

**UNIVERSITI TEKNOLOGI MARA**

**ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE (ESG) DISCLOSURE  
AND ITS EFFECT ON FIRM'S  
PERFORMANCE**

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Dissertation submitted in partial fulfilment  
of the requirements for the degree of  
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## **AUTHOR'S DECLARATION**

I declare that the work in this thesis/dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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## ABSTRACT

Environmental, social and governance (ESG) is another branch of corporate social responsibility, which have gained more attention from corporate businesses and investors. The new emerging socially responsible investment requires the inclusion of ESG in the companies' business conduct. The ESG information disclosure practices might differ across the country's location. Specific regulation in disclosing the required information is necessary to ensure the information provided will satisfy all stakeholders especially socially responsible investors. The purpose of this study is to examine and compare the level of ESG disclosure between two countries under different ESG disclosure practice requirement. Moreover, this study also examines the element being prioritize or emphasis under ESG disclosure. In addition, the relationship between ESG disclosure and firm's performance measured by economic value added (EVA) is also included in this study. This study is a quantitative study and it employs top 100 companies each listed in Malaysia and Denmark stock exchanges. Using a content analysis method on the companies report in 2013 and comparative analysis (Mann-Whitney U test and Kruskal-Wallis test), the study found that there is a significant different in ESG disclosure and its elements emphasis in both countries. Country regulatory background, norms and believe may effect and influence the level of ESG disclosures and its emphasis. The correlation analysis is employ to test the relationship between ESG disclosures and firms EVA. The result found that there is no relationship exists between ESG disclosure and firms EVA. However, this study considers one-year lag between ESG disclosures in 2013 with firms performance in 2014. This indicates that the information disclosed today may not dictate any changes and improvements in the firms' performance in the following year. Information provided should have significant value to the company and their investors as ethical business conduct facilitate the company's longevity in the market.

**Keywords:** Environment, social and governance (ESG), responsible investment, disclosure practice, country's regulatory background, firm's performance.

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Finally, I hope this thesis will add value to the knowledge and hence contributes to the development of knowledge and society. I hope this thesis will benefit those readers and gain some knowledge in corporate social responsibility field of study. I dedicate this thesis to all readers who have passion in knowledge and continue seeking for a new knowledge.

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