



# SUSTAINABILITY REPORTING GUIDE

Bursa Malaysia Berhad

DRAFT FOR PUBLIC CONSULTATION



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## DISCLAIMER:

This Sustainability Reporting Guide (“**Guide**”) is issued by Bursa Malaysia Securities Berhad to, among others, assist listed issuers in preparing the Sustainability Statement as required under the Listing Requirements of Bursa Malaysia Securities Berhad [paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9) and paragraph 30 of Appendix 9C of the ACE Market Listing Requirements (supplemented by Guidance Note 11)].

Whilst this Guide is intended to provide the relevant information and guidance for listed issuers to prepare their Sustainability Statement, it may not be exhaustive in its coverage. Listed issuers must exercise discernment and diligence when using this Guide.

While every reasonable effort and care has been taken to present current and pertinent information in this Guide, Bursa Malaysia Securities Berhad does not make any representation or warranty, whether implied or expressed, or assume any legal liability (whether in negligence or otherwise) or responsibility for the accuracy, completeness or reliability of the contents of this Guide or any decisions made on the basis of this information. All applicable laws, regulations and existing Listing Requirements of Bursa Malaysia Securities Berhad should be referred to in conjunction with this Guide.

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# EXECUTIVE SUMMARY

There has been an increased focus on the way businesses are run, with greater attention given to how businesses impact the economy, environment and society. A holistic approach to business management, taking into consideration the economic, environmental and social (“EES”) risks and opportunities alongside financial implications, is seen as a measure to generate long-term benefits and business continuity.

In light of this shift focus, this Sustainability Reporting Guide (“**this Guide**”) seeks to help you recognise sustainability-related issues impacting your business and provide guidance on how to embed sustainability in your organisation. This will then aid you in your preparation of the Sustainability Statement<sup>1</sup> in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”).

This Guide highlights the business case for sustainability, providing case studies to illustrate how sustainability may add value to your organisation and example disclosures to aid you in the preparation of your Sustainability Statement.

**Chapter 1: About This Guide** introduces the purpose and objectives of this Guide to help you appreciate how sustainability can facilitate and drive corporate and societal value. Users of this Guide are also indicated, along with disclosure considerations (i.e. reporting frameworks, resources and experience, among others).

**Chapter 2: Why Is Sustainability Important?** defines the concept and context of sustainability and explores the importance of sustainability management and reporting to businesses and stakeholders. This chapter looks at the drivers for embedding sustainability in business such as enhanced risk management, better access to capital and avenues for product innovation and growth. Case studies highlight the lessons learnt by organisations in relation to each driver.

**Chapter 3: How To Embed Sustainability In Organisations** discusses how your organisation can embed sustainability considerations in your business strategy and leverage sustainability to reduce risks and take advantage of business opportunities. This chapter explores the need for strong support from the board and senior management and includes a high-level discussion in relation to materiality, a crucial step in identifying and prioritising matters that have an impact on the organisation and its stakeholders. Management and reporting of these identified matters are also examined in this section.

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<sup>1</sup> As defined in paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements, and paragraph 30 of Appendix 9C of the ACE Market Listing Requirements.

**Chapter 4: What To Disclose Under The Listing Requirements** looks at the disclosure obligations under the Listing Requirements of Bursa Malaysia and provides you with guidance on how to fulfil the requirements, particularly, in preparing the Sustainability Statement. Example disclosures for each requirement are also provided for your reference and understanding.

**Appendix A – Selecting Your Themes And Indicators** presents a list of sustainability-related themes and example indicators for you to consider when managing and disclosing your sustainability risks and opportunities. This list has been compiled from leading international guidelines, industry considerations as well as trends evident in the local market. The list is by no means exhaustive but is intended to invite you to probe deeper into sustainability matters that may be relevant to your organisation.

Embedding sustainability in the organisation is not a difficult endeavour – it is something that should be given consideration in tandem with developing your business strategy and management processes. We hope this Guide will act as a useful reference in your sustainability journey.

# 1.ABOUT THIS GUIDE

## 1.1 Purpose

This Guide details the business case for embedding sustainability in your organisation and provides guidance on how this can be done. It also provides specific guidance on the information that should be disclosed when making a Sustainability Statement in your annual report in accordance with the Listing Requirements of Bursa Malaysia (“**Listing Requirements**” or “**LR**”).

