

CHAPTER 3

Monetary and Financial Developments

105 OVERVIEW

105 MONETARY DEVELOPMENTS

106 PERFORMANCE OF RINGGIT

107 BANKING SECTOR PERFORMANCE

Feature Article 3.1 – Environmental, Social and Governance Practices: Toward Enhancing Corporate Resilience in Malaysia

116 CAPITAL MARKET PERFORMANCE

Information Box 3.1 – Key Capital Market Measures

121 ISLAMIC BANKING AND CAPITAL MARKET PERFORMANCE

123 CONCLUSION

124 REFERENCES

CHAPTER 3

Monetary and Financial Developments

Overview

Financial market remains resilient

The monetary and financial conditions remain accommodative and supportive of economic activities throughout the crisis brought by the COVID-19 pandemic. Monetary operations are supported by vibrant money and foreign exchange markets and intermediation activities. The banking sector remains strong, backed by sufficient liquidity and capital buffers. Likewise, the capital market exhibits resilience, underpinned by ample domestic liquidity and a supportive policy environment. The accommodative and expansionary policy stance will continue to support economic recovery. Nonetheless, risks from the resurgence of COVID-19 cases, possible delay in easing containment measures, limited economic activities, and faster-than-expected policy normalisation by major central banks may impact financial market performance.

Monetary Developments

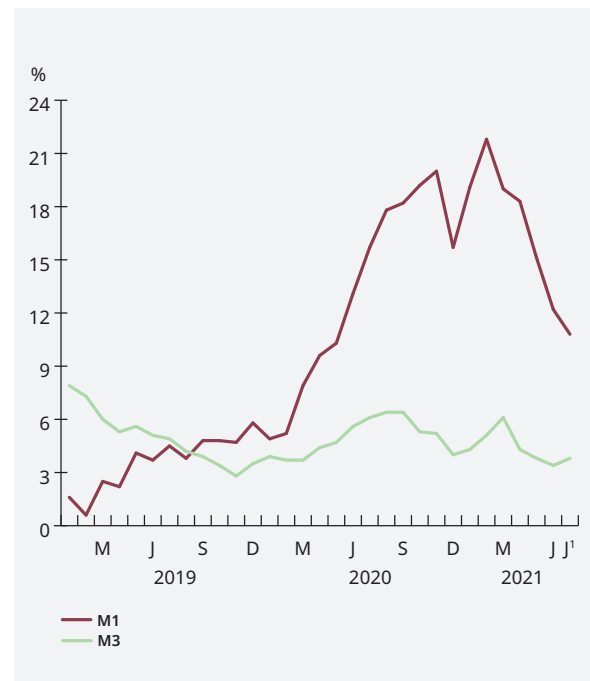
Monetary policy remains supportive of economic recovery

Monetary policy in 2021 remains accommodative in cushioning the adverse economic impact of the prolonged nationwide lockdown while providing support for recovery. The policy also ensures that price pressures remain manageable. In the first seven months of 2021, the Overnight Policy Rate (OPR) was held steady at 1.75%. Meanwhile, efforts to ensure sufficient liquidity to support financial intermediation activity remain in place. The Statutory Reserve Requirement (SRR) stood at 2.00% since March 2020, in addition to

the extension of flexibility given to banking institutions to use the Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII) to meet their SRR compliance until December 2022.

In tandem with the OPR, the interest rates in the banking system continued to remain stable in the first seven months of 2021. Commercial banks' average lending rate and weighted base rate were relatively unchanged at 3.43% and 2.43%, respectively, compared to the same period last year. Similarly, the average interest rate on savings deposits of commercial banks was held steady at 0.58% during the same period. Meanwhile, the fixed deposits of 1-month to 12-month maturities ranged from 1.48% to 1.70%.

FIGURE 3.1. Monetary Aggregates (% change)



¹ End-July 2021
Source: Bank Negara Malaysia

Between January and July 2021, monetary aggregates continued to expand further. As at end-July 2021, M1 or narrow money grew at a rate of 10.8% to RM550.8 billion continuously buoyed by higher currency in circulation (13.7%) and demand deposits (9.9%) while M3 expanded by 3.8% to RM2,106.4 billion. The expansion was mainly driven by higher net foreign assets in the financial sector amid net portfolio inflows and the continued extension of credit to the private sector, especially through loans. In the near term, the money supply is expected to continue to be supported by the extension of credit to the private sector amid the resumption of economic activity.

Moving forward, monetary policy is expected to remain accommodative and supportive of economic recovery. Nevertheless, given uncertainties surrounding the pandemic, the future stance of monetary policy will continue to be guided by new data and information. This is to ensure that risks on growth prospects are minimised while maintaining price stability.

TABLE 3.1. *Factors Affecting M3, January – July 2020 and 2021*

	CHANGE (RM BILLION)	
	2020	2021
M3	68.1	65.4
Net claims on Government	62.8	9.5
Claims on Government	81.9	31.2
Less: Government deposits	19.1	21.7
Claims on private sector	38.9	28.1
Loans	29.4	26.9
Securities	9.5	1.2
Net foreign assets ¹	28.5	36.3
Bank Negara Malaysia	14.6	29.3
Banking system	13.9	7.0
Other influences	-62.1	-8.5

¹ Includes exchange rate revaluation losses/gains
Note: Total may not add up due to rounding
Source: Bank Negara Malaysia

Performance of Ringgit

Continued volatility in the exchange rate

At the beginning of the year, the ringgit, alongside other regional currencies, appreciated against the US dollar. The appreciation was driven by optimism over the global growth recovery amid the roll-out of vaccination programmes. However, from the second week of January 2021, the ringgit depreciated against the US dollar. Selling pressures at the domestic market, triggered by the nationwide lockdown or Movement Control Order 2.0 (MCO 2.0) to combat the spread of COVID-19 cases, weighed down on the ringgit.

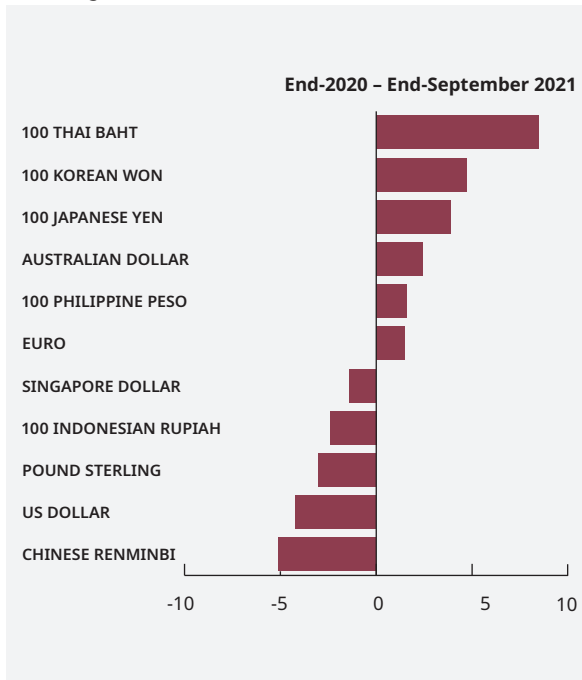
In March 2021, the ringgit and most regional currencies depreciated within the range of 0.4% and 6.7%. The surge in the US Treasury yields in anticipation of faster US economic recovery had caused investors to shift to US Treasuries, leading to the strengthening of the US dollar. Nevertheless, the ringgit appreciated against the Japanese yen (3.7%), the euro (1.3%), Thailand baht (1.1%) and Korean won (0.7%) during the month.

The ringgit strengthened against the US dollar in April 2021. The decline in US Treasury yields was due to the market expecting that the Fed would commence the tapering of its asset purchase programme at a later date. This situation, coupled with firmer crude oil prices, led to non-resident portfolio inflows into the domestic bond market hence supporting the ringgit. Nonetheless, downside risks from the extension to the MCO 3.0 from 12 May 2021 continued to dampen investors' risk appetite.

As at end-September, the ringgit depreciated by 4.2% against the US dollar. The trend was driven by the path of the pandemic both globally and domestically, which affected the growth outlook. This was further intensified by shifting expectations surrounding the timeline of the Fed's tapering of its asset purchase programme and monetary policy lift-offs.

Moving forward, these factors are expected to influence the movements in ringgit. Over the medium-term, sustained economic recovery coupled with strong fundamentals are expected to support the ringgit.

FIGURE 3.2. Performance of Ringgit against Selected Currencies (% change)



Source: Bank Negara Malaysia

Banking Sector Performance

Banking sector remains well-capitalised

The capacity of the banking sector to absorb losses remained strong. In addition, the sector is well-capitalised to withstand potential risks and sustain credit intermediation in the economy. This strong position is supported by healthy capital and liquidity level coupled with resilient asset quality and prudent loan loss reserves. As at end-July 2021, the excess total capital buffer¹ remained stable at RM129.2

billion with the capital ratios, namely Common Equity Tier 1 Capital, Tier 1 Capital, and Total Capital Ratios, at healthy levels of 14.7%, 15.2%, and 18.5%, respectively. The ratios were well above the Basel III minimum regulatory levels of 4.5%, 6%, and 8% of risk-weighted assets, respectively.

