



ACCA Malaysia Sustainability Reporting Awards (MaSRA)

Judges' Report 2017

IN COLLABORATION WITH



ENDORSED BY



AN INITIATIVE OF





Furthering the business case and value for sustainability is the growth and rising visibility of socially responsible funding both globally and locally.



Introduction

Key developments, trends and activities locally and globally are influencing the way companies operate and prepare their corporate reports. These include megatrends, shifts in demographics and consumer behaviour, technology, innovation, resource scarcity, environmental impacts, regulations and NGO activism. In such a disruptive landscape, operating a business that is purely geared towards generating profits or the bottom line is no longer sustainable; with these changes, organisations need to consider the impact of their business on economy, environment and society (EES) as a whole. Indeed, organisations are now acknowledging that sustainable business practices are an essential part of corporate risk management and key to business performance, resilience and investability.

Furthering the business case and value for sustainability is the growth and rising visibility of socially responsible funding both globally and locally. The United Nations-backed Principles for Responsible Investment (UN PRI) Initiative recorded 1714 investor signatories, the highest ever, with total assets under management of over US\$68.4 trillion as at April 2017, bringing responsible investment into the mainstream of global capital markets. In Malaysia, Khazanah Nasional Berhad is one of the signatories to UNPRI and it is anticipated that more institutional investors will become signatories in future.

Malaysia itself is no newcomer to the journey towards sustainable development and Socially Responsible Funding (SRF). This process has been

set in motion for some time, with the relevant driving policies and plans in place.

One successful strategy was the Malaysian government's move to allocate RM1 billion to a fund managed by ValueCAP Sdn Bhd to invest in companies that score high on its ESG Index, which was announced in the 2014 Budget.

To supplement the government's agenda, Bursa Malaysia launched the FTSE4Good Index in December 2014. This index is designed to support investors who are focusing on companies with good environmental, social and governance (ESG) performance and practices in Malaysia. The number of organisations under this index had increased from the initial 24 to a commendable 45 as of December 2017.

Developing the SRI was identified as a key area of growth for the Malaysian capital market under the Capital Market Masterplan. In the same year, the Securities Commission Malaysia (SC) introduced the SRI Sukuk Framework which integrated the principles of Shariah with those of SRI. With the framework in place, the world's first green sukuk was subsequently issued in Malaysia in July 2017. With Islamic funds now recognised as part of the SRI universe, Malaysia is currently the largest SRI funds market in Asia (excluding Japan), commanding a 30 per cent share of the region's US\$52 billion fund assets. Malaysia is also the second largest Islamic funds market globally (by domicile) with 29 percent of the US\$56 billion global total asset under management (AUM).



Malaysia itself is no new comer to the journey towards sustainable development and Socially Responsible Funding (SRI).

Another key milestone is the release of the Guidelines on Sustainable and Responsible Investment (SRI) Funds by the SC in December 2017. These Guidelines aim to facilitate and encourage greater growth of SRI funds in Malaysia, and apply to Funding Products within the SC's oversight.

Supporting the government and regulators' direction, local institutional investors have already made it clear that they are taking ESG factors into consideration as part of their investment decision making and stewardship. This is reflected in the Malaysian Institutional Investors Code which has 17 signatories to date – KWAP, Khazanah, EPF and SOCSO being some of the biggest signatories to the code.

At macro level, YAB Prime Minister of Malaysia has initiated the Transformasi Nasional 2050 or TN50, to chart the future direction for Malaysia post-2020 for the next 30 years. Unlike previous long-term plans, TN50 is unique because it will be developed through a bottom up process of engagement with the people. Signaling as end to omniscient government or the "era of Government knows best" as reported in the popular press, TN50 relies on the collective wisdom of Malaysians to shape the country's future. Beginning with youth engagements led by the Ministry of Youth and Sports, the engagement process has since evolved to include the rakyat from all walks of life. To date, the Government has engaged close to two million Malaysians and collated over 100,000 aspirations. Anchored on

the aspirations of Malaysians, TN50 will therefore be 'by the people and for the people'.

One of the top themes emerging from both youth and non-youth engagement is Sustainability, encompassing the environment, workforce, poverty eradication, access to education and others. With this in mind, ACCA is delighted that the Government has embarked on the TN50 initiative because this ultimately supports the ACCA Malaysia Sustainability Reporting Awards (MaSRA).

At the same time, Malaysia has also reaffirmed its commitment to support and implement the United Nations Sustainable Development Agenda 2030 and its 17 Sustainable Development Goals (SDG), with the objective of producing a set of universal goals to address the urgent environmental, political and economic challenges facing the world. The Malaysian government's commitment to SDG is seen incorporated in every facet of development under the 11th Malaysia Plan, and again this provides enhanced support for MaSRA's agenda.

Global developments in sustainability reporting

On the international front, the sustainability reporting landscape is expanding at an unprecedented rate reflecting the myriad hazards to global sustainability. Governments and societies are responding to actual or predicted factors that threaten economy, society and environment, such as climate change, energy and food security, poverty and financial crises. Encouragingly, there has been an unprecedented wave of activities, including the formation of influential coalitions, to recalibrate businesses' processes, behaviours and reporting towards a sustainable future. Below are some of these recent activities:

- The publication of the Task Force on Climate Related Financial Disclosures (TCFD) framework in

June 2017 generated an increased interest in sustainability reporting. The framework was published in the wake of a number of extreme weather events mainly in the Caribbean, Central America and South-East Asia in 2017, which caused massive physical destruction of property, social disorder, flooding, loss of livestock and income. The framework recommended that all companies disclose governance and risk management elements; beyond these, where climate-related risk and opportunity are assessed to be material, the implications for strategy, metrics and targets are to be disclosed (Figure 1). As a result, pressure is growing on companies to improve their disclosure of climate-related financial risk and quantify its impact.

Figure 1: Core Elements of Recommended Climate-Related Financial Disclosures



Governance The organization's governance around climate-related risks and opportunities

Strategy The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Source: TCFD, Recommendations of the Task Force on Climate-Related Financial Disclosures. December 14 2016, www.fsb-tcfd.org/wp-content/uploads/2016/12/16_1221_TCFD_Report_Letter.pdf

- The advent of the United Nations Sustainable Development Goals (SDGs)¹ also pushed sustainability reporting to the forefront. Overseas trends see an increasing number of sustainability reports being submitted to regulatory bodies or published using the SDGs. A 2017 KPMG study² showed 43% of the world's 250 largest companies by revenue linking their responsibilities to the SDGs.
- A 2016 survey of more than 1,000 CEOs of Global Compact companies found that 87% believed that the SDGs provided an opportunity to rethink approaches to sustainability. Among the top five SDGs being addressed are gender equality, good health and well-being, industry innovation and infrastructure, climate action, and decent work and economic growth.
- Meanwhile in Europe, the EU Shareholder Rights Directive was issued in late 2016 and required reporting organisations to disclose their policy on integrating shareholder engagement in their investment strategy or explain why they do not do so. In early 2017, shareholders were given a say in director remuneration which made it easier for them to link performance to remuneration.
- The importance of sustainability reporting was again heightened by the European Commission's publication of guidelines on the disclosure of environmental and social information to supplement the already existing EU rules on non-financial reporting (Directive 2014/95/EU). Companies falling within its scope have to disclose relevant information on policies, risks and results as regards.
- The lens of sustainability reporting focused increasingly on human rights in 2017, particularly in relation to human slavery. Countries that now require reporting organisations to consider modern slavery include Brazil, France, Netherlands, USA, and the UK; an Australian Senate Committee has just recommended that Australia introduce such legislation.

Note 1: In September 2015, the UN adopted the Sustainable Development Goals (SDGs) a set of 17 goals to end poverty, protect the planet and ensure prosperity for all as part of a new global sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years.

Note 2: The KPMG Survey of Corporate Responsibility Reporting 2017, KPMG, October 2017

Just two years on since its launch, SDGs have clearly resonated strongly with major organisations in Malaysia, and this augurs well for sustainability and reporting in the local market.

Investor demand for sustainability data continues to surge. According to the US SIF Foundation (The Forum for Sustainable and Responsible Investment) in 2016, total US-domiciled assets under management using sustainable, responsible and impact (SRI) strategies grew to \$8.72 trillion at the start of 2016, an increase of 33% since 2014.

Also in the same year, KPMG reported a large increase in instruments driving reporting of social information. The number of instruments identified that focus on reporting of social information has almost doubled since 2013, growing faster than instruments that focus on the reporting of environmental information.

Developments in Malaysia

Leading the sustainability drive here is Bursa Malaysia with the issuance of the new Sustainability Framework, which comprises amendments to

the Listing Requirements relating to sustainability disclosures in annual reports. Bursa's accompanying Sustainability Reporting Guide and Toolkit seek to provide guidance on how to embed sustainability in an organisation and help to identify, evaluate and manage its material EES risks and opportunities. This year saw the first batch of companies with market capitalisation of over RM2 billion complying and reporting in accordance with the new Bursa Malaysia Sustainability Reporting Framework, which includes mandating the inclusion of a sustainability statement in their annual report. The next level of listed issuers with a market capitalisation of RM1-2 billion will begin sustainability reporting in their annual reports for the financial year ending 31 December 2017 and all others will follow suit in 2018.

In 2017, we are delighted to report an increase in the number of reports submitted for consideration under the MaSRA awards. The higher number of participants underscores the relevance and importance of sustainability reporting to organisations. Overall, the quality and standard of sustainability reports this year have increased significantly, and featured greater technical content and consistency in the approaches adopted. It is evident from these reports that the Bursa Malaysia Sustainability Reporting Framework provided both the motivation and guidance for more organisations to report on their sustainability practices to improve their business performance and meet the reporting requirements.

Many of the organisations also complied with the Global Reporting Initiative (GRI)4, which is a globally recognised sustainability reporting framework. Based on the KPMG Survey of Corporate Responsibility Reporting 2017, over 60% of the companies surveyed are using the GRI Framework. The Bursa Malaysia Sustainability Framework is aligned with the GRI 4 requirements.

Furthermore, the amendments to the listing requirement made it clear that if an organisation already complies with the GRI Framework, then it need not

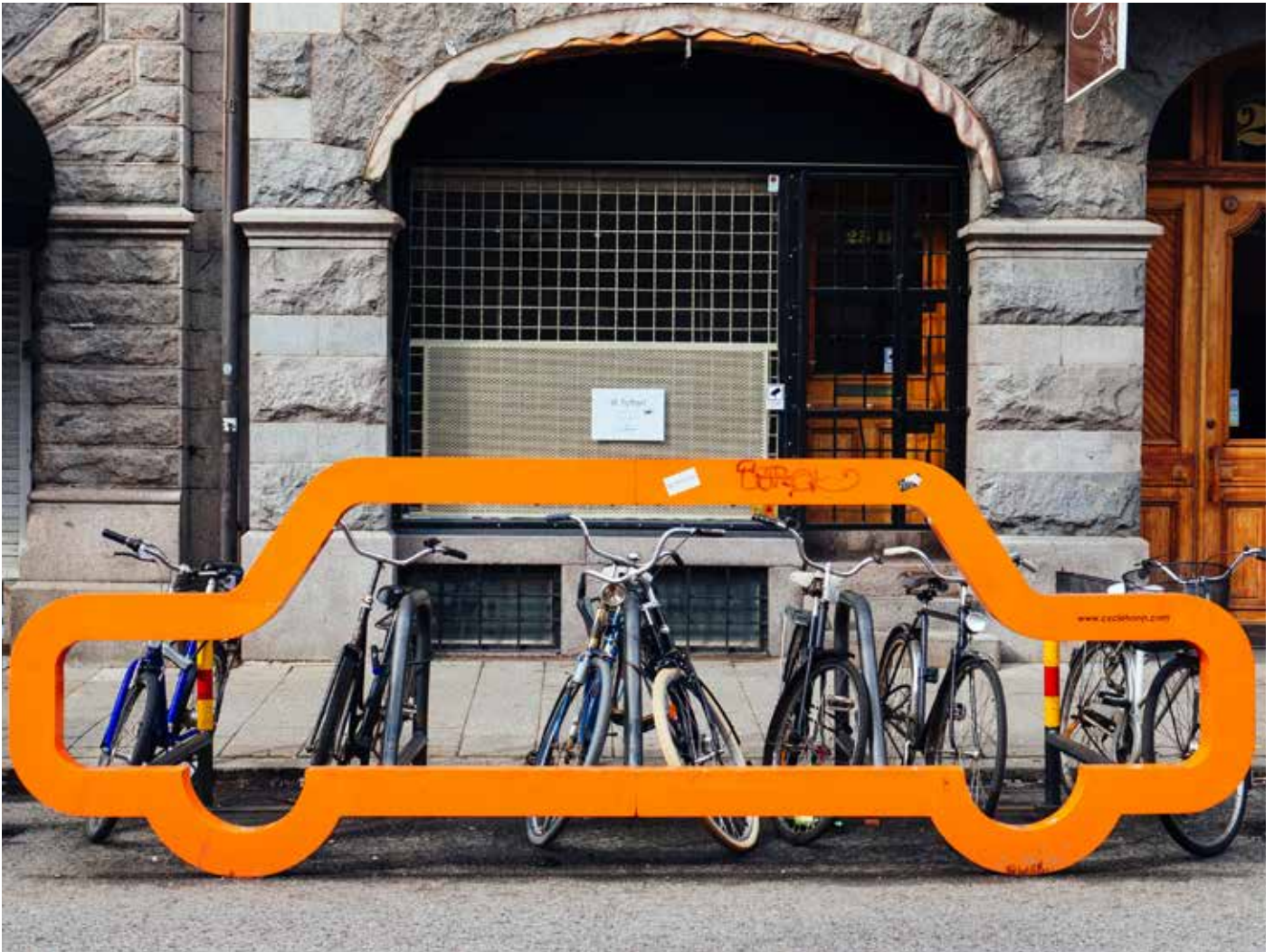
do anything more to comply with the new amendments.

Notably, many reporting organisations have also started aligning their sustainability objectives to the United Nations Sustainable Development Goals (UNSDGs) which were launched in September 2015. Just two years on since its launch, SDGs have clearly resonated strongly with major organisations in Malaysia, and this augurs well for sustainability and reporting in the local market.

In a related development, increasing numbers of Malaysian companies are moving towards Integrated Reporting (<IR>) as a means of enhancing communication to key stakeholders and attracting capital and investability. <IR> is now hailed as a game changer for corporate reporting globally, as it improves the quality of information available to investors to enable a more efficient and productive allocation of capitals.

The Malaysian Institute of Accountants (MIA) has established an Integrated Reporting Steering Committee (IRSC) and developed a plan for 100 Malaysian companies to move towards <IR> by 2019. Already, 30 leading businesses have pledged to adopt <IR>, with Bursa Malaysia being the latest to publish an integrated report in March 2017. Another driver is that Malaysian companies are being called on to adopt <IR> under the Malaysian Corporate Governance Code launched by the Securities Commission Malaysia in April 2017.

As a leading advocate of sustainability reporting, ACCA has and will continue to undertake extensive research project work and collaborations on sustainability matters. We work with standard setters, regulators, and coalition bodies to ensure that standards and regulations concerned with corporate sustainability are fit for purpose. Some of ACCA's recent publications are "The Sustainable Development Goals: redefining context, risk and opportunity" and "Mapping the Sustainability Reporting Landscape: Lost in the right direction". We actively participate in projects led by the Global Reporting



Initiative (GRI), International Integrated Reporting Council (IIRC), Climate Disclosure Standards Board (CDSB), Sustainability Accounting Standards Board (SASB) and Natural Capital Declaration (NCD).

ACCA's efforts are motivated by our strong belief that accountants and finance professionals must play an active role in providing viable solutions to our global sustainability challenges. We promote transparency and best practice, and aim to help businesses realise the importance of sustainability.

Today, MaSRA is in its 14th cycle and continues to influence and educate organisations on the business case and benefits of sustainability reporting. We are pleased to report that MaSRA 2017 attracted a total of

59 entries, up from 49 in the MaSRA 2016 cycle. Encouragingly, we received 11 new entries from companies that have never participated in MaSRA before, indicating that the message of sustainability reporting continues to gain traction in Malaysia.

Since inception, ACCA MaSRA has been a platform to educate organisations on the growing importance of sustainability practices and benefits to business as a whole, whilst giving recognition to best practices. Over the years, we have witnessed the growing acceptance and understanding of sustainability reporting, and ACCA is proud to have played a role in building the business case for sustainable practices and development in Malaysia whilst supporting nation building.

ACCA MaSRA has been a platform to educate organisations on the growing importance of sustainability practices and benefits to business as a whole, whilst giving recognition to best practices.

59 PARTICIPANTS RUNNING FOR THE AWARDS

a

ALLIANZ MALAYSIA BERHAD

Sustainability Report
2016

AMMB HOLDINGS BERHAD

Annual Report 2017

ASTRO MALAYSIA HOLDINGS BERHAD

Annual Report 2017
Touching Lives
Through Digital
Innovations

AXIATA GROUP BERHAD

Sustainability &
National
Contribution Report
2016
Commitment
Towards A Digital
Future

AXIS REIT MANAGERS BERHAD

Annual Report 2016
Embracing
Opportunities

b

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

Annual Report 2016
Transforming Today
For Tomorrow

c

CAHYA MATA SARAWAK BERHAD

Sustainability Report
2016
Strengthening
Our Sustainability
Momentum

CARLSBERG BREWERY MALAYSIA BERHAD

Annual Report 2016
Brewing For A Better
Today And Tomorrow

CENVIRO SDN BHD

Sustainability Report
2016
Innovating
Sustainable
Footprints

CHEMICAL COMPANY OF MALAYSIA BERHAD

Sustainability Report
2016
Rethinking Strategies

CIMB GROUP HOLDINGS BERHAD

Citizenship Report
2016
ASEAN Catalyst

d

DIGI.COM BERHAD

Sustainability Report
2016
Inspiring Your Digital
Life

e

EITA RESOURCES BERHAD

Annual Report 2016
Towards New
Frontiers

f

FELDA GLOBAL VENTURES HOLDINGS BERHAD

Annual Report 2016
Consolidate.
Optimise. Focus

FRASER & NEAVE HOLDINGS BERHAD

Annual Report 2016
Towards A
Sustainable Future

FUJI XEROX ASIA PACIFIC PTE LTD, MALAYSIA OPERATIONS

Sustainability Report
2016
Towards Greater
Innovation

i

IJM CORPORATION BERHAD

Sustainability Report
2017

IJM PLANTATIONS BERHAD

Annual Report 2017
Nurturing
Sustainability

k

KLCC PROPERTY HOLDINGS BERHAD

Sustainability
Report 2016
Going The Extra
Mile To Help
Shape A Better
Tomorrow

KPMG PLT

Sustainability
Report 2016
We Inspire
Confidence and
Empower Change

KPJ HEALTHCARE BERHAD

Annual Report
2016
Sustainable
Healthcare

KUALA LUMPUR KEPONG BERHAD

Sustainability
Report 2016

KULIM (MALAYSIA) BERHAD

Plantation Division
Sustainability
Report 2014-2015
Beyond The
Benchmarks

g

GENTING MALAYSIA BERHAD

Sustainability Report
2016

h

HAP SENG PLANTATIONS HOLDINGS BERHAD

Sustainability Report
2015-2016

HEINEKEN MALAYSIA BERHAD

Annual Report 2016
A New Era

HONG LEONG BANK BERHAD

Annual Report 2017

m

MAH SING GROUP BERHAD

Annual Report 2016
Reinvent Spaces.
Enhance Life

MALAYAN BANKING BERHAD

Sustainability Report 2016
Leading Asia –
Connecting Lives In
Our Digital World

MALAYSIA AIRPORTS HOLDINGS BERHAD

Sustainability Report 2016
The Heart Of Our
Business

MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD

Annual Report 2016
Reshaping Our
Landscape

MATRIX CONCEPTS HOLDINGS BERHAD

Annual Report 2017
Integrated
Sustainable
Communities

MEDIA PRIMA BERHAD

Sustainability Report 2016

MISC BERHAD

Sustainability Report 2016
Dynamic. Resilient.
Synergistic

p

PETROLIAM NASIONAL BERHAD

Sustainability Report 2016
Building Strength
Through Adversities

PETRONAS CHEMICALS GROUP BERHAD

Annual Report 2016
Excellence. Dynamic
Growth

PETRONAS DAGANGAN BERHAD

Annual Report 2016
The Winning Formula

PETRONAS GAS BERHAD

Annual Report 2016
Going Beyond

PRESTARIANG BERHAD

Annual Report 2016
Transforming Lives

PUBLIC BANK BERHAD

Annual Report 2016
50 Years Of Banking
Excellence

PUNCAK NIAGA HOLDINGS BERHAD

Annual Report 2016
Committed To A
Sustainable Future

r

RHB BANK BERHAD

Annual Report 2016
Driving Sustainable
Performance

s

SALCON BERHAD

Annual Report 2016
Creating
Opportunities

SIME DARBY BERHAD

Annual Report 2016
Innovating For The
Future

SIME DARBY PLANTATION

Sustainability Report 2016
Innovating For The
Future

SIME DARBY PROPERTY

Sustainability Report 2016
Building Thriving
Communities

SME BANK DEVELOPMENT BANK MALAYSIA BERHAD

Sustainability Report 2016
Leading SMEs
Towards Greater
Achievements

SUNWAY BERHAD

Sustainability Report 2016
Spectrum Of Change

SUNWAY CONSTRUCTION GROUP BERHAD

Annual Report 2016
Unlocking The Tools
For Success

SUNWAY REAL ESTATE INVESTMENT TRUST

Annual Report 2017
Forging Ahead Of
The Game

t

TELEKOM MALAYSIA BERHAD

Integrated Annual
Report 2016
Life 360o Life Made
Easier

TENAGA NASIONAL BERHAD

Annual Report 2016
A Brighter Tomorrow
Begins With A Better
Today

u

UMW HOLDINGS BERHAD

Sustainability Report 2016
Enhance Value,
Sustainable
Performance

UNITED PLANTATIONS BERHAD

Annual Report 2016

w

WESTPORT HOLDINGS BERHAD

Sustainability Report 2016
Sustaining Growth

y

YTL CORPORATION BERHAD

Sustainability Report 2017
Making A Good
Future Happen

20 Shortlisted Reports

Organisations were short-listed based on the 10 Primary criteria of the ACCA MaSRA Judging Criteria (page 15)