## 1.2 Objectives

This Guide seeks to help you to:

- appreciate how sustainability can facilitate, support and drive corporate and societal value;
- improve your awareness of the risks and opportunities connected to sustainability considerations;
- identify and evaluate your material sustainability risks and opportunities so that you can focus on what is important to you and your stakeholders, to create long term value to stakeholders and society at large; and
- improve the quality and depth of sustainability information disclosed to better serve the needs and expectations of your stakeholders.

## 1.3 Users of this Guide

This Guide is intended for all issuers listed on Bursa Malaysia’s Main and ACE Markets. Listed issuers are strongly encouraged to refer to this Guide in the implementation of sustainability practices as well as reporting.

This Guide has been developed while recognising that organisations may be at varying levels of understanding, and in their disclosure of sustainability information. We recognise that moving to best practice sustainability performance and disclosure is a journey and that preparing the Sustainability Statement can be challenging especially for early reporters or smaller listed issuers. Therefore, you are encouraged to apply this Guide bearing in mind your own circumstances (i.e. resources, experience, expertise, and understanding). You may also choose to move beyond this Guide and adopt a reporting approach in accordance with

international sustainability reporting frameworks or guidelines such as the Global Reporting Initiative (“GRI”) Sustainability Reporting Guidelines (“GRI Guidelines”)<sup>2</sup>.

Further guidance on considerations for embedding sustainability in your business, best practice approaches, disclosures and examples, are provided in Bursa Malaysia’s Sustainability Toolkit (“Toolkit”) and website.

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<sup>2</sup> In accordance with paragraph 6.4 of Practice Note 9 of the Main Market Listing Requirements, a listed issuer is not required to comply with paragraphs 6.1 to 6.3 of Practice Note 9 if the listed issuer prepares its Sustainability Statement in accordance with the GRI Guidelines. Further, paragraph 6.5 of Practice Note 9 of the Main Market Listing Requirements provides that the listed issuer may issue the Sustainability Statement in a separate report, as soon as practicable after the issuance of the annual report and not later than the annual general meeting. It must also cover the same financial year as the annual report.

## 2.WHY IS SUSTAINABILITY IMPORTANT?

### 2.1 Introduction

In 2006, Bursa Malaysia introduced a requirement for Main and ACE Market listed issuers to disclose their corporate social responsibility (“CSR”) activities or practices in annual reports. This requirement was perceived to focus more on the social aspects of the business – its people and the community – and had limited impact on value creation. Organisations tended to focus on philanthropic activities, and not necessarily addressing sustainability-related concerns connected to their business operations.

Globally, many leading organisations have moved beyond CSR. Within a period of 50 years, organisations’ understanding of sustainability has evolved from no knowledge, to the development of new management models which integrate sustainability. In fact, stakeholders are increasingly interested in understanding the approaches of organisations in their management of economic, environmental and social risks and opportunities. Increasing impacts from sustainability-related risks (e.g. scarcity of resources, changing social expectations and new legislative requirements in sustainability-related areas) are driving organisations to embed sustainability considerations in response to these risks and their challenges. Further, early movers are likely to gain a competitive advantage through developing innovative solutions as they respond to these risks – an area which is addressed in more detail in this Guide. Therefore, a holistic approach to business management, incorporating EES considerations alongside financial ones, will serve as a sound business model that supports business continuity and competitiveness over the long term.

### 2.2 What is Sustainability?

It is commonly recognised that there is no single universally accepted definition of sustainability. The most widely used definition around the world is that developed by the Brundtland Report of the World Commission on Environment and Development<sup>3</sup>:

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*"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."*

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<sup>3</sup> Brundtland, G. ‘Our Common Future’, Report of the World Commission on Environment and Development, 1987.

