



Sustainable, Socially Responsible and Ethical PLCs

Guidebook

2

PLC Transformation Programme (PLCT)

Towards a more responsible and high performing
Corporate Malaysia



A quick tour of Guidebook 2

Creating Sustainable, Socially Responsible and Ethical PLCs

Sustainability, covering Environmental, Social and Governance (ESG) has risen to become a top corporate agenda in recent years. Value can be created or eroded from ESG opportunities and risks. However, the extent of the impacts depend on how agile and adaptable a company is in capitalising on these opportunities and mitigating these risks.

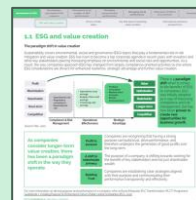
Guidebook 2 provides PLCs with practical guiding steps on the key components of a well-defined ESG response and how they can define their strategy, initiatives, and metrics for improved impact. Key enablers of ESG strategy and drivers for ESG practices, as well as disclosures, are highlighted to support PLCs to enhance their ESG response.

There are dedicated chapters in the guidebook for the Environmental, Social and Governance dimensions, highlighting key focus topics and issues in each dimension. These include 'how-to' guidance on key topics of interest relevant to this market, where PLC responses can be further enhanced.

The guidebook also provides insights to the relevance of ESG for corporate functions to enable PLCs to better understand how ESG strategy should be cascaded throughout the company for proper implementation of ESG commitments.

The chart on the right and following pages provide an overview and quick tour of Guidebook 2.

A quick tour of Guidebook 2



Introduction to ESG



Developing a well-defined ESG Response



Guidance on Governance, Environment and Social topics



Relevance of ESG to key functions

Practical guidance to enhance the ESG response of PLCs

Throughout the guidebook, specific supplemental content and resources have been included to provide practical guidance and support to enable PLCs to enhance their ESG response.

- Guiding considerations and checklists that provide PLCs indicative areas to enhance their ESG response

- How-to sections that delve deeper into specific ESG topics and provide practical guidance to implement good practices

- Case studies, weblinks and references showcasing ESG good practices and initiatives from local and global companies

- Templates for Scope 1 and Scope 2 GHG inventory and illustrations of how companies compute and report their GHG data

Chapter 1: Introduction to ESG

This chapter provides context on the rise of ESG risks and opportunities and the need for companies to prioritise ESG in order to create and maintain long-term value.

1.1

ESG and value creation

- Provides key insights into how ESG has become top priority for companies and how it is shifting from compliance-oriented activities to driving resilience, strategic advantage and further value creation

1.2

Drivers of ESG value

- Highlights the ESG risks that have topped the World Economic Forum's (WEF) top risks over the last five years and the need for companies to address these risks
- Describes how ESG performance enhances a company's market value and investor sentiment on the value of ESG

1.3

Key ESG topics impacting value creation

- Outlines critical and emerging topics in the current ESG landscape (carbon neutral, net zero, labour practices, impact measurement, ESG KPIs, circular economy, Task Force on Nature-related Financial Disclosures (TNFD) and Just Transition)
- Outlines key opportunities for green and sustainable growth in emerging industries (e.g. renewable energy, social enterprises)