Banking sector earnings declined in 2020, dragged by the pre-emptive provisioning in anticipation of higher losses. Nevertheless, the pre-tax profit of the sector increased by 2.8% to RM21.1 billion in the first seven months of 2021. The higher pre-tax profit was attributed to improved net interest income from lower cost of funds and lower provisions made during the period. The banking operating conditions continued to improve, supported by a strong balance sheet and robust liquidity. These were reflected by the returns on assets and equity, which remained relatively steady at 1.2% and 10.4%, respectively. The prospect of the banking sector remains forthcoming, supported by digitalisation initiatives, agile work culture, improved customer experience and enhanced enterprise risk management.

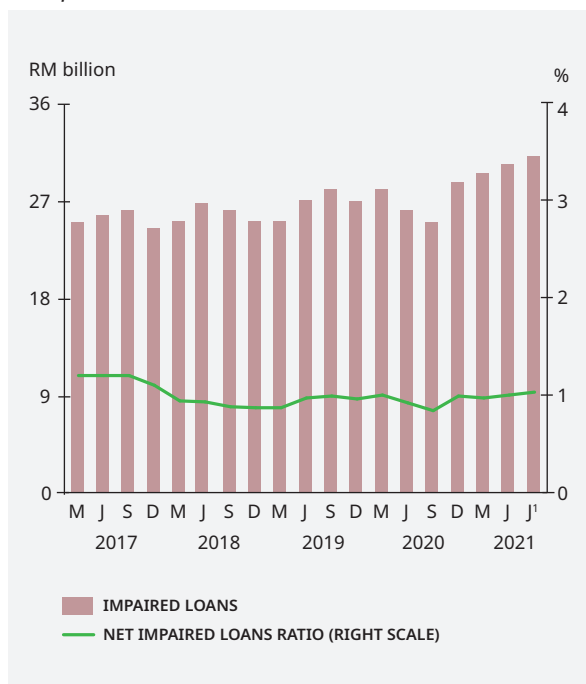
The loan quality of the banking sector continued to remain resilient with a stable net impaired loans ratio of 1.03% as at end-July 2021. The loan loss coverage ratio (including regulatory reserves) remained healthy at 128%. Meanwhile, the Liquidity Coverage Ratio was at 152%, well above the 100% minimum requirement. Notwithstanding the adverse effects of the pandemic on the economy, Malaysia's banking system remained resilient, backed by prudent underwriting, ample liquidity and deposit-driven funding.

Lending activities improved, underpinned by the relaxation of more economic sectors and the speed-up of vaccination rates. From January to July 2021, loan approvals increased by 16.1% to RM215.4 billion, while loan disbursements rose by 22.3% to RM803.4

¹ Excess total capital buffer refers to the total capital above the banks' regulatory minima, which also includes the capital conservation buffer (2.5% of risk-weighted assets) and bank-specific higher minimum requirements.

billion. Overall, total loans outstanding expanded by 3.1% to RM1,862.8 billion as at end-July 2021.

FIGURE 3.3. Banking System: Impaired Loans and Net Impaired Loans Ratio (End-period)



¹ End-July 2021
Source: Bank Negara Malaysia

Lending to businesses slowed down, reflecting cautious sentiment amid the resurgence in COVID-19 cases. Loan approvals to businesses declined by 3.1% to RM78.3 billion as at end-July 2021. Nevertheless, total loan disbursements to businesses increased by 21.6% to RM524.3 billion, representing 65.3% of total loans disbursed. The disbursements were mainly channelled to manufacturing, accounting for 23.4% of total loan disbursed, followed by wholesale and retail trade, restaurants and hotels (18.8%) and finance, insurance, and business activities (7.2%) sectors. Loans outstanding to the business sector grew by 1.3% to RM642.2 billion, accounting for 34.5% of total loans outstanding.

Household borrowings expanded faster, with loan approvals improving by 41.6% to RM126.9 billion. Similarly, loans disbursed to households

rose by 10.5% to RM184.7 billion, mainly for consumption credit (11.4%), purchase of residential properties (5.5%) and passenger cars (2.7%). This was attributed to, among others, the measures announced in the various Government stimulus packages. As at end-July 2021, total household loans outstanding expanded by 4.2%, amounting to RM1,094.9 billion, constituting 58.8% of total loans outstanding in the banking sector.

TABLE 3.2. Banking System: Loan Indicators, January - July 2020 and 2021

	RM BILLION		CHANGE (%)	
	2020	2021	2020	2021
Total¹				
Loans applications	447.9	523.0	-10.7	16.8
Loans approvals	185.5	215.4	-22.0	16.1
Loans disbursements	657.1	803.4	-7.3	22.3
Loans outstanding ^{2,3}	1,806.1	1,862.8	4.5	3.1
<i>of which:</i>				
Businesses				
Loans applications	201.0	180.2	-1.5	-10.3
Loans approvals	80.8	78.3	-12.5	-3.1
Loans disbursements	431.0	524.3	-4.3	21.6
Loans outstanding ³	634.1	642.2	3.9	1.3
Households				
Loans applications	227.6	323.7	-18.4	42.2
Loans approvals	89.6	126.9	-30.1	41.6
Loans disbursements	167.1	184.7	-16.3	10.5
Loans outstanding ³	1,050.9	1,094.9	4.3	4.2

¹ Includes foreign entities, other domestic entities, Government and others

² Includes loans sold to Cagamas

³ As at end-period

Note: Total may not add up due to rounding

Source: Bank Negara Malaysia

The banks were responsive to the plight of individuals and businesses affected during the pandemic. The six-month automatic moratorium on loan repayments introduced under the Prihatin Rakyat Economic Stimulus Package (PRIHATIN) in April 2020 provided immediate cash flow relief to households and businesses. In October 2020, following the

gradual easing of the MCO, banks transitioned toward a more targeted repayment assistance that focused on borrowers who continued to require financial assistance, such as individuals in the B40 category and microenterprises.

When the nationwide full-lockdown was reimposed in June 2021, the repayment assistance programme was expanded to a broader group of borrowers under the People and Economic Strategic Empowerment Programme Plus (PEMERKASA+) and People and Recovery of the Economy (PEMULIH) packages. Borrowers were given the option of a moratorium or reduction in monthly instalments. In addition, banks also offered other forms of assistance that cater to borrowers' specific financial circumstances. From 1 June to 10 September 2021, around 2.6 million individuals and 86,000 small and medium enterprises (SMEs) had obtained repayment assistance, with the total value of outstanding loans amounting to RM469.4 billion.

As at end-June 2021, the overall household debt² was valued at RM1,335.4 billion compared to total household financial assets³ (RM2,900.5 billion). In terms of household debt to gross domestic product, the ratio has fallen to 89.6% as at end-June 2021 (end-2020: 93.2%) due to the recovery in economic growth recorded during the first half of 2021. The bulk of the debt is for wealth accumulation, such as residential properties (57.3%), non-residential properties (6%) and investment in securities (5.3%). The resilience of the overall household sector remains supported by prudent median debt service ratios (DSR) and ample financial buffers. This is also reflected by lending, which continues to be underpinned by sound underwriting standards and loan affordability assessments by banks. Moving forward, household debt levels will be closely monitored. Meanwhile, recalibration of existing macroprudential measures will be dependent on the likelihood of build-up of risks in the property market and household indebtedness.

TABLE 3.3. Banking System: Loans Outstanding by Sector, End-July 2020 and 2021

	RM BILLION		SHARE (%)	
	2020	2021	2020	2021
Businesses	634.1	642.2	35.1	34.5
Non-SMEs ¹	352.4	349.8	19.5	18.8
SMEs	281.8	292.4	15.6	15.7
<i>Selected sectors</i>				
Primary agriculture	34.6	32.7	1.9	1.8
Mining and quarrying	9.0	8.9	0.5	0.5
Manufacturing ²	122.4	129.0	6.8	6.9
Electricity, gas and water supply	14.7	14.5	0.8	0.8
Wholesale and retail trade, restaurants and hotels	134.4	142.9	7.4	7.7
Construction	91.6	91.0	5.1	4.9
Real estate	113.8	108.6	6.3	5.8
Transport, storage and communication	39.8	38.4	2.2	2.1
Finance, insurance and business activities	162.8	158.7	9.0	8.5
Households	1,050.9	1,094.0	58.2	58.8
<i>of which:</i>				
Purchase of residential properties	600.1	640.7	33.2	34.4
Purchase of non-residential properties	80.5	79.1	4.5	4.2
Purchase of passenger cars	146.2	151.8	8.1	8.1
Consumption credit	134.2	131.4	7.4	7.1
<i>of which:</i>				
Credit cards	35.3	31.4	2.0	1.7
Personal use	98.9	100.0	5.5	5.4
Purchase of securities	66.3	68.8	3.7	3.7
Others	0.0	0.0	0.0	0.0
Other sectors	121.0	125.7	6.7	6.7
Total³	1,806.1	1,862.8	100.0	100.0

¹ Non-SMEs refers to large corporations, including foreign entities, other domestic entities, Government and others

² Including agro-based

³ Total = Businesses + Households + Other sectors

Note: Total may not add up due to rounding

Source: Bank Negara Malaysia

² Extended by both banks and non-bank financial institutions.

