since there is an increasing demand on the ESG impacts of business among corporations in Malaysia. In addition, the issuance of Malaysian's First Green Sukuk (MFGS) under the SRI Sukuk Framework was launched on 27 July 2017 by SCM. The MFGS framework was developed by three parties, namely, SCM, Bank Negara Malaysia, and World Bank Group, which was viewed as an innovative network to address global funding gaps in green financing within the Malaysian Islamic finance market place.

The ESG reporting in Malaysia is positively encouraged by the Malaysian government and regulatory bodies with the purpose to achieve greater accountability, transparency and sustainability among Malaysian public-listed companies. This can be shown through various initiatives undertaken by NGOs, government and firms' willingness to report the ESG information in order to meet policies and regulations related to CSR disclosure practices. Hence, by having a strong commitment from the government and NGOs, high demands from different stakeholders, greater firms' awareness on the importance of ESG reporting, it is hoped that ESG disclosure level can be enhanced further by having more a standardized and comprehensive MESGI checklist.

Global Reporting Initiative

Global Reporting Initiative (GRI) is known as an independent organization which has established the sustainability framework since 1997 [19]. GRI plays an essential role in assisting businesses and governments worldwide to understand and communicate their business impacts and real actions that relate to critical sustainability matters, such as climate change, human rights, governance, as well as social being. In order to fulfil the stakeholders' demand on the firms' transparency, GRI has undertaken the initiatives to develop GRI Sustainability Reporting Standards.

GRI introduced its first version of Guidelines (GRIv1) in 2000, in which GRIv1 represented the first global framework for sustainability reporting. Meanwhile, in 2002, the second generation of GRI guidelines was launched at the World Summit on Sustainable Development in Johannesburg as GRI became a reference in the established World Summit's Plan of Implementation. In 2006, the demand on GRI's sustainability reporting guidelines had grown and this led to the development of GRI version 3. The increasing interest on GRI's sustainability reporting can be shown when over 3,000 professionals from business, civil society and labour movements involved in GRIv3's establishment. By launching the third generation of GRI guidelines, GRI started to enhance its strategy on reporting framework.

Eight years later, in 2013, the latest generation of GRI Guidelines was launched, known as G4 Sustainability Reporting Guidelines (G4). These guidelines cover Reporting Principles, Standard Disclosures and Implementation Manual for the preparation of sustainability reports by the corporations. By adopting G4, organizations are required to disclose their material information that relates to the impacts, risks and opportunities of business activities. In accordance with the GRI Guidelines, companies have two options in preparing their reports, which are “core” option and “comprehensive” option. The core option contains the essential elements of organizations’ sustainability reports, such as the impacts of their ESG performances to the stakeholders. Meanwhile, the comprehensive option includes the additional Standard Disclosures of organizations’ strategies and analyses, governance, ethics and integrity. This shows that in the comprehensive option, the firms report their performances in more detail.

Standard Disclosures consist of two types of disclosures, which are General Standard Disclosures and Specific Standard Disclosures. General Standard Disclosures include the information which relates to the strategy and analysis of senior decision makers of the organization, organizational profile and its governance, while Specific Standard Disclosures comprise 342 indicators providing information on economic, environmental and social performances or impacts of an organization in relation to its material aspects [19]. The General Standard Disclosures are applicable to all the corporations that providing sustainability reports. Whereas, the Specific Standard Disclosures are option for the organizations to furnish in the sustainability reports as the companies had included the Specific Standard Disclosures in the annual reports [19]. Instead of using other ESG Initiatives, such as Principles for Responsible Investment (PRI), Carbon Disclosure Project (CDP) and International Integrated Reporting Council (IIRC), this study selects the GRI guidelines as the basis to determine the disclosures of ESG items provided by the listed companies. One of the reasons is that GRI guidelines provide useful ESG indicators and these ESG items are fit in analyzing the firms’ ESG performance. In addition, the criteria that enable the public companies to be listed in FTSE4Good had been developed by global disclosures framework, such as GRI and Carbon Disclosure Project.

Development of Modified Environmental, Social and Governance Disclosure Index (MESGi)

Initially, the development of Modified Environmental, Social and Governance Disclosure Index (MESGi) consisted of: 1) Environmental, Social and Governance (ESG) indicators in GRIv4; 2) ESG items included in the previous studies; 3) Criteria of 2016 National Annual Corporate Report Awards (NACRA), and 4) actual ESG disclosures reported by 2016 NACRA winners in both annual and sustainability reports.