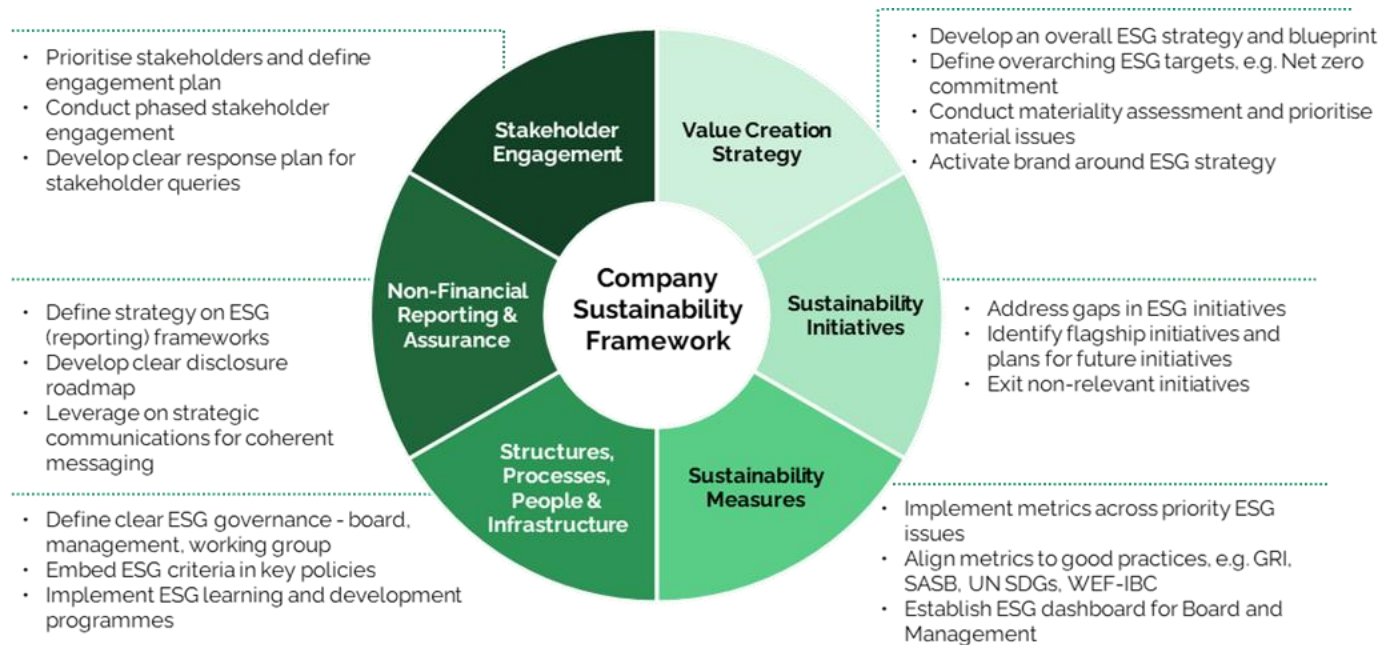
1.4

International and local perspectives

- Highlights three key themes that are currently at the forefront of the corporate ESG landscape - stronger ESG governance, human rights and labour standards and the shift towards net zero commitments

Chapter 2: Developing a well-defined ESG response

Guidebook 2 presents an ESG framework that is clear and easy-to-understand for PLCs to embark on, or enhance, their ESG response. This chapter delves into all six components of the framework and provides structured guidance on how to successfully manage each component.



2.1 Establishing a robust ESG response

All ESG topics gain ever increasing attention. PLCs need to form their own response as to how they will address them. While there are many factors to consider, it is essential that PLCs establish a clear strategy, operational framework, and a robust response. Developing a well-defined ESG response requires a company-wide approach. Leadership needs to have a clear view of the understanding from the agreed strategy to being implemented and monitored & effective. Boards are increasingly being held to account for addressing how corporate functions are embedding ESG, and how progress is contributing towards goals, which progress has incorporated ESG considerations, and how a clear strategy is managed.

Boards are also setting the tone on balancing shareholder interests with the company's key stakeholders. While PLCs bring an already established ESG focus, they must also take account of the stakeholders' interests. Factors to consider include ESG issues that are not covered by existing material issues, perceptions of governance and reputational impact. On the flipside, there are many opportunities in green growth and initiatives that can deliver ESG benefits that can drive value creation.

PLCs are providing enhanced ESG information to investors and other stakeholders. This information is used to assess PLC performance and to inform investment decisions. There is a need for PLCs to ensure that their ESG information is clear, consistent and comparable to other PLCs in their industry.

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Company Sustainability Framework

Value Creation Strategy
Sustainability Initiatives
Sustainability Measures
Structures, Processes, People & Infrastructure
Non-Financial Reporting & Assurance

Spotlight PETRONAS Chemicals Group Berhad (PCG)

Effective ESG reporting is crucial for PLCs to communicate with their stakeholders on their ESG response and to build trust. It is increasingly becoming a regulatory requirement for PLCs to disclose material ESG-related information. Reporting should be accurate, transparent and provide a balanced reflection of the PLC's ESG performance. It should also be consistent with the industry's standards and best practices. PLCs should also ensure that their ESG reporting is aligned with the company's ESG strategy and that it is used to inform investment decisions.