AXIATA GROUP BERHAD
Sustainability & National Contribution Report 2016
Commitment Towards A Digital Future



CENVIRO SDN BHD
Sustainability Report 2016
Innovating Sustainable Footprints

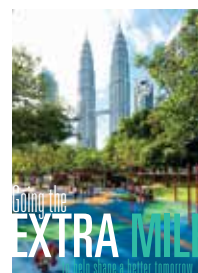


CIMB GROUP HOLDINGS BERHAD
Citizenship Report 2016
ASEAN Catalyst



DIGI.COM BERHAD
Sustainability Report 2016
Inspiring Your Digital Life

KLCC PROPERTY HOLDINGS BERHAD
Sustainability Report 2016
Going The Extra Mile To Help Shape A Better Tomorrow

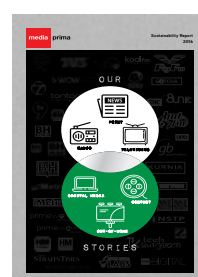


KPMG PLT
Sustainability Report 2016
We Inspire Confidence and Empower Change

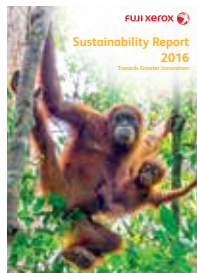
MALAYAN BANKING BERHAD
Sustainability Report 2016
Leading Asia – Connecting Lives In Our Digital World



MEDIA PRIMA BERHAD
Sustainability Report 2016



**FUJI XEROX
ASIA PACIFIC PTE
LTD, MALAYSIA
OPERATIONS**
Sustainability
Report 2016
Towards Greater
Innovation



**NESTLE
(MALAYSIA) BERHAD**
Nestle in Society
Report 2016 Creating
Shared Value
And Meeting Our
Commitments



**SUNWAY
CONSTRUCTION
GROUP BERHAD**
Annual Report 2016
Unlocking The Tools
For Success



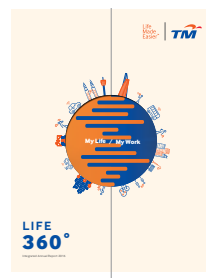
**HEINEKEN
MALAYSIA BERHAD**
Annual Report 2016
A New Era



**NETS PRINTWORK
SDN BHD**
Sustainability
Report 2016
Empowering People
For Growth



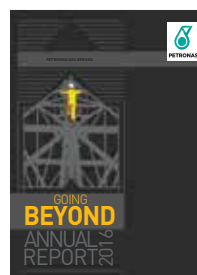
**TELEKOM
MALAYSIA BERHAD**
Integrated Annual
Report 2016
Life 360° Life Made
Easier



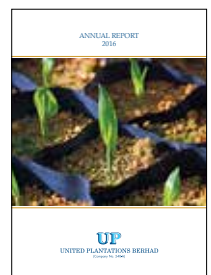
**HONG LEONG
BANK BERHAD**
Annual Report 2017



**PETRONAS GAS
BERHAD**
Annual Report 2016
Going Beyond



**UNITED
PLANTATIONS
BERHAD**
Annual Report 2016



MISC BERHAD
Sustainability
Report 2016
Dynamic. Resilient.
Synergistic



**SIME DARBY
BERHAD**
Annual Report 2016
Innovating For The
Future



**YTL
CORPORATION
BERHAD**
Sustainability
Report 2017
Making A Good
Future Happen



9 Winners

BEST OVERALL REPORTING

SIME DARBY BERHAD

Annual Report 2016
Innovating For The Future

FIRST RUNNER-UP: BEST OVERALL REPORTING

MALAYAN BANKING BERHAD

Sustainability Report 2016
Leading Asia – Connecting
Lives In Our Digital World

SECOND RUNNER-UP: BEST OVERALL REPORTING

AXIATA GROUP BERHAD

Sustainability & National
Contribution Report 2016
Commitment Towards
A Digital Future

BEST SUSTAINABILITY REPORTING FOR NON-PLCs

FUJI XEROX ASIA PACIFIC PTE LTD, MALAYSIA OPERATIONS

Sustainability Report 2016
Towards Greater Innovation

BEST WORKPLACE PRACTICES

CIMB GROUP HOLDINGS BERHAD

Citizenship Report 2016
ASEAN Catalyst

COMMENDATION AWARD: INNOVATION

DIGI.COM BERHAD

Annual Report 2016
Inspiring Your Digital Life

COMMENDATION AWARD: KNOWLEDGE MANAGEMENT

SUNWAY CONSTRUCTION GROUP BERHAD

Annual Report 2016
Unlocking The Tools For
Success

COMMENDATION AWARD: CIRCULAR ECONOMY

CENVIRO SDN. BHD

Sustainability Report 2016
Innovating Sustainable
Footprints

COMMENDATION AWARD: BIODIVERSITY

UNITED PLANTATIONS BERHAD

Annual Report 2016



Panel of Judges

The Judges for
ACCA MaSRA 2017:



CHIEF JUDGE

SELVARANY RASIAH
Chief Commercial Officer,
Bursa Malaysia Berhad



**ANIL JOSHI
HARI CHAND**
General Manager &
Head of Law Reform
Department, Office of
the General Counsel,
Securities Commission
Malaysia



**SHARIFATU
LAILA SYED ALI**
Chief Executive Officer,
ValueCap Sdn Bhd

**JOHAN
MAHMOOD MERICAN**
Deputy Director General
(Human Capital),
Economic Planning Unit



**THIAGARAJAN
NADESON**
Head of Education &
Public Sector
Partnerships, WWF



**SHAREEN SHARIZA
DATO' ABDUL GHANI**
Chief Executive Officer,
Talent Corporation
Malaysia Berhad



LYA RAHMAN
General Manager,
Minority Shareholder
Watchdog Group
(MSWG)

ACCA MaSRA Judging Criteria

ACCA MaSRA 2017 will focus on the following 10 primary criteria which are in line with Bursa Malaysia Sustainability Reporting Framework:

1. **Organisational context**
2. **Stakeholder inclusion**
3. **Materiality**
4. **Scope**
5. **Governance**
6. **Strategy**
7. **Management process**
8. **Performance**
9. **Assurance**
10. **Communication**

In addition to the primary criteria, the final judges considered a set of overarching characteristics in deciding the final winners. These characteristics are regarded to be essential elements that better identify organisations that are demonstrating sustainability into the future. These characteristics include:

1. **Commitment**
2. **Innovation**
3. **Knowledge management**
4. **Circular economy**
5. **Enterprise of the future**
6. **Workplace practices**



Judges' Comments and Observations

Organisational context

The context in which an organisation operates is a pivotal factor in determining its economic, environmental and social (EES) impacts and their materiality. Context is well defined in the GRI standards under the term "sustainability context" which states that "information on performance is expected to be placed in context. The underlying question of sustainability reporting is how an organization contributes, or aims to contribute in the future, to the improvement or deterioration of economic, environmental, and social conditions at the local, regional, or global level."

In determining context, organisations need to consider environmental conditions such as climate change and the resulting extreme weather events as well as those external and internal issues that may affect their operations and their ability to achieve sustainable outcomes.

Among others, these external issues could include its operating locations, the local legislative framework, political stability, available infrastructure, language, security, workforce availability, and regularity of power supply, etc. Internal issues could include time differences, internet or telephonic communications, and operational culture.

Thus, organisations operating across a diverse range of locations, sizes, and sectors need to consider how to best frame their overall organisational performance in the broader context of sustainability.

Key findings and recommendations

It was noted that organisations are increasingly paying more attention to providing readers with a clearer understanding of its organisational context. A couple of reports provided some insight into how local, regional and global issues affected the organisation's business and associated activities. By including such information and relating it to the organisation's sustainability challenges, these reports provide readers with some insight on how the activities of the organisation interacts with their EES impacts, as shown in the example below. However, the judges felt that there was still much room for improvement in terms of how organisations narrated the context in which they operate, and that organisations could be more consistent in how they approach and report on context determination. Interestingly, although the majority of organisations omitted mention of context, a few organisations referred to their context without explicitly documenting it in their narrative. And instead of a focused discussion on context, the information was randomly interspersed throughout the report.

Furthermore, understanding the organisation's context is essential in determining its relevant stakeholders and subsequently, their views on the organisation's EES and thus what is material. For example, if an organisation requires a high level of technology yet it operates in a market where technology is out of date, it will need to consider the impacts of this context on its business and society and assess its materiality.

Understanding the organisation's context is essential in determining its relevant stakeholders and subsequently, their views on the organisation's EES and thus what is material.



The extracts from the MISC Berhad report below provide a succinct overview of the sustainability trends and challenges relevant to the global shipping industry. Although context is not explicitly mentioned, this summary offers useful insights into the environment, risks and challenges faced by MISC as a competitor in the global shipping industry. Such disclosures provide readers with a more holistic understanding of the sustainability challenges faced by the organisation

Sustainability Trends and Challenges	Summary	Our Position	Section
 Support for Seafarers	- Shipping and related activities are important in providing opportunities for employment in developing countries. - ILO estimates, over 1.5 million people around the world are employed as seafarers. - It is important to protect their welfare by establishing internationally agreed standards, including on their working conditions and necessary training that will enable the global shipping industry to operate ships safely and in an environmentally responsible manner.	- Several programmes and initiatives have been put in place to cater for the continuous developmental needs of our seafarers such as: – Senior Officers Leadership Assessment Programme (SOLAP) – Senior Engineers Leadership Assessment Programme (SELAP) - Our commitment to facilitate a conducive work environment for our seafarers is aligned to the International Labour Organisation (ILO) Maritime Labour Convention (MLC) 2006, which encourages provisions for the minimum standards required for seafarers to work on a ship, including: ✓ Employment terms and conditions ✓ Wages and benefits ✓ Welfare ✓ Social security ✓ Health protection ✓ Medical care	- Employees - MISC Annual Report 2016
 Energy Efficiency	- Shipping is by far the most energy efficient means of mass cargo transport. - The shipping industry is continuously exploring ways to further reduce fuel consumption, improve ships' energy efficiency management and reduce their carbon footprint.	- The Group continues to undertake efforts to improve efficiency through various energy saving initiatives, apart from adhering to IMO regulations. This includes the: ✓ Development of five new MOSS-Type LNG carriers incorporating "Green" technologies ✓ 'ISAVEFUEL' programme for our LNG & Chemical vessels ✓ International Organisation for Standardisation (ISO) 50001 certification for the Group's floating assets	Environment

Sustainability Trends and Challenges	Summary	Our Position	Section
 Energy and Transport Costs	• The heavy reliance of maritime transportation on heavy fuels for propulsion exposes freight rates and transport costs to oil price volatility. • The current drop in oil and bunker fuel prices may be a welcome development, though the effect is likely to be short-lived. • The negative implications of volatile oil and fuel costs will impact the transport costs, affordability of services and trade competitiveness. • Concerns over energy security and climate change may drive major changes in fuel types and efficiency.	• We have carried out strategic optimisation programmes for our fleet operations while staying competitive, in consideration of cost savings and also our impact on the environment (in addition to our energy efficiency measures that we have in place). • We are cognisant of the development of alternative fuel option, in consideration of efficiency measures and environmental footprint. • We have taken steps towards the use of LNG as a fuel option with the announcement that four of our new Aframax tankers will be equipped with LNG dual fuel option (they will not only be compliant to the ballast water management system requirements through eco-innovative features, but will also be able to maximise fuel efficiency whilst minimising their emissions impact on the natural environment). We will be expecting delivery of these vessels from 2018 onwards.	• Marketplace • Environment
 Climate Change	• The impact of climate change to the maritime sector will require industry-wide attention beyond climate mitigation efforts, which are currently focused on reducing carbon emissions. • The contribution of international shipping to global carbon emissions may be low, but these emissions are likely to grow if remain unchecked. • There is a compelling case to take action to prepare for the possible impacts of climate change, as well as mitigating measures, in line with global commitments and expectations such as COP 21 Paris Agreement on climate change.	• TClimate change mitigation and adaptation continues to be one of our priority areas, with emphasis on our shipping business as a significant portion of carbon emissions are derived here. • We have adopted several energy efficiency measures as our continued commitment towards mitigating our GHG footprint. • Climate change mitigation is one of our commitment under the environment pillar of the MISC Sustainability Strategy, where we are committed towards the reduction of carbon emissions and in the setting of targets.	• Environment

Sustainability Trends and Challenges	Summary	Our Position	Section
 Regulations and Legislations	• The shipping industry will continue to face new regulatory requirements due to public expectations (as expressed by Governments through the regulatory process at IMO). • Increasing pressure on global resources will lead to demands for higher sustainability standards. • Regulations that protect the environment, and labour or community rights, will continue to be a significant reality for the shipping industry. • Growing public awareness and demand for tougher laws meant that regulatory bodies are under pressure to be stricter with enforcement.	• We proactively keep abreast of maritime legislations and unilateral decisions of maritime nations. • As the main shipping operator in Malaysia, we participate in numerous government initiatives including representation during IMO sessions. • We also subscribe to classification societies, who in turn provide advice on legislative requirements and proposed measures to meet these requirements.	• Marketplace • Employees • Health & Safety • Environment
 Demand for Transparency	• Shipping is ever more subject to scrutiny considering the rise of social media, data availability and real-time monitoring. • Businesses will have opportunities to demonstrate leadership by giving customers, regulators and nongovernmental organisations (NGOs) the opportunity to monitor their performance. • This could lead to extremes of transparency in the not so distant future.	• At MISC, we utilise various communication platforms (including digital and print) guided by relevant internal policies and guidelines. • We consistently provide regular updates and reports on our business operation, financial performance, strategies and future prospects to our shareholders in a timely manner. • We are continuously evolving our communication efforts to ensure that we meet the expectations of our stakeholders and are aligned with our commitment to uphold best practices in Corporate Governance.	• MISC Annual Report 2016

Sustainability Trends and Challenges	Summary	Our Position	Section
 Maritime Security	- Maritime piracy is an issue that directly affects ships, ports, terminals, cargo and seafarers. - The problem becomes a multifaceted and complex transnational security challenge that threatens lives, livelihoods and global welfare as piracy activities evolve and become more sophisticated. - The resulting adverse and potentially destabilising effects entail far-reaching implications for all countries, whether they are coastal or landlocked, developed or developing.	- MISC has been working closely with the Royal Malaysian Navy (RMN) to ensure the safety of our crew and vessels, especially in the Gulf of Aden and the Indian Ocean. - There are emergency preparedness procedures and practices in place, such as the Group Crisis Management Plan which will activate upon any incidences of crisis, including piracy.	Marketplace
 Advancing Technology	- New ships will be increasingly sophisticated in all aspects while existing ships will be expected to meet ever more stringent efficiency as well as environmental demands. - Existing vessels and their crew will be required to adopt operational practices or retrofit new equipment in order to adhere to regulatory requirements.	- We maintain our commitment to comply with regulatory requirements by adopting technological and efficiency measures as the need arises. - This is evidenced in some of the initiatives we have taken for our newbuilds and the retrofitting of our existing vessels with green technologies as follows: - Energy efficiency measures - Emissions reduction - Ballast water treatment systems, amongst others - In order to maintain competitiveness and in exceeding the expectation of our customers, we are diligent in our efforts to be innovative in our service offerings.	- Marketplace - Environment



The extracts below offer a process that provides adequate insights into the relevant context for each of the issues listed, although a more fleshed-out explanation would be welcome.

Pillar 1: Commitment To Beyond Short-Term Profits

Material topics covered under this pillar

Issue	Context	Approach	Outcome
Network Quality and Coverage	Network coverage and quality are top priorities for our business	Pioneering new technological innovations to improve network quality and coverage	Enhanced accessibility to our services in our markets and establishing Axiata as the coverage leader in our markets
Digital Inclusion	- The telecommunication industries of our operating markets are at different levels of maturity - There are socioeconomic variations in our markets leading to the exclusion of some segments of society from digital technology	- Offering digital products that are in line with our 4As model (affordable, accessible, applicable and available) for all segments of society - Diversifying our product lineup through new innovations from our tech innovator, Axiata Digital	Provide affordable digital solutions to all our customers in our markets

Pillar 2: Commitment To Nurturing People

Material topics covered under this pillar

Issue	Context	Approach	Outcome
Employee Development and Welfare	- Diverse geographic footprint - Dynamic industry where talent requirements change quickly alongside developments in technology	- Opportunities and platforms for talent development and retention - Cross-cultural exposure to different markets - Inculcating core UI.EP values	- A sustainable internal pipeline of talent that will meet our leadership succession needs - Building the capabilities of the local workforce
Local Hiring	Our operating markets	- The '7-2-1' Philosophy for senior leadership positions - Recruitment policies are nondiscriminatory and based on merit	Building a sustainable internal pipeline of talent to fill leadership positions throughout the Group

COMMITMENT TO PROCESS EXCELLENCE & GOVERNANCE

We believe that the quality of our processes and the level of our organisational governance are important factors contributing to improved customer and supplier relations, greater cost efficiencies and enhanced organisational oversight.

