

SOLUTION OVERVIEW

Malaysian ESG scores

Integrating ESG into Malaysian investments

Sustainable investment and Environmental, Social and Governance (ESG) considerations for Malaysian funds are accelerating and evolving.

ESG practices and performance continues to improve in Malaysia with a strong Governance focus. In 2022, the overall ESG score for Malaysian companies was 2.5, which represents a 33.7% increase since 2018. The Governance pillar reached an overall 4.3 score in 2022 from 3.4 in 2018.

(Source: FTSE Russell, average ESG score calculations are based on constituents of FTSE BM EMAS Index as of September 2022)

About FTSE Russell's ESG scores

Local coverage to expand

The ESG Scores are accessed through the data model and currently include approximately 370 large and mid-cap companies in Malaysia, around 47% of the total listed Malaysian companies and comprise the constituents of the FTSE Bursa Malaysia EMAS Index. This will be expanded to include all companies listed on the Main and ACE Market.

Flexibility and customisation

Easily extract ESG data at multiple levels via the data model to assess and apply it in a variety of ways.

Emphasis on materiality

Having a separate measure for 'Exposure' allows users to identify which ESG issues are most relevant for a given company.

Aligned with the UN Sustainable Development Goals

The ESG Scores support alignment with the UN Sustainable Development Goals (SDGs). All 17 SDGs are reflected in the 14 Themes under the ESG framework.

Precise rules and focus on data

The ESG Scores, based on publicly available data, minimise subjectivity by having clearly defined rules for assessing and scoring companies.

Strong governance

The scoring framework benefits from the advice of two external advisory committees.

FTSE Russell's ESG Scores and data model are tools for investors with a need for flexible, data-driven solutions to:

- Assist in managing exposure to ESG aspects
- Meet mandated stewardship requirements
- Integrate ESG data into securities and portfolio analysis
- Implement ESG-aware investment strategies