The term ESG (environment, social and governance) is also used extensively, particularly by the investment community, and describes the environmental, social and governance matters that investors are considering in the context of corporate behaviour. In this Guide, however, sustainability refers to EES (economic, environmental and social) risks and opportunities<sup>4</sup> without the governance element. This is because there are already specific disclosure requirements for corporate governance in the Listing Requirements, as well as the Malaysian Code of Corporate Governance 2012 and the Corporate Governance Guide. The terms economic, environmental and social can be explained as follows:

Economic	Environmental	Social
<ul style="list-style-type: none"> <li>•Your impact on the economic conditions of your stakeholders (e.g. procurement practices, community investment) and the interaction or relationship with the economic systems at local, national and global levels. It does not merely focus on the financial condition of your organisation.</li> </ul>	<ul style="list-style-type: none"> <li>•Your interaction with living and non-living natural systems, including land, air, water and ecosystems.</li> </ul>	<ul style="list-style-type: none"> <li>•Your interaction or relationship with social systems within which you operate. These may include your relationships with communities, employees, consumers, etc.</li> </ul>

*(Source: Adapted from the GRI G4 Guidelines)*

<sup>4</sup> These categories (i.e. economic, environmental and social) are aligned with those adopted in the GRI Guidelines.



## 2.3 Why integrating sustainability in your business and reporting are important

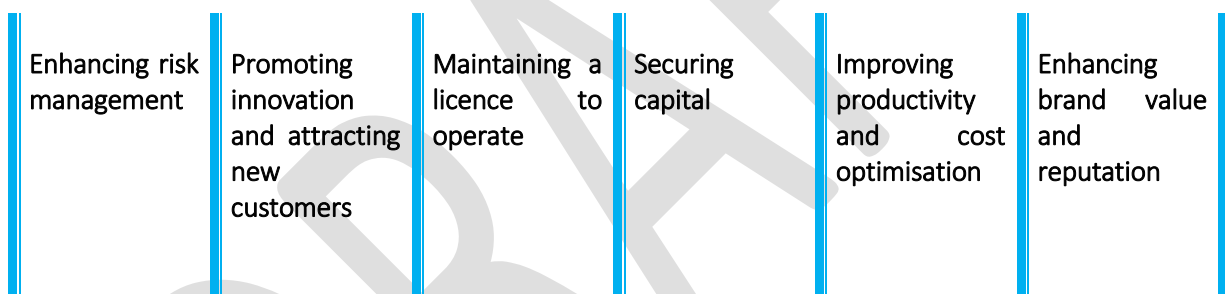
*“Take a closer look, and you will find increasing opportunities to leverage sustainability thinking for value creation – especially when dealing with pressures to reduce short-term business costs and strengthen your organisation’s foundation for long term growth”.*

*(Source: Sustainability and the CFO: Challenges, Opportunities and Next Practices, Corporate EcoForum and World Environment Centre, 2015)*

Stakeholders have become more aware of the impact that business has on the economy, environment and society. As a result, they are demanding responsible business practices. This is because sustainability-related issues can significantly affect an organisation’s risk profile, potential liabilities and ultimately its value. Hence, there is a need for the business community to respond appropriately. Business leaders have also begun to recognise the benefits of integrating sustainability. In

the United Nations Global Compact – Accenture CEO survey, 93% of CEOs stated that they consider sustainability as important to the future success of their business.<sup>5</sup>

Organisations are realising key benefits from integrating sustainability including<sup>6</sup>:



### a) Enhancing risk management

EES issues are starting to feature more prominently in risk management.<sup>7</sup> You may consider integrating these EES risks within your organisation’s risk framework. Sustainability reporting may serve as a catalyst to prompt organisations to assess the EES risks that may impact their businesses. Managing EES risks will help in:

- **reducing exposures to sustainability-related risks** – Businesses are increasingly exposed to environmental and social changes, including population growth, climate change, ecosystem decline, etc. Failure to manage sustainability-related risks (e.g. floods

<sup>5</sup> The UN-Global Compact – Accenture, ‘CEO Study on Sustainability, 2013 – Architects of a Better World’, 2013.

<sup>6</sup> United Nations Environment Programme, ‘The Business Case for the Green Economy, Sustainable Return on Investment’, 2012.

<sup>7</sup> United Nations Environment Programme, ‘The Business Case for the Green Economy, Sustainable Return on Investment’, 2012.

arising from extreme weather or strikes arising from unsafe working conditions) may result in an organisation incurring losses or costs (e.g. disruptions to production). Therefore, if an organisation proactively recognises and manages sustainability-related risks, it will be better placed to avoid and reduce cost impacts resulting from these risks. Businesses are increasingly recognising that non-financial risks may have financial impact, directly or indirectly.

