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# Thematic Analysis of Assessment Criteria for ESG Reporting within Malaysian Utilities Sector

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**Abstract**

Pursuant to increasing global emphasis on Environmental, Social, and Governance (ESG) practices, the Malaysian utilities sector comprising electricity, water, telecommunication, oil and gas service providers adopt various national and international ESG reporting standards. Nevertheless, previous studies have highlighted the complexity arising from diverse assessment criteria imposed by ESG reporting standards. Non-uniformity across the assessment criteria poses challenges for compliance and increases administrative burdens and costs. Consequently, this paper aims to provide recommendations to streamline the assessment criteria for ESG reporting within the Malaysian utilities sector. To achieve this aim, this paper attempts to answer a two-tier research question: what common themes can be identified from diverse assessment criteria imposed by the reporting standards within the Malaysian utilities sector? and how should the diverse assessment criteria be streamlined to reduce compliance costs, time, and administrative burden? This paper adopts a thematic analysis methodology covering the assessment criteria of 13 ESG reporting standards adopted by leading utilities companies in Malaysia. The results obtained from thematic analysis identify 20 common themes across three ESG pillars (environmental, social and governance). The novelty of this paper lies in its comprehensive examination of sector-specific ESG reporting, shedding light on the nuances of assessment criteria implementation. By proposing a streamlined approach to assessment criteria, this study anticipates reducing a compliance time, costs, and administrative burdens for utilities companies in Malaysia. Such an initiative holds promise for facilitating more cost-effective ESG reporting practices within the sector.

**Keywords:** ESG, Reporting Standards, Assessment, Utilities

## Introduction

This paper is motivated by the urgent need to address the complexities and inconsistencies in ESG reporting within the Malaysian utilities sector, which is increasingly scrutinized under global sustainability frameworks. ESG is a tool for evaluating the sustainability and ethical impact of a company or investment. ESG regulations on the other hand, are the government or industry standards for ESG-related actions, reporting, or disclosures. Pursuant to the United Nations recommendation for firms to disclose ESG practice by 2030, developed countries have made it mandatory for companies to disclose ESG information. ESG regulation has increased almost double over the past decade, reflecting the rapid growth of sustainability-based policy interventions around the world (Gossain, 2023; Zumente et al., 2021).

Being the provider of essential services, the utilities sector is expected to play a key role in promoting and shaping the ESG regulations. In the US, regulators increasingly consider ESG in policies dictating performance by domestic utilities large and small (Eng & Fikru, 2022). In Europe, the ESG has been considered for the credit ratings of utilities companies (Lozano & Reid, 2018). As emissions reductions and sustainable practices become more important for electrical utilities, ESG reporting is coming under increased scrutiny (Bonetti et al, 2023; Leopizzi et al, 2023).

In Malaysia, ESG disclosure duty is regulated by Securities Commission Sustainability Reporting Framework, National Industry Environmental, Social and Governance Framework, and Simplified ESG Disclosure Guide. These ESG regulations are non-mandatory and does not have the force of law. Initial step towards mandatory disclosure is taking place as the Malaysian government in April 2023 announced that a formal ESG framework/standards will be introduced by the end of 2023. However, the proposed ESG framework/standards is meant to assist micro, small and medium enterprises (MSMEs) rather than Malaysian utilities companies, that are non-MSME.

As Malaysia progresses towards its ESG goals, the utilities sector becomes an integral part of ESG framework. The Malaysian utilities sector plays a pivotal role in supporting the nation's economic development by providing essential services in the areas of electricity, water, and gas. This sector is characterized by a mix of public and private entities, contributing significantly to Malaysia's infrastructure and ensuring a reliable supply of utilities to businesses and households.

The Malaysian National Energy Policy 2022-2040 aspires to promote an attractive investment climate, which includes increased compliance in meeting ESG commitments for key energy sub-sectors, such as the upstream oil and gas sector. Despite the national aspirations. there is neither a government nor industry ESG reporting standards for Malaysian utilities sector. In the absence of a sector-specific assessment standard, each utility company adopts a variety of ESG reporting standards and disclosure practices from more than one standard setters. These multitude of reporting standards have resulted diverse assessment criteria that are either duplicatory or contradictory, which are costly, time-consuming and administratively burdensome.