Key considerations for reporting and disclosures:

- Identify relevant regulatory requirements for ESG reporting in the jurisdiction.
- Consider the frameworks and standards expected from key stakeholders.
- Develop data templates and collect relevant information and data for the current financial year.
- Determine the communication channels to share ESG progress, key findings, risks, initiatives, green growth and work on the prevention and design to ensure good usability and accessibility of content.
- PLCs should obtain feedback from stakeholders on their sustainability-related issues and incorporate them.

73% of PLCs have implemented ESG reporting in their financial statements.

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ESG Awards recognise companies with high ESG performance. The awards are given to companies that have demonstrated leadership in ESG reporting and disclosures. The awards are given to companies that have demonstrated leadership in ESG reporting and disclosures.

Spotlight Sumway Berhad (Sumway)

Sumway Berhad (Sumway) is a leading provider of digital solutions in Malaysia. The company has received several ESG awards for its commitment to sustainability and ESG reporting. The awards are given to companies that have demonstrated leadership in ESG reporting and disclosures.

2.5 Reporting and disclosures

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2.6 Stakeholder engagement

PLCs are increasingly expected to take into account and balance the interests, concerns and expectations of their key stakeholders. Stakeholders include the Board, Shareholders and the Bursa Malaysia Sustainability Council. These stakeholders should be consulted for an impactful stakeholder engagement process.

Local investors such as the Institutional Investors Council, Malaysia IFCM and finance providers are adopting a more hands-on approach for ESG integration by actively engaging with companies in their portfolio on their ESG strategies, governance, capabilities, progress and impact.

We believe that the transparency of a company is its fundamental and not necessarily its ability to qualify to be in an index. Our approach to ESG is integration and engagement.

Spotlight PETRONAS Gas Berhad (PCG)

PETRONAS Gas Berhad (PCG) has a comprehensive stakeholder engagement framework and has implemented it across all business units. The framework is designed to ensure that the company's ESG strategy is aligned with the interests and expectations of its key stakeholders. The framework is designed to ensure that the company's ESG strategy is aligned with the interests and expectations of its key stakeholders.

Source: Adapted from "Powering Business Sustainability, A Director's Guide, Bursa Malaysia, 2010"

Chapter 3: Governance as an enabler

This chapter provides practical guidance on enhancing sustainability governance, particularly in the area of defining ESG KPIs to be linked with Board and senior management.

3.1

Governance in the context of ESG

3.2

Uplifting sustainability governance

3.3

How to define suitable ESG KPIs

- Provides insights on how governance plays a part in ESG:
 1. Corporate governance: How a company manages its governance topics, e.g. compliance, ethics, fraud
 2. Sustainability governance: How a company manages its overall sustainability response
- Highlights the increasing expectations of the Board in driving ESG

- Outlines recommended roles and responsibilities that should be applied within a company's sustainability governance structure
- This includes the role of the Board, Board Sustainability Committee, Chief Executive Officer, Chief Sustainability Officer, Sustainability (Management) Committee and Business Functions

- Provides an overview of why ESG KPIs should be considered for Board and senior management performance evaluation, and highlights the key practical steps a company can take

3.1 Governance in the context of ESG

A Company's ESG response

- Corporate governance**
How a company manages its governance topics e.g. compliance, ethics, fraud
- Sustainability governance**
How a company manages its overall sustainability response

Understanding governance risks and opportunities in decision-making is critical as poor corporate governance practices have stood at the core of some of the biggest corporate scandals. In the face of companies' mistakes and expanding awareness of global diversity and income inequality, **corporate governance is a core component of ESG**.

Sustainability governance
Good sustainability governance is essential for PLCs to manage ESG topics in a structured, transparent, and accountable manner. It is about leadership, establishing clear roles and responsibilities, and reporting structures with dedicated attention and effective oversight for ESG topics.