- **staying ahead of emerging sustainability risks and disclosure regulations** – for example, when a new requirement emerges for greenhouse gas (“GHG”) emissions information, an organisation which has already considered greenhouse gas as material would have already factored this into its risk considerations and will be ready to respond.
- **reducing the cost of capital through a lower risk profile** - There is a tendency for investors to favour an organisation that demonstrates good EES risk management as it enhances company value and diminishes risk, therefore resulting in lower cost of capital. This is because investors add risk premiums to the cost of capital for firms with questionable environmental and social practices.

#### Case Study<sup>8</sup>

In 2011, Thailand suffered severe flooding, the worst in half a century. This resulted in supply disruption to automobile makers Toyota, Honda and Nissan - Southeast Asia being a manufacturing hub for these organisations. Honda was forced to halt production at its Thailand plant, their second largest production base outside Japan. Exports to Australia and Europe, among others were also affected. Financial analysts estimated that the loss in production was more than US\$500 million a month for these three companies. This example highlights the potential losses and impacts (particularly financial) of not dealing with the sustainability-related risks in business operations adequately.

#### b) Promoting innovation and attracting new customers

As sustainability considerations increase, an organisation that recognises the opportunities and has the capacity to innovate will drive growth through new products, services and customers. The introduction of sustainability-driven products and services can carve out a niche market for the organisation. General Electric’s (“GE”) Ecomagination initiative is one of the leading examples of driving business growth through sustainable products and services.

<sup>8</sup> <http://www.bloomberg.com/news/articles/2011-10-20/worst-thai-floods-in-50-years-hit-apple-toyota-supply-chains>

### Case Study<sup>9</sup>

In 2005, GE introduced “Ecomagination”, an initiative that focused on bringing new products and services to the market within the green technology (clean technology) area. Realising the potential impacts of increasing energy costs, GE saw opportunities to reposition its brand as a leader in clean technology. Through the development of a range of green products and services, Ecomagination was able to innovate and drive growth. Arising from GE’s Ecomagination initiatives, its track record and performance data in the period 2005 – 2014 are as follows:

- US\$15 billion in research and development expenditure
- US\$200 billion revenue generated
- Four times GE overall growth
- 31% reduction in GHG emissions
- 42% reduction in freshwater use

#### c) Maintaining a licence to operate

A “licence to operate” (also known as “social licence to operate”) refers to implicit community-approval of an organisation’s business operations. It does not refer to a legal or regulatory licence to operate.

Organisations are increasingly recognising the link between ongoing business success and their ‘licence to operate’, especially in the natural resources sector (e.g. mining) where the concept has been central for some years. A “licence to operate” can help organisations realise opportunities (e.g. the local community co-managing a project with the organisation) and manage risks to their business (e.g. boycotts or legal challenges). Communities and various stakeholders are likely to be more supportive of organisations that engage and openly communicate their management of EES matters.

### Case Study<sup>10</sup>

In India, there is an expectation of company support for the community. Tata Steel demonstrates this point strongly in the services it offers to its company town, Jamshedpur, and the neighbouring community. Tata installed sanitation and clean water sources to the town. It supported the building of schools, hospitals and community centres, provided financial support for the schools and medical centres (staff and supplies) and bore the cost for the community to attend these programmes through tuition payments and free health and medical benefits. Commentators have noted that, in many respects, Tata provides a cradle-to-grave corporate welfare system that is perhaps uniquely possible in India due to its low cost structure. The company has trimmed operations to make it more global-efficient and competitive, cut its work force in half, and yet still pays salaries to its laid off workers — and it hasn’t had a strike in 75 years. With the community’s support, Tata was able to ensure smooth operations and avoid strikes and work stoppages.

<sup>9</sup> [http://www.sustainablebrands.com/news\\_and\\_views/articles/ge-generates-25-billion-revenues-sustainability-investments](http://www.sustainablebrands.com/news_and_views/articles/ge-generates-25-billion-revenues-sustainability-investments)

<sup>10</sup> Taking Stock - Adding Sustainability Variables to Asian Sectoral Analysis, International Finance Corporation, 2006.

#### d) Securing capital

Traditionally, investors have looked at an organisation's financial performance to drive their investment decisions. However, it is fast becoming the norm for investors to evaluate EES factors alongside financial data when determining their investments. From 2012 to 2014, the global sustainable investment market increased by 61% to US\$21.4 trillion. In Asia specifically, responsible investment grew by 32% over this period.<sup>11</sup> In Malaysia, local investors are beginning to consider EES factors in their investment decision-making processes.