Axiata Group Berhad Sustainability & National
Contribution Report 2016

Pillar 3: Commitment To Process Excellence and Governance

Material topics covered under this pillar

Issue	Context	Approach	Outcome
Supply Chain Management	The majority of our procurement spend is on network-related technologies	- Centralised Axiata Procurement Centre that handles all network-related procurement to improve efficiencies - Conduct Supplier Performance - Management assessments for continuous improvement in vendor performance	Optimised procurement budget and the development of a network of suppliers and vendors that are committed to best practices and enhanced corporate governance
Customer Service	We are a highly customer-centric operation and operate in a changing environment where customer expectations are constantly evolving	OpCos measure customer satisfaction levels regularly and take all feedback seriously to identify issues and anticipate changes in their expectations	Improve customer experience in each market to be the best amongst service providers
Privacy and Data Protection	- We have access to confidential customer information - Digitisation has increased the risk of data breaches	- Adherence to local and industry regulations - Incorporating best cybersecurity standards into our practices	- Build customers' trust in us to safeguard their personal data - A secure environment ensuring the careful handling of sensitive information
Governance and Responsible Business Conduct	- We operate in six different markets each of which have their own regulatory frameworks - The telecommunications business is a highly regulated industry involving numerous stakeholders	- Setting our own standard of conduct using UI.EP - Axiata's Enterprise Risk Management Framework has been adopted as a standard approach throughout the Group	- A strong reputation as a reliable business partner in the region - Best practices in governance and compliance practices.
Tax and Licensing	The telco industry is generally subject to stringent regulations and high taxes in our operating markets	Proactive engagements with local tax and regulatory bodies	Arrive at solutions where tax and fees are balanced with the long-term sustainability of the industry

Pillar 4: Commitment To Planet and Society

Material topics covered under this pillar

Issue	Context	Approach	Outcome
Energy and Climate Change	- As a telecommunications player, our environmental impact is relatively smaller than most other industries - However, a substantial portion of our environmental impact is due to the construction and operation of our passive network infrastructure	Axiata will continue introducing green solutions including improved tower designs, innovative technology and the use of renewable energy sources to reduce its environmental impact	- To reduce the size of our carbon footprint - Be more environmentally responsible in our business activities
Disaster and Response	- Our operations are located in disaster-prone regions - Being a mobile network operator, we play a critical role in providing communications connectivity	- A comprehensive and robust business continuity management (BCM) to ensure the recovery of our network and our critical business processes in the event of a disaster - Committed to disaster management and response through our role as a signatory of the GSMA's Humanitarian Connectivity Charter	- Quick and effective deployment of disaster relief efforts by our OpCos in the event of a disaster in our operating markets - Ensure the minimum downtime of our networks in the event of a disaster
Community Impact	We regard ourselves as a responsible member of the community to whom we owe a duty of care	We focus our CR activities on supporting local education systems, improving awareness on environmental protection, and promoting health and sports	Contribute to our countries' social development needs

Axiata Group Berhad Sustainability & National Contribution Report 2016, pages 24, 38, 48 and 56

In evaluating the stakeholder identification process, judges looked carefully at how organisations considered stakeholder needs and expectations, the feedback provided and how the output of the process contributed to the determination of materiality.

Stakeholder inclusion

Stakeholder inclusion is integral to the process of identifying material issues. As described in Paragraph 6.3, Practice Note 9 of Bursa's Listing requirements, material matters are those that reflect the listed issuer's significant EES impacts; or substantively influence the assessments and decisions of stakeholders. As such, organisations should be methodical in identifying which of their stakeholders are relevant, and their relevant needs and expectations. In evaluating the stakeholder identification process, judges looked carefully at how organisations considered stakeholder needs and expectations, the feedback provided and how the output of the process contributed to the determination of materiality. Subsequently, organisations can then determine their relevant stakeholders' relevant needs and expectations, and how these can be fulfilled. Importantly, organisations must be careful not to pre-empt stakeholders' needs and expectations but should facilitate them to raise issues that they see as relevant.

Key findings and recommendations

Commendably, stakeholders were referenced and identified in most reports but judges would have welcomed more clarity on the stakeholder identification process. While a number of reports

clearly identified a broad range of stakeholders, the methods used to communicate with them and the issues they raised, the majority did not clarify how these were handled or whether feedback was provided to the stakeholders. The link between stakeholders and EES impacts or materiality could also have been better documented. In addition, some reports prioritised internal stakeholders rather than striking a balance between internal and external stakeholders.

Stakeholders play an important part in all organisations although some may have a greater influence than others depending on the organisation's activities. They have at least two roles in the sustainability reporting process. First, they may put forward or input relevant issues which help the organisation to determine its EES impacts and second, they draw attention to potential material issues by indicating how they may be substantively influenced by the EES impacts.

To enhance stakeholder inclusion, methods of communicating with stakeholders must be credible, their responses should be reviewed for relevance, and feedback should be provided. Some examples of exemplary stakeholder inclusion in this year's reports are as shown below:





The extract below is effective and goes beyond conventional reports in listing not only stakeholders and type of engagements, but also frequency, areas of interest and outcomes of the engagement. Furthermore, the organisation related its stakeholder engagements to the identified material sustainability matters and indicated the pages where the information is further elaborated in the report.

Overview of Stakeholder Engagement

Stakeholder Group	Specific stakeholders addressed	Type of engagement	Frequency	Areas of interest	Outcomes	Addressed by specific Material Sustainability Matters	Reference Page
Shareholders & Investors	Shareholders both in Malaysia and in Denmark	- Engagement survey - Annual General Meetings - Analysts briefings	- At least once a year - Once a year - Twice a year	Pollution, carbon footprint, preservation of the ecosystem, sustainable agricultural practices, consistent profitability and dividends from the company, maximisation of shareholder value, employee welfare and equal rights	Good relationship with shareholders and positive reputation amongst investors, constructive feedback	- Biodiversity & Conservation - Sustainable Agricultural Practices - Human and Workers' Rights - Social Care and Workers' Welfare - Equal Treatment	84 113 66 72 64
Customers	Major consumer goods manufacturers, Refineries, and end consumers	- Engagement survey, - One-to-one meetings - Visits to Estates, Mills and our Refinery	- At least once a year - Periodic - Periodic	No deforestation, and open burning, Reduction of carbon footprint, Price competitiveness, product quality and food safety, employee welfare, development and improvement of sustainable supply chain of products	Better awareness of UP Group's commitment to sustainability, and better understanding of our policies, culture and values	- Biodiversity & Conservation - GHG Emissions, Discharges & Waste Management - Product Quality - Sustainable Supply Chain of Products - Certifications for Food Safety, Sustainability and Others	84 104 141 144 142
Employees	Executives, staffs and workers	- Annual employee survey - Operations and Environment Management Committee meeting - Gender committee meetings - Guest Workers Welfare Committee - Occupational Safety & Health Committee - Internal trainings	- Once a year - Once a year - Four times a year - Six times a year - Four times a year - Periodic	Pollution, Chemical and pesticide usage, environmental care, commensurate remuneration, employee social and welfare care, equal rights, safe and sustainable agricultural practices, health and safety at work, employment opportunities for locals, CSR and sustainable programs	Improved understanding of company policies and efforts taken to date, Inclusiveness in the management decision making	- Sustainable Agricultural Practices - GHG Emissions, Discharges & Waste Management - Biodiversity & Conservation - Human and Workers' Rights - Social Care and Workers' Welfare - Occupational Safety & Health - Equal Treatment - Community Welfare	113 104 84 66 72 79 64 124

Overview of Stakeholder Engagement (con't)

Stakeholder Group	Specific stakeholders addressed	Type of engagement	Frequency	Areas of interest	Outcomes	Addressed by specific Material Sustainability Matters	Reference Page
Small holders & Local communities	Small holders surrounding and near our operations in Malaysia and Indonesia	- Annual Small holders' Field Day and Town-Hall style meetings, - One-to-one communications	- At least once a year - Periodic	Sharing of sustainable agricultural practices and advice and training in best agronomic practices and solutions, social activities which benefits small holders and local communities, Solving common grievances, Free Prior Informed Consent, Pollution, waste management, communication and cooperation, and job opportunities for the locals	An opportunity to sustainably enhance the agricultural practices of small holders, amicable solution to grievances, better social relations with UP Group.	- Sustainable Agricultural Practices - Community Welfare - Grievance Resolution - GHG Emissions, Discharges & Waste Management	113 124 131 104
Government Agencies	DOSH, Labour Department, Indonesian local government, Indian High Commission	- Engagement Survey - One-to-one meetings	- Periodic - As and when necessary	Waste management, environmental protection, sustainable agricultural practices, job opportunities for local community, human and workers' and community rights and welfare, compliance to rules and regulations, land dispute resolution	An opportunity to share the Group's commitment, and policies and procedures to sustainable operations	- GHG Emissions, Discharges & Waste Management - Sustainable Agricultural Practices - Community Welfare - Human and Workers' Rights - Social Care and Workers' Welfare - Free Prior Informed Consent - Grievance Resolution	104 113 124 66 72 128 131

Overview of Stakeholder Engagement (con't)

Stakeholder Group	Specific stakeholders addressed	Type of engagement	Frequency	Areas of interest	Outcomes	Addressed by specific Material Sustainability Matters	Reference Page
Non governmental organisations	SUHAKAM, TENAGANITA	• One-on-one meetings • Engagement surveys • Direct correspondences via email and telephone conversations	• As and when necessary • Once a year • As and when necessary	Climate change, pollution, protecting rights of indigenous people, human and workers' rights, product supply chain, being a transparent and caring employer	Better understanding of NGO's concerns and raised awareness of UP Group's sustainability commitments by NGOs	• GHG Emissions, Discharges & Waste Management • Community Welfare • Human and Workers' Rights • Social Care and Workers' Welfare	104 124 66 72
Suppliers	Suppliers of various inputs within the Group	• Engagement survey • One-to-one meetings	• Once a year • Periodic	Discharge and waste management, sustainable development, pollution, Impact to human health, climate change, biodiversity and conservation, prompt payment, cost effective solutions, customer relations, ethical business practices	Raised awareness of UP Group's sustainability commitments, better understanding of UP Group's business	• GHG Emissions, Discharges & Waste Management • Biodiversity & Conservation • Code of Ethics and Governance	104 84 63

Likewise, the extracts below also go beyond superficially listing stakeholder groups. Instead, they delve into the types of engagements and objectives for each diverse stakeholder group and this helps the reader understand the relevance and inclusion of these stakeholder groups.

Axiata has a diverse stakeholder base in its presence across Southeast Asia and South Asia, and from its myriad roles, which include being an employer, communications provider, technology innovator and infrastructure developer.

Our stakeholders have a direct influence on our business as customers, observers, regulators and vendors, but are also important barometers that gauge the impact of our business activities and sustainability initiatives.

To fairly and accurately determine the concerns of our various stakeholder groups, we have started to conduct targeted stakeholder engagement sessions to assess our identification of their concerns.

We will continue to enhance our targeted engagement sessions over the next few years to create a comprehensive database of stakeholder concerns.

In ensuring that we are comprehensive in our identification of our stakeholders, Axiata adopts an engagement methodology that is based on the principles of inclusivity, materiality and responsiveness as defined by the AA1000SE Principle Standard. Our OpCos are instrumental in identifying and engaging with our stakeholders in their respective markets, as they are best positioned to hold regular and direct engagements with them.

Feedback from all stakeholders is collated and indexed at the Group level and reported in this Sustainability Report. The following table provides a comprehensive list of our stakeholders and engagements.

Stakeholders	Frequency	Types of Engagement	Focus Areas
 Customers			
Our customers are key contributors to our success as a commercial enterprise and therefore a direct gauge of the efficiency and effectiveness of our products and services. It is imperative for us to maintain high levels of customer satisfaction given the competitive nature of our industry and we can only achieve this by fully understanding the needs of our customers. Customer satisfaction levels are benchmarked through the Net Promoter Score system that is conducted annually.	○ ●	Customer Satisfaction via Net Promoter Score (NPS)	Customer experience, product affordability and network availability
 Employees			
Our employees are our most important assets and a key resource for all our activities. We therefore take employee satisfaction very seriously to ensure that morale remains high in all our business units. Axiata assesses employee satisfaction levels through its annual Employee Engagement Survey, which is conducted by an independent research agency. Employees are also encouraged to interact with Senior Management and express their concerns at town hall meetings that are held every quarter.	● ○	- Employee Engagement Survey (EES) by Willis Towers Watson (an independent research agency) - Town hall meetings	Career development, employee feedback, employee communication

STAKEHOLDER ENGAGEMENT

Axiata has a diverse stakeholder base in its presence across Southeast Asia and South Asia, and from its myriad roles, which include being an employer, communications provider, technology innovator and infrastructure developer.

Axiata Group Berhad Sustainability & National Contribution Report 2016

Stakeholders	Frequency	Types of Engagement	Focus Areas
 Shareholders			
As owners of the Company, shareholders are entitled to receive a return on their investment and to be apprised of developments in the Company. They are also entitled to express their views on the Company or to share any concerns about the way the business is being run. Our engagements with our shareholders are conducted regularly at our Annual General Meeting, Investor Roadshows and analyst meetings, where we provide relevant Company updates and where they can share their thoughts with us.	○	- Annual General Meeting (AGM) - Investor Roadshows - Meetings with the Top 100 Investors - Analyst Meetings	Business performance and strategy, social responsibility initiatives
 Regulators and Authorities			
Our regulators and authorities specify the laws and regulations that determine the scope and extent of our activities in our respective countries. We maintain open channels of communication with them, as they are the ones best positioned to provide advice and clarification in relation to our operations and obligations. Axiata works proactively with local regulators and authorities from every jurisdiction as local requirements vary from one country to the next.	○	- Compliance with the Malaysian Communications and Multimedia Commission (MCMC) - Compliance with Bursa Malaysia	Information security, PDPA, pricing, tax issues
 Suppliers			
Axiata engages a broad range of suppliers to support all aspects of our business. Our suppliers range from vendors supplying infrastructure components to professional corporate service providers. As providers of vital services that are key enablers for us, it is important that we maintain a professional relationship of trust where views from either party can be freely exchanged. We also use our engagement sessions to apprise them of changes to our procurement policy and to seek relevant feedback and information from them.	○ ●	- Request for Proposals (RFP) - Supplier Code of Conduct - Vendor Satisfaction Survey	Payment practices, delivery and definition of vendor performance

Stakeholders	Frequency	Types of Engagement	Focus Areas
 Media			
The media is our primary channel of communicating with the public at large. We engage with the media to share information such as our Company's financial performance and changes to our products and services, as well as information on our CR programmes. We conduct regular stakeholder engagement sessions with media practitioners to brief them on developments and to solicit feedback on any general concerns or views that the public may have about us.	○	- Media Meetings/ Survey - Media Releases/ Conferences	Company performance, strategy, future business aspirations
 Community			
The communities within each of our operating countries are the key beneficiaries of our CR projects. Our engagement with these communities is primarily to ensure that our CR programmes are making a positive difference in their lives, and to ascertain how they can be further improved to better serve them. In addition to seeking feedback on our core Groupwide CR programmes - Axiata Young Talent Programme (AYTP), Green Initiatives and Disaster Management and Response - our OpCos also conduct targeted community engagements in relation to specific initiatives.	○	- AYTP - Axiata's Corporate Responsibility Programmes	Social requirements and specific feedback on programmes

● Annually ○ Ongoing ◐ Quarterly

The judges sought disclosure on how the reporting organisation's activities relate to the products and services they offer, and how they then used this information coupled with stakeholder feedback to identify their significant EES impacts and which of these were material to the organisation.

Materiality



The identification of what is material to an organisation is a key component of a sustainability report. Organisations must determine their significant EES impacts in identifying what is material to them. Furthermore, these EES impacts may emerge through a consideration of context or input from external and internal stakeholders and activities performed by the organisation.

Do bear in mind that an organisation's activities may generate more than one impact. An environmental impact may also create social or economic impacts and vice versa. For example, at a construction site, dust emitted within the construction area and into the surrounding community can cause a social impact such as reduced health of the construction workers as well as the neighbouring community. This in turn may cause economic loss to the construction company and the surrounding community because of the health treatment costs incurred.

Key findings and recommendations

The judges sought disclosure on how the reporting organisation's activities relate to the products and services they offer, and how they then used this information coupled with stakeholder feedback to identify their significant EES impacts and which of these were material to the organisation. While some reports mentioned impacts, they did not show how these were derived and neither were these incorporated in their performance results. One organisation commendably explained how water was critical to its operations and the methods it was using to conserve this resource but did not include it in its materiality matrix. Due to this missing link, it was challenging for judges to assess the relevance and materiality of the impacts disclosed. For example, a number of banks listed GHG emissions as material and reported on Scope 1, Scope 2, and in some cases Scope 3 emissions¹³, although there was considerable variance in what was included in Scope 3. While these were relevant, a bigger impact on GHG

Note 3: Scope 1: Direct GHG emissions which occurs from sources that are owned or controlled by the company.

Scope 2: Indirect GHG emissions from the generation of purchased electricity consumed by a company.

Scope 3: All indirect GHG emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.



emissions could potentially arise from their lending policies, e.g. funding of a coal-fired power station. In another example, some banks made reference to responsible lending. However, only one bank explained what this meant and broadly how it was applied, but it was not considered a priority in their materiality matrix.

It was also clear that a number of reporting organisations relied on external service providers to determine what was material. However, the process followed internally or by the external service provider rarely stated how materiality was determined and whether some recognised process such as that provided in the Bursa guidelines was used. At least two reports documented almost identical text in the materiality process, indicating that the same external service provider may have performed the analysis for these two organisations. This raises the question whether each organisation's unique and individual context and EES impacts and footprint were taken into consideration in the materiality process.

The latest Malaysian Code of Corporate Governance issued in 2017 encourages large companies to adopt the practice of "integrated reporting", which is defined by the International Integrated Reporting Council (IIRC) as "a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term". Malaysian organisations are slowly adopting an integrated approach to reporting. Interestingly, a few organisations applied the IIRC approach to materiality which is related to value creation for the organisation and considers the six capitals: human, social and relationship, intellectual, financial, manufactured and natural. While this is to be commended, especially given Malaysia's increasing emphasis on integrated reporting, the reports did not follow through equally on each capital. For example, an organisation might address human capital in depth vis-a-vis the other capitals, or assess natural capital but exclude discussing resources.

To strengthen sustainability reporting, organisations need to identify which of their activities create EES impacts. The impacts may be determined through an analysis of their emissions/discharges and/or the resources they use in terms of raw materials and utilities such as water, energy, gas. These should be supported by the views of their stakeholders, such as employees, the local community and NGOs.

Do bear in mind that impacts may be positive, but may also be negative. These could include air or water pollution, depletion of natural resources, reduction (or an increase) in the amount of money circulating in a community, increased cost of living, employees or community ill health. The organisation should determine which EES impacts are significant by developing criteria, such as severity, adaptation and/or mitigation costs, timescale of the impacts and other factors as necessary.

The extract below shows an important element in the materiality assessment process. Although not explicit, it discloses some of the organisation's EES risks and indirectly discusses the impacts of these risks which are important part of the materiality assessment process.. As alluded above, identifying EES risks and impacts of an organisation's activities is fundamental in understanding their material issues.