There are increasing expectations on Boards to play a more central role in driving the ESG agenda. There are multiple frameworks around this, and most echo the need for Boards to:

- ✓ Have strategic oversight of the PLC's ESG direction and performance
- ✓ Gain knowledge about ESG topics and the complexities in managing them
- ✓ Be accountable for ESG performance
- ✓ Ensure management has the resources to deliver the ESG strategy and plan

For more information on current / future expectations refer to a page for **strong sustainability governance** or page 21 and 22 of this guidebook.

3.2 Uplifting sustainability governance

Given the increasing expectations of overall sustainability governance and Board accountability on ESG-related topics, it is important to establish a robust ESG structure that integrates all the key roles and responsibilities. In terms of sustainability governance structures, there is no one-size-fits-all. A company may choose one that is fit for purpose and it will likely evolve as they mature in their ESG journey.

There are various roles and responsibilities that should be applied within the structure. The diagram below highlights some of the key roles and responsibilities for the various committees or personnel.

- **Ultimate responsibility**
- **Embeds ESG within business strategy**
- **Approves ESG strategy** as designed by full Board
- **Approves targets and related disclosures** as designed by full Board
- **Develops ESG strategy** and recommends it to the Board
- **Oversees implementation** of ESG strategy
- **Evaluates overall ESG risks and opportunities**
- **Reviews** (including non-implementation of) ESG strategy
- **Oversees** (including non-implementation of) system of Governance
- **Coordinates** all departments / functions in ESG provision e.g. facilitates internally assessment
- **Supports** (including implementation of) functions
- **Reports** on performance of personnel and systems
- **Provides** management support
- **Monitors** and reports to Stakeholders

3.3 How to define suitable ESG KPIs

Why ESG KPIs?

Practice 4.4 of the MCCG 2021 states that there should be ESG KPIs tied to the performance evaluation of the Board and senior management. Many companies are deliberating how ESG KPIs should be constructed and linked to compensation, especially for the Board and senior management. Complications can arise when long-term targets (e.g. net zero by 2050) are longer than the tenures for Board and senior management. Questions can also arise on what weights ESG KPIs should have versus traditional business metrics, which KPIs are most suitable and how they impact long-term incentive plans. ITCR PaC's 25th Annual Global CEO Survey notes that long-term corporate strategy and personal annual bonus / long-term incentive plans are still primarily driven by business metrics as shown in the chart below. In this chapter, we highlight some guiding considerations to effectively adopt ESG KPIs.

Business outcomes

Social / environmental outcomes

68% of Board members and senior executives agree that strong ESG performance contributes to operational value and / or financial performance.

78% of Board members and senior executives agree that strong ESG performance contributes to operational value and / or financial performance.

45% of Board members now have an ESG measure in executive pay / long-term incentive plan.

Chapter 4: Managing environmental performance

This chapter provides insights into the opportunities and risks of common environmental topics, followed by the key steps in developing a GHG baseline and guidelines on developing a net zero response.

4.1 Environmental topics and their impact

4.2 How to develop a GHG baseline

4.3 Developing a net zero response

- Outlines common environmental-related topics and how they impact businesses based on the opportunities and risks that each topic presents
- Briefly explains Malaysia's environmental management commitments

- Outlines the different frameworks and standards for managing climate-related risks (e.g. GHG Protocol, Task Force on Climate-Related Financial Disclosures (TCFD), Paris Agreement)
- Overview of what GHGs are and understanding carbon neutral and net zero
- Provides insights into the key steps in developing a GHG baseline, and on tracking Scope 3 emissions, in line with the GHG Protocol

- Provides practical guidelines on how to embed net zero aspirations and actions within and across businesses, referencing "The Building Blocks for Net Zero Transformation", produced by PwC and commissioned by Microsoft in 2020

Introduction to ESG | Developing a GHG baseline | Overview of an environmental management system | Managing environmental performance | Review of ESG to the business | Conclusion

4.1 Environmental topics and their impacts

Companies impact the environment in so many ways from the energy they use to the waste they generate. Conversely, environmental factors such as weather events, climate change and water supply also impact businesses. If not addressed urgently, these impacts will continue to negatively affect business returns.

