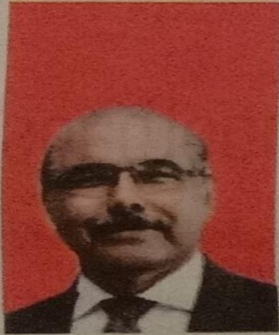


Adapt to environment, social and governance concerns or
become obsolete



**DATUK DR
JOHN ANTONY
XAVIER**

A BALLERINA focuses on a single spot to return to when she does her dizzying pirouette so that she does not fall at the end of the spin.

Similarly, businesses have focused on making profits so that they may remain financially sustainable. They consider pursuing shareholder value as serving the larger good of society.

However, with emerging concerns over environment, social and (corporate) governance, or ESG, businesses increasingly fret about how they can contribute to environmental and social protections, as well as good governance.

This concern is reflected in the annual increases in global invest-

ments in ESG initiatives. Last year, it stood close to RM160 trillion.

Such a focus on ESG considerations will achieve two aims at once — financial and environmental sustainability. Recently, Bursa Malaysia chairman Tan Sri Abdul Wahid Omar spelt out clearly why companies should pursue a purpose beyond profits.

FIRST, companies would be locked out of debt and equity financing as investors increasingly invest in companies that value the ESG criteria.

Worse, they would have to pay higher insurance premiums to underwrite risks in their operations or have their stock prices discounted if ESG metrics are unfavourable.

SECOND, in the war for talent, a company that keeps the ESG elements at the top of its agenda will attract like-minded talent.

In a 17-country Global Sustainability Study 2021 conducted by Simon-Kucher & Partners, a global consultancy, one-third of the millennials responded that they would buy an alternative product that is more environmentally

For further reading, please scan here