Regardless of the complexity arising from a myriad of reporting standard and assessment criteria, little is known how diverse these assessment criteria is, and to what extent these assessment criteria duplicate or contradicting each other. Also, little is also known about the appropriate measures to streamline the assessment criteria for ESG reporting within the utilities sector. To fill in this gap, this paper aims to provide recommendations to streamline the assessment criteria for ESG reporting within the utilities sector.

To achieve this aim, this paper conducts a thematic analysis of various ESG assessment criteria adopted by leading companies within the Malaysian utilities sector. This paper enhances the current body of knowledge by providing a focused examination of sector-specific ESG practices, ultimately fostering more efficient and effective reporting mechanisms that align with international standards while accommodating local context.

**Literature Review**

Whilst there is a lot of international studies to understand the meaning of ESG (Severoni, 2023), standards and practices (see, Cuthrell, 2023; Whigham, 2021) applicable to the utilities sector, the Malaysian literature is lagging behind. There is yet a study on the ESG assessment criteria, particularly those applicable to utilities sector. Despite Malaysia embracing ESG aspiration and practices, previous work mainly provides a general overview of ESG in Malaysia across all sectors (see, Sippel, 2023, Wan Mohammad et. al, 2021). A more recent study was by Moh (2023) who laments public listed companies lack of details in ESG reporting, that undermine ESG credibility.

At the international level, the ESG practices have been subject to numerous academic research in the past decades due to the rapid development of ESG requirements around the world. While there is a lot of studies on ESG practices among utilities companies worldwide, previous works mainly focus on the advantages (Tancke et al., 2023; Naeem & Cankaya, 2022; Saba, 2021), positive effects (Nicolò et al., 2023; Ramírez-Orellana et al., 2023; Yen-Yen, 2019; Erzurumlu and Yu, 2018;), as well as the lack of impact (Veltri et al., 2023; Imperiale et al., 2023) of ESG reporting within the utilities sector.

Despite the prevalence of ESG reporting within the utilities sector, there are very few studies on the problems arising from diverse ESG reporting standards within the utilities sector. Notably, there is a study on how a local electricity company addressed ESG challenges (Islam et al., 2021). Nevertheless, this study is limited to a single country. Across sectors, there are several studies on the issues, problems, and challenges arising from diverse ESG reporting (Cort and Esty, 2020; Liu et al., 2023) around the world. However, these studies have chosen the ESG reporting of companies in non-utilities sectors as their focus of study.

Similar to previous studies on ESG reporting, previous studies on ESG assessment criteria also do not specifically focus on utilities sector. For instance, Escrig-Olmedo (2019), study focuses on companies in financial sector and finds that that ESG rating agencies do not fully integrate sustainability principles into the corporate sustainability assessment process. Another study by Senadheera et al (2021), focuses on a multinational company that are not related to utilities sector. Their study finds that limited comparability, the biased scoring metrics, the aggregated nature of diverse environmental factors, different methodologies implemented by rating providers, and the lack of robust datasets have resulted in limited usefulness of E (Environmental) scoring as a tool for greening the financial sector.

More recently, Zenkina (2023), in her study on prerequisites and prospects for improving the quality of ESG assessment focuses on 30 Russian corporations from various industrial sectors. Zenkina argues that the most important factor to improve the quality of ESG assessment is to increase the transparency, validity, and objectivity of methodological approaches to the ESG assessment, as well as the utilization of reliable tools for assessing uncertainty and sensitivity. The most recent work by Yébenes (2024), reports the pressing need for standardization, enhanced data quality, and innovative methodologies to successfully incorporate ESG aspects into credit ratings, thereby aligning the financial industry with the growing demand for sustainable and responsible investment practices. Like Zenkina, Escrig-Olmedo and Senadheera et al., Yébenes work also does not focus on utilities sector, focusing instead on four largest credit rating agencies in the world. Similarly, less study was conducted in Malaysia on the problems arising from diverse ESG reporting standards within Malaysian utilities sector. Notably, there was a study on how local electricity company addressed ESG challenges as Malaysia`s utility company (Azuar, 2022). Nevertheless, this study does not focus on the ESG assessment criteria in utilities sector.

In summary, despite numerous calls for harmonization/standardization of ESG assessment (Oernholt, 2023; Zenkina, 2023; Zaid and Issa, 2023; Adams and Abhayawansa, 2022; Frecautan & Danila, 2022) in various industrial sectors, literature review informs us that there is yet a study that specifically focuses on the ESG assessment criteria in the utilities sector. Literature review further informs us that that there is no study so far on how to address the problem arising from diverse assessment criteria imposed by the ESG reporting standards within utilities sector.