KEY PLANTATION SUSTAINABILITY RELATED RISKS AND MITIGATION MEASURES

Risk	Description	Mitigation Measures
SAFETY AND HEALTH 	Major accidents due to non-compliance to policies and procedures that may lead to death or severe injury	1. Environment, Safety & Health (ESH) and Emergency Response policies & procedures established and implemented 2. ESH performance monitoring & reporting implemented 3. Regular safety training, dialogues & roadshows and dedicated OSH departments/committees <i>Further details can be found in the Safety & Health section of this report</i>
LOCAL COMMUNITY GRIEVANCES 	Challenges arising from local community grievances due to real or perceived concerns that may lead to operational disruptions and loss of goodwill	1. Establishment of clear Free, Prior & Informed Consent (FPIC) procedures 2. Grievance mechanisms implemented and issues addressed 3. Regular engagement with stakeholders <i>Further details can be found in the Working with Our Local Communities section of this report</i>
CLIMATE CHANGE 	Impacts from climate change i.e. rainfall patterns, water scarcity, drought may adversely impact operations	1. Water and soil conservation efforts including initiatives to create water bodies/reservoirs 2. Flood mitigation measures 3. Reduction in operational carbon emissions as part of national and international reduction efforts 4. R&D efforts into resilient planting material (e.g. drought-resistance, genome etc.) 5. Fire prevention system & SOP to prevent and combat fires within 5km radius of operating areas
THREAT OF A MAJOR PLANT DISEASE OUTBREAK 	The potential threat of disease outbreak and/or pests either not being identified in a timely manner or not being mitigated effectively could potentially result in significant tracts of plantation being affected and/or being wiped out	1. Breeding & utilisation of disease tolerant planting materials 2. Regular onsite monitoring and control vis-à-vis pests and disease outbreak at estates
HUMAN RIGHTS 	Potential allegations of human rights abuses by NGOs/ governments in relation to labour practices	1. GCAD, Group Compliance, Group HR, Group SQM and SDP's HR are conducting an assessment on internal HR practices. These practices are assessed in terms of its effectiveness and compliance with UN's Guiding Principles on Human Rights 2. Formation of Plantation Human Rights Task Force to coordinate assessments to identify areas for improvement where there may be potential human rights violations 3. Engagement with external consultant to provide assessments and constructive advice on human rights practices

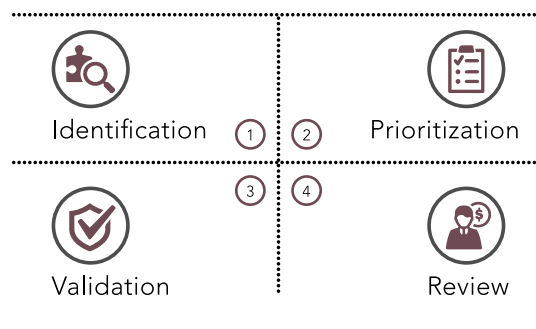
Risk	Description	Mitigation Measures
WASTE MANAGEMENT 	Impact of overflowing effluent waste to monsoon drains, streams/ rivers causing pollution which can result in prosecution, fines, disruption in operations and severe reputational damage	1. Established SOP on waste/effluent management 2. Dedicated training courses (i.e. Certified Environment Professional in the Palm Oil Mill Effluent) conducted 3. ESH performance monitoring & reporting implemented
FIRE & HAZE 	Open burning and trans-boundary haze from Indonesia	1. Zero open burning policy established and implemented 2. Use of satellite surveillance to monitor hotspots 24/7 3. Regular engagement with local authorities 4. Emergency response and fire prevention teams established
DEFORESTATION 	New compliance requirement that does not allow development on natural ecosystem and land with High Carbon Stock (HCS) and High Conservation Value (HCV)	1. Commitment to avoid deforestation of primary forest as well as HCS & HCV area 2. Engagement with standard setters and NGOs 3. Part of HCS convergence negotiations
RSPO 	NGO attacks on palm products and related products due to inconsistent practices which are against RSPO's P&Cs	1. Observe best agro-management practices in all field operations 2. RSPO, ISCC & SCCS Certification 3. Monitoring & reporting of RSPO Certification Audit non-compliance status 4. Sustainability Management System Manual implemented

Sime Darby Plantation Sustainability Report 2016, pages 22–23



The extract below details the steps in identifying the organisation's material issues which helps the reader understand why such issues are relevant to the organisation.

In order to present a report that is meaningful to our stakeholders, we conducted a materiality assessment to determine those issues that are important to both the Bank itself as well as our stakeholders. The assessment comprises four steps:



1. IDENTIFICATION

We collated preliminary issues which we believed could be material to the Bank and our stakeholders through internal management discussion, an analysis of issues that have been reported by other banks and companies in Malaysia, as well as by looking into industry best practice. We then conducted interviews with members of the Sustainability Steering Committee and three Executive and Non-Executive Directors to identify those issues and concerns that are material to Hong Leong Bank and Hong Leong Islamic Bank in particular. Through these interviews, we were able to finalise key issues, opportunities and challenges facing the Bank.

2. PRIORITIZATION

From the list of issues that had been identified as being material, we prioritized them (i.e. provided a measure of 'weightage' to each). This was accomplished via three employee focus group sessions and a materiality assessment workshop with the Sustainability Working Committee. We involved a good cross-section of internal stakeholders in the focus group sessions – from managers to heads of department and members of the C-Suite as well as Directors – and obtain inputs from their engagement with external stakeholders. At the end of this step, we were able to plot a materiality matrix, indicating the relative importance of each issue to the Bank and our stakeholders.

3. VALIDATION

The materiality matrix was then presented to the Sustainability Steering Committee, Group Managing Director/ Chief Executive Officer and Board, all of whom validated the findings.

4. REVIEW

This final step encompasses feedback from our stakeholders. From your feedback, we will be able to further refine our sustainability approach so as to present even more meaningful reports in the future.



The extract below lists how materiality is identified and how it forms the basis of the process of identifying MISC’s Sustainability Strategy.



SUSTAINABILITY STRATEGY IS RELEVANT AND APPLICABLE ACROSS THE GROUP

Following on from the identification of the material issues, workshops were conducted for each of the sustainability pillars, for the purpose of agreeing on and prioritising the material issues. The workshops served as a platform to formalise and prioritise material areas for MISC, as well as to derive action plans in order to address these material areas. The outcome of these workshops was consolidated and culminated into MISC’s Sustainability Strategy.

There were a total of three workshops for each of the six pillars, with representation from identified key focal persons across the BUs, SUs and Subsidiaries within the Group. Representation from across the Group was encouraged to ensure all thoughts, views and concerns were represented and are consistent.

This ensures that the strategy is not just unique to a specific unit or individual part of the organisation but is indeed relevant and applicable across the Group, and safeguards against any misrepresentation upon completion of the strategy. There were a total of 18 workshops conducted across all sustainability pillars.

In deriving MISC’s Sustainability Strategy, the work and processes conducted were indeed thorough, comprehensive and voluminous, to ensure an effective and efficient plan that is considerate of materiality, meaningful, substantial and relevant to the Group. The following table presents a summary of the overall process, from beginning until the final derivation and implementation of MISC’s Sustainability Strategy:

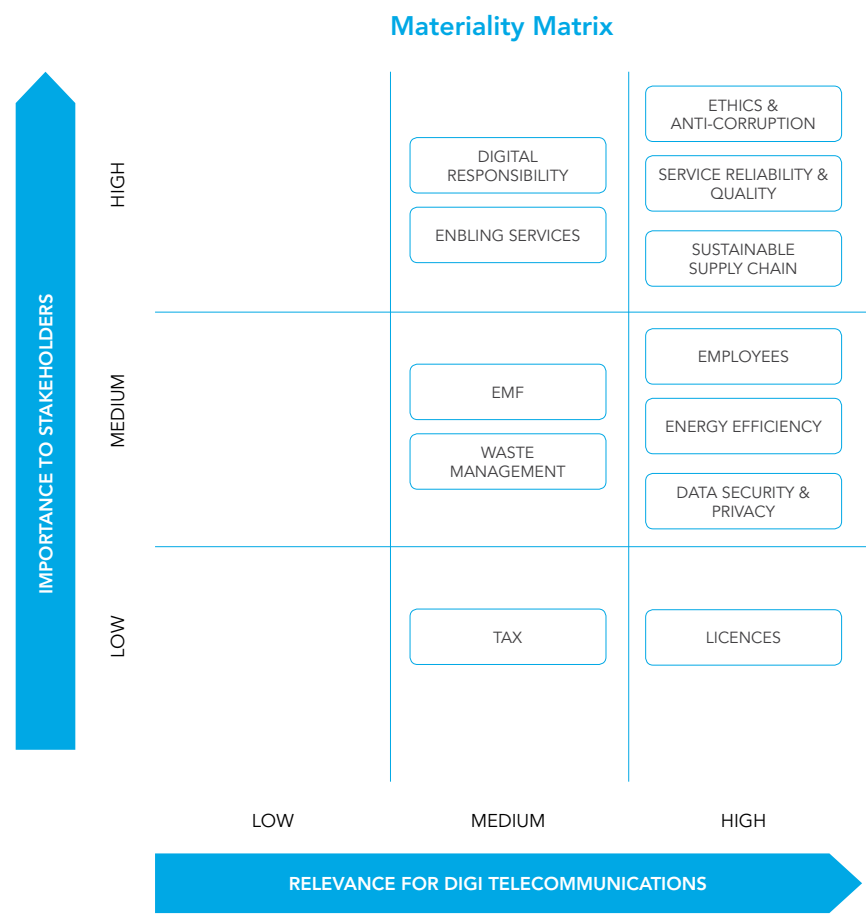
Stages	Steps	Details
1. Identification of Material Issues and Engaging Internal Stakeholders	1. Identifying material issues based on strategic elements	- Consolidating findings from internal assessment and stakeholder engagement - Categorising material issues
	2. Engaging internal stakeholders within the Group (First Workshop)	- Workshop on sustainability - Sharing of material issues and findings derived from Step 1 - Sharing of best practices and examples from other organisations
2. Developing Action Plans	1. Agreement and prioritisation of material issues with internal stakeholders (Second Workshop)	- Discussion with internal stakeholders to identify material issues based on sharing of findings - Stakeholders to brainstorm and identify potential solutions to address material issues
	2. Development of Action Plans (Third Workshop)	Internal stakeholders to present proposed solutions and actions plans (short, medium, long term) to address material issues, forming MISC's Sustainability Strategy
	3. Approval of MISC's Sustainability Strategy	Presentation of MISC's Sustainability Strategy to President/Group CEO & MC for approval and endorsement
3. Implementation of Sustainability Strategy	1. Implementation of MISC's Sustainability Strategy	- Derivation of measurable KPIs from MISC's Sustainability Strategy – channelled back to relevant stakeholders/ departments - Inclusion of these KPI into Scorecards
	2. Reporting & Monitoring Strategy Implementation	- Public reporting on the development of MISC's Sustainability Strategy in MISC's Sustainability Report - Monitoring of strategy implementation and performance

The extract below provides a good representation of DiGi's material issues and where these sit in terms of the importance to stakeholders and relevance to DiGi.

Our materiality assessment is conducted based on a methodology developed by the Global Reporting Initiative (GRI). This methodology is linked to the AA1000 Accountability Principles (2008) developed by Account Ability.

We align our materiality issues with Telenor Group's matrix. Issues identified by Telenor

is assessed and prioritised according to our operational context, corporate strategy and stakeholder expectation. Feedback from stakeholders is reviewed and addressed by relevant functional personnel. Issues that are strategically important to our business are subsequently integrated into our corporate strategy, and form the basis for our sustainability focus areas and related initiatives.



A key area for improvement is to demonstrate the link between materiality and scope, which was challenging for most of the reporting organisations.

Scope

An organisation can set the scope of its report based on physical locations (geographical boundary), entities within the organisation (organisational boundary) and operations within the entire value chain. Where an organisation has diverse operations or joint ventures these should be included, except where these may be new or insufficient information is available in this reporting period. The scope must be inclusive and not be set in such a way as to avoid disclosure of significant EES impacts, including those occurring in subsidiaries.

Key findings and recommendations

The judges noted that the content in a number of reports did not accurately reflect the scope stated. For example, some reports defined their scope as being related to their Malaysian operations but included maps and diagrams of their operations in other

countries. One or two reports defined a group boundary but neglected to provide performance or other information on all of the divisions, functions, or ownership within the boundary.

A key area for improvement is to demonstrate the link between materiality and scope, which was challenging for most of the reporting organisations. What is material to the organisation will contribute to setting the scope of the organisation's report. A clear scope statement will facilitate the organisation in determining its relevant stakeholders, its EES impacts and what is material.

Going forward, organisations are advised to clearly identify the report scope and the reporting period and ensure these are reflected in the report content.

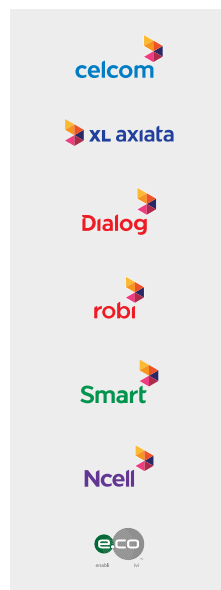


Both MISC and Axiata had clearly defined the scope of their reports, as shown below, with the latter using guidance from the GRI:

The extract below has disclosed scope as per the GRI G4 requirement:

The 2016 Axiata Sustainability Report covers the sustainability performance of Axiata including the Operating Companies (OpCos) where Axiata held a majority share for the 12-month period ending 31 December 2016.

These entities include:



Report Scope

Axiata's 2016 Sustainability Report provides detailed disclosure of the Group's management of EES risks and opportunities for the financial year ended 31 December 2016. The report is in compliance with the GRI-G4 guidelines, addressing 23 material aspects covering 33 identified indicators. Our materiality mapping methodology is specified on pages 20 and 21 of this report.

Report Boundary

This report discusses the sustainability of the Group as a whole. The 2016 volume of our Sustainability Report differs from past years' in that a focused effort was made to harmonise and integrate the reporting methods used throughout the Group, including our OpCos. We note that our OpCos' operating environments may vary significantly from one market to the next, but we have nevertheless made the attempt to harmonise general reporting areas.

Axiata Group Berhad Sustainability & National Contribution Report 2016, page 9



The example below discloses the scope of the report quite clearly in the introduction to the report.

SCOPE & COMPLETENESS

This report covers information on the MISC Group's operations around the world, including Liquefied Natural Gas (LNG) Shipping, Petroleum & Product Shipping, Offshore Business, Marine & Heavy Engineering (MHB), Maritime Education & Training, Port & Terminal Services, and Tank Terminal Services. There were some changes to the MISC Group structure in 2016 with the divestment of the entire equity interest in our Logistics business under our wholly-owned subsidiary MISC Integrated Logistics Sdn. Bhd. (MILS). Due to the divestment of MILS, data for MILS is reported only where indicated and covers the period of January to October 2016.

MISC Berhad Sustainability Report 2016, page 9

Governance

The judges sought clear disclosure of the persons responsible for the organisation's sustainability performance and disclosures, which may be seen in a board charter or in defined roles and responsibilities.

Governance relates to how the organisation operates; hence, governance structures will vary with each organisation. In the context of this award, the judges looked for the structures an organisation has in place to ensure accountability, oversight and review in the identification and management of sustainability matters. In other words, the judges sought clear disclosure of the persons responsible for the organisation's sustainability performance and disclosures, which may be seen in a board charter or in defined roles and responsibilities. This coincides with Bursa's listing requirements that requires listed issuers to include disclosures on the governance structure in place

to manage their EES risks and opportunities (Paragraph 6.2 (a), Practice Note 9).

Key findings and recommendations

Governance was well addressed in most sustainability reports or was linked to the organisation's annual report. However, a number of organisations did not indicate how sustainability was managed either at Board level or at senior management level. Most organisations either adopted a two-tier structure with a Board Sustainability Committee or included sustainability under the risk management committee.



Examples of sound sustainability governance are shown below:

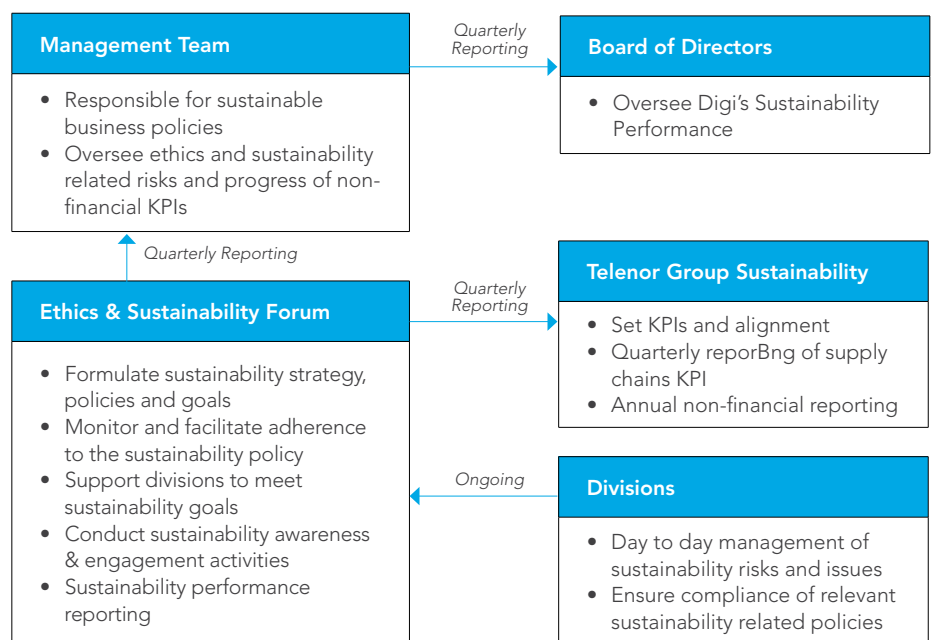
The extract below clearly depicts how sustainability is governed in the organisation. It also mentions sustainability-related KPIs and discloses how the organisation manages the sensitive issue of human rights violations.

Sustainability is under the division of the Chief Executive Officer. The Head of Communications and Sustainability oversees the daily operations of the team to meet a set of non-financial Key Performance Indicators (KPIs) that are established jointly with Telenor Group Sustainability.

Sustainability KPIs are monitored and reported on a quarterly basis to the Ethics & Sustainability Forum. Chaired by the Chief Executive Officer, the forum includes the Chief Human Resource Officer, Chief Network Officer, and Chief Corporate Affairs Officer.

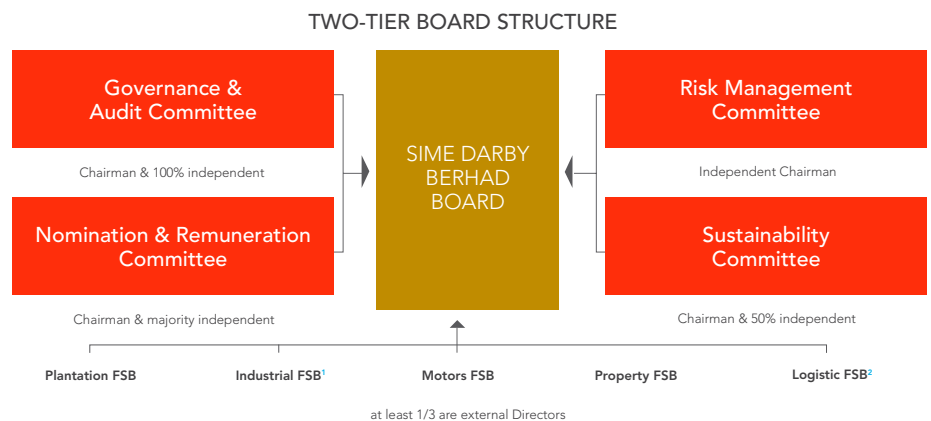
Ethics and Sustainability is a standing quarterly agenda to the Digi Board of Directors. Non-financial Reporting (NFR) on social and environmental data is collected on a quarterly and annual basis by the NFR Coordinator and signed off by the Chief Financial Officer.

We conduct a biennial human rights risk assessment to identify areas where there are risks of complicity to human right abuse. Findings of there are potential areas of complicity, we have developed transparent processes and conducted engagement with stakeholders to minimise any potential of complicity in our operations.



DiGi.Com Berhad Sustainability Report 2016, page 9

The example below shows a two-tier board structure and indicates where sustainability fits in the board structure.



Notes:

1.As of 1 July 2016, upon the completion of the integration of the operating entities of E&U Division Non-China Operations into Industrial Division, the latter assumes oversight of the former.

2.As of 1 July 2016, E&U Division China Operations has been renamed Logistics Division.