³ Assets held by households including deposits, investments in unit trust funds and equities, insurance/takaful policies and Employees Provident Fund (EPF) savings.

FEATURE ARTICLE 3.1

Environmental, Social and Governance Practices: Toward Enhancing Corporate Resilience in Malaysia

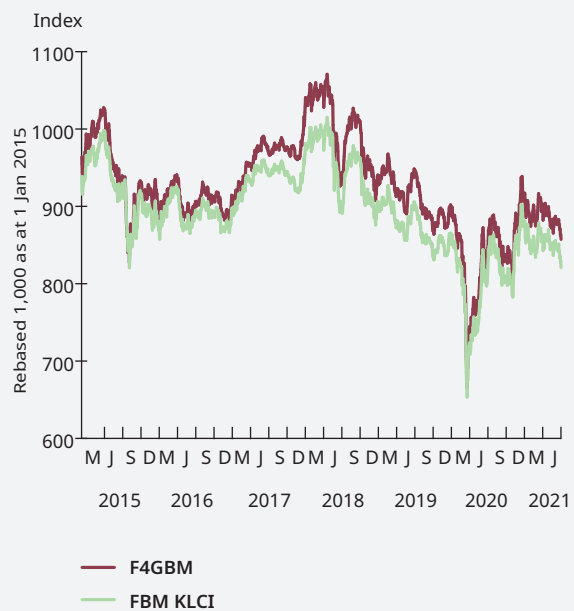
Introduction

The COVID-19 pandemic has adversely impacted the economy and businesses in countries around the world. Nevertheless, amid the economic adversity caused by the pandemic, reports have emerged of firms with high environmental, social and governance (ESG) ratings and ESG-based investment portfolios being able to weather the adverse conditions better compared to non-ESG rated companies. Moreover, this is the first time ESG has held up well through such a significant economic downturn as a product category (Harris, 2020). Previously, most investors viewed that investing in ESG implies lower returns. However, the challenges faced by the market in 2020 proved otherwise (Tett, 2020).

The need for Public Listed Companies (PLCs) to pay closer attention to issues related to ESG continues to soar. This is because more investors and shareholders expect greater transparency and strong company policies on the environment, social well-being, and multiple stakeholder groups. Portfolios with substantial capital invested in firms with high environmental and social impact benefited from superior risk-return performance, attracting institutional investors seeking profitable opportunities. Furthermore, ethical investors interested in making a social impact on top of generating financial returns are also attracted to ESG investments for their returns and stability.

In Malaysia, ESG investment is still at a nascent stage. Nevertheless, companies with good ESG performance have proven to be more resilient and better positioned to innovate and capitalise on ESG opportunities during the COVID-19 pandemic. However, the empirical measurements are more apparent from a longer-term view, marked with stable returns over a period of time. While worldwide stock prices plummeted severely during the first quarter of 2020, most ESG-based indices could still outperform the non-ESG based indices. As for the Malaysian capital market, the performance of the ESG index (FTSE4Good Bursa Malaysia Index (F4GBM)) has outperformed FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) by 3.4% from 31 December 2013 to 30 June 2021 (Bursa Malaysia, 2021). The trend of F4GBM returns against FBM KLCI is shown in Figure 3.1.1.

FIGURE 3.1.1. KL Stock Exchange Performance: F4GBM vs FBM KLCI, 1 January 2015 to 30 June 2021



Source: Bursa Malaysia, 2021

Environmental, Social and Governance Components of Investment

The ESG is a set of standards of non-financial factors (Figure 3.1.2.) for socially conscious investors to screen potential investments. The United Nations Global Compact introduced ESG for Principles for Responsible Investment (PRI) (Kell, 2018). According to the report published by Morningstar (2021a), sustainable investing has become increasingly relevant due to the climate crisis and the growing criticism of the shareholder-primary view of the corporation. However, there is no universal categorisation for ESG. The term varies according to the industry, company and business model.

FIGURE 3.1.2. *Environmental, Social and Governance*



Source: Corporate Finance Institute, 2021

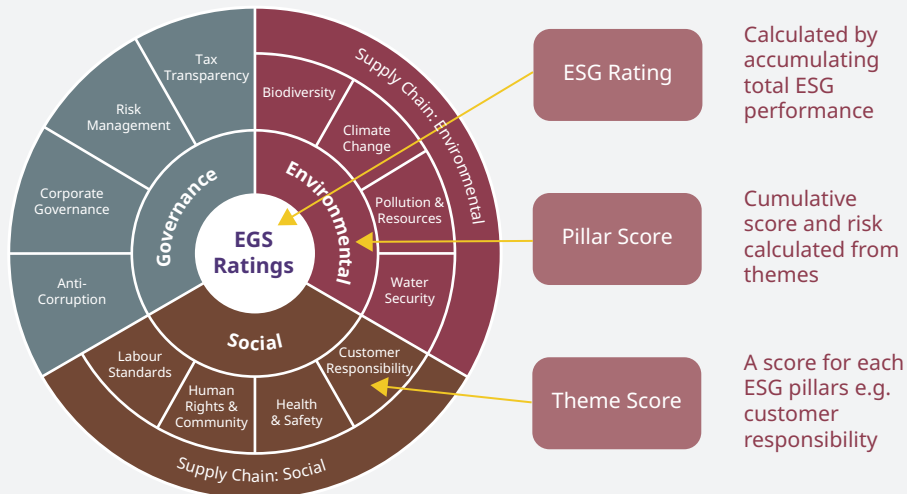
In most cases, the ESG criteria measure firms' commitment towards environmental, social and governance-related issues. For example, the environmental criteria consider how a company performs as a steward of nature in relation to carbon emission, water usage, water pollution, waste, renewable and non-renewable resources. The social criteria examine how the firm manages its relationships with employees, suppliers, customers, and their communities. It could also be related to workplace diversity, health and safety, labour strikes, child labour and workers' welfare. Meanwhile, the governance criteria deal with, among others, a company's leadership and management philosophy, policy, board diversity, effort to combat corruption, shareholders' rights, and board management. Potential investors will apply the ESG criteria when considering environmental, social and governance issues which cannot be measured through traditional financial analysis.

Environmental, Social and Governance Ratings and Why They Matter

Company products that gained positive screening from investors are usually related to green investing and have higher ESG scores. In contrast, companies earning negative screening include those involved in alcohol, tobacco, firearm and gambling, as well as having labour and human rights violations and non-compliance of environmental standards, as defined by the United Nations Global Compact Principles. Nowadays, investors using ESG scores will be more cautious in their investment strategies as a poor score can significantly lead to an unsatisfactory rating. If a PLC receives a poor rating, its stock might be considered an unsustainable asset and excluded from investors' portfolios. If multiple investors follow this reasoning, this can eventually have a negative impact on the company's stock price (Stoppis, n.d.). Figure 3.1.3. shows the ESG rating.

Businesses can benefit from practising ESG mainly in four ways. Firstly, ESG helps firms increase or maintain their corporate reputation by communicating ESG issues to investors, customers and

FIGURE 3.1.3. Environmental, Social and Governance Ratings



Source: Malaysia Petroleum Resources Corporation, 2021

stakeholders. This will raise awareness and create business opportunities for the firm, given the changing economic, social and environmental landscape. Moreover, ESG enhances a firm’s ability to operate and become more adaptable by helping firms achieve business objectives and respond to crises. Secondly, ESG helps firms identify short and long-term risks, such as material and labour force shortages. Thirdly, ESG encourages firms to create opportunities by pushing for more innovation. For instance, while addressing ESG issues, firms may need to develop new products or services to meet current market requirements. Fourthly, applying ESG criteria in workforce evaluation will allow greater insight into talent recruitment and retention issues.

Most companies are keen to improve and respond to ESG concerns, mainly due to the pressure from institutional and retail investors to adopt ESG practices. It is also due to accountability towards stakeholders as ESG disclosure is deemed more resilient and sustainable in the long term. Institutional funds are riding the ESG wave by joining the United Nations supported PRI network of investors. To date, several local institutional investors have joined PRI, including Khazanah Nasional Berhad in 2017, the Public Services Pension Fund (KWAP) in 2018 and the Employees Provident Fund (EPF) in 2019 (Ng, 2020).

The increasing relevance and importance of ESG are also becoming more apparent among Malaysian PLCs. For example, a manufacturer invested a few hundred million ringgits for conducive workers’ accommodation to comply with the Workers’ Minimum Standards of Housing and Amenities Act 1990 [Act 446] and the ESG requirement (Chan, 2021). Previously, the manufacturer failed to provide proper accommodation for its workers (Idris, 2021), resulting in its removal from three ESG indexes, namely the F4GBM, FTSE4Good ASEAN 5 and MSCI Emerging Markets ESG (Cheah, 2021). Similarly, the plantation sector has been in the limelight primarily due to deforestation and labour related issues. This had resulted in foreign shareholdings in the plantation sector declining over the years (The Star, 2021). Therefore, by complying with ESG practices and reporting, Malaysia’s plantation companies will be deemed more favourably by financial institutions and funds.