To fill in this gap, it becomes the main objective of this paper to conduct a thematic analysis of various ESG assessment criteria adopted by leading companies within the Malaysian utilities sector. The primary research question to be answered in this paper is, what are the common themes that can be identified from diverse assessment criteria imposed by the reporting standards within the Malaysian utilities sector? The second research question to be answered is, how should the diverse assessment criteria be streamlined to reduce compliance costs, time, and administrative burden?

**Problem Statement**

In the absence of national standards for ESG reporting within Malaysian utilities sector, the utilities companies adopt various national and international ESG reporting standards. Across the utilities sector, there is a common challenge in the lack of uniform ESG reporting standard, resulting different assessment criteria for each ESG pillar. Mixed purposes, inconsistent interpretations, and variety of perceived importance levels have led to different assessment criteria between one ESG standards and others. The ESG asessment criteria also intersects with the United Nations 17 Sustainable Development Goals (SDGs), making some asessment criteria seems redundant. Inconsistent and duplicatory assessment criteria make it challenging for stakeholders to assess the ESG performance of companies accurately.

Different set of scope and reporting of assessment criteria, become an additional burden to the utilities companies, as the compliance requires resources and expertise. As the expectation is mounting on utilities companies to improve their ESG compliance, consistency of the ESG assessment criteria across the sector is deemed necessary to enable a fair assessment. Hence, there is a need to streamline the ESG assessment criteria, to hhelp the Malaysian utilities companies comply with the ESG requirements cost-effectively. The initial step in the streamlining effort is to identify the common themes of diverse assessment criteria imposed by the reporting standards within Malaysian utilities sector.

**Methods**

This paper adopts qualitative research approach and is designed as an exploratory study. The population of study is the companies that provide utilities services in Malaysia. The target population is the four leading utilities companies i.e. Tenaga Nasional Berhad (TNB), Pengurusan Air Selangor Sdn. Bhd (Air Selangor), Maxis Communications Bhd (Maxis), and Petroliam Nasional Berhad (Petronas), each representing electricity, water, telecommunication, and oil and gas sector. Data collection involves gathering secondary data in the form of existing ESG reporting standards that are adopted by these utilities' companies. These reporting standards are gathered from the respective utilities companies' official websites. There are 13 ESG reporting standards adopted by the selected companies as illustrated in Table 1 below.

Table 1
*ESG Reporting Standards of Leading Malaysian Utilities Companies*

| | **ESG Reporting Standards** | **TNB** | **Air Selangor** | **Maxis** | **Petronas** |
|---|---|---|---|---|---|
| 1. | Bursa Malaysia Sustainability Reporting Guide (3rd Edition) | √ | | √ | |
| 2. | Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR) | | | √ | |
| 3. | Malaysian Code on Corporate Governance | | | √ | |
| 4. | Malaysian Financial Reporting Standards (MFRS) | | | | √ |
| 5. | Global Reporting Initiative (GRI) Standards | √ | √ | √ | √ |
| 6. | Sustainability Accounting Standard (SASB) for Water Utilities and Services. | | √ | | |
| 7. | GRI Electric Utilities Sector Disclosures | √ | | | |
| 8. | Task Force on Climate-related Financial Disclosures (TCFD) framework | √ | | | √ |
| 9. | United Nations Sustainable Development Goals (UN SDGs). | √ | √ | √ | √ |
| 10. | International Integrated Reporting Council (IIRC) Framework | | | √ | √ |
| 11. | International Financial Reporting Standards (IFRS) | | | | √ |
| 12. | Ipieca/API/IOGP Sustainability reporting guidance for the oil and gas industry | | | | √ |
| 13. | World Economic Forum's Stakeholder Capitalism Metrics | | | | √ |

Thematic analysis is chosen as the method of data analysis as it allows researchers to explore the richness and depth of qualitative data, revealing underlying patterns and relationships that may not be apparent through other methods. The research adopts six-phase coding framework for thematic analysis that was proposed by Clarke and Braun (2013), to identify themes and patterns in the data that comprised of familiarization of data; generation of codes; combining codes into themes; reviewing themes; determine significance of themes; and reporting of findings. Atlas.ti v.8 software is used for the purpose of identifying, analyzing, and interpreting patterns, themes, and meanings within qualitative data.