As companies assess existing risks, they must also undertake future risk assessments to ensure they are able to mitigate any negative impacts.

Similarly, there are existing and future opportunities to consider and explore. The examples below highlight some of the common environmental issues and how they impact businesses and vice versa.

Risks and impacts	Opportunities
<p>Water Usage</p> <p>Companies typically consume freshwater for their operations, which can place a drain on water resources. Water pollution and drought can cause disruption to manufacturing processes and overall business activities.</p>	<p>Consider more efficient processes or technologies that reduce dependence on water and improve efficiency (e.g. Water Conservation and Wastewater Recycling).</p>
<p>Energy Efficiency</p> <p>Energy-efficient companies are more exposed to rising energy prices and unstable energy supply that could disrupt operations and increase the cost of operations compared to energy-inefficient peers.</p>	<p>Consider energy source diversification to improve energy security and improve energy efficiency by redesigning processes and products (e.g. SGE Malaysia Launches LE Energy Efficiency Pilot).</p>
<p>Waste Management</p> <p>Companies face increasing financial costs due to the long term fees to be paid to higher operational costs due to waste segregation requirements in Selected Products.</p>	<p>Leverage the circular economy concept to identify new products and service opportunities (e.g. State of Malaysia Reveals Key Environmental and Public Management Initiatives).</p>
<p>Natural Resources</p> <p>Depleting natural resources can result in a shortage of key materials and supply chain disruptions which will impact a company's input and revenue.</p>	<p>Develop new technologies and production practices to reduce degradation, increase efficiency and prioritise natural capital considerations into management systems (e.g. State of Malaysia Reveals Key Environmental and Public Management Initiatives).</p>

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4.2 How to develop a GHG baseline

While there are many environmental issues to address, GHG emissions continue to be one of the key issues that countries and businesses are focusing their efforts on due to the tangible impact it has on a company's operations. As a global level, carbon tax regimes such as the Carbon Border Adjustment Mechanism (CBAM) that will come into effect in the EU is also being considered in Canada, Japan and the US. This means that companies need to have an understanding of how this will impact products that they import and exports in 2026. It became mandatory for UN FSR signatories to report against TCFD-aligned indicators. As such, investors are increasingly seeking credible data and reports on how portfolio companies are managing climate-related risks.

The TCFD provides companies a basis for identifying climate-related risks and opportunities that impact their company. By using the [Guidelines to Materiality](#) for their emissions, companies can improve the way they manage these risks and opportunities as they will have a clearer picture of how and where they can make the biggest impact and focus their efforts accordingly. Understanding where the business enables a company to set targets to achieve and this is where SFTI can help companies set science-based targets to deliver a pathway to net zero.

As a country-level, the Joint Committee on Climate Change (JCCC) members support a proposal for financial institutions (FI) to make mandatory TCFD-aligned climate-related financial risk disclosures from 2024 and is committed to helping financial institutions support Malaysia's commitment to achieve carbon neutrality in March 2030. Bursa Malaysia also proposed for all PLCs to issue climate change disclosures that are aligned with the TCFD recommendations.

Source: [State of Malaysia 2023](#) | [UN FSR](#) | [State of Malaysia 2023](#) | [Bursa Malaysia 2023](#)

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4.3 Developing a net zero response

Understanding what carbon neutral and net zero mean

While 'carbon neutral' and 'net zero' commitments are often used interchangeably, they mean very different things. **Being carbon neutral means that companies can offset their GHG emissions** simply by purchasing carbon credits or carbon offsets to fund support projects that reduce GHG emissions, such as land reforestation or renewable energy projects. **Net zero on the other hand means companies need to reduce their existing emissions** as much as reasonably possible **in their own operations as well as across their value chain (i.e. Scope 3)** and then offset the rest of their emissions to reach net zero. Please refer to [Appendix 4](#) and [4](#) for further information.

Carbon neutral

Companies offset their own emissions by purchasing carbon credits or offsets.

In this example, **Company A** offsets its emissions and puts in effort to reduce emissions. With continued company growth, its total emissions continue to rise over the years so the company has to buy more carbon credits and/or carbon offsets to remain carbon neutral. Company A can be reported to increasing carbon offset prices.