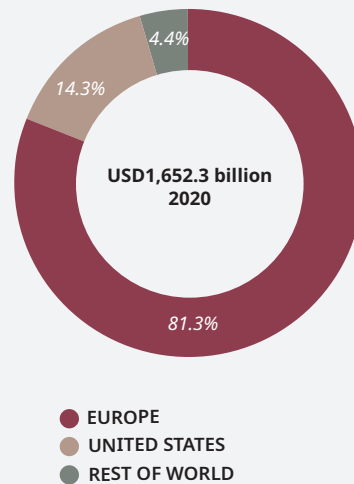
The Growth of Environmental, Social and Governance Fund

The appetite for ESG-related funds has increased at the international level after the 2008 – 2009 financial crisis, and it became more evident during the COVID-19 pandemic. The pandemic had affected worldwide economic systems and forced governments and businesses to adopt more progressive and sustainable development and planning. As a result, ESG-related funds

outperformed other conventional funds in 2020. Furthermore, the surge in ESG flows was influenced by public policy supporting the transition to a low-carbon economy where market rules and tax regimes were restructured to encourage climate-friendly investments (Jessop & Howcroft, 2021).

In 2020, ESG-themed funds rose by 29% to USD1.65 trillion globally (Figure 3.1.4.), with Europe dominating more than 80% of the funds received (Morningstar, 2021b). Sustainable funds are also more attractive than ever for US investors (Morningstar, 2021a). The ESG funds captured USD51.1 billion of net new assets from US investors. This is a 143% increase compared to 2019, where only USD21 billion flowed into funds that apply ESG principles. The findings are also supported by a study conducted by the Forum for Sustainable and Responsible Investment (US SIF) Foundation in 2020. The study estimated that one in three US dollars of overall assets managed in the United States is subject to some sustainable investment strategy. Even the fundamental consideration of ESG issues to enhance investment performance has become widespread among conventional investment managers, who are beginning to recognise the materiality of ESG and the opportunities in security selection (Morningstar, 2021a).

FIGURE 3.1.4. Global Sustainable Fund Flows 2020



Source: Morningstar, 2021b

To support the growth of ESG-focused investments domestically, Bursa Malaysia and FTSE launched the nation’s first ESG index in December 2014, the F4GBM Index. Since its launching, the number of constituents in the index has tripled from 24 to 76 as of June 2021. Out of 76 constituents, 42% are from mid-cap companies in the FTSE Bursa Malaysia Mid 70 Index (FBM 70), while companies in the large-cap FBM KLCI and small-cap FTSE Bursa Malaysia Small Cap Index (FBM SCAP) represent 29% each, of the total share. The index’s sectoral representatives are described in Table 3.1.1.

TABLE 3.1.1. Sector Representatives in F4GBM

Index Component Mix	Sector Reach		
FBM KLCI 29%	Consumer 18%	Property 8%	Industrial 6%
FBM 70 42%	Financial 17%	Transportation 7%	Technology 5%
FBM SCAP 29%	Telecommunication 10%	Plantation 7%	Healthcare 4%
71% are Shariah compliant	Energy 8%	Utilities 7%	REITs 3%

Source: Bursa Malaysia-FTSE Russell, 2021

Currently, Malaysia is the fourth largest green financial market in ASEAN, after Singapore, Indonesia and the Philippines, and the market has grown to USD1.3 billion in 2019 (The Malaysian Reserve, 2021). In Malaysia, there are 22 qualified Sustainable and Responsible Investment (SRI) funds as of July 2021 (Securities Commission Malaysia, 2021), as shown in Table 3.1.2. In April 2021, the Government issued the world's first sovereign Sustainability Sukuk via the issuance of USD800 million 10-year trust certificates. Concurrently, the Government also successfully issued USD500 million 30-year Trust Certificates (Wakalah Sukuk). Both tranches of the sukuk received an overwhelming response from international and domestic investors where it was oversubscribed by 6.4 times. The positive development will undoubtedly pave the way for other Malaysian issuers to tap into the ESG funding base to address ESG concerns.

TABLE 3.1.2. *Sustainable and Responsible Investment Funds*

FUND	TYPE OF COLLECTIVE INVESTMENT SCHEME	DATE OF QUALIFICATION
InterPac Social Enterprise and Responsibility Fund	Wholesale Fund	26 Feb 2018
BIMB ESG Sukuk Fund	Unit Trust Fund	23 May 2018
Public e-Islamic Sustainable Millennial Fund	Unit Trust Fund	15 Oct 2019
Singular Value Fund	Wholesale Fund	11 Nov 2019
Singular Asia Flexible Fund	Wholesale Fund	11 Nov 2019
Maybank Global Sustainable Equity-I Fund	Unit Trust Fund	09 Mar 2020
AmIslamic Global SRI	Unit Trust Fund	06 Apr 2020
United-i Asia ESG Income Fund	Unit Trust Fund	15 Oct 2020
RHB i-Global Sustainable Disruptors Fund	Unit Trust Fund	13 Nov 2020
Maybank Global Sustainable Technology Fund	Unit Trust Fund	23 Dec 2020
Public e-Carbon Efficient Fund	Unit Trust Fund	13 Jan 2021
Affin Hwang SGD Bond Fund	Unit Trust Fund	27 Jan 2021
BIMB-ARABESQUE Global Shariah Sustainable Equity Fund	Unit Trust Fund	03 Feb 2021
RHB Global Impact Fund	Wholesale Fund	04 Feb 2021
TA Global Absolute ESG Alpha Fund	Unit Trust Fund	16 Feb 2021
RHB Sustainable Global Thematic Fund	Wholesale Fund	17 Feb 2021
Makmur myWakaf Fund	Unit Trust Fund	25 Feb 2021
Nomura Global Sustainable Equity Fund	Unit Trust Fund	06 May 2021
United-i ESG Series - Conservative Income Fund	Wholesale Fund	19 May 2021
MIDF Amanah ESG Mustadamah Fund	Unit Trust Fund	20 May 2021
United ESG Series - Conservative Bond Fund	Unit Trust Fund	01 Jul 2021
BIMB-Arabesque Global Shariah-ESG AI Technology Fund	Unit Trust Fund	23 Jul 2021

Source: Securities Commission Malaysia, 2021

Issues Faced by Public Listed Companies in Disclosing Environmental, Social and Governance Practices

Most of the PLCs, either large or small, try to adhere to the ESG standard. One of the significant barriers is their lack of sufficient resources or internal capacity to undertake more complex sustainability-related practices and processes, such as those aimed at addressing the impacts of climate change. This is especially true for smaller PLCs. The business case is somewhat unclear for some PLCs as sustainability benefits often materialise in the long-term and are sometimes intangible (Bursa Malaysia, 2021). Table 3.1.3. shows that although PLCs tend to have a high compliance disclosure on sustainability, there is still a lot of room for improvement in terms of the quality of the disclosure.

TABLE 3.1.3. Sustainability Disclosure Reviews for Public Listed Companies, 2017 – 2019

REVIEW OF FIRST-TIME REPORTERS	AVERAGE COMPLIANCE LEVELS	AVERAGE QUALITY SCORES
2017 PLCS with market capitalisation ≥ RM2 billion	90%	47%
2018 PLCs with market capitalisation ≥ RM1 billion	90%	49%
2019 PLCs with market capitalisation < RM1 billion	93%	59%

Source: Bursa Malaysia Sustainability Report, 2020

The unprecedented impact of the COVID-19 pandemic has underscored the value of solid ESG practices in enhancing the business resilience of PLCs, especially in times of crisis. Nevertheless, numerous international sustainability-related standards and frameworks are problematic since every standard and framework has established a distinctive approach to sustainability reporting. For instance, some of these revolve around contribution to general sustainable development while others aim to satisfy the specific informational needs of investors. Each standard and framework also cater to the needs of different stakeholder groups, and even what is considered material lacks uniformity. Overall, the inevitable overlaps, similarities, and differences have led to confusion and fragmentation. This is particularly true for companies that have to prepare the report using multiple standards, which can be complex and costly (Bursa Malaysia, 2021).

Conclusion

The COVID-19 pandemic has affected company performance and investments worldwide. Nevertheless, it has increased awareness among PLCs and small and medium enterprises to engage more aggressively in ESG practices for survival. The prospects of ESG investment was not affected during the pandemic. In fact, ESG-conscious and loyal investors continue to support companies practising ESG standards. Moving forward, the demand for greater transparency, workers' welfare, renewable energy and green infrastructure is expected to be stronger. By adopting ESG practices, companies would improve investment prospects, embark on reforms and hasten the recovery process from the pandemic, hence enhancing corporate resilience in Malaysia.

Capital Market Performance

Fundraising activities continue to be vibrant

In the first seven months of 2021, gross funds raised in the capital market increased by 13.4% to RM163 billion. The upbeat performance was contributed by higher fundraising activities by the private sector. Fundraising activities by the private sector increased significantly by 43.1% to RM65.6 billion, while funds raised by the public sector decreased marginally by 0.5% to RM97.4 billion.