Sime Darby Berhad Annual Report 2016, page 122

The extract below includes an explanation for the role of each element/committee in the organisation's Sustainability Governance Framework.



MANAGEMENT COMMITTEE (MC)

The MISC MC is the highest decision-making authority in the Sustainability Governance Framework and is led by our President/Group CEO, Mr. Yee Yang Chien. The MC also comprises all Vice Presidents (VPs) and Senior General Managers (SGMs) of the respective BUs and SUs, as well as the CEOs of selected subsidiaries.

MISC GROUP HSE COUNCIL

The MISC Group HSE Council was formed to provide greater stewardship towards HSE excellence. The Council is chaired by the President/Group CEO and oversees HSE related matters within the Group.



Further details on the MISC Group HSE Council can be found in the Health & Safety section in this report.

SUSTAINABILITY WORKING COMMITTEES (SWCS)

Following the endorsement of the MISC Sustainability Strategy, Sustainability Working Committees (SWCs) were established for each of the six sustainability pillars. These SWCs are led by a champion – a member of MISC Management Committee (MC) – and is comprised of key focal persons/placeholders representing the various BUs, SUs and Subsidiaries within the Group. Senior management representation at the respective working committees signifies the Group's commitment towards ensuring the successful implementation of the strategy.

The purpose of the Sustainability Champion and the respective SWC members is to have active participation from the various BUs, SUs and Subsidiaries in the planning, coordination and implementation of the programmes and initiatives relevant to the MISC Sustainability Strategy, which will be relevant to the Group as whole. Together, the Sustainability Champion and SWC members will act in unison to ensure the effective and efficient implementation of the strategy.

All initiatives and programmes under the strategy will be monitored and measured periodically, for the purpose of tracking progress and addressing any concerns/issues that may arise. Progress updates will be provided to the MC (led by our President/Group CEO) to ascertain their inputs and guidance, ensuring a successful process of implementation and achievement of objectives set out under the MISC Sustainability Strategy.

Additionally, in support of the overarching sustainability governance process, the Group, and also the various businesses within, have various internal and external mechanisms and systems in place for the management of specific sustainability related matters (including environmental and safety management). We are continuing our ambition to streamline these practices into a more cohesive and holistic approach. Further information and examples of these various systems and mechanisms are explained within the relevant sections of this report.

Strategy



To enhance its strategy statement, judges recommend that the organisation include a sustainability statement that is balanced and comparable with previous years. The organisation's sustainability statement is meant to be a succinct statement of its progress in achieving its strategy. It should contain a reference to achievements (strengths) as well as to areas where goals were set but not achieved (weaknesses).

An organisation's mission, vision and values drive its sustainability strategy. The organisation's strategy will also take into account its context and materiality assessment and is a living document. The strategy will be supported by policies and objectives that are intended to achieve sustainable outcomes.

Key findings and recommendations

More organisations are disclosing their individual strategies, albeit to varying degrees, which is an improvement from previous years. A few organisations successfully outlined their sustainability strategy, which should be based on the organisations' material matters and show how these are to be addressed. The strategy should include goals, objectives, targets, etc. that reflect the implementation of the strategy. Some organisations emphasised renewable energy as part of their strategy but

could have enhanced disclosure by discussing they were dealing with non-renewable energy.

The organisation's sustainability statement is meant to be a succinct statement of its progress in achieving its strategy. It should contain a reference to achievements (strengths) as well as to areas where goals were set but not achieved (weaknesses). Similar to last year, most statements reviewed were positive and made limited mention of negative news or targets that were not achieved. Some statements showed a degree of balance and mentioned fatalities but omitted to mention the fines they had received for non-compliance with legal requirements referenced later in their report. To enhance strategy statements, judges recommend organisation include a sustainability statement that is balanced and comparable with previous years.

The extracts below provide a clear understanding of the organisation's strategy, providing objectives for each area of focus and information on current progress.

STRATEGY BLUEPRINT

Key area of focus	Objectives	Market Trends
 Driving Results via Capital Discipline, Productivity and Cost Reduction Measures See pages 33 to 36 for more details	Achieve operational excellence to remain resilient in all business environments Continuously enhance capital management Execute strategic measures to create value	 Increase in uncertainty of market conditions  Disruptive technologies and business models
 Innovation Growth and Resource Allocation See pages 41 to 50 for more details	Position the Group for future growth via a pipeline of innovation projects Build winning partnerships in core, adjacent and new segments Judicious resource allocation to prioritised projects Internalise innovation capabilities within the Group	 Increase in uncertainty of market conditions  Disruptive technologies and business models  Changing demographics of consumers and employees
 Leading Sustainability See pages 41 to 50 for more details	Contribute to a better society Minimise environmental harm Deliver sustainable development	 Increasing sustainability awareness  Changing demographics of consumers and employees
 Performance Driven Transformation See pages 51 to 54 for more details	Develop capable and engaged leaders Inculcate an innovation and sustainability culture Drive operational excellence with HR processes Focus on aligning talent and organisation to achieve common goals	 Increasing sustainability awareness  Changing demographics of consumers and employees

Progress Highlights

- RM243.3m benefits harvested from the Group's Lean Six Sigma Business management Management Strategy in FY2016, exceeding the RM200m target set.
- Identified potential savings of RM163.5m through our 100 days Kaizen Waste Elimination Challenge.
- Plantation continued the integration of NBPOL and have realised cost synergies of RM24m in FY2016.
- Disposal of two Singapore commercial properties for RM601m.
- Sime Darby's Terberg Tractors secured contracts from Westports Malaysia and PSA Singapore Terminals worth RM88m and RM90m respectively.
- Integration of E&U Non-China into Industrial to extract synergies and streamline processes.

Market Trends

- Increase productivity and streamline staff costs.
- Stringent management of capital and operating expenditure.
- Explore strategic corporate exercises that could unlock value for investors.

- Rollout of the Stage Gate idea-to-commercialisation process and set up Division Innovation Committees.
- Launched Ideas Portal, Ideas Lab and ran internal hackathons as ideation platforms in FY2016.
- Commenced first large scale planting of Genome Select high yielding oil palms.
- Industrial Division to supply natural gas solutions to mining companies via Mine Energy Solutions (Joint Venture).
- Launch of Sime Darby Property Mobile App.
- Logistics in Joint Venture with Dragon Crown Group to develop liquid terminal.

- Focus on executing projects that are already in the pipeline. Successful innovations will be scaled up and replicated.
- Continuously explore technologies and related activities that could add value to existing businesses (eg: precision agriculture, integrated milling, water management, sustainable homes).

- Completion of the High Carbon Stock (HCS) Science Study. Convergence of the different methodologies around HCS underway and being piloted in Liberia.
- Launched 'Open Palm' – an online dashboard that provides traceability information of the Plantation Division's entire palm oil supply chain.
- Launched a hotspot monitoring dashboard in the interest of transparency around the issue of fire and haze within South East Asia.
- Started to assist small oil palm producers to be part of the Group's sustainable palm oil value chains.
- The Group Human Rights Task Force established.

- Continue to protect employees by developing a safe working culture with the ultimate goal of zero harm.
- Minimise the impacts of operations on the environment and climate change.
- Proactive participation in strategic sustainability platforms to develop thought leadership.
- Continue to operationalise the respect for Human Rights across the entire Group.

- Optimisation of workforce and rigorous workforce planning.
- Implementation of transformation programmes and enhanced key leadership programmes to drive talent readiness.
- Improve quality and quantity of critical positions coverage. 85% of critical positions have successors identified in FY2016 compared to 79% in FY2015.
- Won the Gold award for the Excellence in Innovative use of HR technology category in the Human Resources Magazine's HR Excellence Awards 2015.

- Drive accountability and diversity of talent within the Group.
- Incorporate innovation in leadership programmes.
- Enhance the productivity measurement metrics through analytics.
- Ensure alignment of talent capabilities to business needs.

The extract below provides an overview and insights into the organisation's overall strategy.

G4-19
2016 Material Matters and Approach

20/20 Sustainability Plan Pillar	Material Matters*	Bursa Malaysia Listing Requirements	20/20 Sustainability Plan Commitments
Community and Citizenship	M1 Empowering Communities	Social	Investing for Impact To invest for impact and empower communities where we operate.
Our People	M2 Creating a Superior Leadership and Talent Pipeline	Social	Employee Engagement Platforms As an organisation with just under 44,000 employees across the world, we are focused on building an engaged regional workforce with global ethical mindsets to produce world class productivity levels.
			Talent and Leadership We have established a robust talent management framework recognised as global good practice. It incorporates development of agile talents who are able to operate successfully in diverse cultures and locations.
			Learning and Development Investing in the long-term development of our people and improving capabilities across the organisation and the countries where we operate.
			Diverse and Inclusive Workplace We believe that improved diversity, flexibility, and inclusiveness are vital to improving the quality and productivity of our workforce.
			Safety, Health and Well-being The safety and well-being requirements remain an important aspect of our overall strategy. We particularly encourage changes towards a healthy lifestyle. These principles align closely with our belief that good health contributes to more engaged employees.
Access to Products and Services	M3 Managing Our Environmental Impact	Environmental	Commitment to the Environment Measuring and managing our impacts and challenges that we are meeting as our operations continue to expand.
	M4 Focus on Customers and Increasing Competition	Economic	Focus on Customers Our ongoing commitment to deepen customer relationships, respond to customer needs, and improve service is fundamental to our business.
	M5 Evolving Digital Trends	Economic	Digitalisation Technology is evolving rapidly, changing the way customers and businesses interact. Technology paves the way for the next generation's access to finance.
	M6 Product Stewardship and Risk Culture	Economic / Social	Product Stewardship Providing access to finance as well as helping local communities to bank and save responsibly. We are committed to providing a broad range of financial services to the real economy over the long term and highlighting our innovative product stewardship.
	M7 Managing Regulatory Changes and Economic Environment	Economic	

As alluded in the text above, the Chairman/CEO should provide a balanced and comparable statement as to their progress towards achieving sustainability. Commendably, the extract below is transparent in mentioning the death of an employee; an issue which subsequently led to an objective not being met e.g. Zero deaths during plantation activities. Other organisations are encouraged to emulate the disclosure of such fact-based negative statements in order to build the quality and credibility of future reporting.

We remain focused on safety leadership and strategies targeting risk reduction as we value the lives and well being of our employees and contractors. Although we are doing our best to improve awareness on safe practices and to enhance preventive skills amongst all our employees, I am saddened to report that we experienced a death of an employee in 2016 which is most unfortunate. We will try our utmost best to enhance our safety and health performance going forward to further minimize the risk of work place accidents thereby moving towards our main goal of achieving zero accidents causing serious bodily injury or death.

United Plantations Berhad Annual Report 2016, page 32



Management processes

To improve future disclosure, organisations are advised to link their strategy with the policies, processes, plans and programmes they use for strategy implementation.

Management processes are the means through which organisations implement their sustainability strategy. They may include the setting of objectives (including measurable targets), development of plans, processes, procedures or other documents. Some organisations use recognised frameworks such as the UN Global Compact; rating systems such as FTSE4Good; International Standards Organisation standards including ISO 9001 (Quality Management Systems), 14001 (Environmental Management System), and 26000 (Social Responsibility); commercial standards such as OHSAS 18001 (Occupational safety and health); and/or sector-specific standards such as the Roundtable on Sustainable Palm Oil (RSPO) or Social Accountability 8000. These standards use a Plan, Do, Check Act or similar approach to close the loop on performance and work towards continual improvement.

Key findings and recommendations

Overall, the judges felt that most of the reporting organisations could demonstrate their commitment to sustainability more coherent and clearly. This can be achieved through implementing the organisation's strategy which in turn will require some method of monitoring and measuring performance through policies, plans, programmes, etc. Some organisations had recognised management processes in place such as ISO 14001 (Environmental Management Systems), ISO 9001 (Quality Management Systems) whereas others comply with standards such as ISO 26000 Social Responsibility or subscribe to the UN Global Compact.

To improve future disclosure, organisations are advised to link their strategy with the policies, processes, plans and programmes they use for strategy implementation.



Examples of management process disclosures include:

The extract below lists management systems and other policies to which the organisation subscribes, which assists them to deliver on their strategy and performance.

The following table highlights some of the policies and systems in place that supports the sustainability governance process and the management of specific sustainability related matters.

Category		Relevant Policies and Systems
Environmental		• MISC Policy of Health, Safety and Environment (HSE) • Healthy, Safety and Environment Requirements for Contractors • ISO 14001:2004 Certified Environmental Management Systems • ISO 50001:2011 Energy Management Certification
Social		• MISC Policy on Drug and Alcohol • MISC Policy on HSE • MISC Safety Rules • Health, Safety and Environment Requirements for Contractors • ISO 9001:2008 Certified Quality Management Systems • OHSAS 18001:2007 Certified Occupational Health & Safety Management Systems • Performance Management System • International Labour Organisation (ILO) Maritime Labour Convention 2006 • MISC Employee Handbook
Governance		• Code of Conduct and Business Ethics (CoBE) • MISC Anti-Bribery and Corruption (ABC) Manual • Whistleblowing Policy • Gift and Entertainment Policy • Conflict of Interest • Due Diligence • Personal Data Protection Act (PDPA)

For more detailed information on some of our policies and systems, please refer to our website, www.misc.com.my

The extract below lists policies, codes and practices the organisation subscribes to and provides some explanation with regard to progress on meeting its key governance aspects

G4-15, G4-57, G4-58

GOOD BUSINESS CONDUCT

Key Governance Aspects	Supporting Policies, Codes, and Practices	Actions taken
Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)	Group Policy, Procedural Guidelines, and Standard Practices on AML/CFT	The Group Compliance Department was restructured into two key sections: Regulatory Compliance to focus on business/product related regulations and Financial Crime Compliance to comply with anti-money laundering, counterterrorist financing, sanctions compliance, anti-bribery, and corruption related regulations. A Group Chief Compliance Officer was also appointed in 2016. The policies and guidelines are intended to provide all employees with a standard toolkit in managing AML/CFT risks. Employee training: • AML Assessment 2016 • External certification in AML/CFT offered to employees
Personal Data Protection and Combating Cyber-crimes	Compliance with Personal Data Protection Act (PDPA) 2010	We comply with the requirements of PDPA and publish a Privacy Notice on our website. We notify our customers through a message on ATM machines and account statements that the Privacy Notice is available on our website. We are constantly enhancing cyber security to protect our customers by investing in internal and external capabilities to protect the Group and customers from cyber-crimes. We have set up a 24/7 active security monitoring and response unit and conducted assessments on various entities across the Group. Group Technology conducts rigorous tests to ensure that vulnerabilities in the Bank's systems are quickly identified and resolved immediately. Data Loss Prevention measures were implemented to protect confidential customer data. Employee training in 2016: • Personal Data Protection Principles, and other essential guidelines (a part of Risk & Values Awareness E-Learning Modules) • Cyber Security Awareness Assessment
Integrity and Compliance	Group's Whistleblowing Policy and Anti-Fraud Policy; Signatory to the Malaysian Anti-Corruption Commission (MACC)'s Corporate Integrity Pledge	Maybank Group remains committed to maintaining high standards of integrity, corporate governance, and transparency to grow our business responsibly and profitably. The Corporate Integrity Pledge (CIP), signed in 2011, was reviewed by MACC in 2013 and 2016. The Integrity Hotline (formerly Fraud Reporting Hotline) has been in place since 2004. All employees can raise concerns regarding any misconduct or wrongdoing including, but not limited to, unethical incidences such as criminal activities or contravention of laws/regulations committed by another employee or any person who has dealings with the Group. Concerns can be raised using the following channels without any fear of retribution: Protected email address at integrity@maybank.com.my; Toll-Free Message Recording Line at 1800-38-8833 or for Overseas at +603 2026 8112; and Secured P.O. Box Mail Address at P.O. Box 11635, 50752 Kuala Lumpur, Malaysia.

Key Governance Aspects	Supporting Policies, Codes, and Practices	Actions taken
Board Diversity & Inclusiveness	In accordance with Recommendation 2.2 of the Malaysian Code on Corporate Governance (MCCG) 2012, Maybank has established a Board Gender Diversity Policy to demonstrate its commitment to increasing representation of women on its Board	Maybank Group's Board Gender Diversity Policy adopts measurable objectives from time to time including maintaining at least one woman Director on the Board and having minimum 20% women representation by 2016. As of February 2017, we have three women Directors (or 25%) on the Board. The selection process for appointment of Directors involves shortlisting of potential candidates including at least one woman whenever reasonably possible, and priority is placed on the appointment of a woman Director to fill a membership vacated by a retiring or resigning woman Director. Further details on our inclusive workplace practices which are tracked through GIDA are detailed in Our People Chapter.
Human Rights	Compliance with all applicable laws and regulations on forced and child labour, as well as on the rights of employees	We operate in fragile countries in emerging markets of the ASEAN region, and monitor human rights situations in our operational environment closely. With regards to labour rights, during the year, negotiations on four Collective Agreements (CA) were concluded with the National Union of Bank Employees, Sabah Banking Employees' Union, Sarawak Banking Employees' Union, and Serikat Pekerja Bank Maybank Syariah Indonesia (SP-MSI). A total of 40.04% of Maybank employees in Malaysia are union members. A clause against any form of child labour was included in the revised Group Procurement Manual in 2016.
Fraud	Anti-Fraud Policy	The policy establishes comprehensive tools and programmes, and highlights the roles and responsibilities at every level for preventing and responding to fraud. Maybank initiatives: • News alerts on fraud and lapses • Additional measures include reinforcing the clear desk policy to minimise information leakage/theft and fraud • Employees are trained on fraud and ethics. In 2016, we provided 41 trainings and recorded a total of 20,241 training hours for our Malaysian employees

Further enhance performance reporting, organisations need to make the links between what was material or included in a sustainability strategy.

Performance



Performance involves providing performance data, where possible, in relation to material sustainability matters. This includes indicators relevant to those sustainability matters identified by the organisation for which objectives have been set, and which demonstrate how it has performed in managing these matters.

Performance should be monitored and measured based on an appropriate frequency. For example, waste water treatment discharges may need to be monitored and measured daily whereas social indicators may require longer time periods to determine the effectiveness of the actions taken. The data collected must be accurate and may require the setting of

baselines, the development of effective and consistent collection methods, and the regular calibration of equipment. Such data may need to be assured.

The performance data provided should enable a comparison over time as well as across sectors and identify the results of key initiatives such as GHG or water reductions, gender diversity improvements, product innovation, and community involvement, etc.

Key findings and recommendations

In general, it could be seen that organisations are increasingly disclosing more performance



information on indicators that are material to them. A number of organisations provided information on differences in their performance year to year in order to allow a comparison in performance between specific reporting periods. However, to further enhance performance reporting, organisations need to make the links between what was material or included in a sustainability strategy and performance reporting clearer and more evident.

Performance reporting should be more balanced. Some organisations over-emphasised environmental performance and offered less disclosure on social performance and economic performance, instead

referring readers to relevant content in their annual report. In addition, few reports explained reasons for deteriorating performance, and what actions were being taken to rectify it.

A number of reports disclosed raw data such as total water, energy or raw material consumption. This absolute information does not provide any indication of actual performance, but can be improved by relating this disclosure to a specific activity or situation, such as production units, operating hours, floor area, etc., which would facilitate a year-on-year comparison.

In future, organisations should also consider making clear and

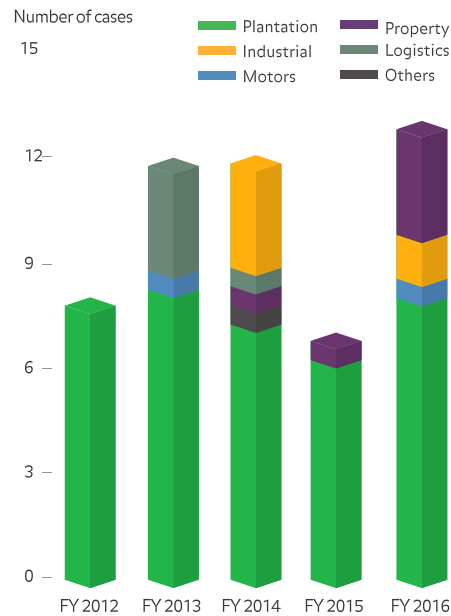
unequivocal statements related to their legal compliance status. This adds value to performance reporting and was disclosed by certain organisations.