Net zero

Companies need to reduce their existing emissions as well as their value chain (i.e. Scope 3) and offset the rest with carbon credits and/or carbon offsets.

In this example, **Company B** has put in substantial effort in reducing its emissions, resulting in an overall reduction in its emissions over the years. The minimal amount of emissions remaining is offset by Company B's net zero target year. Their 'own' Scope 3 emissions remain high but their 'own' Scope 3 buys less carbon credits/offsets than Company A.

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Chapter 5: Managing social performance

This chapter provides insights into the impacts of common social topics and key considerations when companies engage with stakeholders to manage social issues. It also provides guidance on how to implement good labour standards.

5.1 Social topics and their impact

5.2 Importance of engagement and communication

5.3 How to implement good labour standards

- Outlines common social-related topics and how they impact businesses based on the risks and opportunities that each topic presents

- Provides insights on why good engagement and communication with internal and external stakeholders is critical to manage social risks
- Outlines the roles of key corporate functions (e.g. human resources, procurement, investor relations, corporate affairs) in engaging with stakeholders and creating positive social impact

- Highlights key steps to consider in establishing good labour standards
- Outlines key aspects to consider, with reference to the International Labour Organisation (ILO)'s Indicators of Forced Labour

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Social topics and their impacts | Importance of engagement and communication | How to implement good labour standards | Guiding considerations

5.1 Social topics and their impacts

Social topics span across a company's internal and external operations. Internal social topics touch on matters related to employees, such as employee engagement, training and development, and health and safety. Addressing these are crucial in ensuring a happy and productive workforce.

Externally, social topics relate to suppliers and communities and how companies engage effectively with them. This can include engaging on matters related to supplier labour and environmental practices, operational impacts on communities and other community development needs.

The capacity of PLCs to effectively manage its external labour practices, supply chain risks and external corporate responsibilities will determine its success in creating value for all.

Risks and impacts	Opportunities
<p>Health and safety</p> <p>Workplace accidents, injuries and fatalities pose a danger to employees' health, safety and well-being. Issues can lead to reduced productivity, increased turnover rates, reputational damage and legal repercussions.</p>	<p>Consider enhancing the workplace safety culture to improve productivity and employee well-being. e.g. M&S focuses on people, the planet and purpose</p> <p>M&S Malaysia: Safety and Health</p>
<p>Employee Training and Development</p> <p>Ineffective training and development can result in an increase in costs due to lower productivity or higher turnover rates. The business may struggle to be competitive if employees lack the critical skills to manage significant transitions in their industry.</p>	<p>Provide structured growth and upskilling, especially needed to drive low-carbon transition and the company's ESG plans, which can create new jobs and change existing roles.</p> <p>M&S Malaysia: Career and Learning</p> <p>M&S Malaysia: Career and Learning</p>
<p>Employee Engagement</p> <p>Lack of meaningful employee engagement can lower morale, which contributes to factors such as decreased productivity and efficiency, increased absenteeism and increased turnover. There is a knock-on effect to talent attraction.</p>	<p>Create fit-for-purpose workplace experiences that keep the workforce engaged and motivated, leading to greater productivity.</p> <p>M&S Malaysia: Sustainability practices, experience and dynamic culture</p>

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Social topics and their impacts | Importance of engagement and communication | How to implement good labour standards | Guiding considerations

5.2 Importance of engagement and communication

Companies have a wide range of social risks to manage, and the key to successful management of these risks lies in good engagement and communication with internal and external stakeholders. Various corporate functions such as procurement, corporate affairs, human resources and investor relations play a key role in engaging with their respective stakeholders to better understand their needs and issues. However, this cannot be done in silos and there has to be alignment and coherence between all the functions to ensure that key social and other ESG risks are being adequately addressed. Good engagement and communication provides an opportunity for companies to discuss issues transparently and build trust with their stakeholders.

Regular communication between each function is required to understand how each function is protecting their workers' rights and compensating their fairly. This will enable them to carry out the necessary engagements with their stakeholders, with one common goal.