Gross funds raised by the private sector through the corporate bond market rebounded by 40.2% to RM63.8 billion. The bulk of new issuances was medium-term notes, accounting for 97.1% of total corporate bonds. The majority of the funds was raised by the finance, insurance, real estate, and business services sector, accounting for 55.8% of total corporate bond issuances. This is followed by the electricity, gas and water (21.2%) and construction (8.6%) sectors. The funds raised were mainly used to finance infrastructure projects, new business activities and working capital.

For the first seven months of 2021, gross funds raised by the public sector via the issuances of MGS and MGII decreased marginally by 0.5% to RM97.4 billion. The issuance of MGS stood at RM48.5 billion, while MGII was RM48.9 billion. At the same time, the capital bond inflow reached RM20.8 billion. Meanwhile, foreign holdings of MGS and MGII stood at 40.4% and 7.8%, respectively, as at end-July 2021. The funds raised were utilised to finance development expenditure and stimulus packages.

In terms of MGS and corporate bond yields, during the first seven months of 2021, the trend was generally higher across all tenures. Following significant adjustments during the

first quarter of 2021, bond yields in advanced economies consolidated as major central banks maintained accommodative policy stances against expected transitional inflation. This benefitted emerging market's fixed income assets by making their yield relatively more

TABLE 3.4. *Funds Raised in the Capital Market, January – July 2020 and 2021*

	RM MILLION	
	2020	2021
Public Sector		
Government securities		
Malaysian Government Securities	49,969.9	48,482.7
Malaysian Government Investment Issues	47,916.4	48,895.2
New issues of debt securities	97,886.3	97,377.9
Less: Redemptions	38,000.0	39,000.0
Net funds raised by the public sector	59,886.3	58,377.9
Private Sector		
Shares¹/Warrants		
Initial Public Offers	292.1	1,775.9
Rights Issues	-	-
Warrants	-	-
New issues of shares/warrants	292.1	1,775.9
Debt securities²		
Straight bonds	386.5	780.0
Convertible bonds	-	-
Islamic bonds	3,200.0	1,056.2
Medium-term notes	41,966.7	62,012.9
New issues of debt securities	45,553.2	63,849.2
Less: Redemptions	29,073.9	45,045.7
Net issues of debt securities	16,479.2	18,803.5
Net funds raised by the private sector	16,771.3	20,579.4
Total net funds raised	76,657.6	78,957.3

¹ Excludes funds raised by the exercise of Employee Share Option Scheme, Transferable Subscription Rights, Warrants and Irredeemable Convertible Unsecured Loan Stocks

² Excludes short-term papers in conventional and Islamic principles

Note: Total may not add up due to rounding

Source: Bank Negara Malaysia

attractive to international investors seeking higher returns. From January to July 2021, the 1-year, 3-year, 5-year, and 10-year MGS yields increased within the range of 3 to 52 basis points (bps). In the corporate bond market, yields on the 5-year AAA-rated, AA-rated and A-rated securities increased within the range of 6 to 43 bps as investors' appetite for corporate debt improved.

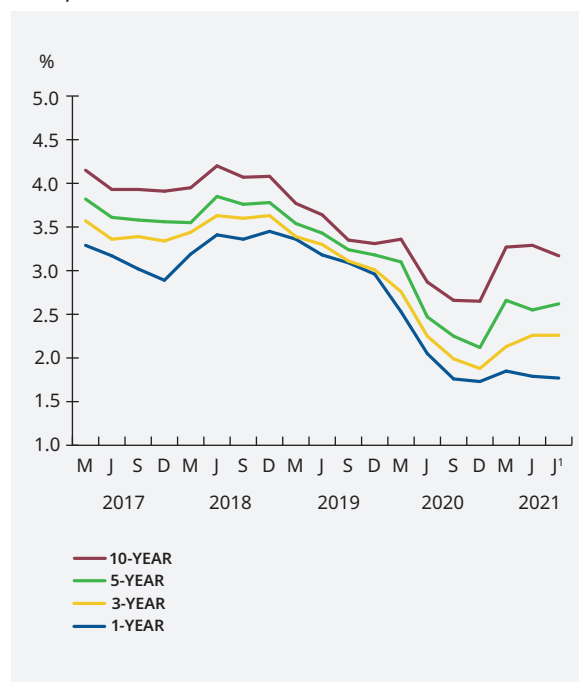
Funds raised through the domestic equity market increased to RM1.8 billion, contributed by the new issuance of initial public offerings (IPOs). The IPOs were attributed to, among others, a significant listing from the digital services sector. The positive sentiment among investors was partly due to businesses adapting to the challenging environment while embracing digital technology in running their operations.

TABLE 3.5. *New Issuance of Corporate Bonds by Sector, January – July 2020 and 2021*

	RM MILLION		SHARE (%)	
	2020	2021	2020	2021
Agriculture, forestry and fishing	-	1,939.2	0.0	3.0
Manufacturing	306.0	45.0	0.7	0.1
Construction	4,639.5	5,490.7	10.2	8.6
Electricity, gas and water	3,185.0	13,505.4	7.0	21.2
Transport, storage and communication	1,120.0	1,400.0	2.5	2.2
Finance, insurance, real estate and business services	32,791.7	35,604.9	72.0	55.8
Government and other services	3,301.0	5,195.0	7.2	8.1
Wholesale and retail trade, restaurant and hotels	210.0	668.9	0.5	1.0
Total	45,553.2	63,849.2	100.0	100.0

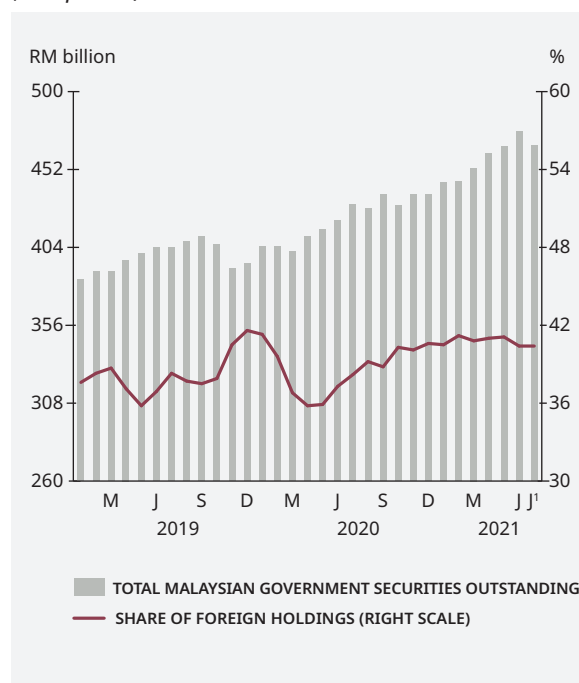
Note: Includes corporate bonds issued by Cagamas and non-resident corporations
Total may not add up due to rounding
Source: Bank Negara Malaysia

FIGURE 3.4. *Malaysian Government Securities Indicative Yields (End-period)*

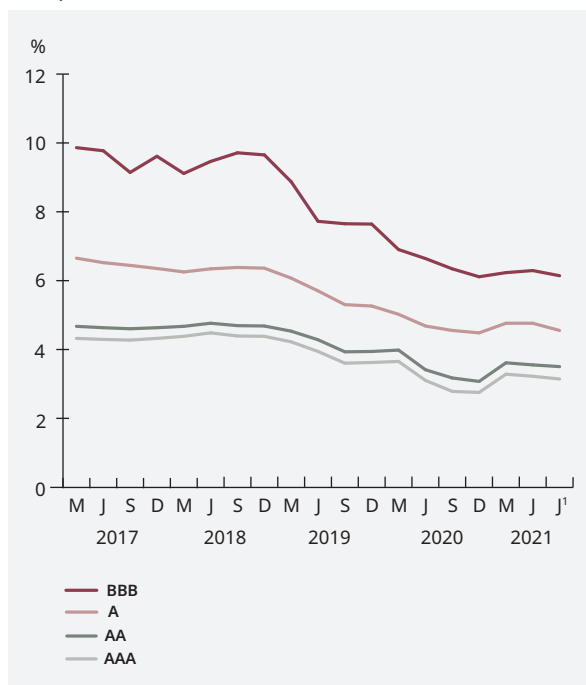


¹ End-July 2021
Source: Bank Negara Malaysia

FIGURE 3.5. *Share of Foreign Holdings in Total Malaysian Government Securities Outstanding (End-period)*



¹ End-July 2021
Source: Bank Negara Malaysia

FIGURE 3.6. 5-Year Corporate Bond Yields (End-period)


¹ End-July 2021
Source: Bank Negara Malaysia

The FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI), along with major regional bourses, began the year on a softer note amid bearish sentiment due to uncertainties following the spike in COVID-19 cases. Furthermore, the implementation of MCO 2.0 increased uncertainty and heightened the risk in the local market. As a result, FBM KLCI ended January 2021 lower at 1,566.40 points (end-December 2020: 1,627.21 points).