Essentially, performance outcomes are how an organisation demonstrates its commitment to sustainability. To improve future performance reporting, judges recommend that organisations report their performance against what is material and disclose more meaningful and comparable information.

The examples below show effective reporting using both information contained in the GRI standards, and information which is comparable, presented in tabular form and information presented pictographically. The use of these methods adds value and meaning for the intended user of the report.

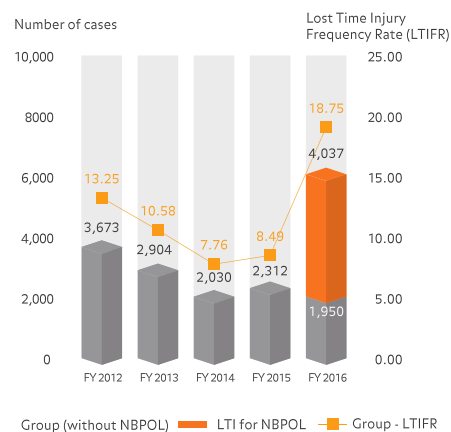
The disclosures below on carbon emissions highlights areas where the performance of the organisation has declined and provides clarification as to the reason for the decline in written text and graphical format. Following that, the table of carbon emission intensities across the organisation's divisions includes information on the baseline year, targets and the year's performance. This is crucial in enabling performance comparability over a number of years. The narrative text also describes the current progress of the organisation's carbon emission management initiatives and priorities for the coming year. All these elements of reporting combined provides the reader with a clearer understanding of the organisation's performance related to this indicator.

SIME DARBY GROUP FATALITIES



Analysis of the LTI data showed that 98.7% of the entire Group's LTIs originated from the Plantation Division in FY2016 and 68.3% (4,037 cases) of Plantation LTI originated from NBPOL. Based on an analysis on NBPOL data, 66.4% of the LTI from NBPOL originated from one strategic operating unit, West New Britain (WNB), which contributed 44.7% (2,679 cases) of the entire Group's LTI.

SIME DARBY GROUP LOST TIME INJURY AND LOST TIME INJURY FREQUENCY RATE



BREAKDOWN OF PLANTATION LOST TIME INJURY



Note: Others include incidents occurred in Thailand and The Netherlands operations.

Sime Darby Group Safety and Health Severity Rate (Without NBPOL)

Number of lost days per 1,000,000 hours worked				
FY2012	FY2013	FY2014	FY2015	FY2016
226.98	311.44	316.63	193.13	284.00*

The Group has also analysed Lost Work Days (LWD) and Lost Work Days Rate (LWDR). LWD indicates number of days lost due to injuries which exclude fatalities and LWDR indicator indicates the severity of the injuries. Analysis of these indicators showed that the severity of the incidents which originated in NBPOL were minor (2.3 lost days per incident) in nature compared to the severity of incidents across the Group as a whole. These incidents in NBPOL were mainly from thorn pricks, cuts and sharp hand tools related injuries.

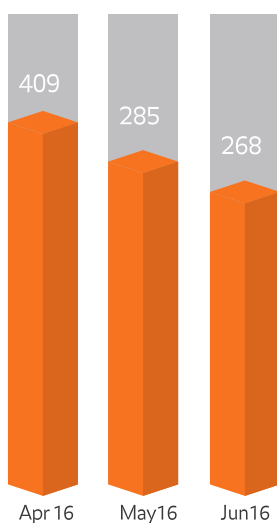
The Group piloted a NBPOL Safety Intervention Package at West New Britain in April 2016 which focused on addressing the site specific risks which were identified. Key improvements introduced were:

- Equipping workers in the field with personal protective equipment such as safety boots and gloves to mitigate sharp thorn pricks and tools cuts.
- Providing supervisors with first aid equipment and training to enable them to render immediate first aid treatment to prevent further complications from injuries.
- Implementing a rehabilitation and return to work programme policy to provide opportunities for employees to return to work quickly via alternative work options.
- To start implementing annual internal audits, validation and reviews of health delivery processes within West New Britain to ensure compliance of occupational safety and health policies and procedures.

With the implementation of the pilot NBPOL Safety Intervention Package in West New Britain, the business unit recorded encouraging improvement in the subsequent two months. The Group plans to further expand the rollout of the NBPOL Safety Intervention Package to other business units within NBPOL.

Reduction of NBPOL Lost Time Injury after the Safety Intervention Package

No of LTI Cases



FY2017 Priorities

In FY2017, the Group's occupational safety and health will emphasise on:

- Further rollout of the NBPOL Safety Intervention package to other business units to further reduce the LTI within NBPOL.
- Implementation of site specific intervention programmes to mitigate significant risks associated with major incidents which are falls from heights, failing objects from harvesting, and vehicle related incidents from internal transportation.
- Implementation of a safety campaign to build trust and encourage active participation and a caring mindset among the workforce. This would include site roadshows on raise awareness specific risks and associated mitigation actions.
- A leadership development programme for all levels of management to empower them to give visible safety leadership behaviour.
- Enhancement of the Group internal audit function to implement a more robust and comprehensive approach to Environmental Safety and Health audit programme across the Group.

HUMAN RIGHTS

The Group believes that businesses have a responsibility to respect, support and uphold fundamental human rights as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights (UNGP). As a signatory to the United Nations Global Compact (UNGC) the Group is committed to conduct its business in alignment with the ten UNGC principles, in the areas of human rights, labour, environment and anti-corruption. The Group's human rights commitment is extended to everyone within its sphere of influence, which includes employees, business counterparts and communities. The Group complies with all local legislations and industry regulations relevant to its businesses.

The extracts below provide comparable data for relevant indicators.

YEAR-ON-YEAR PROGRESS AND PRIORITIES

Education	Supporting access to education across the region to foster academic and non-academic excellence.				
	Year	2013	2014	2015	2016
	Financial literacy programme (number of students)*	72,000	102,580	53,020	75,000
	Scholarships disbursed (RM)	11,260,504	13,760,497	>14,000,000	23,000,000
	* In the 2013 and 2014 Sustainability Reports, we stated cumulative figures.				
Community Empowerment	Reaching out to communities across the region through empowerment programmes.				
	Year	2013	2014	2015	2016
	Reach Independence & Sustainable Entrepreneurship (R.I.S.E.) (number of participants)	n/a	280	200	1,411
	eMpowering Youths Across ASEAN (amount disbursed, RM)	n/a	n/a	1 million*	n/a
	Maybank Women Eco Weavers (amount disbursed, RM)	n/a	n/a	1.5 million	1.2 million
	Maybank Training & Learning Centre (TLC) (amount disbursed, RM)	n/a	n/a	201,000*	n/a
	Microfinance (KOMIDA) (number of women impacted)	1,634	2,439	2,748	1,131
	* The amount reported was approved in 2015, but disbursed in 2016.				
Arts and Culture	Leadership in promoting and preserving traditional and new forms of art and expression.				
	Year	2013	2014	2015	2016
	KataKatha (amount disbursed, RM)	n/a	n/a	822,974	n/a*
	Nukilan Jiwaku (number of People with Disabilities, (P.W.D.) artists supported)	25	28	29	Programme discontinued
	* n/a due to spending the amount disbursed in 2015.				
Environmental Diversity	Commitment to preserving environmental diversity across ASEAN, particularly through tiger conservation.				
	Year	2013	2014	2015	2016
	Tiger conservation (amount disbursed, RM)	n/a	n/a	481,548	722,321
Healthy Living	Enabling access to affordable healthcare, supporting premier sporting events in the region, and nurturing local talent.				
	Year	2013	2014	2015	2016
	Number of liver transplant surgeries performed at Selayang Hospital (cumulative since 2011)	60	63	66	82
	Total contributions to Selayang Hospital (amount disbursed, RM)	1 million	>1 million	1 million	n/a
	¹Save a Child's Heart at Regional Paediatric Heart Centre, National Heart Institute of Malaysia (number of patients)	19	17	11	18
	1. In Sustainability Report 2015, we stated cumulative figures. This year, we report annual figures since 2013 to 2016.				
Disaster Relief	Supporting communities faced with natural disasters in relief and rebuilding.				
	Year	2013	2014	2015	2016
	Disaster relief contribution to MERCY Malaysia (amount disbursed, RM)	n/a	1 million	1 million	1 million

YEAR-ON-YEAR PROGRESS AND PRIORITIES

Learning and Development	Investing in the long-term development of our people and improving capabilities across the organisation.				
	Year	2013	2014	2015	2016
	Learning and development spend (RM million)	118.87	120.00	114.00	129.00
	Average training hours per employee	45.31 hours	33.68 hours	35.00 hours	32.00 hours
Diverse and Inclusive Workplace	Embracing and nurturing all employees’ needs and requirements within a single group culture, which guides how we do business, how we work together, and how we collectively deliver value across the Group.				
	Year	2013	2014	2015	2016
	Women in top management, Band D and above (%)	31*	31	35	30
	Women in management, Band G and above (%)	42*	46*	47	45
	Women below 30 years of workforce (%)	14.5	15.3	16.2	13.9
	Age group of workforce (%)				
	< 30	30	28	27	23
	30 – 39	38	38	37	37
	40 – 50	25	26	27	30
	> 50	7	8	9	10
	Employee volunteer participation for CK and other initiatives	23,513	2,439	• 16,559 (Global CR Day) • 6,982 (Other CK efforts)	• 15,267 (Global CR Day) • 6,127 (Other CK efforts)
	Employee volunteer hours for CK and other initiatives	178,422	142,900	• 89,806 (Global CR Day) • 29,791 (Other CK efforts)	• 77,36 (Global CR Day) • 2 6,924 (Other CK efforts)
	Employee volunteers for Global CR Day	19,001	24,971	16,559	15,267
	Number of volunteer hours for Global CR Day	Not tracked	129,921	89,806	77,361
	Number of CK initiatives Group-wide	105	96	102	89
Diverse and Inclusive Workplace	* Excluding Maybank Indonesia				
	Note:				
	Employee volunteer participation for other initiatives: Maybank Head Office also organises festive celebrations and other volunteerism efforts. In 2015, we had 661 employee volunteer participation (or 3,320 employee volunteer hours). Meanwhile, in 2016, 620 employee volunteer participation (or 4,578 employee volunteer hours) for other initiatives.				
	Improving safety as well as work-life balance.				
	Year	2013	2014	2015	2016
	Occupational Safety and Health: Total recordable injury frequency rate*	0.006	0.005	0.002	0.003
	Health and wellness programmes (number of participants)	> 3,400	> 5,000	5,000	> 8,000
	Number of health & awareness sessions	-	-	56	49
	Average monthly attendance of fitness classes at our recreation centre	Only operational in 2015		3,823	3,926
	Note:				
* For Maybank Malaysia (including Maybank Kim Eng and Maybank Islamic Berhad, but excluding Group Insurance & Takaful) as it is covered by different entities submission. Data is as reported to Department of OSH (DOSH) Malaysia every 31 January.					

YEAR-ON-YEAR PROGRESS AND PRIORITIES

Commitment to the Environment	Managing our environmental impacts.				
	Year	2013	2014	2015	2016
	Carbon footprint (tCO ₂ e)	37,704.81	40,221*	46,575**	91,528***
	Paper consumption (pieces) (tracking started in 2014)	n/a	236,283,832	263,846,748	262,570,998
	* Six strategic buildings in Malaysia only. ** Malaysia operations with limited boundary. Further details, please refer to SR 2015 page 54. *** Malaysia and Singapore operations with limited boundary. Further details, please refer to page 67.				
Focus on Customers	Understanding the interaction of social issues and financial products to develop effective and affordable solutions for the community.				
	Year	2013	2014	2015	2016
	Customer experience			Retained leading position in the market on both Net Promoter Score (NPS) and Relationship Strength Index (RSI)	Remained among the top five leading banks in terms of our customer loyalty and relationship strength
	Health and wellness programmes (number of participants)	6.0	7.5	10.2	12.6
Digitalisation	Enabling technology to fulfil the increasingly complex requirements of a growing sophisticated customer base.				
	Year	2013	2014	2015	2016
	Number of M2U registered online users	6.9 million	7.5 million	8.3 million	9.8 million
	Number of online transactions	1.24 billion	1.60 billion*	2.07 billion*	2.90 billion*
	Amount (RM billion)	102.3	141.7	173.6	260.5*
* Data covering Malaysia, Indonesia, Singapore, the Philippines and Cambodia. For further details, please refer to page 80.					
Product Stewardship	Leading in responsible lending practices.				
	Year	2013	2014	2015	2016
	Zakat contributions (RM million)	30.8	25.25	17.84	19.19
	*Green Technology Financing Scheme, GTFS (RM million)	n/a	245	273	307
	*Number of green projects financed	n/a	16	21	27
	Maybank Green Technology Financing (RM million)	Commenced in 2016			340
	Number of green projects financed through Maybank	Commenced in 2016			15
* Started tracking in 2014.					

Assurance



Assurance providers should be selected based on their competence. There should be application of appropriate standards to the process, and what is assured should also be clearly stated.

Assurance provides users of the report with confidence that a degree of reliance can be placed on its content. Assurance can be provided through an independent external organisation or internal governance processes such as an internal audit function.

In all cases, the assurance should be provided to a recognised professional standard and the body or function providing the assurance should be competent to undertake the task. Any assurance statement should clearly specify the scope of assurance and any limitations found.

Key findings and recommendations

While it was reassuring that organisations are increasingly assuring their reports, more can be done to heighten assurance quality. For example, judges found in certain reports that the text related to the assurance statement did not match the scope of assurance and that the level of assurance offered in most reports was "limited assurance". For example, an organisation might disclose that the

content of its report had been assured yet the assurance scope was limited to GHG emissions.

Most reports related assurance to ISAE 3000. Unlike last year, none of the organisations considered the use of AA1000 as the basis of their assurance process.

Where reports were assured by certification bodies, there were instances where the assurance statements were almost identical. Organisations should also mitigate potential conflicts of interest arising in situations where the assurance body is also the organisation's certification body for ISO standards.

Assurance providers should be selected based on their competence. There should be application of appropriate standards to the process, and what is assured should also be clearly stated. In future, it is recommended that organisations determine and disclose assurer competence in order to enhance the value of assurance.

The extract below shows an assurance statement indicating that limited assurance was performed according to ISAE3000.

Independent Limited Assurance Report on Axiata Sustainability Report 2016

To The Board of Directors Axiata Group Berhad ("Axiata")

Scope of our work

Axiata Group Berhad has engaged Deloitte PLT (LLP0010145-LCA) to perform limited assurance procedures for the Corporate Centre ("CC") on selected subject matter ("the Subject Matter") for the year ended 31 December 2016 presented in the Axiata Group Berhad's Sustainability Report 2016, in accordance with the reporting criteria ("the Criteria").

Subject Matter

The selected Subject Matter related to the Corporate Centre chosen by Axiata comprises:

Subject Matter	Criteria (brief description)	Page No.
Energy and Climate Change		
Scope 1 CO ₂ emissions	GRI G4-EN15 Direct (Scope 1) GHG emissions	Appendix (pg. 94)
Scope 2 CO ₂ emissions	GRI G4-EN16 Energy indirect (Scope 2) GHG emissions	Appendix (pg. 94)
Employee Development & Welfare		
Average training hours per year per employee	GRI G4-LA9 Average hours of training per year per employee by gender, and by employee category	Appendix (pg. 96)
Percentage of employees receiving regular performance and career development	GRI G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Appendix (pg. 96)
Supply Chain Management		
Spending on local suppliers	GRI G4-EC9 Percentage of the procurement budget used for location of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally)	Appendix (pg. 94)
Local Hiring		
Senior management hired from the local community	GRI G4-EC6 Percentage of senior management at location of operation that are hired from the local community	Appendix (pg. 94)

Note: All data points are in reference to the Corporate Centre.

Criteria

The selected Subject Matter above is included in the Axiata Group Sustainability Report 2016 and has been assessed according to the Sustainability Reporting Guidelines version 4 – Global Reporting Initiative (GRI-G4) - Core option.

Basis of our work and level of assurance

We carried out a limited assurance engagement in accordance with International Standard for Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ('ISAE 3000'). A limited assurance engagement consists of making enquiries, applying analytical procedures, reviewing the process and systems used to compile the Subject Matter and gathering other evidence to enable us to obtain a meaningful level of assurance. The procedures performed depend on our judgement and take into account the risk of material misstatement in the Subject Matter, whether due to fraud or error.

Basis of our work and level of assurance

The procedures performed in a limited assurance engagement vary in nature, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional standards and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitation

Inherent limitation exists in all assurance engagements due to the selective testing of the information being examined. Therefore, fraud, errors and non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Key assurance procedures

Considering the risk of material error, we planned and performed the work to obtain all the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusion.

Our assurance procedures included, but were not limited to:

- Gaining an understanding of Axiata's business and approach to sustainability.
- Visiting Axiata's Corporate Centre.
- Interviewing management at Axiata's head office, including the sustainability team to understand:
 - a. The process for stakeholder engagement across the organisation;
 - b. The process for determining material issues and reporting against them; and
 - c. The activities relating to the sustainability priorities during the reporting period.
- Conducting limited assurance procedures for the six sustainability performance indicators by:
 - a. Checking that methodologies have been correctly applied;
 - b. Performing analytical review procedures to support the reasonableness of the data;
 - c. Performing testing of selected data on a sampling basis;
 - d. Identifying and testing assumptions supporting calculations; and
 - e. Assessing the reliability of specific sustainability performance information.

Management's responsibilities

The management of Axiata ('Management') is responsible for the preparation of the Sustainability Report which is 'in-accordance' with the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI-G4) Core option. Management's responsibility also includes the collection, preparation and presentation of the Subject Matter in the Report in accordance with the above Criteria, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process.

Our responsibility

Our responsibility is to independently express a limited assurance conclusion on the selected Subject Matter in accordance with the Criteria. Our assurance engagement has been planned and performed in accordance with ISAE 3000.

Limitation of use

This report has been prepared in accordance with our engagement terms, solely for the Board of Directors of Axiata for the purpose of reporting on the select Subject Matter set out within the Axiata Sustainability Report 2016. We do not therefore accept or assume any responsibility for any other purpose of to any other person or organization. Any reliance that any such third party may place on our report is entirely at their own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

We have not performed any work in respect of sustainability information published elsewhere, including Axiata.com's website.

Our assurance opinion

Based on the work described above, nothing has come to our attention that causes us to believe that the selected Subject Matter for the year ended 31 December 2016 included in the Axiata Group Berhad's Sustainability Report 2016 has not been prepared, in all material respects, in accordance with the Criteria.

Deloitte PLT (LLP0010145-LCA)

Kuala Lumpur, Malaysia

5 April 2017

Communication



Communicating an organisation's approach to sustainability is essential if the organisation is to benefit from its efforts. Ideally, the report should be credible, clear and easily understandable by the stakeholder(s) for whom it has been written. It should avoid jargon where possible and be easily accessible, either in written form or electronically. It may need to be provided in more than one language and in some cases be provided in audio form. Where the report is published in a hard copy, the organisation should consider whether the printed medium and form will detract from its claims to be working towards sustainable outcomes. No matter how the report is made available, it should include a mechanism to enable stakeholders to provide feedback.

Key findings and recommendations

While websites provide an excellent opportunity to showcase an organisation's report, organisations are advised to refrain from including glossy pictures and eye-catching graphics which when downloaded and printed out by a stakeholder can lead to an excess consumption of paper and metallic inks which affects perception of the organisation's commitment to sustainability.