Managing fair labour practices and human rights in the supply chain

Social topics such as fair labour practices and human rights in the supply chain can illustrate how various functions need to work together. All functions need to be aware of the company's policies and commitments with regards to these issues and how to best embed them into their expectations for suppliers. In addition, regular communication between each function is required to understand how each function is protecting their workers' rights and compensating their fairly. This will enable them to carry out the necessary engagements with their stakeholders, with one common goal.

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5.3 How to implement good labour standards

Proactive vs reactive implementation of labour rights

In Malaysia, foreign labour is used extensively across key economic sectors and the issues associated with it cannot be ignored. In recent years, there has been heightened scrutiny on the labour practices of local companies. Taking a proactive response from the outset can help companies avoid financial and reputational risks and to inoculate a productive and healthy workforce. The cost to address labour issues once it is in the supply chain supersedes the efforts needed for prevention. As scrutiny in this area intensifies, international companies, including investors, will seek business environments in both countries and businesses that have good labour standards that are well regulated and enforced. As such, it is imperative that companies take this in an effective manner.

Key steps to consider in establishing good labour standards

It is good practice for PLCs to identify the human rights risks associated with their business to prevent and mitigate harm to people.

Spotlight: Adidas

In 2020, Adidas earned the top spot in the WSA's ranking of global fashion firms' human rights performance. They have built a strong human and labour rights programme for their supply chain by undertaking internal stakeholder outreach and engagement. Adidas performs risk-based assessments of its extended supply chain and enforces better labour standards through their Labour Rights Charter and Workplace Standards. They produce compliance audits, have worker feedback mechanisms and partner with external organisations such as the ILO, Better Work and the Fair Labor Association to effectively monitor adherence to its human rights policies.

[Adidas: Human Rights and Sustainability](#)

[Adidas: Human Rights and Sustainability](#)

Set expectations: Strategies, policies and plans

- 1. Define values**
 - Reflect on company purpose and values
 - Understand local laws and standards
 - Required: Consider the expectations of customers and stakeholders
- 2. Align to global standards**
 - Align values, expectations and practices with globally recognised frameworks such as the ILO and UNGPs on Business and Human Rights

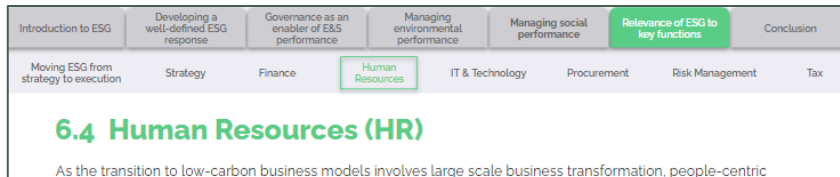
Operationalise: Build robust management systems - for the PLC and its supply chain

- 1. Identify risks and impacts**
 - Based on expectations and values, assess internal operations and supply chain to identify key risks
- 2. Build grievance systems**
 - Establish avenues for workers and stakeholders to safely provide feedback or report issues
- 3. Build capacity and knowledge**
 - Provide training to all employees and external stakeholders on company's expectations, policies and processes with regards to respecting human rights and labour standards

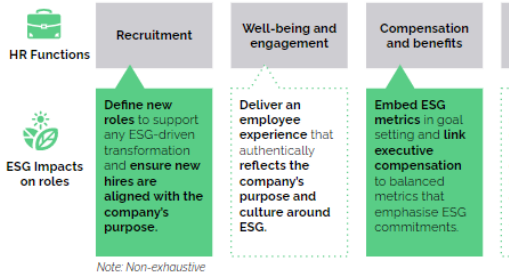
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Chapter 6: Relevance of ESG to key functions

In this chapter, the role of some corporate functions in supporting and contributing to a company's ESG response is highlighted. Seven functions are illustrated, highlighting their main components and how each component can support a company's ESG response. The functions covered are Strategy, Finance, Human Resources, Information Technology, Procurement, Risk and Tax.



As the transition to low-carbon business models involves large scale business transformation, people-centric change is key to ensure success - HR plays a critical role in enabling an environment for this. The Corporate Sustainability Practitioner Competency Framework helps define sustainability.