The roll-out of the National COVID-19 Immunisation Programme (PICK) on 24 February 2021 provided a boost to the market. This was reflected by strong buying interests, where the local bourse ended the month higher at 1,577.75 points. The FBM KLCI entered a bullish trend in March 2021. The index reached a high of 1,639.83 points on 10 March, supported by stronger Wall Street performance and a lower daily average of domestic COVID-19 cases.

As at April 2021, the FBM KLCI declined to 1,601.65 points. A weaker manufacturing Purchasing Manager's Index in China partly

TABLE 3.6. Bursa Malaysia: Selected Indicators, End-September 2020 and 2021

	2020	2021
Indices		
FBM KLCI	1,504.82	1,537.80
FBM EMAS	10,831.56	11,311.08
FBM 100	10,660.70	10,998.02
FBM SCAP	12,835.21	16,078.70
FBM ACE	9,914.01	7,158.90
Total turnover¹		
Volume (million units)	1,271,710.10	1,201,645.98
Value (RM million)	749,007.22	729,218.25
Average daily turnover¹		
Volume (million units)	6,911.47	6,602.45
Value (RM million)	4,070.69	4,006.69
Market capitalisation (RM billion)	1,638.72	1,802.13
Total number of listed companies		
Main Market	765	762
ACE Market	133	143
LEAP Market	34	42
Market liquidity		
Turnover value/market capitalisation (%)	45.7	40.5
Market concentration		
10 highest capitalised stocks/market capitalisation (%)	32.0	31.3

¹ Based on market transactions and direct business transactions between January and September
Source: Bursa Malaysia

contributed to the softer market risk appetite. Meanwhile, following the surge in COVID-19 cases and the emergence of the Delta variant, the Government reimposed a total national lockdown (MCO 3.0) and subsequently implemented Phase 1 of the National Recovery Plan in June 2021. In addition, the World Bank had revised the domestic growth downward

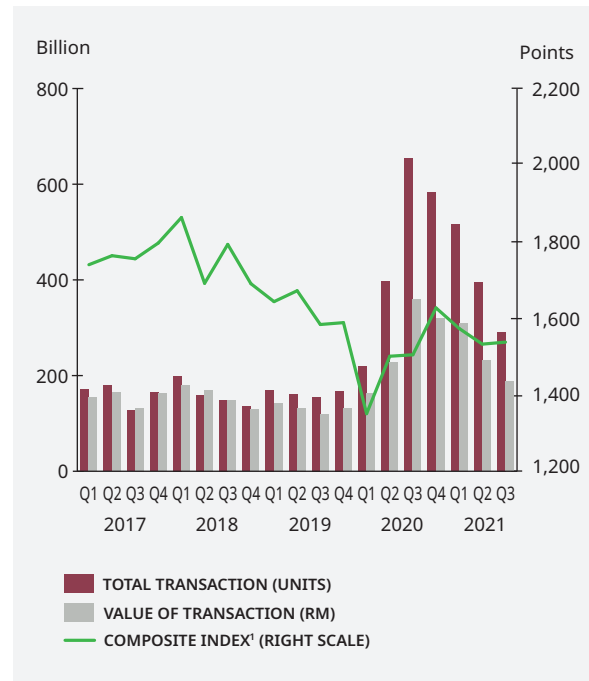
due to slower-than-expected economic recovery and vaccine roll-out. These factors dampened the market’s risk-on sentiment as investors offloaded their positions in the local equity. Consequently, the local bourse fell to 1,532.63 points as at end-June 2021.

The FBM KLCI breached the 1,600 psychological level and closed at 1,601.38 points in August 2021 from higher investor’s risk appetite. The improvement was propelled by a positive net foreign funds’ inflow into the local equity market during the month, the first since June 2019 and better-than-expected corporate earnings. Market confidence was further bolstered by a significant national percentage of the fully vaccinated adult population at 64.2% by end-August 2021.

At the end of September 2021, the local bourse lost 63.58 points or 3.97% to close at 1,589.19 points. This was due to the likelihood of the Fed reducing its monthly bond purchases as early as November 2021 signalling that interest rate hike may occur sooner than expected. In addition, the property market shock in China and geopolitical tensions dampened local market sentiment. Nevertheless, the gradual reopening of the local economy is expected to improve market sentiment, leading to a possible rebound in FBM KLCI performance.

For the first nine months of 2021, the market capitalisation rose by 10% to RM1,802.13 billion. The overall market⁴ remains vibrant, with market transacted value recording RM729.2 billion, while the total volume of shares traded was 1,201.6 billion units. From January to September 2021, the market velocity registered 54%, while market volatility was 9.1%. Meanwhile, the foreign holdings based on market capitalisation in the local bourse stood at 13% at end-September 2021. The domestic equity market is expected to gain support from sustained economic recovery along with the release of pent-up demand and a higher vaccination rate accomplished through PICK.

FIGURE 3.7. Performance of Bursa Malaysia



¹ As at end-period
Source: Bursa Malaysia

FIGURE 3.8. Performance of Selected Stock Markets (% change)



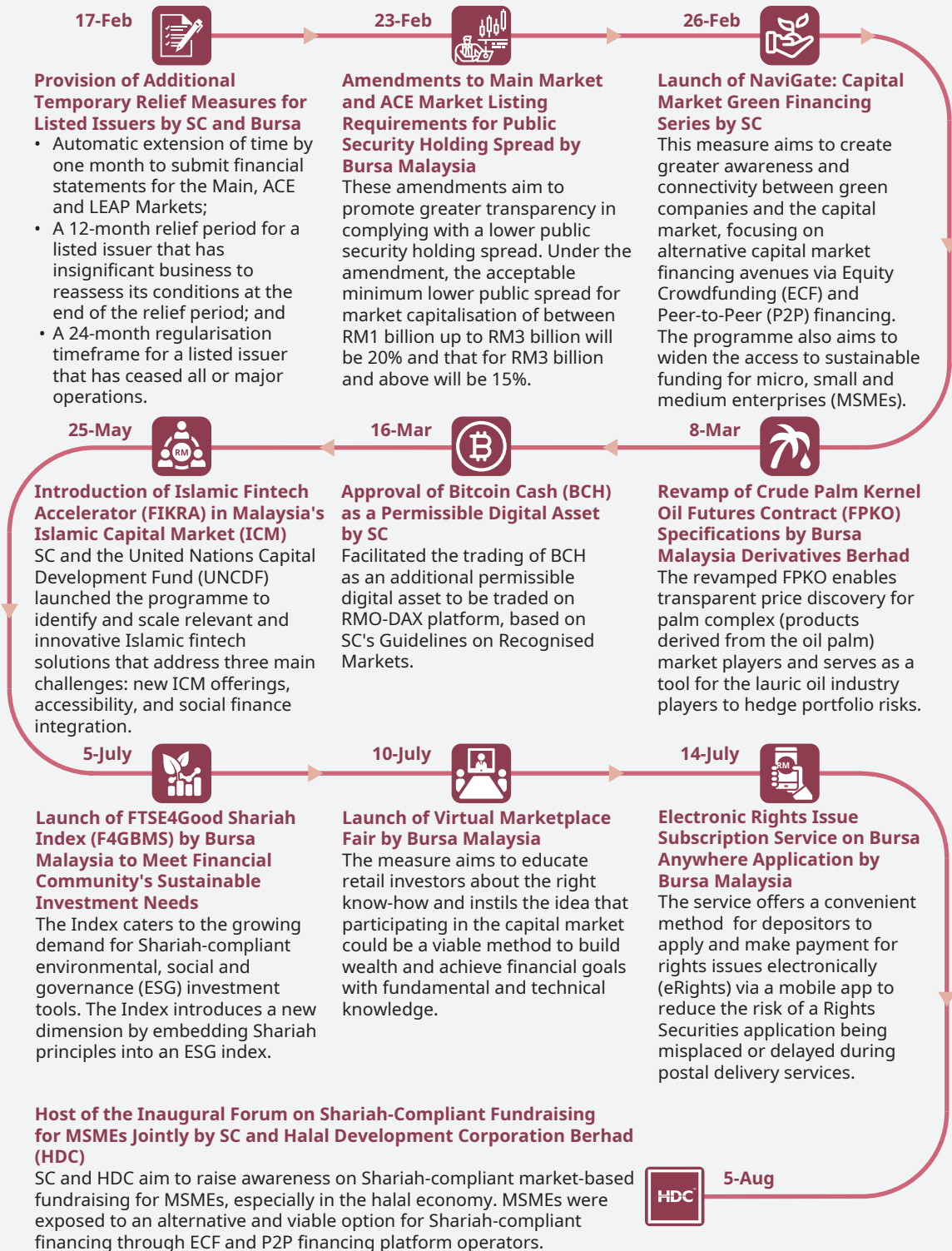
Source: Bloomberg

⁴ Comprises of Main, ACE and LEAP markets.