A pilot test involving the observation of 15 companies’ annual reports and 7 companies’ sustainability reports had been conducted in January 2018, involving the winners of 2016 NACRA Award. After the pilot test, a few redundant items were eliminated as these items were not relevant to the scope of study. For instance, few indicators, such as public policy and supplier environment assessment incorporated in GRIv4 were not applicable in Malaysian business environment. Several new indicators which is applicable to Malaysian listed companies had been added to the MESGi checklist to ensure that MESGi is presented in a more holistic and comprehensive way.

There were several steps involved in developing the final version of MESGi. The steps were as follows: 1) Identification of the ESG basic items using GRIv4; 2) Removal of several items from GRIv4 (environmental, social and governance disclosure category); 3) Reference to previous studies; 4) Modification of index by adding the criteria included in 2016 NACRA Award; and 5) Removal / Addition of ESG items by comparing basic ESG items and actual ESG disclosures available in annual reports and sustainability reports of 2016 NACRA winners; 6) Validation of items by experienced scholars and industrial practitioners; and 7) Preparation of final version of MESGi (130 items). The details of the steps undertaken is as follows:

Step 1: Identification of the basic ESG items

Initially, the determination of basic ESG items is based on the ESG indicators incorporated in GRIv4. The ESG items covered in GRIv4 were more comprehensive compared to GRIv3. By referring to the ESG items in GRIv4, there are 342 items related to the ESG matters; 144 environmental items, 151 social items and 47 governance items.

Step 2: Removal of several items from GRIv4 (environmental, social and governance disclosure category)

The initial key aspects included in the environmental, social and governance disclosure category is presented in Table 1.

Table 1: Initial key aspects of ESG disclosure category

Category	Sub category	Key Aspects
Environmental		<ol style="list-style-type: none"> 1. Materials 2. Energy 3. Water 4. Biodiversity 5. Emissions 6. Effluent and Waste 7. Products and Services 8. Compliance 9. Transport 10. Overall 11. Supplier environment assessment 12. Environmental grievance mechanisms
Social	A. Labor practices and decent works	<ol style="list-style-type: none"> 1. Employment 2. Labor/ management relations 3. Occupational health and safety 4. Training and education 5. Diversity and equal opportunity 6. Equal remuneration for women and men 7. Supplier assessment for labor practices 8. Labor practices grievance mechanisms
	B. Human Rights	<ol style="list-style-type: none"> 1. Investment 2. Non-discrimination 3. Freedom of association and collective bargaining 4. Child labor 5. Forced or compulsory labor 6. Security practices 7. Indigenous rights 8. Assessment 9. Supplier human rights assessment 10. Human rights grievance mechanisms
	C. Society	<ol style="list-style-type: none"> 1. Local communities 2. Anti-corruption 3. Public policy 4. Anti-competitive behaviour

		<ol style="list-style-type: none"> 5. Compliance 6. Supplier assessment for impacts on society 7. Grievance mechanisms for impacts on society
	D. Product Responsibility	<ol style="list-style-type: none"> 1. Customer health and safety 2. Product and service labeling 3. Marketing communications 4. Customer privacy 5. Compliance
Governance		<ol style="list-style-type: none"> 1) Governance structure and composition 2) Highest Governance Body's Role in setting purpose, values and strategy 3) Highest Governance Body's competencies and performance evaluation 4) Highest Governance Body's Role in Risk Management 5) Body's Role in Sustainability Reporting 6) Highest Governance Body's Role in evaluating economic, environmental and social performance 7) Remunerations and incentives

Based on the pilot test carried on the 2016 NACRA winners, several unrelated key aspects of ESG disclosure category were removed. For example, under the social disclosure category, none of the companies observed in the pilot test disclosed any information on legal action regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the companies had been identified as participant. Hence, it is reasonable for the study to remove any key aspects to achieve the objective in this study. Table 2 presents the key aspects based on the observations from the pilot test:

Table 2: Final key aspects of ESG disclosure category

Category	Sub category	Key Aspects
Environmental		<ol style="list-style-type: none"> 1. Materials 2. Energy 3. Water 4. Biodiversity 5. Emissions 6. Effluent and Waste 7. Overall
Social	A. Labor practices and decent works	<ol style="list-style-type: none"> 1. Employment 2. Occupational health and safety 3. Training and education 4. Diversity and equal opportunity 5. Equal remuneration for women and men
	B. Human Rights	<ol style="list-style-type: none"> 1. Non-discrimination 2. Freedom of association and collective bargaining 3. Child labor 4. Forced or compulsory labor 5. Security practices
	C. Society	<ol style="list-style-type: none"> 1. Local communities 2. Anti-corruption 3. Compliance
	D. Product Responsibility	<ol style="list-style-type: none"> 1. Customer health and safety 2. Product and service labeling 3. Marketing communications 4. Customer privacy 5. Compliance
Governance		<ol style="list-style-type: none"> 1) Governance structure and composition 2) Highest Governance Body's Role in setting purpose, values and strategy 3) Highest Governance Body's competencies and performance evaluation 4) Highest Governance Body's Role in Risk Management 5) Body's Role in