Spotlight  **Microsoft Corporation (Microsoft)**

Microsoft focuses on areas where they can have the greatest impact and strive to build and promote sustainability through engagement, policies and practices, operations and enabling partners in the value chain. Its HR function has been integral in implementing a number of initiatives that support the company's ESG goals.

ESG Incentive Scheme
Since 2018, Microsoft has implemented incentive schemes to tie a portion of executives' compensation to ESG measures starting with diversity representation gains.

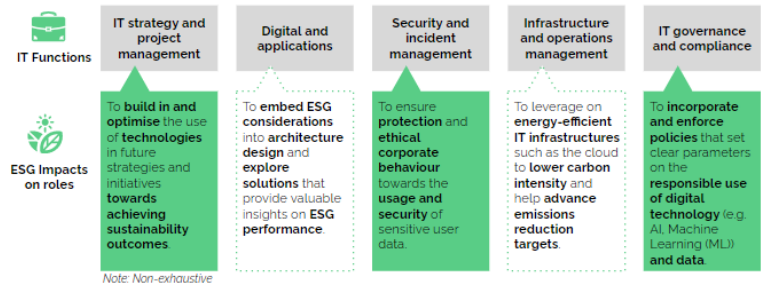
Employee empowerment
Employees are empowered with information and data via TripTrackerLite, which delivers personal travel statistics like carbon impact from travel. They are also provided with relevant tools and technology to work remotely effectively.

Source: [Capacity Media, 2021](#); [Business Travel News, 2021](#); [Microsoft On the Issues Blog, 2015](#)

PLCT GUIDEBOOK 2: PRE FINAL VERSION



The IT & Technology function plays a key role in the decision-making process of the IT infrastructure and technology that a company uses. By integrating ESG considerations into these decisions, they are primed to help a company achieve its ESG goals especially with regards to emissions, energy and data security.



Spotlight  **Capital One Financial Corporation (Capital One)**

Cloud migration in addressing climate change

Capital One is a leading American bank and has made a bold commitment to reduce its Scope 1 and 3 (categories 1-14) emissions by 50% by 2030. To achieve this, they have transformed the way they operate and continue to explore the use of technology in their operations and supply chain. One of their solutions was to migrate their data centres to a cloud-based system. Over eight years, the company migrated all eight of its on-premise data centers (DCs) to the cloud to reduce its emissions associated with its DCs by up to 88%. It derived other benefits such as lower costs and greater operational efficiency. Additionally, Capital One managed to recycle 41 tons of copper and 62 tons of steel from the data centre equipment, contributing to its other goal of reducing waste to landfill by 50% by 2025.

Source: [AWS Blog, 2021](#); [Capital One website, 2022](#)

PLCT GUIDEBOOK 2: PRE FINAL VERSION

A call to action

Malaysian PLCs are at varying stages of their sustainability journey. However, one thing that is clear is that there is still room for improvement. PLCs can take the following steps to enhance their overall ESG response:

- 1** Assess their efforts based on the six components of the ESG framework and identify areas for improvement
- 2** Engage with all their stakeholders to better understand their ESG risks and adjust their ESG response accordingly
- 3** Address ESG risks in their operations, including developing plans and processes to achieve net zero and enhancing labour practices
- 4** Consider including relevant ESG KPIs for their management and Board
- 5** Cascade ESG strategy into business operations, to take a whole of organisation response

The PLCT Guidebook 2 provides fundamental principles and implementation considerations to assist PLCs to transform into Sustainable, Socially Responsible and Ethical companies. PLCs should adapt and adopt the relevant principles and frameworks in Guidebook 2 to accelerate their transformation and enhance value creation. The PLCT Programme continues with topical initiatives for participating PLCs as well as upcoming releases of further guidebooks which will showcase important areas for elevating the performance and attractiveness of our PLCs in the market.



Guidebook 1

Creating Purpose & Performance Driven Public Listed Companies (PLC)

(launched March 2022)



Guidebook 2

Sustainable, Socially Responsible & Ethical PLCs



Guidebook 3

Investor Relations & Stakeholder Management
(upcoming)



Guidebook 4

Digitally Enabled
(upcoming)



Guidebook 5

Nation Building Drive
(upcoming)



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