INFORMATION BOX 3.1

Key Capital Market Measures

Ten key capital market measures were undertaken in the first eight months of 2021 to enhance liquidity and efficiency in the capital market. The measures implemented by Securities Commission Malaysia (SC) and Bursa Malaysia are as follows:



Islamic Banking and Capital Market Performance

Islamic banking and capital market remain resilient to complement economic recovery

The Islamic banking sector remains robust despite experiencing challenges from the more stringent implementation of MCO following the resurgence of COVID-19 cases. As at end-July 2021, total Islamic banking assets expanded by 9.1% to RM1,132.5 billion⁵, constituting 34.8% of the total market share. Similarly, total Islamic financing outstanding increased further by 5.6% to RM831.6 billion. Financing to the household sector, which accounts for 64.5% of total financing, was mainly for the purchase of residential properties (13.8%) and passenger cars (10%). The demand in the household sector remains strong, supported by various stimulus packages and the reopening of all economic sectors through the ramp-up of mass vaccination exercise.

To continue empowering and building the social resilience of businesses, Islamic financial institutions piloted several initiatives such as blended finance and liquidity facility for SMEs under the current economic condition. The iTEKAD programme was launched to help low-income micro-entrepreneurs generate sustainable income through microfinancing and structured training through social finance instruments. There is also Skim CAKNA which provides an avenue for Government vendors to address their liquidity needs as the scheme allows vendors to sell outstanding invoices to Islamic banks.

The Islamic Capital Market (ICM) continues to gain traction in Malaysia. As at end-July 2021, the domestic size of ICM was valued at RM2,254 billion, accounting for 65.7% of RM3,433 billion of Malaysia's total capital market. Meanwhile, during the first seven months of 2021, sukuk issuances amounted to RM151.3 billion or 66% of total bonds issuances. As at end-July 2021, sukuk outstanding stood at RM1,080 billion or 63.5% of total bonds outstanding.

TABLE 3.7. *Islamic Banking: Key Indicators¹, End-July 2020 and 2021*

	RM BILLION		CHANGE (%)	
	2020	2021	2020	2021
Assets	857.6	935.7	6.3	8.9
Financing	650.3	691.1	9.3	6.3
Primary agriculture	18.6	16.6	13.8	-10.4
Mining and quarrying	4.2	4.7	15.4	9.7
Manufacturing ²	30.3	34.4	10.2	13.7
Electricity, gas and water supply	5.4	6.1	61.5	11.9
Wholesale and retail trade, restaurants and hotels	32.0	36.2	14.2	13.0
Construction	35.3	32.2	0.3	-8.7
Real estate	31.6	31.3	9.5	-0.7
Transport, storage and communication	20.0	18.3	15.2	-8.8
Finance, insurance and business activities	33.8	38.2	6.0	13.0
Education, health and others	33.7	27.8	66.8	-17.6
Households	399.6	439.6	8.8	10.0
Others	5.7	5.7	-62.1	-0.7
Liabilities	794.0	868.6	6.1	9.4
Deposits and Investment Account	633.1	685.8	3.7	8.3
Investment	0.6	0.4	-19.7	-22.2
Savings	58.1	71.2	31.4	22.4
Demand	99.7	116.0	20.5	16.3
Investment account	97.1	113.5	20.5	16.9
Others	474.7	498.2	-1.6	5.0

¹ Excluding DFIs

² Including agro-based

Note: Total may not add up due to rounding

Source: Bank Negara Malaysia

In April 2021, the Government issued the world's first sovereign sustainability sukuk via the issuance of USD800 million of 10-year trust certificates. Concurrently, the Government also successfully issued USD500

⁵ Includes Development Financial Institutions (DFIs).

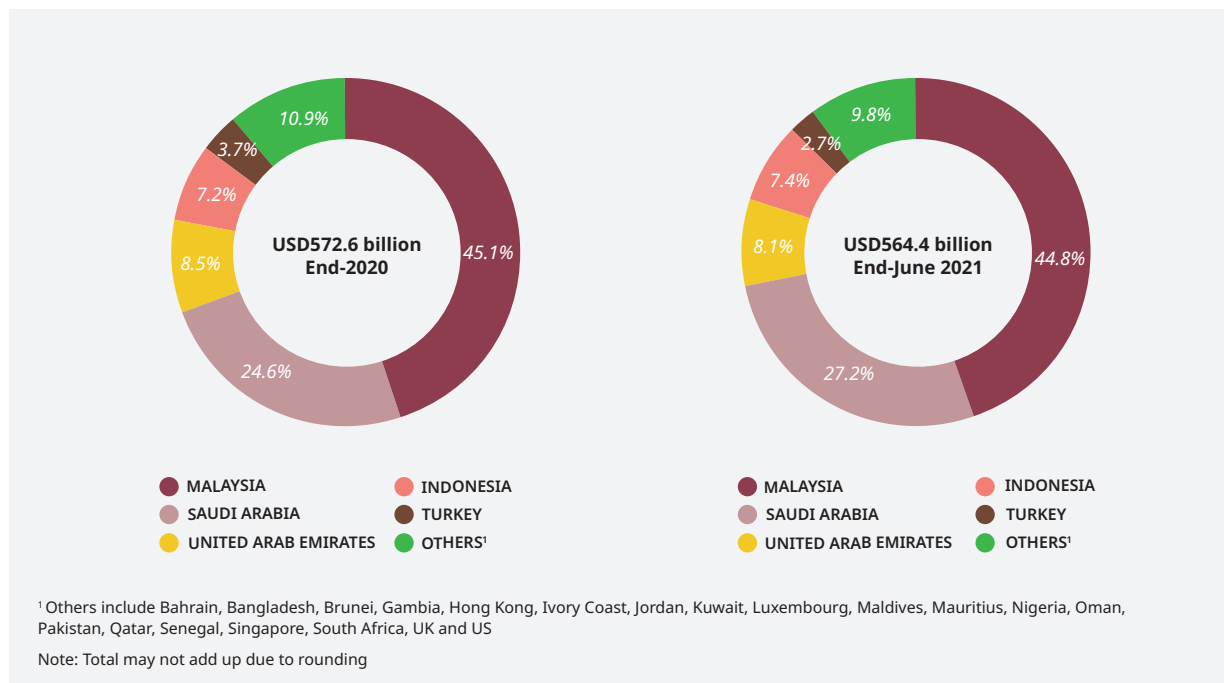
million of 30-year trust certificates (Wakalah Sukuk). Both tranches of the sukuk received an overwhelming response from both international and domestic investors, where it was oversubscribed by 6.4 times. Malaysia's position as one of the world's largest sukuk issuer continues to strengthen, accounting for 32.8% from USD113.4 billion of the overall global sukuk issuances as at end-June 2021.

Shariah-compliant securities continue to generate interest, with 748 (79.1%) of 946 Public Listed Companies adhering to Shariah-principles. As at end-July 2021, the market capitalisation of Shariah-compliant securities stood at RM1,173.9 billion or 67.8% of the overall market capitalisation.

Moving forward, the Islamic financial industry will play a facilitative role in accelerating the post-pandemic recovery. This is driven by the ability of Islamic finance principles

to integrate with environmental, social and governance (ESG) elements, supportive regulatory environment and continuous efforts to promote Shariah-compliant products. For example, the first cohort of Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) sectoral guides on palm oil, renewable energy and green energy efficiency was released on 31 March 2021. Meanwhile, the second cohort VBIAF sectoral guides on oil and gas, manufacturing, construction and infrastructure will be published by the end of the year. These sectoral guides serve as an impact-based risk management toolkit to facilitate credit or investment decisions by financial institutions. Furthermore, product development will also be enhanced to meet the needs of stakeholders from various sectors. One of these areas includes financing for the halal sector and Shariah-compliant Sustainable and Responsible Investment (SRI).

FIGURE 3.9. Global Sukuk Outstanding by Country (% share)



Source: Malaysia International Islamic Financial Centre

Conclusion

Monetary policy is expected to remain accommodative and supportive of economic recovery while ensuring prices remain manageable. Meanwhile, the financial market is anticipated to continue to be vibrant. The positive outlook will be underpinned by the Capital Market Master Plan 3 (CMP3) and Blueprint 3.0⁶ initiatives, ongoing stimulus measures, infrastructure projects and future strategic projects under the Twelfth Malaysia Plan, 2021 – 2025.

The lifting of containment measures of the pandemic and the eventual reopening of all economic sectors will bode well for overall market performance. However, downside risks persist. The risks include the reimposition of stringent containment measures, weaker-than-expected global growth recovery and a faster-than-expected pace of policy normalisation by major central banks. Thus, various measures will be undertaken to ensure markets remain dynamic, orderly and resilient. These include accelerating the adoption of Value-based Intermediation (VBI) principles, enhancing the focus on the halal economy and emphasising digital solutions development. Attention will also be given to promoting ESG investments, supporting the transition towards a low-carbon nation status, adopting international best practices, and improving governance.

⁶ A new financial sector blueprint.