		Sustainability Reporting 6) Highest Governance Body's Role in evaluating economic, environmental and social performance 7) Remunerations and incentives
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Step 3: Reference to previous studies

The third step involved in developing MESGi is by referring to previous studies related to ESG. These include [20], [21], [22], [23], [24].

Step 4: Modification of index by adding items based on the criteria in 2016 NACRA Award

The fourth step involved in developing MESGi is by adding relevant ESG criteria included in the 2016 NACRA Award. One of the rationales to consider the NACRA's criteria is the criteria are revised and improved every year. This is important to promote the disclosure of materials and relevant ESG information in the annual reports, which is beyond the statutory requirements. For example, the companies are required to disclose the details associated with their community investment initiatives. By taking NACRA's criteria into consideration, MESGi checklist will be more comprehensive as the items in MESGi covers both international and local ESG indicators. The total NACRA items included in the MESGi is 11.

Step 5 : Removal / Addition of ESG items by comparing basic ESG indicators and actual ESG disclosures available in annual report and sustainability reports of 2016 NACRA Award winners

Under the fifth step of MESGi development, the basic ESG items are compared with the actual ESG disclosures furnished in the annual reports by 2016 NACRA Award winners. This process is important to ensure that all ESG items included in MESGi are mutually exclusive from each other. Hence, any redundant and irrelevant basic ESG items from ESG real disclosure in the annual reports were removed immediately to achieve the validity of the items.

Step 6: Validation of items by experienced scholars and industrial practitioners

The validation of items had been conducted by involving three scholars in the CSR research area and four industrial practitioners in May 2018, for the purpose of reviewing and validating the items in the MESGi. By incorporating the valuable opinion and recommendation from the scholars and industrial practitioners, this will improve the quality and reliability of MESGi.

Step 7: Preparation of the final version of MESGi

The final version of MESGi consists of 130 items after the process of removing or adding relevant items and after the experts' validation; whereby 95 items are based on GRIv4, 11 items are from NACRA criteria and the remaining of 24

items are from actual disclosures in companies' annual reports and sustainability reports. The Modified Environmental, Social and Governance Disclosure Index is presented in Table 3

Table 3: Modified Environmental, Social and Governance Disclosure Index

Category	Aspects	No.	Disclosure Items	Main Sources
Environmental	A. Materials	1	Report the total weight or volume of non-renewable materials used	[19], [20]
		2	Report the total weight or volume of renewable materials used	[19]
		3	Material management	Actual disclosure, [21]
	B. Energy	4	Report the total energy consumption in joules or multiples	[19], [22]
		5	Report the reason of increase in energy consumption	Actual disclosure
		6	Energy management	Actual disclosure, [21], [23]
		7	Report the energy intensity	[19], [22]
	C. Water	8	Report the total volume of water recycled and reused by the organizations	[19], [22]
		9	Report the water consumption	Actual disclosure, [22]
		10	Water management	Actual disclosure
	D. Biodiversity		Report the following information for each operational site owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas:	[19], [22], [23]
		11	Geographic location	
		12	Position in relation to the protected area or the high biodiversity value area outside protected areas	
			Report the nature significant direct and indirect impacts on the biodiversity with the reference of:	[19], [22]
		13	Species affected	
		14	Extent of areas impacted	
		15	Report the biodiversity conservation management (Eg: Landscape rehabilitation, Research on biodiversity impacts)	Actual disclosure
	E. Emission	16	Report gross direct (Scope 1) GHG emission in metric tons of CO ₂ equivalent, independent of any GHG trades, such as purchases, sales transfers of offsets or allowances	[19], [22], [23]
		17	Report gases included in the calculation (whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all)	[19], [23]
		18	Report gross direct (Scope 2) GHG emission in metric tons of CO ₂ equivalent, independent of any GHG trades, such as purchases, sales transfers of offsets or allowances	[19], [22]
		19	Report gases included in the calculation, if available	[19]
		20	Report gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent, excluding indirect emissions from the generation purchased or acquired electricity, heating, cooling and steam consumed by the organization (these	[19], [22]