**Data Analysis**

To identify the themes and patterns in the qualitative data, codes are generated by systematically labeling and categorizing the qualitative data based on their content, themes, or concepts. Each assessment criteria for environmental, social and governance is designated as a code within Atlas.ti. There are 12 codes generated for the study, however this paper only analysed five of them i.e. assessment criteria; assessment metrics; environmental pillar; social pillar; and governance pillar. These five codes were selected for analysis as they are most relevant to the scope and objective of this paper. Table 1 below lists down the codes generated from the contents of 13 reporting standards under analysis.

Table 2

*Codes Generated from the Contents of the Reporting Standards Adopted by Malaysian Utilities Sector*

| No. | Code Names | Density (Quotations) | Network Groups |
|---|---|---|---|
| 1. | Assessment Metrics | 68 | 0 |
| 2. | Assessment Criteria | 66 | 3 |
| 3. | Environmental Pillar | 65 | 1 |
| 4. | Social Pillar | 64 | 1 |
| 5. | Governance Pillar | 45 | 1 |
| 6. | Scope | 33 | 0 |
| 7. | Disclosure/Reporting Principles | 29 | 0 |
| 8. | Measurement | 10 | 1 |
| 9. | Format | 9 | 0 |
| 10. | Function | 5 | 1 |
| 11. | Submission | 5 | 0 |
| 12 | Purpose | 4 | 0 |

For the purpose of theming, five codes selected for the study were combined into a single network group to find the relationship between assessment criteria, assessment metrics and ESG pillars i.e. environmental, social and governance. A network group comprising of five codes (assessment metrics, assessment criteria, environmental pillar, social pillar, governance pillar) is illustrated in Figure 1 below.

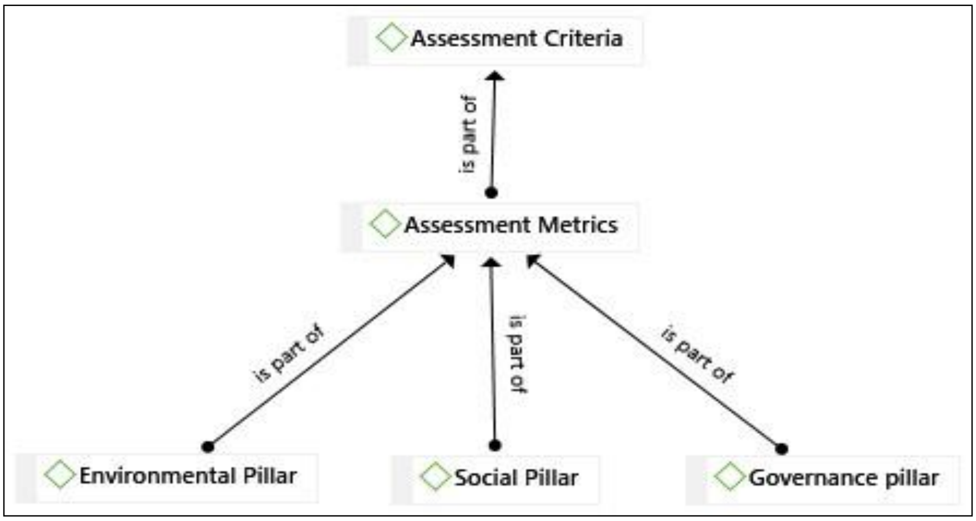

Figure 1. Relationship between assessment criteria, assessment metrics and ESG pillars

To find the common themes of the assessment criteria across different ESG pillars, 174 quotations grounded in the respective codes were reviewed and later assigned to three group themes based on the ESG pillars i.e. environmental, social and governance. Each group theme has between five to eight common themes that were deduced from the assessment criteria of the reporting standards adopted by Malaysian utilities sector. Figure 2, Figure 3 and Figure 4 below illustrate the common themes for each ESG pillar.