References

- Bank Negara Malaysia. (2021). *Annual Report 2020*. Kuala Lumpur. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2021*. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021*. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Economic and Monetary Review 2020*. Kuala Lumpur. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Financial Stability Review Second Half 2020*. Kuala Lumpur. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Monthly Highlights and Statistics July 2021*. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Monthly Highlights and Statistics June 2021*. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Monthly Highlights and Statistics May 2021*. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Monthly Highlights and Statistics April 2021*. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Monthly Highlights and Statistics March 2021*. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Monthly Highlights and Statistics February 2021*. Retrieved from <https://www.bnm.gov.my>
- Bank Negara Malaysia. (2021). *Monthly Highlights and Statistics January 2021*. Retrieved from <https://www.bnm.gov.my>
- Bursa Malaysia. (2021). *Bursa Malaysia Amends Main Market and Ace Market Listing Requirements in Relation to Public Security Holding Spread*. Retrieved from https://www.bursamalaysia.com/about_bursa/media_centre/bursa-malaysia-amends-main-market-and-ace-market-listing-requirements-in-relation-to-public-security-holding-spread
- Bursa Malaysia. (2021). *Bursa Malaysia Derivatives Revamps Crude Palm Kernel Oil Futures Contract (FPKO) to Meet the Needs of the Industry*. Retrieved from https://www.bursamalaysia.com/about_bursa/media_centre/bursa-malaysia-derivatives-revamps-crude-palm-kernel-oil-futures-contract-fpko-to-meet-the-needs-of-the-industry
- Bursa Malaysia. (2021). *Bursa Malaysia's Latest Investor Education Drive Garner's Positive Retail Investors' Participation*. Retrieved from https://www.bursamalaysia.com/about_bursa/media_centre/bursa-malaysias-latest-investor-education-drive-garner's-positive-retail-investors-participation
- Bursa Malaysia. (2021). *Bursa Malaysia Launches New Ftse4good Bursa Malaysia Shariah Index to Meet Financial Community's Sustainable Investment Needs*. Retrieved from https://www.bursamalaysia.com/about_bursa/media_centre/bursa-malaysia-launches-new-ftse4good-bursa-malaysia-shariah-index-to-meet-financial-community's-sustainable-investment-needs
- Bursa Malaysia. (2021). *Bursa Malaysia Makes Available Electronic Rights Issue Subscription Service to Enhance Investor Experience on Bursa Anywhere App*. Retrieved from https://www.bursamalaysia.com/about_bursa/media_centre/bursa-malaysia-makes-available-electronic-rights-issue-subscription-service-to-enhance-investor-experience-on-bursa-anywhere-app
- Bursa Malaysia. (2021). *SC and Bursa Malaysia Announce Additional Temporary Relief Measures for Listed Issuers*. Retrieved from https://www.bursamalaysia.com/sites/5bb54be15f36ca0af339077a/content_entry5c11a9db758f8d31544574c6/602ca8615b711a1bf9f36cac/files/Feb17_2021_SC___Bursa_Malaysia_announce_additional_temporary_relief_measures.pdf?1613545509

- Bursa Malaysia. (2020). *Sustainability Reports*. Retrieved from https://www.bursamalaysia.com/about_bursa/sustainability/sustainability_reports
- Bursa Malaysia-FTSE Russell. (2021). *FTSE Bursa Malaysia Index Series*. Retrieved from https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5eff10c639fba275dd54ee75/ESG_Ratings_of_PLCS_assessed_by_FTSE_Russell_and_Index_Constituents_June2020.pdf
- Chan, D. (2021). *Top Glove to Invest RM300 Million for Conducive Workers' Accommodation*. New Straits Times. Retrieved from <https://www.nst.com.my/news/nation/2021/04/682931/top-glove-invest-rm300-million-conducive-workers-accommodation>
- Cheah, C.S. (2021). *Top Glove Ousted from 3 ESG-Friendly Indexes*. Focus Malaysia. Retrieved from <https://focusmalaysia.my/top-glove-ousted-from-3-esg-friendly-indexes/>
- Corporate Finance Institute. (2021). *Introduction to ESG - An Overview of the Environmental, Social and Governance (ESG) Framework*. Retrieved from <https://courses.corporatefinanceinstitute.com/courses/environmental-social-governance>
- Harris, C. (2020). *Weathering the Storm - Where Strong ESG Performance Counts, Originally Published by Acre*. Retrieved from https://www.csrwire.com/press_releases/45231-weathering-the-storm-where-strong-esg-performance-counts
- Idris, A.N. (2021). *Top Glove Claims Trial in Worker Accommodation Case*. The Edge Malaysia. Retrieved from <https://www.theedgemarkets.com/article/top-glove-attends-first-mention-worker-accommodation-case-next-mention-set-april-28>
- Jawatankuasa Khas Jaminan Akses Bekalan Vaksin COVID-19 (JKJAV). (2021). *Statistics & Info*. Retrieved from <https://www.vaksincovid.gov.my>
- Jessop, S. & Howcroft, E. (2021). *Sustainable Fund Assets Hit \$1.7 Trln In 2020: Morningstar*. Retrieved from <https://www.reuters.com/article/us-global-funds-sustainable-idUSKBN29X2NM>
- Kell, G. (2018). *The Remarkable Rise of ESG*. Forbes. Retrieved from <https://www.forbes.com/sites/georgkell/2018/07/11/the-remarkable-rise-of-esg/?sh=42f44cfd1695>
- Malaysia International Islamic Financial Centre. (2021). *Global Sukuk*. Retrieved from <https://www.mifc.com/index.php>
- Malaysia Petroleum Resources Corporation. (2021). *The Presentation of Sustainability in the Malaysia OGSE Sector on 15 July 2021*. Retrieved from https://drive.google.com/drive/folders/1e55Ct2T80IIBzbPxxvQSvzO_h7dMRvBjq
- Morningstar. (2021a). *Sustainable Funds US Landscape Report, More Funds, More Flows, and Impressive Returns in 2020*. Chicago, US. Retrieved from <https://www.morningstar.com/lp/sustainable-funds-landscape-report>
- Morningstar. (2021b). *Global Sustainable Fund Flows: Q4 2020 In Review: ESG Fund Assets Reach USD1.65 Trillion by Record Inflows*. Chicago, US. Retrieved from https://www.morningstar.com/content/dam/marketing/shared/pdfs/Research/Global_ESG_Q4_2020_Flows.pdf
- Ng, J. (2020). *ESG Becoming Mainstream*. The Edge Malaysia. Retrieved from <https://www.theedgemarkets.com/article/cover-story-esg-becoming-mainstream>
- Securities Commission Malaysia. (2021). *Islamic Capital Market*. Retrieved from <https://www.sc.com.my/analytics/islamic-capital-market>
- Securities Commission Malaysia. (2021). *List of Sustainable and Responsible Investment (SRI) Fund*. Retrieved from <https://www.sc.com.my/api/documentms/download.ashx?id=32eb683b-c134-49fb-a9d8-64b6cc44d849>

- Securities Commission Malaysia. (2021). *SC and HDC Co-Host Inaugural Forum on Shariah-Compliant Fundraising for MSMEs*. Retrieved from <https://www.sc.com.my/resources/media/media-release/sc-and-hdc-co-host-inaugural-forum-on-shariah-compliant-fundraising-for-msmes>
- Securities Commission Malaysia. (2021). *SC Holds Inaugural Capital Market Green Financing Series - Widening Access to Sustainable Financing for MSMEs*. Retrieved from <https://www.sc.com.my/resources/media/media-release/sc-holds-inaugural-capital-market-green-financing-series-widening-access-to-sustainable-financing-for-msmes>
- Securities Commission Malaysia. (2021). *SC - UNCDF Driving Islamic Fintech Innovation Ecosystem with FIKRA*. Retrieved from <https://www.sc.com.my/resources/media/media-release/sc-%E2%80%93-uncdf-driving-islamic-fintech-innovation-ecosystem-with-fikra>
- Securities Commission Malaysia. (2021). *Welcoming Remark at Navigate: Capital Market Green Financing Series*. Retrieved from <https://www.sc.com.my/resources/speeches/welcoming-remarks-at-navigate-capital-market-green-financing-series>
- Stopp, N. (n.d.). *Why ESG Ratings Matter and How Companies Use Them*. United Kingdom. Retrieved from <https://simply-sustainable.co.uk/insights/why-esg-ratings-matter-and-how-companies-use-them>
- Suhaidi, N. (2021). *Bitcoin Cash (BCH) Receives Preliminary Approval from SC*. Business Today. Retrieved from <https://www.businesstoday.com.my/2021/04/26/bitcoin-cash-bch-receives-preliminary-approval-from-sc/>
- Tett, G. (2020). *Why ESG Investing Makes Fund Managers More Money*. The Financial Times. Retrieved from <https://www.ft.com/content/1cfb5e02-7ce1-4020-9c7c-624a3dd6ead9>
- The Malaysian Reserve. (2021). *Investors Must Probe ESG Credentials to Deter 'Greenwashing'*. Retrieved from <https://themalaysianreserve.com/2021/04/14/investors-must-probe-esg-credentials-to-deter-greenwashing/>
- The Star. (2021). *More Companies Keen to Improve ESG Disclosure*. Retrieved from <https://www.thestar.com.my/business/business-news/2021/03/16/more-companies-keen-to-improve-esg-disclosure>