			indirect emissions are reported in Indicator G4-EN16). Exclude any GHG trades, such as purchase, sales or transfer of offsets or allowances	
		21	Report gases included in the calculation, if available	[19]
		22	Greenhouse Gas Management	Actual disclosure
	F. Effluents and Waste	23	Report the total weight of hazardous and non-hazardous waste, by the following disposal methods:	[19], [22], [23]
		24	Reuse	
		25	Recycling	
		26	Recovery, including energy recover	
		26	Report how the waste disposal method has been determined	[19], [22]
		27	For spills that were reported in the organization's financial statements, report the additional following information for each such spill:	[19], [22]
		28	Location of spill	
		29	Volume of spill	
		29	Material of spill	
	J. Overall	30	Report total environmental protection expenditures by:	[19]
		31	Waste disposal, emissions treatment and remediation costs	
		31	Prevention and environmental management costs	
	Others	32	Environmental Policy clearly/stated	NACRA
		33	Set targets for improvements and/or significant initiatives to reduce the environmental impacts	NACRA
		34	Report the environmental program	Actual disclosure, [21], [24]
		35	Report Dust monitoring and Noise monitoring	Actual disclosure
		36	Green Building	Actual disclosure
Social (Labour practices and decent work)	A. Employment	37	Report the total number and rate of new employee hires during the reporting period, by age, group, gender and region.	[19], [20], NACRA
		38	Report the total number and rate of employee turnover during the reporting period, by age, group, gender and region.	[19], [22], [23], NACRA
		39	Report the benefits which are standard for full time employees of the organization but are not provided to temporary or part time employees, by significant location of operation	[19], [21], [22]
		40	Return to work and retention rates after parental leave, by gender:	[19]
		41	Report the total number of employees that took parental leave, by gender.	
		42	Report the total number of employees that entitled to parental leave, by gender.	
		43	Report the total number of employees who returned to work after parental leave ended, by gender.	
		43	Report the return to work and retention rates of employee who took parental leave, by gender	
	C. Occupational	44	Report the level at which each formal joint	[19],[[22], [24]

	Health and Safety		management-worker and safety committee typically operates within the organization	
		45	Report the percentage of the total workforce represented in formal joint management-worker and safety committee	[19]
		46	Report the roles and responsibilities of safety committee	Actual disclosure
		47 48 49 50 51 52	Report by region and gender for the total workforce (that is, total employees plus supervised workers): Types of injury Injury Rate Occupational Disease Rate Lost Day Rate Absentee Rate Work-related Fatalities	[19], [21], [22], [23]
		53	Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	Actual disclosure
		54	Report whether formal agreements (either local or global) with trade unions cover health and safety	[19]
		55	Human & Safety management system in place	[21], NACRA
		56	Report the types of safety and health programme	Actual disclosure, {21}
	D. Training and Education	57	Report the average hours of training that the organization's employees have undertaken during the reporting period	[19], {21}, [22], [23], [24], NACRA
		58	Report on the type and scope of programs implemented and assistance provided to upgrade employee skills	[19], [21], NACRA
		59	Report on the transition assistance programs provide to facilitate continued employ-ability and the management of career endings resulting from retirement or termination of employment.	[19]
		60	Training Expenditure	Actual disclosure
	E. Diversity and Equal Opportunity	61	Report the percentage of individual within the organization governance bodies in each of the following diversity categories (gender, ages group, Minority group)	[19], [22], [23]
		62	Report the percentage of employees per employee category in each of the following diversity categories (gender, ages group, Minority group, Other indicators of diversity where relevant	[19], [22], [23]
	F. Equal Remuneration on for women and man	63	Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	[19], [21]
	Others	64	Work - life Balance (Ensuring employees' quality of life-pension plans, flexible working arrangements, counselling/ assistance programs, sport activities, etc)	NACRA
		65	Employee engagement (Through survey, recognition, innovation program)	[21], [24], actual disclosure
		66	Employee rewarding system	Actual disclosure
Social (Human Rights)	B. Non-discrimination	67	Report the total number of incidents of discrimination during the reporting period.	[19], [22], [24]
		68	If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.	Actual disclosure