Recognising the increasing demand from investors for quality sustainability information, even mainstream research providers such as Bloomberg, MSCI, and Thomson Reuters have begun to offer sustainability-performance analysis to the market, in particular investors. Given the increasing focus by investors, improving sustainability performance and disclosures may provide organisations increased access to capital, locally and globally.

The increasing investor focus also led to FTSE and Bursa Malaysia introducing an ESG Index for the Malaysian market called the FTSE4Good Bursa Malaysia Index which is part of the globally benchmarked FTSE4Good Index Series. The main objectives of the Index are to provide: support to investors in making ESG investments in Malaysian listed issuers; increase the profile and exposure for organisations with leading ESG practices; encourage best practice disclosures and draw capital allocation and investment interest for those investors focused on ESG risks.

*“In Malaysia recently, ValueCap, a local investment manager, has moved to offer qualified investors an opportunity to invest in its open-ended ESG equity wholesale fund called the Malaysian ESG Opportunity Fund”*

#### Case Study<sup>12</sup>

Sustainability data is now becoming the norm in investment decision making processes. Organisations may miss out on securing investment if they are unable to meet the specific sustainability criteria set by investors. For example, in 2015, Norway's pension fund has made a decision to divest from any organisation where 30% of revenue is derived from mining or burning of coal. As one of the leading global institutional investor, this move is reflective of the increasing focus and seriousness in Sustainability being a factor in investment decisions.

<sup>11</sup> Association for Sustainable & Responsible Investment in Asia, '2014 Asia Sustainable Investment Review', 2014.

<sup>12</sup> <http://www.theguardian.com/environment/2015/may/28/norway-fund-could-trigger-wave-of-large-fossil-fuel-divestments-say-experts>

#### e) Improving productivity and cost optimisation

When sustainability efforts, such as employee engagement programs or health and safety programs, go beyond basic compliance with labour standards (for example, incorporating other benefits), an organisation can expect to improve its attractiveness to recruit and retain top talent and enhance employee and supplier productivity. This can lead to longer-term benefits such as customer attraction, improved reputation, stronger operating margins, and optimised capital expenditure.<sup>13</sup> If sustainability efforts fail such as in relation to health and safety, the impacts may include interruption in production, investigations by relevant government agencies, fines and negative publicity. Further, considering sustainability risks and opportunities may lead to cost optimisation as illustrated in the case study below.

#### Case Study<sup>14</sup>

The treatment of palm oil mill effluent (“POME”) results in the release of biogas – including methane and carbon dioxide. As part of its sustainability efforts, Sime Darby has implemented a Carbon Reduction Strategy involving the capturing of methane gas in 50% of its mills in Indonesia and Malaysia. In the period 2012 to 2013, it reported a reduction of 74,816 tonnes of carbon dioxide emissions whilst capturing methane to power its Hadapan Oil Mill (Johor) and Flemington Oil Mill (Perak), which are connected to the electricity grid. Excess electricity generated was fed back to the grid. POME has been used alongside empty fruit bunches to produce compost, which can be repurposed as inorganic soil fertilisers. Four of its composting plants are registered under the United Nation’s Clean Development Mechanism (CDM) program and have garnered investment from developed countries (in the form of Certified Emission Reduction credits) due to its carbon reduction efforts under the CDM program. These efforts resulted in cost optimisation for Sime Darby.

#### f) Enhancing brand value and reputation

It is widely accepted that brand and reputation can create value by generating demand and securing future earnings for organisations. Issues such as sourcing of raw materials; energy and water usage; and employee human rights are increasingly impacting organisational brand and reputation<sup>15</sup>. Therefore, organisations will need to assess the associated risks and opportunities of such issues and, more importantly, the impacts of not addressing them.<sup>16</sup>

Stakeholders respond positively to organisations that conduct themselves in a sustainable and ethical manner. This can lead to increased confidence and trust among stakeholders, enhanced brand value and reputation, as well as improved customer loyalty.

<sup>13</sup> United Nations Environment Programme, ‘The Business Case for the Green Economy, Sustainable Return on Investment’, 2012.