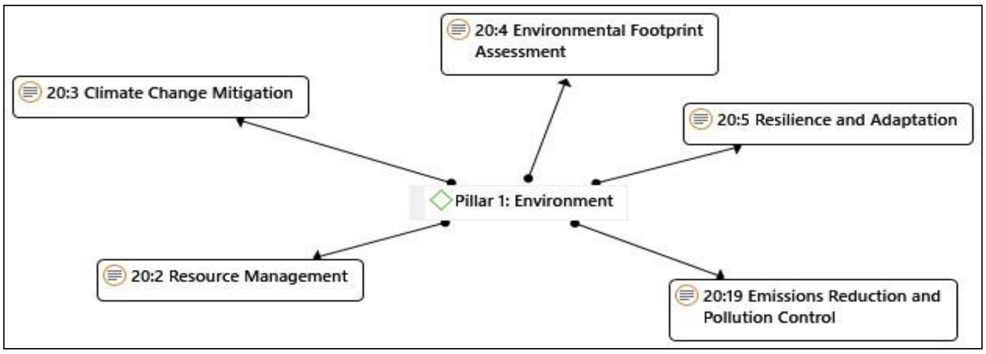

Figure 2. Common themes for environmental pillar

Figure 3. Common themes for social pillar

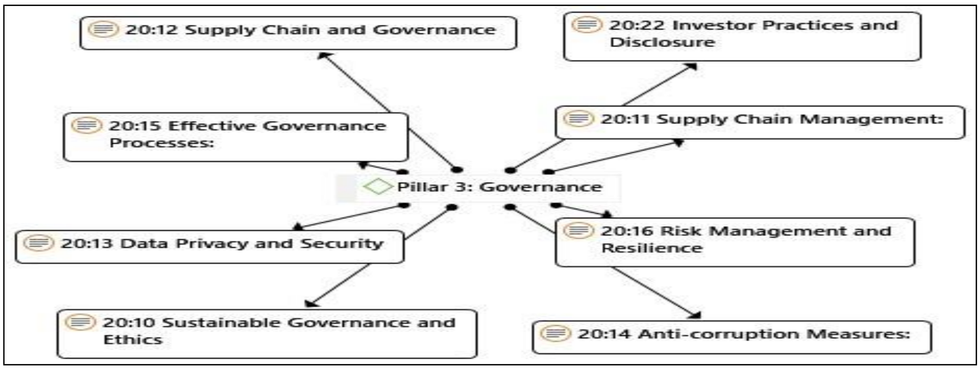


Figure 4. Common themes for governance pillar

Based on the thematic analysis, Pillar 1: Environmental has five common themes comprising of resource management, climate change mitigation, environmental footprint, resilient and adaptation, emissions reduction and pollution control. On the other hand, Pillar 2: Social has six common themes that are diversity and inclusion, labor practices and standards, community engagement, workforce management and resilient, social responsibility, health and safety. Finally, Pillar 3: Governance has eight common themes encompassing sustainable governance and ethics; supply chain management; supply chain and governance; data privacy and security, anti-corruption measures; effective governance processes, investor practices and disclosure, risk management and resilience.

## Results and Discussions

This section answers the primary research question i.e. what are the common themes that can be identified from diverse assessment criteria imposed by the reporting standards within the Malaysian utilities sector? Based on review of the Atlas.ti codes related to various assessment criteria of the reporting standards adopted by four leading utilities companies in Malaysia i.e. TNB, Air Selangor, Maxis and Petronas, the thematic analysis reveals between five to eight common themes for each ESG pillar. These common themes are discussed below.

### Pillar 1: Environmental

*i.Resource Management*

Energy management (Codes: 1:38, 2:11, 6:20, 7:3, 15:3, 9:9, 9:26) and water management (Codes: 1:43, 2:16, 6:22, 9:7, 9:23, 9:31, 14:4) are prominent themes, indicating a focus on efficient utilization and conservation of resources. The themes include efforts to optimize energy consumption, reduce water wastage, and enhance resource efficiency.

*ii.Emissions Reduction and Pollution Control*

Emissions management (Codes: 1:45, 2:18, 6:21, 9:34) and waste management (Codes: 1:44, 2:17, 5:16, 9:31, 9:35) emerge as critical themes, reflecting a commitment to mitigating environmental impact and minimizing pollution. The themes include strategies for emissions reduction, waste minimization, and pollution control are highlighted, indicating efforts to promote environmental sustainability.