Pictures and pictographics should add value to the report and not just colour or variety, and organisations are recommended to select pictures that relate logically to the issues being addressed. Ideally, printed reports should be printed on Forest Stewardship Council approved or chlorine free paper and printed using soy or other less environmentally damaging inks. In referencing annual reports or the report of the parent company, organisations should ensure that their links are accurate and specific and easily link users to the desired information.

Communicating an organisation's approach to sustainability is essential if the organisation is to benefit from its efforts. Ideally, the report should be credible, clear and easily understandable by the stakeholder(s) for whom it has been written.

The extract below shows an innovative way to communicate sustainability information to readers via mobile applications. TM AURA, TM's augmented reality app, invites readers to scan selected pages and images from the annual report to access their latest commercial videos and other service information using handheld devices.



TM AURA

This TM Integrated Annual Report is enhanced with TM AURA, augmented reality app developed by TM Research & Development (TM R&D). This app allows you to scan selected pages and images from the report to access extended rich content.

Download TM AURA on your phone or tablet (iOS or Android) for a converged augmented reality experience!

Search for "TM AURA" in the Apple Store or Google Play Store to download.

Telekom Malaysia Berhad Integrated Annual Report 2016, page 4



Young palms displaying signs of water stress with multiple unopened spears.



Rats eat both palm fruits and male flowers as indicated above. Barn owls are the best partners to oil palm growers due to their ability to adapt well in oil palm plantations, significantly reducing rat population and usage of rodenticides.

The following extracts show a noteworthy use of pictures in a sustainability report. The pictures as well as the corresponding narrative text adds some value to the readers' understanding of the organisation's activities and challenges; which is in contrast to a majority of reports that display mainly positive publicity images that add little value in communicating their sustainability performance. Furthermore, these pictures could be used for other purposes, e.g. as educational aids when working with school children as part of the organisation's CSR projects.

United Plantations Annual Report 2016, pages 15 and 121



Summary of the Judges' Observations and Recommendations

Criteria	Observation	Recommendation
Organisational context	While some organisations discussed context without explicitly mentioning it, very few dealt with it in detail. Information on context was frequently interspersed throughout the report instead of being connected and integrated with other information.	Most reporting organisations included some reference to context in their report but did not always identify it specifically, thus making it difficult to see its application to their EES impacts and materiality. A number of reports provided a clear and in-depth disclosure of their context, which helped provide better insight into the industry in which they operate. Reporting organisations can improve their reports by clearly identifying the context in which they operate, especially where they provide a consolidated report that includes several operating divisions.
Stakeholder inclusion	The identification of, and communication with stakeholders was not consistent across all reports. Although most reports referenced stakeholders, the methods for determining them were not always clear. Some reports tended to prescribe their approach to stakeholder engagement rather than allow the stakeholders to identify their needs and expectations or were internally focused. The link between stakeholders and EES impacts or materiality was generally not well documented.	The role of stakeholders is twofold: firstly, they may contribute insights on relevant issues which help the organisation to determine its EES impacts. and secondly, they help organisations assess what is material by indicating how they may be substantively influenced by the EES impacts. Methods of communicating with stakeholders must be credible, their responses reviewed for relevance and feedback should be provided.
Materiality	The quality and methods used to identify materiality again varied with some offering reliable and comparable processes, whilst others were less clear on how this was carried out. The use of consultants to undertake this task was prevalent but did not always lead to a logical outcome. For example, responsible lending was an issue and mentioned by most banks but did not always feature prominently in their materiality matrix.	Materiality is a key component of a sustainability report. The method used and links with context and EES impacts will determine its accuracy and thus whether the organisations' resources are being used effectively to manage these matters. The organisation should determine which EES impacts are significant by developing criteria, such as severity, adaptation and/or mitigation costs, timescale of the impacts and others as necessary, etc.
Scope	The report scope was frequently not mentioned, or referenced; when it was defined, it was not always clear. Alternatively, the scope although clearly stated was not reflected in the report content.	Organisations must clearly identify the report scope and the reporting period and ensure these are reflected in the report content.

Criteria	Observation	Recommendation
Governance	Governance was generally well reported but did not always include a specific reference as to how sustainability was governed.	The report must show how sustainability is governed within the organisation.
Strategy	Sustainability strategies when shown were not always related to material outcomes and rarely included quantitative targets. Several strategies contained qualitative objectives, but few related these to measurable targets. Most sustainability statements continued to accentuate the positive instead of including balanced references to both the organisation's strengths and weaknesses. Where reference was made to an incident such as a fatality, there was no specific reference as to how this would be managed in the future, other than in general terms.	Sustainability strategies must be comprehensive and supported by a balanced and comparable sustainability statement. The sustainability statement is meant to be a succinct statement of the organisation's progress in achieving its strategy. It should contain a reference to achievements (strengths) as well as to areas where goals were set but not achieved (weaknesses).
Management process	Management processes were well referenced by organisations that had ISO or other standards in place. Organisations without such processes rarely provided details of their policies, plans or programmes to achieve the content of their sustainability strategy.	Organisations should link their strategy with the policies, processes, plans and programmes they use for its implementation.
Performance	Performance was better reported when the GRI guidelines were applied. However, links between what was material or included in a sustainability strategy and performance reporting were not always evident. Some organisations over emphasised environmental performance at the expense of social performance and did not include any economic performance but referred to the content of their annual report. Where performance had deteriorated, few reports offered any explanation as to why this had occurred and what was being done to rectify it. A number of organisations continued to report absolute data, e.g. total energy used but failed to relate it to a useful measure such as production units, floor area, etc., which could be compared year on year.	Performance reporting is still an area needing extensive improvement. Performance must be reported against what is material and in such a way as to be meaningful and comparable. Performance outcomes are how an organisation demonstrates its commitment to sustainability.

Sustainability strategies must be comprehensive and supported by a balanced and comparable sustainability statement.

Criteria	Observation	Recommendation
Assurance	A number of reports were assured. However, the text related to the assurance statement did not match the scope of assurance. The level of assurance offered in most reports was "limited assurance".	Assurance providers should be selected based on their competence. There should be application of appropriate standards to the process, and what is assured should also be clearly stated.
Communication	Reports disseminated using the organisations' websites were generally good. However, some printed reports did not reflect the organisation's commitment to sustainability and contained excessive colour pages and photographs that added little value to the reports.	The packaging of printed reports should be aligned with the organisation's commitment to sustainability. Pictures and pictographics should add value to the reports and not just colour or variety.



A close-up photograph of several seedlings growing in biodegradable, hexagonal pots. The seedlings have green stems and small, brown, oval-shaped seed heads. The pots are filled with dark, moist soil. The background is blurred, showing more pots and seedlings.

Additional
Comments

As in 2016, the judges considered whether organisations had fulfilled a set of overarching characteristics in addition to the primary judging criteria, in order to better identify those sustainable organisations that are looking to the future.

These characteristics were selected based on an evaluation of several business-related awards in markets across the world, including Australia, Austria, Europe, Singapore, USA and UK. These awards reflect the criteria needed to demonstrate sustainability into the future. The judges only examined the reports that met the primary ACCA award criteria for the characteristics shown below.

Commitment

Commitment implies the direct participation by the highest levels of management in all specific and important actions or programmes of an organisation. To achieve sustained success, top management should demonstrate leadership and commitment within the organisation.

Key findings and recommendations

Most judges felt that there was an increased commitment to sustainability, despite the challenges faced, but this was better articulated in the shortlisted reports. Moving forward, all organisations are encouraged to improve the articulation and narration of their sustainability initiatives in their reporting efforts to better demonstrate their commitment to sustainability.

Innovation

Innovation involves the deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products.

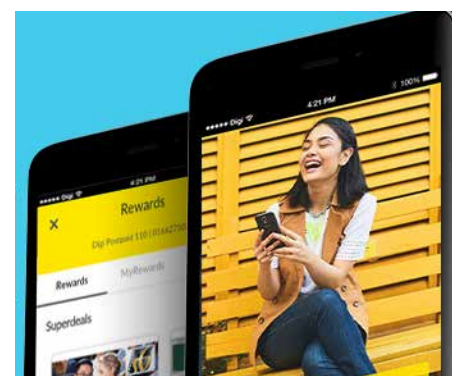
In business, innovation often results when new ideas are applied by the company in order to further satisfy the needs and expectations of the customers.

Key findings and recommendations

The panel of judges identified a number of reports across all sectors as showing a high level of innovation. Some organisations had established an innovation portal and delegated the innovation process right down to the lowest levels of the organisation to encourage staff at all levels to participate. Other organisations operated at a higher level with a senior manager appointed as the focal point for innovation.

The judges were impressed by Digi.Com Berhad's approach to innovation and highlighted the following in support of their conclusion.

Moving forward, all organisations are encouraged to improve the articulation and narration of their sustainability initiatives in their reporting efforts to better demonstrate their commitment to sustainability.



The judges were impressed by Digi.Com Berhad's approach to innovation and highlighted the following in support of their conclusion.

The extract below lists DiGi's efforts.



INNOVATION EVERYDAY

We have established a culture of everyday innovation where Digizens are provided a conducive, enabling environment to try new things. Various platforms are offered to allow Digizens to ideate, understand customer needs, validate, prototype, and pitch their ideas. Winners are given time off from their duties to dedicate time to bring their ideas to market.

TELENOR IGNITE INCUBATOR

Team Alfredz, a team of 3 Digizens, was one of the five winners at the inaugural Telenor Ignite Incubator. Alfredz is a wireless intercom system to connect security guards with residents in high-rise condominiums and gated communities. The team is now embedded within Digi-X to further develop and commercialise their product.



DISRUPT @ DIGI

Over 80 Digizens formed 15 teams to create the next innovative product or service over a non-stop 30 hour event. Connect Kindie, an app to enable better communication between kindergarten teachers and parents, was selected to be commercialised. The team is now embedded within Digi-X to further develop and commercialise their product.

BETA LABS

An intrapreneurial platform designed to harness collective validated learning through small, autonomous teams. Supported by an Innovation Catalyst, teams win approval from the monthly Beta Council to prototype and test their ideas. Thirty five ideas were submitted, and five are being beta tested with customers. One idea has garnered interest from the Marketing team, and may be turned into a Digi product.



DiGi.Com Berhad Sustainability Report 2016, page 15

Telekom Malaysia Berhad was also applauded by the judges for promoting innovation.



4 How are we Embedding Innovation?

We have frameworks that encourage employees to share their ideas, and allow us to integrate these ideas into our organisation. We also have formal innovation hubs – TM Research & Development (R&D) and Multimedia University (MMU) – where ideas are continuously generated; and external initiatives (through RE: and partnerships) from which we are able to tap into opportunities to improve the way we operate and the products we offer.

Telekom Malaysia Berhad Integrated Annual Report 2016, page 11

Knowledge management

Knowledge management is the systematic management of an organisation's knowledge assets for the purpose of creating value and meeting tactical and strategic requirements; it consists of the initiatives, processes, strategies, and systems that sustain and enhance the storage, assessment, sharing, refinement, and creation of knowledge.

The panel of judges recognises the growing importance of knowledge management to enterprises of the future, in accord with Malaysia's national policy to be a knowledge economy. An organisation's skilful management of its corporate history, its knowledge and skills repository, and the accumulated knowledge and skills wielded by its employees is essential for its long-term survival. Key to knowledge management is investing in employee development and encouraging them to reach their full potential.

The judges were impressed with Sunway Construction Group Berhad's approach to knowledge management that included its Knowledge Management Portal which supports its efforts in fully maximising the total collective knowledge of the organisation to improve its project delivery processes and move towards becoming an enterprise of the future.

The extracts below show disclosures on the organisation's Knowledge Management Portal, as well as some details on its training and development efforts which includes a cross-project learning programme for employees and top management, and a description of several training programmes held for the year.

KNOWLEDGE MANAGEMENT (KM) PORTAL



SunCon Knowledge Management is aligned with our business strategies in order to address the real issues and challenges facing our business. We utilise our knowledge assets to improve the construction project delivery processes and provide competitive advantages to our organisation, clients, projects, project teams and individual staff members.

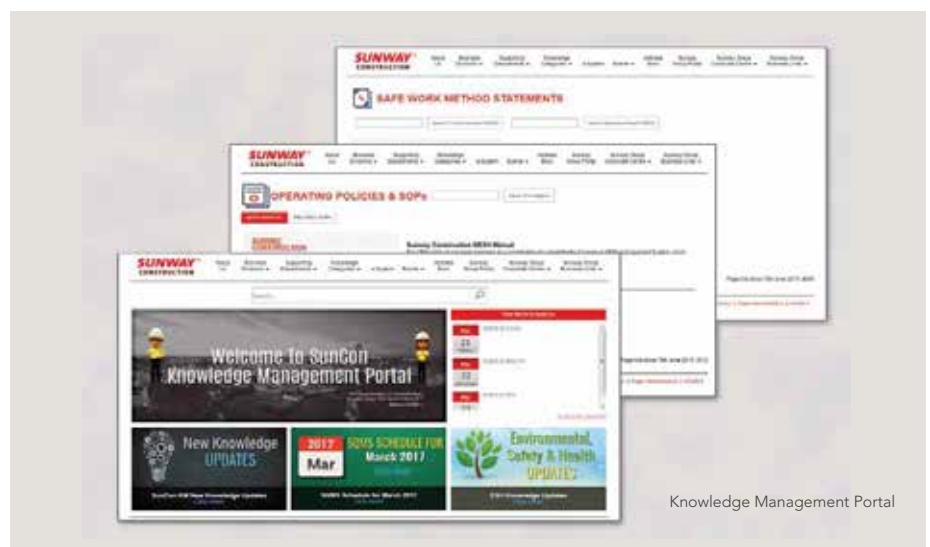
Launched in 2015 as a one-stop centre for SunCon knowledge, SunCon KM Portal is a web-based collaboration platform that can be accessed by mobile applications. This portal is the integrated collaboration platform linking our e-DMS database system for all SunCon Group companies with the respective departments and projects.

This web-based portal allows every SunCon employee to deposit, share and search cross-functional knowledge from anywhere in the world and at any time of the day. SunCon Knowledge Management, including how-to guides, key methodologies, innovative solutions, good practices and lessons learnt, is grouped into 12 Knowledge Categories.

Besides enriching the knowledge content in the portal, our focus in 2016 includes transferring the cross-functional knowledge to all staff across the Company in line with our missions.

The Operating Policies and SOPs knowledge category shares the procedures for all SunCon subsidiaries. The Safe Work Method Statement knowledge category has been established to share the Work Methodology and related Inspection Checklists, Inspection Test Plans, Job Safety Analysis and Environmental Aspect Impact Register for all scopes under building, civil, geotechnical, mechanical, electrical and plumbing works. The next knowledge category aims to capture and transfer best practices for the various traits and scopes of work.

Sunway Construction Group Berhad Annual Report 2016, pages 104



Knowledge Management Portal

Sunway Construction Group Berhad Annual Report 2016, pages 105

The judges encourage more organisations to recognise the role knowledge plays in their future and manage this resource more effectively. The exchange of knowledge and experience spurs technological and organisational innovation that contributes to the sustainability of a business's competitive edge.

Social: Labour and Decent Work

requirements and employees' job roles. Competency training, especially aspects of safety and quality, are emphasised. Our KVMRT Safety Passport Training, Site Safety Supervisor Course (SSS), Competent Scaffolder, Lifting Planner, Lifting Supervisor, Slings and Rigging, and Quality Assurance Support Team (QAST) use this approach. Internal trainers were also appointed as part of our holistic learning agenda. Seniors share knowledge and good practices across projects, which indirectly strengthen the Kaizen culture within SunCon.

Knowledge sharing is strongly encouraged within the organisation. Wherever possible, we train management employees and subject matter experts as internal trainers. By providing these employees with proper guidance and training, we hope they will be able to transfer knowledge to the team or employees. The initiative ensures that knowledge will keep flowing within the organisation rather than being kept with one individual. We always encourage our employees to discuss their career aspirations and opportunities with their line managers, regularly. We wish to encourage transparent communication within the organisation and allow employees to take charge of their individual career paths. We also sponsor highperforming employees wishing to pursue academic programmes such as a diploma, tertiary, professional and postgraduate qualifications. SunCon delivered many training programmes throughout the year and the most significant are presented below.

Cross Learning Programme

SunCon's Cross Learning Programme (CLP) consists of cross-project learning for employees and top management across project sites and departments. CLP motivates employees by helping them learn about the Company in more depth including how things get done and what makes it unique. Exposing employees to the diverse projects we manage helps them understand functions within the Company more clearly. It is a good learning opportunity that truly enriches each participant. In 2016, 39 programmes were delivered to 268 participants who visited Parcel F, KLCC, Velocity, Sunway Medical Centre, MRT Pasar Seni Underground Station, Citrine and Lenang Height.

The CLP allows participants at other sites to learn and share how to implement best practices in the respective projects. Hopefully, participants are able to adopt and cascade down their newly acquired knowledge across the group. The programme also helps standardise good practices across the Group. Presentation topics differed across project sites, for example.

- KLCC P1 focused on the diaphragm wall, covering the challenges faced and construction methods,
- KLCC P2 presented a brief on the top-down process including the challenges faced, how the team overcame challenges and adapted to a different way of working,
- Parcel F discussed the strict PTW process set by the client and the logistics of handling building materials with space constraints.

These specialised topics helped CLP participants understand processes occurring elsewhere in the Company. The CLP allowed participants to discuss the various topics presented with the host (CLP Crew), giving suggestions and sharing their own experiences in dealing with particular issues. SunCon has created a learning culture that will encourage staff to share knowledge with each other. CLP is also a good forum for our project managers and top management to learn. In 2016, we organised three CLPs to various construction sites and precast concrete plants in Japan for the management team.

The CLP in Japan aimed to expose our management team to the new technologies and methodologies used in the Japanese construction industry. General project management topics discussed included time; cost; quality and safety; sharing knowledge/ learning from others, especially those overseas; and adopting good practices for our projects.



CLP for Top Management to Japan



CLP at Kuala Lumpur City Centre (KLCC) Package 2



CLP at Citrine, Sunway Southern Region

Project Management Professional (PMP)



Endorsed in 2013, the programme aims to accelerate career development and progression for all practised talents.

Equipped aspiring managers with the best project management practices and propelled them to become internationally recognised Project Management Professionals (PMPs).

Since its inception, 9 managers have been certified as PMPs.

Construction Core Programme



Designed to equip our operations personnel with extensive knowledge of construction industry.

Conducted by internal trainers.

Topics covered include all areas of project management such as Planning, Contracts, Quality, Environmental, Safety & Health, Financial and Human Resources.

Trade Supervisory Training



Focusing on supervisors and foremen in specific trades.

Topics delivered in 2016 included concreting, waterproofing and brickworks.

Site Safety Supervisory Programme was also introduced to equip site supervisors with sufficient knowledge of unsafe acts and conditions on construction sites.

Evening Talks and Sharing Sessions



16 sessions were delivered in 2016.

Topics covered construction risk management, aluminium facade works, tile manufacturing and construction related issues.

Competency Training



SunCon strived to ensure all its workforce possessed sufficient knowledge and competency for works carried out on the worksites.

126

Workers and subcontractors attended rigging and slinging/forklift competency training over six in-house sessions.

29

Employees underwent basic scaffolding training.

21

Employees trained in construction occupational competency development for construction trade supervisors and foremen by the MBAM.

13

Employees underwent intermediate scaffolding training.

COMPETENCY
TRAINING
HIGHLIGHTED

32

Competent Safety and Health Officers.

Circular economy

The Circular economy is a generic term for an industrial economy that promotes greater resource productivity in order to reduce waste and avoid pollution by design or intention. The value of products and materials is maintained for as long as possible; waste and resource use are minimised and resources are kept within the economy when a product has reached the end of its life, to be used again and again to create further value.