	C. Freedom of association and collective bargaining	69	Report operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in term of: Type of operation (such as manufacturing plant) and supplier	[19], [22]
		70	Report measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	
		71	If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.	Actual disclosure
		72	Report the matters cover in Collective Agreement	Actual disclosure
	D. Child labor	73	Report the operation and supplier considered to have significant risk for incidents of: Child Labor	[19], [22]
		74	If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.	Actual disclosure
	E. Forced or compulsory labor	75	Report operation and supplier considered to have significant risk for incidents of force or compulsory labor either in term of: Type of operation (such as manufacturing plant) and supplier	[19], [22]
		76	Countries or geographical areas with operations and suppliers considered at risk	
		77	If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.	Actual disclosure
	F. Security Practices	78	Report the percentage of security personnel who have receive formal training in the organization's human rights policies or specific procedures and their application to security	[19]
Social (Society)	A. Local Communities	79	Report the percentage of operations with implemented local community engagement, impact assessment and development programs, including the use of: Environment impact assessments and ongoing monitoring	[19], [22]
		80	Public disclosure of results of environmental and social impact assessments	
		81	Local community development programs based on local communities' needs	
		82	Works council, occupational health and safety committees and other employee representation bodies to deal with impacts	
	B. Anti-corruption	83	Report the total number and percentage of operations assessed for risks related to corruption.	[19], [21], [22], [24]
		84	Report the total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.	[19]

		85	Report the total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.	[19]
	E. Compliance	86	If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.	[19]
	Others	87	Details on the company's community investment initiatives: Nature of investment (monetary, in kind, staff time)	[21], NACRA
		88	Areas (Infrastructure support, youth development, education, the underprivileged, poverty alleviation, disability, local heritage)	
		89	Overall effectiveness of program	
		90	Encouraging employee volunteerism (Types of activities completed, Total number of hours completed)	
		91	Internship of graduate placement program	
Social (Product Responsibility)	A. Customer health and safety	92	Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	[19], [22], [24]
	B. Product and Service Labelling	93	Report whether the following product and service information is required by the organization's procedures for product and service information and labeling: The sourcing of components of the product and service	[19]
		94	Content particularly with regard to substances that might produce an environmental or social impact	
		95	Safe use of the product or service	
		96	Report the results or keys conclusions of customer satisfaction surveys (based on statistically relevant sample sizes) conducted in the reporting period relating to information about: The organization as a whole	[19], [22]
		97	A major product or service category	
	Marketing Communication	98	Report whether the organization sells products that are: Banned in certain markets	[19]
		99	The subject of stakeholder questions or public debate	
	D. Customer privacy	100	If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient	[19], [22]
	E. Compliance	101	If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient	[19]
	Others	102	Product quality deliverance	Actual disclosure
		103	Customer Experience	Actual disclosure
Governance	A. Governance	104	Report the governance structure of the organization	[19], [20], [22]

	structure and composition			
		105	Report the Committees of the highest governance body	[19]
		106	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	[19]
		107 108 109 110 111	Report the composition of the highest governance body and its committees by: Executive or non-executive Independence Tenure on the governance body Gender Competencies relating to economic, environmental and social impacts	[19], [24]
		112	Report whether the Chairman of the highest governance body is also an executive officer	[19]
		113 114	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nomination and selecting highest governance body members, including: Whether and how diversity is considered Whether and how independence is considered	[19], [24]
	B. Highest Governance Body's Role in setting purpose, values and strategy	115	Report the highest body's and senior executives' roles in development, approval and updating of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts.	[19], [24]
	C. Highest Governance Body's competencies and performance evaluation	116	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	[19],[24]
		117	Report the process for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	[19]
		118	Report whether such evaluation is independent or not, and its frequency.	[19]
		119	Report whether such evaluation is self-assessment.	[19]
	D. Highest Governance Body's Role in Risk Management	120	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	[19], [24]
		121	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	[19]
	E. Body's Role in Sustainability Reporting	122	Report the highest committees or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	[19]
	F. Highest Governance Body's Role in evaluating	123	Report the process for communicating critical concerns to the highest governance body.	[19]

	economic, environmental and social performance			
		124	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	[19]
	G. Remunerations and incentives	125 126	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: Fixed pay and variable pay Sign-on bonuses or recruitment incentive payments	[19]
		127	Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives. Report the process for determining remuneration.	[19]
		128	Policy/Statement clearly Stated	NACRA
		129	Disclosure of non-compliance to laws/ legislation/ codes/ listing requirements.	NACRA
	Others	130	Report on Independence Assurance Statement	Actual disclosure

Conclusion

The development of modified environmental, social and governance disclosure index is timely as the level of ESG information disclosed in Malaysian companies' annual and sustainability reports is still low as indicated by a recent study. With a detailed process involved in developing the MESGi checklist, it is hoped that the ESG disclosure level would be improved. As well, it is hoped that the MESGi would assist more Malaysian companies to be listed in the FTSE4Good Index.

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