*iii.Climate Change Mitigation*

Codes related to greenhouse gas (GHG) emissions (Codes: 9:6, 9:16, 9:34, 14:3) and climate change (Codes: 9:8, 9:14, 10:30, 18:10) indicate a focus on addressing climate change challenges and reducing carbon footprint. The themes include initiatives such as clean technologies adoption, renewable energy integration, and climate risk management underscore efforts to mitigate climate change impacts and promote sustainable practices.

iv. *Environmental Footprint Assessment*

Themes related to environmental footprint assessment (Codes: 8:3, 16:3) highlight the importance of evaluating and managing environmental impacts throughout operations. The themes include active monitoring and disclosing information regarding environmental footprint, including energy consumption, emissions, and waste generation.

v. *Resilience and Adaptation*

Themes related to network resiliency (Codes: 6:27, 15:7) and impacts of climate change (Codes: 6:21, 7:10) suggest a focus on building resilience and adapting to climate-related risks. The themes include measures taken to strengthen infrastructure, mitigate climate-related disruptions, and ensure continuity of operations in the face of environmental challenges are part of the themes.

**Pillar 2: Social**

i. *Diversity and Inclusion*

Codes related to diversity and inclusion (Codes: 1:37, 2:10, 19:17) highlight efforts to promote diversity in the workforce and ensure equal opportunities for all employees. The themes include initiatives to address pay equality (Code: 19:18), wage levels (Code: 19:19), and eliminate discrimination and harassment (Code: 19:24).

ii. *Health and Safety*

Health and safety emerge as prominent themes (Codes: 1:39, 2:12, 5:20, 18:12, 19:21), emphasizing the importance of ensuring a safe and healthy work environment for employees. The themes include risk management, incident response, and measures to protect the well-being of workers.

iii. *Labor Practices and Standards*

Codes related to labor practices and standards (Codes: 1:40, 2:13, 19:20, 19:22, 19:23, 19:25, 19:26, 19:27) indicate a focus on upholding labor rights, ensuring fair wages, and providing adequate training for employees. The themes encompass issues such as child labor, forced labor, training programs, and freedom of association.

iv. *Community Engagement*

Community engagement emerges as a common theme (Codes: 1:47, 2:9, 4:36), reflecting efforts to engage with local communities and address their needs. The themes include stakeholder engagement, philanthropic activities, and partnerships with community organizations.

v. *Workforce Management and Resilience*

Workforce management and resilience emerge as important themes (Codes: 5:23, 6:25, 6:28, 19:28, 19:29), emphasizing the need to ensure workforce health, safety, and resilience to critical incidents. The themes include workforce well-being, critical incident risk management, and building resilience to climate change impacts.

vi. *Social Responsibility*

Social responsibility is a pervasive theme (Codes: 18:13, 19:31), encompassing efforts to address social inequalities, promote well-being, and create inclusive societies. The themes include poverty alleviation, hunger eradication, access to education, gender equality, and inclusive economic growth.

**Pillar 3: Governance**

i. *Sustainable Governance and Ethics*

Sustainable governance (Codes: 1:34, 4:34, 11:14, 18:9) and business ethics (Code: 5:21) emerge as central themes, highlighting the importance of ethical behavior, transparency, and accountability in organizational governance. The themes include adherence to ethical principles, transparency in decision-making, and accountability to stakeholders.

ii. *Supply Chain Management*

Supply chain management (Codes: 1:41, 2:14) is a significant theme, emphasizing the need for responsible sourcing practices, supplier assessments, and transparency throughout the supply chain. The themes include supplier diversity, ethical sourcing, and supply chain transparency and accountability.

iii. *Supply Chain and Governance*

Supply chain management (Codes: 1:51, 5:19) and governance processes (Codes: 9:42, 9:43) are integral themes, emphasizing the importance of sustainable supply chain practices and effective governance frameworks. The themes include various considerations such as ethical sourcing, supplier assessment, and transparency in governance processes are evident, reflecting a commitment to responsible business practices.

iv. *Data Privacy and Security*

Data privacy and security (Codes: 1:42, 2:15, 8:4, 8:5) emerge as critical themes, highlighting the importance of safeguarding sensitive information and ensuring compliance with data protection regulations. The themes include data encryption, access controls, and measures to prevent data breaches and cyber threats.

v. *Anti-corruption Measures*

Anti-corruption measures (Code: 2:8) are a significant theme, emphasizing the importance of preventing bribery, fraud, and unethical conduct within the organization. The themes include the implementation of anti-corruption policies, whistleblower mechanisms, and compliance with anti-corruption laws.

vi. *Effective Governance Processes*

Governance processes (Codes: 9:13, 9:25, 9:37) and integrity in corporate reporting (Code: 3:15) are common themes, highlighting the need for robust governance frameworks, effective risk management, and accurate and transparent reporting. The themes include board oversight, risk assessment, and internal controls to ensure integrity in corporate reporting and compliance with assessment requirements.