**FTSE
RUSSELL**
An LSEG Business

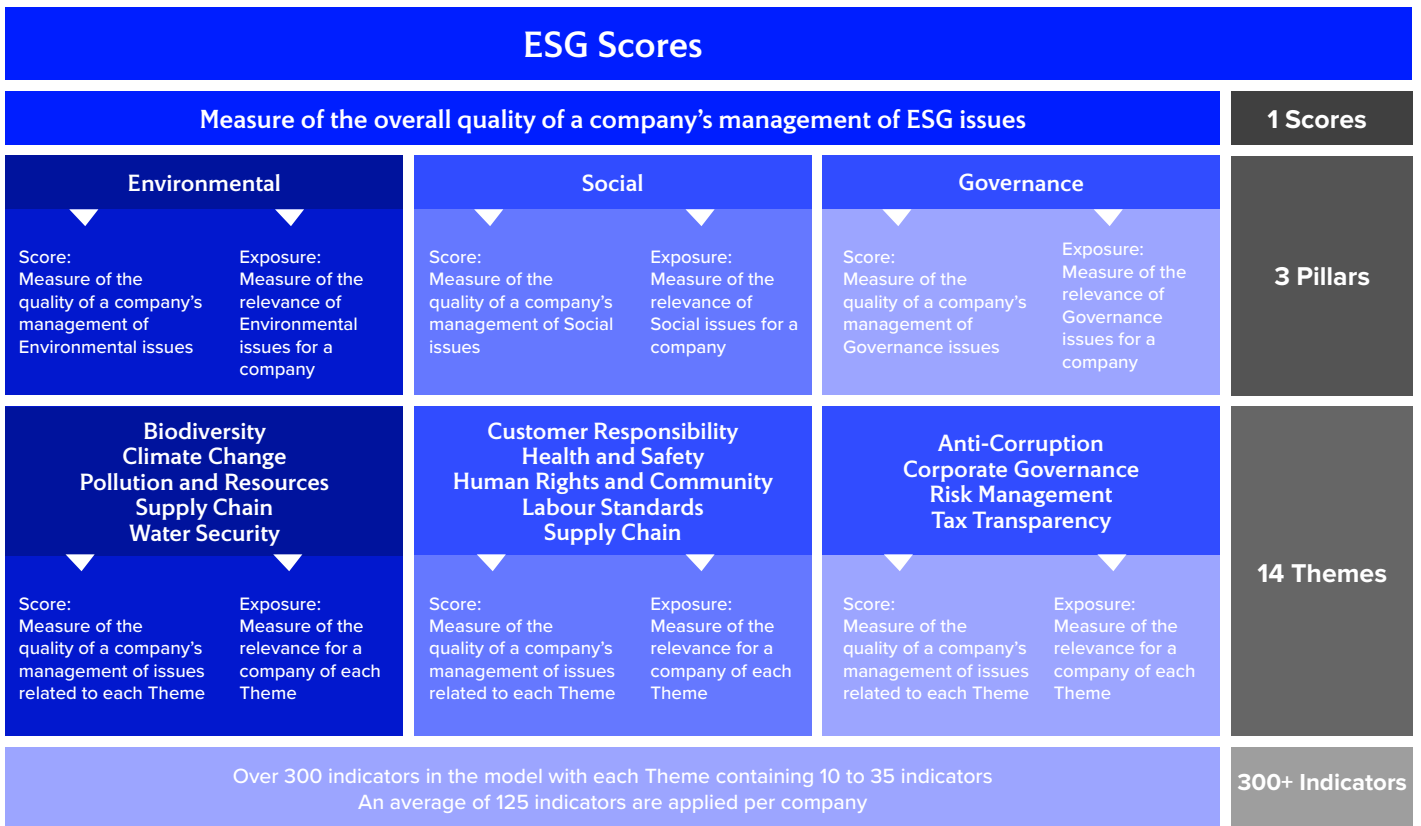


**SUSTAINABLE
GROWTH**

Transparent and objective ESG Scores

The FTSE4Good Index Series uses the overall Score from FTSE Russell's ESG Scores and data model to select companies for inclusion. The ESG Scores include over 300 large and mid-capitalisation Malaysian companies.

The ESG Scores are comprised of an overall Score, which is used to adjust stock weights in the FTSE4Good Index Series. The overall Score breaks down into underlying Pillar and Theme Exposures and Scores. The Pillars and Themes are built on over 300 individual indicator assessments that are applied to each company's unique circumstances.



Using ESG Scores in practice

The ESG Scores can be used as the building blocks for integrating ESG into investments in a variety of ways, including active portfolio management, benchmark construction, and company engagement.

Portfolio evaluation and manager due diligence

When selecting and evaluating asset managers, institutional investors are increasingly assessing how they integrate ESG aspects into their processes. The ESG Scores can help assess the range, average and variance of asset manager portfolios with respect to ESG integration.

Engagement and stewardship

As part of their stewardship responsibilities, an increasing number of fund managers and pension funds are engaging investee companies regarding their ESG practices. ESG Scores provide an independent and objective measure to identify companies for engagement and to track progress.

Risk management

The ESG Scores enable investors to identify companies with the greatest ESG exposures and can be used alongside conventional risk measures to provide a complementary perspective.

Research and analysis

The risk and return relationships of different ESG aspects will vary. The ESG Scores provide a granular and comprehensive data set for research and analysis that allow users to develop their own views on how, or how not, to integrate ESG data.

Custom benchmarks

Many investors want a tailored benchmark to reflect their ESG preferences. The ESG Scores provide a comprehensive and flexible tool for creating bespoke indices and can also be used alongside fundamental or smart beta methodologies.

Active portfolio management

The ESG Scores can be used to help define ESG eligibility criteria for an investment universe can be applied into a propriety quant or fundamental model.

Discover how to access our data and solutions

Clients are accessing the ESG scores through FTSE Russell's Sustainable Investment Data (SID) platform. For a demo of SID, email: info@ftserussell.com

Disclaimer

© 2023 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) The Yield Book Inc ("YB") and (7) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB and BR. "FTSE", "Russell", "FTSE Russell", "FTSE4Good", "ICB", "The Yield Book", "Beyond Ratings" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB or BR. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. All information and data contained in this publication is obtained by the LSE Group, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of FTSE Russell products, including but not limited to indexes, data and analytics, or the fitness or suitability of the FTSE Russell products for any particular purpose to which they might be put. Any representation of historical data accessible through FTSE Russell products is provided for information purposes only and is not a reliable indicator of future performance.

No responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of the LSE Group is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

The information contained in this report should not be considered "research" as defined in recital 28 of the Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council ("MiFID II") and is provided for no fee.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back-tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of the LSE Group nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group data requires a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB, BR and/or their respective licensors.

About FTSE Russell

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

To learn more, visit lseg.com/ftse-russell; email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810

North America +1 877 503 6437

Asia-Pacific

Hong Kong +852 2164 3333

Tokyo +81 (3) 6441 1430

Sydney +61 (0)2 7228 5659



**FTSE
RUSSELL**
An LSEG Business