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Stronger ESG Reporting Could Improve Malaysia's IPO Market Appeal

Malaysia's IPO market is entering a new phase as companies face stronger expectations for detailed environmental, social and governance (ESG) disclosures. ESGpedia VP Jozsef Acabo said such information is increasingly important to investors, alongside financial performance. Malaysia recorded 36 IPOs in 1H2026, raising US$1.34 billion (RM5.41 billion), while the expansion of the National Sustainability Reporting Framework to all Main Market issuers is raising disclosure expectations.

Importantly, weak ESG reporting could affect companies through higher financing costs, lower valuations and additional investor scrutiny. Requirements will become more demanding in 2027 with greater disclosure of Scope 3 emissions across supply chains. Scope 3 can account for 70% to 90% of total carbon footprints, yet only 11% of Malaysian listed companies disclosed such emissions in 2023, compared with 39% across Asia Pacific. Therefore, suppliers, including SMEs, will increasingly need reliable emissions data.

However, many companies still collect ESG information manually across spreadsheets, websites and subsidiaries, making verification difficult. Acabo said the market needs to shift towards continuous and digitalised carbon accounting rather than annual reporting. Companies and SMEs are encouraged to begin collecting and verifying relevant data early, which could support stronger disclosures and investor confidence as requirements advance.

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Malaysia Targets Balanced Energy Transition to Strengthen Long Term Competitiveness

Malaysia needs a managed energy transition that balances energy security, affordability and economic growth. While oil and gas will continue supporting energy security, excessive reliance on any single source creates vulnerabilities. Therefore, policy direction focuses on diversification through renewable energy, nuclear power, energy storage, hydrogen and bioenergy. The aim is to expand energy options, reduce external risks and create new economic value.

Meanwhile, energy pricing must keep supplies affordable while supporting efficiency, investment and sustainable development. Regional cooperation will also grow in importance, with the Asean Power Grid supporting cross border electricity trade, renewable energy integration and resilience. However, this requires stronger electricity grids, greater energy storage and better integration across energy, industrial and digital infrastructure.

Significant investment will be needed, increasing the role of private capital. For investors, clear policies, predictable regulation and consistent implementation remain important given the long horizons of energy projects. Policy changes should be transparent and evidence based. Meanwhile, about 600 OGSE companies have received support to expand exports and technology, generating more than RM2 billion in export sales through Matrade programmes.

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IOI Properties Recognised for Consistent ESG Performance and Dividend Growth

IOI Properties Group Bhd won the Best of the Best award at The Edge Malaysia ESG Awards 2026, recognising consistent ESG performance over three consecutive years. The award evaluates public listed companies based on their ESG scores and the compound annual growth rate of common dividends declared over the period. This year, 1,003 companies were assessed, up from 966 previously, while the weighted average ESG score for Main and ACE Market companies improved to 2.7 from 2.5.

The awards also highlighted the growing role of sustainability in business resilience, risk management and competitiveness. Organised by The Edge Malaysia with Bursa Malaysia and FTSE Russell, the event presented 37 awards to 31 companies across public listed companies and funds. New fund categories were also introduced to support capacity building among local fund houses, recognising leading feeder and non feeder ESG funds.

Meanwhile, companies face increasing expectations for credible sustainability commitments, transparent disclosures and measurable decarbonisation plans. Businesses and financial institutions are therefore expected to translate ESG objectives into capital allocation, technology deployment and operational changes. For corporate investors, stronger ESG performance can support long term resilience and competitiveness as sustainability becomes increasingly integrated into investment and business decisions.

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SkyWorld Named Best Performing Property Company at 2026 ESG Awards

SkyWorld Development Bhd has been named Best Performing Company in the Property Sector at The Edge Malaysia ESG Awards 2026, following its gold award in the Emerging Leader category in 2025. The recognition reflects its efforts to integrate environmental, social and governance (ESG) considerations across property development, quality management, environmental stewardship, social impact and corporate governance. The awards are organised by The Edge Malaysia with Bursa Malaysia and FTSE Russell.

Importantly, SkyWorld said sustainability is embedded in its development approach rather than treated as a separate initiative. Guided by its “Make Living Better” purpose, the group focuses on delivering quality homes, improved living environments and sustainable communities. This approach also extends to construction, where the group has adopted Prefabricated Prefinished Volumetric Construction (PPVC) to shift part of the building process into controlled factory settings. As a result, PPVC can reduce material wastage, improve construction consistency and support safer, more efficient site operations.

Going forward, SkyWorld will continue exploring practical measures to strengthen sustainability across its development lifecycle. Its focus on technology and construction innovation is expected to support improvements in quality, efficiency and sustainability as the group expands its development activities in Kuala Lumpur and Penang.

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Oriental Holdings Shifts EV Strategy Towards Premium Models Amid Regulatory Changes

Oriental Holdings Bhd returned to profit in 2QFY2026, recording net profit of RM93.74 million compared with a RM59.67 million net loss a year earlier. Revenue rose 1.7% to RM1.29 billion, while stronger contributions from investment holdings, plantation, plastics and healthcare helped offset weaker automotive, hotels and resorts and investment property activities. The group also declared an interim dividend of 20 sen per share.

For its automotive business, which distributes Honda, Mitsubishi and BYD vehicles, Oriental expects tighter requirements on imported completely built up (CBU) EVs to affect demand. The new rules include a minimum RM200,000 cost, insurance and freight value and 180 kW power output, which could reduce the availability of more affordable imported EV models. This creates a need for the group to adjust its EV product strategy as market conditions evolve.

In response, Oriental plans to shift towards premium and higher performance EV models, positioning its automotive business towards segments less affected by the new requirements. This strategic shift will be important as EV adoption develops and regulatory conditions reshape the competitive landscape. Meanwhile, group earnings were supported by a turnaround in foreign exchange performance, with 1HFY2026 net profit more than tripling to RM112.14 million.

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Kawan Renergy Secures FiT Approval for New Biomass Power Plant

Kawan Renergy Bhd has secured Feed in Tariff approval to develop a 2.5MW biomass power plant in Tasek, Perak through its wholly owned Magenko Renewables (Ipoh) Sdn Bhd. The plant is expected to have 2MW net export capacity when commissioned, with the FiT scheduled to begin on August 17, 2029 for 21 years. The basic rate is 38 sen per kWh for the first 10 years before declining to 28.8 sen for the remaining period.

The project will be financed through proceeds from Kawan Renergy's initial public offering and bank financing. The group raised RM33 million from its 2024 IPO, with 15.1% allocated to a new biomass plant and improvements to its Bercham landfill biogas facility. Another 45.5% was allocated for working capital for current and future cogeneration projects, while 30.3% was earmarked for bank borrowings and listing expenses.

Meanwhile, Kawan Renergy expects the project to contribute positively throughout the 21 year FiT period, supporting longer term performance. Its shares closed at 38 sen, valuing the group at RM206.32 million, although the counter has declined more than 44% year to date.

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