vii. *Investor Practices and Disclosure*

Investor practices (Codes: 9:10, 9:27) and disclosure of sustainability performance (Codes: 9:11, 9:30, 9:33) emerge as important themes, indicating the growing importance of ESG in investment decisions. The themes include ESG disclosure, stakeholder engagement, and the integration of sustainability considerations into investor practices.

viii. *Risk Management and Resilience*

Effective audit and risk management (Codes: 3:14, 11:16) and managing systemic risks (Codes: 8:8, 16:4) are significant themes, emphasizing the need for proactive risk identification, assessment, and mitigation strategies. The themes include risk assessment, business continuity planning, and resilience-building measures to address systemic risks from technology disruptions and other external factors.

**Recommendations**

The recommendations section answers the second research question i.e. how should the diverse assessment criteria be streamlined to reduce compliance costs, time, and administrative burden? Based on the findings of this study, it is clear that a myriad of ESG assessment criteria imposed by various reporting standards that are adopted within Malaysian utilities sector need to be streamlined so as to reduce time consumption, compliance costs, and administrative burden faced by the companies within Malaysian utilities sector. To streamline ESG assessment criteria for the Malaysian utilities sector, this paper provides a set of recommendations as discussed below.

Firstly, there is a critical need for the harmonization of reporting standards. This recommendation finds support from Senadheera et al (2021), whose study discovers having a consensus on scoring systems or a standard method employable across particular type of companies can be considered as a timely need, although achieving it seems very challenging. Similarly, Zenkina (2023), opines the main prospects for improving the quality of the ESG assessment are through the harmonization of sustainable development reporting standards and the development of a standardized list of reporting ESG indicators. Another support comes from Frecautan and Danila (2022), who underscore the need of harmonization of different frameworks and standards to address the complexity of the ESG reporting scheme in the European Union. Utilities companies operating within the same service sector should adopt a harmonized set of reporting standards to ensure consistency and comparability across the industry. This may involve advocating for the adoption of internationally recognized frameworks such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) standards. Harmonization of ESG-reporting standards enables the utilities companies to address conflicting signals from rating agencies about what to focus on and what is valued in the industry (Yébenes 2024).

Secondly, stakeholder engagement efforts must be intensified. On this note, Zaid and Issa (2023), underscore the importance of stakeholder engagement towards the efforts for the convergence of global ESG disclosure standards. On a similar note, Bonetti et al (2023), also emphasize the importance of engagement and two-way communication with diverse stakeholders. Stakeholder engagement enables companies to obtain a better understanding of the minimum requirements of a stakeholder and cooperate in creating mutual assessment criteria. A study on shareholder engagement on ESG performance by Barko et al (2022), finds that ESG engagement could lead to improved governance and reduced agency problems. Similar positive relationship is reported by Fuente et al (2022), who analysed the value of a firm's engagement in ESG practices.

Thirdly, the development of a customized reporting framework tailored to the specific needs and characteristics of the Malaysian utilities sector is imperative. This recommendation is pertinent as a study by Oernholt (2023), reveals the differences in measurement and reporting methods presented in different ESG frameworks has undermined trust and transparency in the market, making it difficult for investors and stakeholders to make informed decisions. A customized reporting framework could address these challenges to promote a more cohesive and confident ESG ecosystem. According to Asif et al (2023), customizability of ESG reports includes a core set of metrics and indicators relevant to all companies. Regulatory and oversight bodies should take the lead in developing a customized reporting framework, considering sector-specific challenges, risks, and opportunities, while also aligning with international best practices in ESG reporting.

Finally, utilities companies should collaborate to simplify and standardize ESG assessment criteria. In this regard, Adams and Abhayawansa (2022), outline heightened calls for greater simplicity and consistency and harmonisation of reporting frameworks. These calls are prompted by the need to eliminate overlaps, confusions and redundancies between existing standards, guidelines and frameworks. By consolidating overlapping indicators and eliminating redundancies, the complexity of reporting requirements can be reduced, thereby minimizing the compliance burden for utilities companies. This concerted effort towards simplification and standardization will ultimately enhance the effectiveness and efficiency of ESG reporting practices in the Malaysian utilities sector. The Ministry or Commission responsible for the utilities sector should play a proactive role in facilitating dialogue and collaboration among utilities companies, regulators, industry associations, and other stakeholders. This collaborative approach will help identify common objectives and priorities for ESG reporting, fostering consensus on key metrics and indicators relevant to the utility sector.