Organisations are increasingly recognising the importance of the circular economy in an environment where resource scarcity is becoming the norm.

As such, the panel of judges commended efforts taken by organisations to protect the environment for future generations by way of implementing innovative technologies and solutions that endorse the concept of the circular economy. In particular, Cenviro Sdn Bhd's approach to the circular economy is commendable. As an organisation involved in integrated waste management it is clear that adoption of circular economy principles would be a key component in the organisation's approach to business. In adopting this approach the organisation has used innovation in its Vertical Secured Landfill project instead of creating new landfills, constructed Malaysia's first Scheduled Waste to Energy Plant, and acquired an e-waste management company as part of expanding their waste management across the value chain.

The judges urge organisations to place more emphasis on the circular economy to promote resource efficiency, and to adopt more proactive approaches to both design and waste management, as demonstrated by some of the participating organisations.

The extract below provides an overview of Cenviro's approach to the circular economy.



THE CIRCULAR FUTURE

A circular economy is imperative for protecting the environment for future generations. Our one-stop solution with state-of-the-art facilities and cutting-edge technologies supports the cradle-to-cradle concept, where waste can become a resource. In 2016, we continued to piece together the multi-dimensional puzzle of introducing and implementing innovative technologies and solutions to the various waste streams.

Providing access to waste services and supporting new models that embrace a cradle-to-cradle approach are a priority to Cenviro. We are turning our attention towards reinventing waste and contributing to a circular economy where more waste has a chance to be reclaimed, re-entering the supply chain as recycled material, electricity or fuel.

Our Scheduled Waste-to-Energy (SWTE) plant is an example of this strategy. The construction of Malaysia's first SWTE progressed according to plan in 2016, and the plant is expected to be completed by the third quarter of 2017. It will treat up to 33,000 MT of all types of incinerable scheduled waste annually and produce 3.4 MWe of green power – enough to power approximately 9,700 households.

Technologies such as the RENescience highlight how we are moving towards reinventing waste. Cenviro signed a Memorandum of Understanding (MoU) with DONG Energy in April 2016, to develop an integrated waste management concept in Malaysia that incorporates RENescience technology. A RENescience mobile demo unit was installed at Kualiti Alam (KASB) to examine the Malaysian waste characteristics, and we hope to utilise this innovative technology in the future.

Enterprise of the future

The Enterprise of the future relates to the features that will characterise business in the future. Research shows that the successful Enterprise of the Future will be hungry for change; innovative beyond customer imagination; globally integrated; disruptive by nature; and genuine, not just generous.

The three issues connected with the Enterprise of the future are resilience, organisational culture and the UNSDGs.

Resilience

The judges rated resilience as a critical factor because issues such as climate change and the resulting extreme weather events are disrupting business operations. Take for example the recent flooding in Penang and other northern states as well as recent periods of intense rainfall which has affected sectors like construction. Despite the importance of resilience, Sime Darby Berhad was the only organisation to reference resilience in a manner considered by the judges as relevant.

Culture

Workplace culture plays a significant role in achieving sustainability, and a number of reports addressed culture indirectly through diversity, gender, etc. The panel of judges praised Sunway Construction Group Berhad's report that placed a broad emphasis on culture and the Telekom Malaysia Berhad Integrated Annual Report that emphasised the links between culture and sustainability.

UNSDGs

On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development officially came into force. The judges considered the organisation's adoption of the UNSDGs in terms of whether it has acknowledged the SDGs, used the SDGs to set performance KPIs, and provided funding to match these KPIs.

Key findings and recommendations

While a significant number of reports made reference to the UNSDGs, only a few endeavoured to link their objectives and targets directly to the UNSDGs. Sime Darby Berhad referenced the SDGs and Sunway Construction Group Berhad identified the goals relevant to its operations, as shown below:

The extract below are companies that have considered one of the three element of Enterprise of the Future.

TM'S SUSTAINABILITY FRAMEWORK

We aim to embed sustainability deeply in our DNA, culture, value system and the way we run our business and engage our stakeholders to create sustainability and long-term growth for our business, while leading and shaping positive change for our business, the communities we operate in, our people and the environment.

Telekom Malaysia Berhad Integrated Annual Report 2016, page 14

LEADING SUSTAINABILITY

Sustainability is integral to Sime Darby. It plays a pivotal role in the Group's ongoing success and our ability to create long term value for our wide range of stakeholders. With the launch of the Sustainable Development Goals (SDGs) in 2015, we have ensured that we are aligned to the SDGs, with the underlying aim of contributing to a better society, minimising environmental harm and delivering sustainable development.

Sime Darby Berhad Annual Report 2016, page 13

SUSTAINABLE DEVELOPMENT GOALS

As a subsidiary of Sunway Berhad, Sunway Construction is committed to 10 out of the 17 United Nations' Sustainable Development Goal (SDGs). We strive to provide a greater and more positive impact to each goal. We are unable to commit to the other seven goals due to our nature of operations. We will continue to uphold our parent company, Sunway Berhad's commitment to the remaining goals.

Sunway Construction Group Berhad Annual Report 2016, page 135



In reviewing the reports received the judges were impressed with the efforts made by United Plantations Berhad to support biodiversity and decided to extend a commendation award to them under this category. Exemplary efforts on Bio diversity are shown below:

Biodiversity

Conservation of jungle reserves and wildlife sanctuaries as well as promoting green corridors are examples of our commitment to the environment. To date, United Plantations has set aside more than 6,000 hectares of land for conservation purpose representing approximately 10% of our total planted area in order to encourage biodiversity and wildlife on our estate. In Indonesia, UP has set approximately 30% of its land concession for the purpose of conservation.

Riparian reserves are maintained to preserve flora and fauna, provide wildlife corridors, ensure water quality and prevent erosion. In order to develop effective conservation strategies, we need the assistance of experts in these fields who have established a series of collaborations and partnerships. One such partner is Copenhagen Zoo (CPH Zoo) which was initiated in 2007 and officially established on 1 October 2010 through a Memorandum of Understanding (MOU) between UP and CPH Zoo.

In order to better manage our large conservation areas, UP set up its Biodiversity

Department (BioD) under the purview of Dr. Carl Traeholt, our Group's Chief Environmental Advisor a month later. It marked an important milestone for the Company's target of producing certified sustainable palm oil in Indonesia and being able to document the environmental integrity of its Indonesian operations.

The Biodiversity team consists of a Division manager with solid natural resources management experiences, supported by five subject specialists and five field staff. This is supplemented by additional contract-workers when the need arises. The team is responsible for mainstreaming environmental concerns into standard operational procedures and focus on activities primarily within the following areas:

- Biodiversity (Fauna and Flora)
- Habitat and Ecosystem
- Forestry and rehabilitation
- Hydrology and Limnology
- GIS and Mapping
- Integrated Pest Management
- RSPO and ISPO
- Protection and Monitoring
- Community Outreach

United Plantations Berhad Annual Report 2016, page 90

NURSERIES FOR NATIVE TREE SPECIES

The habitat rehabilitation and enrichment activities continue at unabated speed where seeds and seedlings from jungle trees are collected and propagated in the Lada and Runtu nurseries.

These are currently also being used to supply seedlings to the new Kumai Estate, although a local Kumai nursery is planned.

Lada nursery currently has 21,077 seedlings, and Runtu nursery has 32,032 seedlings. These will be planted out after 2-3 years in the nursery. In 2016, the BioD forestry officer successfully collected and germinated *Anisoptera costata* seeds from the *Dipterocarpaceae* family. This is an important milestone, since it is listed as Endangered on the IUCN Red list.

The seeds were collected from trees in Kumai estate. BioD will continue to collect more seeds from Kumai, where preliminary assessments have revealed an interesting number of tree species.



A VISITING RESEARCHER'S COMMENTS

During the year Mr Lahiru S. Wijedasa, and expert on Theoretical Ecology & Modelling Laboratory National University of Singapore visited PT SSS and wrote the following which is most interesting and pleasing:

"I was really impressed by what I saw. I learned quite a lot. I think the diversity within UP (PT SSS 's conservation areas in Indonesia) is amazing and I would say there are more species and habitats within the plantation than the entire Singapore!"

I counted 9 different forest types and nearly all of them (are) in really good condition. The kerangas forest in particular is the best I have ever seen, actually the first time I had ever seen pristine kerangas forest after 10 years working in different parts of the region.

The management of these areas is top notch and the research and team is top class! "

Lahiru S. Wijedasa

Theoretical Ecology & Modelling Laboratory
National University of Singapore

United Plantations Berhad Annual Report 2016, page 96

Work practices



Equal opportunity and best work practices are gaining prominence, supported by the Government's policy of enhancing greater female representation at Board level and seeking to increase women's retention in the workforce.

The objectives of the Best Workplace Practices Award are (i) To recognise and celebrate organisations with leading workplace practices that demonstrate drive and commitment in championing diversity and inclusion, (ii) To create awareness on the importance of implementing workplace practices to enable employees to integrate their professional and personal needs, and (iii) To promote higher standards of workplace practices.

In the judging process, the organisation needs to demonstrate its commitment and accountability in driving workplace practices and initiatives with the aim to advance the diversity and inclusion (D&I) agenda. The winning organisation should demonstrate diverse and inclusive work-life practices, its leadership team's commitment to drive and advance the D&I agenda, and inclusive efforts to improve female representation in the workforce.

Key findings and recommendations

All of the reports showed positive steps in addressing these issues. Overall, organisations demonstrated commendable efforts in creating a work environment that cultivates D&I. For example, progressive organisations reported hiring individuals with special needs and disabilities, and included diversity in their Board Policy & Workplace Policy.

However, the judges observed areas for improvement particularly on the reporting for Workplace practices. With regards to flexible work arrangements, family-friendly facilities and work-life benefits, organisations could potentially include detailed disclosure of workplace practices with measurements linked to productivity and performance in future. Other recommended improvements to further advance the D&I agenda include introducing diversity training for employees, establishing measurable targets for D&I programmes and developing D&I leadership training.

CIMB Group Holdings Berhad and Malayan Banking Berhad both showed a strong commitment to diversity. Overall, most of the reports disclosed the total workforce breakdown, new employee hire and turnover by age and gender. However, organisations continued to omit disclosure on basic salary details and the remuneration of women compared to men across employment categories.

In the judging process, the organisation needs to demonstrate its commitment and accountability in driving workplace practices and initiatives with the aim to advance the diversity and inclusion (D&I) agenda.

The extract below demonstrates the organisations commitment and accountability in driving workplace, practice and diversity & inclusion agenda.

CIMB values innovation and high performance in all that we do – as demonstrated by investing in our people. The key to the success of our business is valuing our team members and their talent. Our people strategy is clear, we need to prepare our workforce to be ready for the future of banking.

CIMB Group Holdings Berhad Citizenship Report 2016

SUPPORTING DIFFERENT NEEDS OF EMPLOYEES

Our Staff Rejuvenation Programme (SRP) allows employees to take unpaid leave for up to six months. The programme is open to all, but we find that over 80% of those who go on SRP are women, who often use the programme to care for elderly parents, or extend their maternity leave. Therefore, mothers have an option to resume work nine months post-delivery. Similar to a sabbatical leave, the SRP allows employees to oversee personal matters without affecting their career progression. In 2016, 107 employees took part in the SRP, of which 81.3% are women.



HIGHLIGHT

Staff Rejuvenation Programme (SRP)

Lau Su Chean, 41 years old – served for 12 years in CIMB Investment Bank Berhad



"I went on SRP leave for three months from January to March 2016 to spend time with my two daughters. Over the last few years, I have been very busy with work, and only managed to spend my weekends and holidays with them. As such, I felt that I was missing out a lot on their lives, especially during the important phase of age seven to 12 years old, before they become teenagers.

As a working mother, I am always torn between giving my best at work and fulfilling my motherly duties. During my SRP leave, I enjoyed being able to spend time with my daughters – teaching them, playing with them, and having long chats with them. At the end of my SRP, I was able to reaffirm my belief that it is still possible to have a fulfilling career and be a good mother to my children. If not for SRP, I may still carry the burden of guilt inside me each time I work late or during weekends.

After completing my SRP, I returned to work motivated because I

felt that the organisation and my bosses were very supportive of me and allowed me to fulfil my family obligations. I also hope to set a good example to my daughters by showing them that it is possible to achieve their career dreams and manage a family at the same time.

I believe that it is important for women to have our own careers as it gives us financial independence, allowing us to learn continuously and giving us the opportunity to interact and connect with people outside the home. Despite being on SRP leave, I made sure I kept abreast with the daily business news especially news about my corporate clients or their industries.

As the banking industry is a very dynamic industry, there are a lot of changes and new developments almost every day. Despite being away from work for three months, I had to quickly learn about the changes in our Bank's policies and processes, and catch up on the developments in my clients' portfolio when I returned to work. I believe in spending quality time with my children, so I will try to read stories to my children or ask them about their day when I come home at night. On weekends, we will have some family activities such as doing craft projects, baking cookies or go on outings".

A DIVERSE CIMB

Our diversity effort is particularly evident in our senior management representation, with women representing 39.9%, across the region. We need to ensure that there is a pipeline of female talent who are able to progress through the ranks of middle management. The social and cultural barriers to female workforce participation in some of our Asian markets are among the challenges we face in meeting our goal.

The inclusion of both formal and informal flexible arrangements has contributed to the increased take up of flexible working arrangements throughout the Group in 2016. Employees have taken up the option to suit their personal circumstances, including managing their families, children or sick parents.

CIMB Group Holdings Berhad Citizenship Report 2016, pages 32

EMPLOYEE TOUCHPOINTS

Percentage of women in decision-making roles

Indicators	2014	2015	2016
Non-management	54.1%	56.3%	51.1%
Junior management	57.9%	55.3%	58.6%
Middle management	46.0%	45.0%	46.8%
Senior management	35.9%	39.7%	39.9%
Key management	20.8%	22.0%	22.2%

CIMB Group Holdings Berhad Citizenship Report 2016, pages 35



Summary of The Judges' Observations and Recommendations

Criteria	Observation	Recommendation
Commitment	Most judges felt that, despite the challenges faced, there was an increased commitment to sustainability. However, this was only articulated well in some shortlisted reports.	Moving forward, all organisations should increase their efforts to articulate their sustainability initiatives clearly and fluently in their reporting efforts to better reflect their commitment to sustainability.
Innovation	A number of reports across all sectors showed a high level of innovation. Some organisations established an innovation portal and carried the innovation process down to the lowest levels of the organisation to encourage staff at all levels to participate.	As innovation is a key to success and business sustainability, it must be a priority for all organisations and should be reflected in their reports.
Knowledge management	The concept of a knowledge economy and the importance of knowledge management is gaining prominence. Most organisations are showing an increasing interest in investing in employee development and encouraging employees to reach their full potential.	Organisations must recognise the role knowledge plays in their future and manage this resource more effectively. The exchange of knowledge and experience spurs technological and organisational innovation that contributes to the sustainability of the competitive advantages of businesses.
Enterprise of the future	Despite the importance of resilience, whereby issues such as climate change and extreme weather events are disrupting business operations, just one organisation made reference to resilience in a manner considered by the judges as relevant. Workplace culture plays a significant role in achieving sustainability, and a number of reports addressed culture indirectly through diversity, gender, etc. Given the nascence of the SDGs, understandably only a few reports made efforts to link their objectives and targets to the UNSDGs.	Enterprises of the future need to be resilient and nurture a culture that promotes sustainability. They should also report how they are achieving the UNSDGs relevant to their operations.
Biodiversity	Biodiversity is a new commendation award for MaSRA 2017 as the judges were impressed by one singular organisation's effort to support Biodiversity.	The Judges would like to see more organisation's committing towards conservation of jungle reserve and wildlife sanctuaries and promotion of green corridors.
Work practices	Overall, all organisations demonstrated commendable efforts in creating a work environment that cultivates D&I, especially in promoting gender and age diversity programmes. Notably, certain progressive organisations are hiring individuals with special needs and disabilities; other companies could emulate this best practice, as an inclusive strategy often benefits companies. Another best practice at some organisations is the inclusion of diversity in their Board Policy & Workplace Policy. On the downside, there were shortcomings in reporting on salary information and related gender information.	The judges observed areas for improvement particularly on the reporting for workplace practices, such as flexible work arrangements, family-friendly facilities and work-life benefits, which could possibly include detailed disclosure of workplace practices with measurements linked to productivity and performance. Other recommended improvements to further advance the D&I agenda include introducing diversity training for employees, establishing measurable targets for D&I programmes and developing D&I leadership training. Also, more information should be provided on salary levels and salary differences between men and women to address the salary gender gap.

Conclusion

Sustainability reporting in Malaysia has grown creditably, with more companies realising the importance of reporting not only to meet regulatory requirements and disclose their Corporate Social Responsibility (CSR) efforts. This was substantiated by a 20% increase over the previous year in the number of reports submitted for consideration under the MaSRA 2017 awards to 59.

Overall, the judges were impressed with the increased maturity in reporting. In cognisance of future reporting requirements, organisations strived to adopt Bursa Malaysia's Sustainability Framework and made reference to Bursa Malaysia's Guide & Toolkit, as well as global sustainability reporting standards and frameworks. The judges were pleased to see reporting organisations endeavouring to consider the adoption of UNSDGs in setting their sustainability objectives. A stronger link with the Global Reporting Initiative (GRI) guidelines was also evident and helped advance the quality of reporting. The growing interest in reporting also augurs positively for Malaysia's sustainable development efforts.

Despite notable improvements in reporting standards and the content of reports, there is room for further growth and enhancements in sustainability reporting in Malaysia. Context and its

links with EES impact and stakeholders, and thus materiality, need to be better described in terms of the organisation's sustainability strategy and carried through to performance. Organisations should also incorporate clearer scope statements, and make continued efforts to present balanced and comparable CEO sustainability statements.

The judges encouraged all organisations to articulate their sustainability initiatives more clearly and fluently in their reporting efforts to better reflect their commitment to sustainability. Another key recommendation is to implement more and better initiatives to improve knowledge management and innovation in order to remain competitive. Likewise, more organisations should also embrace the global shift towards achieving a Circular economy and enhanced Workplace practices, and these should be clearly shown in their reports.

Finally, the judges concluded that the winning organisations demonstrated more of the characteristics that mark sustainable enterprises of the future. They expect more reporting organisations to emphasise these characteristics to be prevalent in the coming year and this should accelerate the standard and quality of sustainability reporting in Malaysia even further.

The judges encouraged all organisations to articulate their sustainability initiatives more clearly and fluently in their reporting efforts to better reflect their commitment to sustainability. Another key recommendation is to implement more and better initiatives to improve knowledge management and innovation in order to remain competitive.



About ACCA

ABOUT ACCA

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

ACCA works to strengthen a global profession based on the application of consistent standards, which we believe best supports international business and the desire of talented people to have successful, international careers. We champion the needs of small and medium sized business (SMEs) and emerging economies, and promote the value of sustainable business.

To achieve this we work with global bodies such as the International Federation of Accountants (IFAC)

and with over 80 global partnerships. Above all, we seek to bring long-term value to economies in which we develop and support professional accountants.

We support our 200,000 members and 486,000 students in 180 countries, helping them to develop successful careers in accounting and business, with the skills required by employers. We work through a network of 101 offices and centres and 7,291 Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

ACCA works in the public interest, assuring that its members are appropriately regulated for the work they carry out and, promoting principles-based approaches to regulation. We actively seek to enhance the public value of accounting in society through international research and we take a progressive stance on global issues to ensure accountancy as a profession continues to grow in reputation and influence.

Contact us

Any enquiries about the Awards can be directed to:

Vila Ganespathy

E: vilashini.ganespathy@accaglobal.com

ACCA Malaysia Sdn Bhd (473007 P)

Suite 15.1, Level 15 Centrepoint North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

www.accaglobal.com/my/en/malaysia_masra
www.accaglobal.com/my/en/technical-activities/sustainability