**Practical Implications**

The implementation of the recommendations outlined above will have far-reaching implications for ESG management in the utilities sector. By streamlining ESG assessment criteria and reporting practices, utilities companies can expect several key benefits that will positively impact their overall sustainability performance.

At the outset, the adoption of harmonized reporting standards and customized frameworks tailored to the utilities sector's needs will lead to more consistent and comparable ESG reporting practices. This consistency will enhance transparency and accountability, allowing stakeholders to gain a clearer understanding of utilities companies' sustainability efforts and performance. As a result, investors, regulators, customers, and other stakeholders will have greater confidence in the sector's commitment to sustainability, fostering trust and credibility.

Furthermore, the emphasis on stakeholder engagement will promote collaboration and dialogue among utilities companies and their stakeholders. By actively involving stakeholders in the ESG reporting process, utilities companies can gain valuable insights into their sustainability priorities and expectations. This collaborative approach will enable utilities companies to address stakeholder concerns more effectively, leading to improved relationships and reputation management.

Simplifying and standardizing ESG reporting processes will also yield significant benefits for utilities companies. By reducing the administrative burden and compliance costs associated with ESG reporting, companies can allocate resources more efficiently towards implementing sustainable practices and initiatives. This streamlined approach will enable utilities companies to focus on driving meaningful environmental, social, and governance outcomes, rather than being overwhelmed by reporting requirements.

**Conclusion**

The significance of this paper lie in its critical examination of ESG practices within the Malaysian utilities sector, which is pivotal for fostering sustainable development. The thematic analysis conducted in this paper sheds light on the multifaceted nature of ESG assessment criteria within the Malaysian utilities sector. Across Pillars 1, 2, and 3—Environmental, Social, and Governance respectively—the analysis reveals a comprehensive set of responsibilities and expectations placed upon utilities companies. From resource management and emissions reduction to diversity promotion and ethical behavior, each pillar underscores the sector's obligation towards sustainability, environmental stewardship, and societal well-being.

The findings confirm the critical role of utilities companies in fostering inclusive and sustainable practices within their operations and broader society. By embracing ESG principles, these companies can not only meet regulatory requirements but also contribute significantly to Malaysia's vision of balanced and responsible economic development.

In conclusion, this paper provides valuable insights into the ESG assessment criteria adopted by Malaysian utilities companies, highlighting the sector's multifaceted responsibilities across environmental, social, and governance pillars. The findings underscore the sector's obligation towards sustainability, environmental stewardship, and societal well-being, emphasizing the critical role of utilities companies in fostering inclusive and sustainable practices within their operations and broader society.

Moving forward, the Malaysian utilities sector must prioritize the integration of ESG spirits and principles into its operations and decision-making processes. By doing so, it can enhance its overall sustainability performance while also building trust with stakeholders and driving long-term organizational success. Implementing the recommendations outlined in this paper will be crucial in streamlining ESG assessment criteria, improving reporting quality, and advancing the broader goals of environmental protection, social responsibility, and good governance across all sectors of industry. Through collective action and commitment to sustainable practices, the Malaysian utilities sector can truly become a catalyst for positive change and contribute to a more resilient and prosperous future for all.

However, it is important to acknowledge certain limitations of this study. Firstly, the analysis was based on available ESG reporting standards and may not fully capture the nuances of individual companies' practices. Secondly, the study focused solely on thematic analysis without delving into quantitative assessment or performance evaluation, which could provide deeper insights into the effectiveness of ESG practices.

For future research, it is recommended to address these limitations by conducting a more comprehensive analysis that incorporates both qualitative and quantitative approaches. Additionally, longitudinal studies could track the evolution of ESG practices within the Malaysian utilities sector over time, providing valuable insights into trends and emerging best practices.

Furthermore, exploring the impact of ESG practices on financial performance and stakeholder perceptions could offer valuable insights into the business case for sustainability in the utilities sector. Lastly, comparative studies across different industries or regions could provide a broader perspective on the effectiveness of ESG practices and identify transferable lessons for the Malaysian utilities sector. By addressing the limitations of this study and pursuing future research directions, we can further enhance our understanding of ESG practices in the Malaysian utilities sector and contribute to its continued advancement towards sustainability and responsible corporate citizenship.

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