<sup>14</sup> [http://www.simedarbyplantation.com/Carbon\\_Emissions\\_Reduction\\_~\\_Waste\\_Utilisation\\_Improvements.aspx](http://www.simedarbyplantation.com/Carbon_Emissions_Reduction_~_Waste_Utilisation_Improvements.aspx)

<sup>15</sup> KPMG and ACCA, ‘Business briefing series – 20 issues on building a sustainable business’, 2011.

<sup>16</sup> <http://www.environmentalleader.com/2008/09/28/sustainability-and-its-impact-on-brand-value/>.

### Case Study<sup>17</sup>

Nike had received unfavourable media exposure in relation to labour practices since the 1990s – low wages, poor working conditions, and the use of child labour. Nike countered this by increasing their minimum wage rates, the minimum age requirements of workers, performing audits on their factories globally, and working with NGOs to actively monitor factories. Subsequently in 2005, Nike became the first in its industry to publish a report on wages and working conditions in their factories, and continues to post its commitments, the standards it complies with, and audit data in its corporate responsibility report. The Nike example demonstrates how it managed the social issues affecting its operations and was then able to rebuild its brand and reputation.

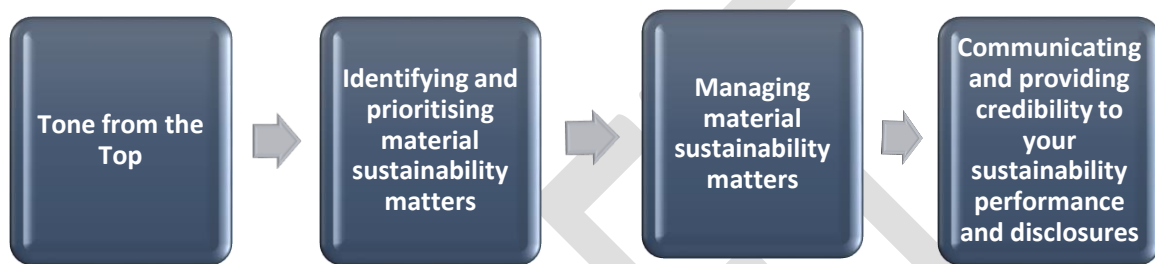
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<sup>17</sup> <http://www.businessinsider.com/how-nike-solved-its-sweatshop-problem-2013-5?IR=T&>

## 3. HOW TO EMBED SUSTAINABILITY IN ORGANISATIONS

Organisations can benefit most when successfully embedding sustainability rather than considering it separately, on a standalone basis. The following provides some key considerations for an organisation seeking to embed sustainability:



### a) Tone from the Top

How sustainability is positioned and governed within an organisation (“**sustainability governance**”) is key to its successful alignment with corporate strategy.

There is no standard ‘one size fits all’ approach to sustainability governance. An organisation’s culture, needs, industry size, sustainability-related risks and opportunities, and maturity in responding to sustainability matters, all influence how sustainability governance is considered. Given this, you are encouraged to adopt an approach that is fit for purpose.

In order to embed sustainability effectively, accountability should be at the highest level, i.e. the board. Board-level commitment is crucial as it is the board that sets the strategic direction of the organisation. Such commitment is also important towards ensuring that sustainability is embedded across the organisation and adequate resources, systems and processes are in place for managing sustainability issues.

A move towards embedding sustainability in your business is only possible with a supportive culture and strong leadership. It is the leaders within an organisation i.e. board members or the Chief Executive Officer, who need to provide strong stewardship towards incorporating sustainability into an organisation’s business strategies, and applying sustainability lens to business decisions, pushing the focus beyond compliance.

*“Over the long run, the best solution is to integrate sustainability into all board activities so that it becomes “mainstream”. This mirrors the indispensable effort by many company leaders over the past decade to integrate sustainability into business strategy and operations. Ideally, dedicated board committees would be seen as redundant in a decade’s time but they might be needed now to catalyse the transition”.*

*(Source: Cramer, A., BSR, 2011. “Giving Sustainability a Seat in the Boardroom”, GreenBiz April 20, 2011)*

The United Nations Environment Programme Finance Initiative (“UNEP FI”) explains that the journey of embedding sustainability at the board level usually goes through three phases:<sup>18</sup>



The desired-state is where sustainability is considered part of the business-as-usual, integrated within business strategy, and governed by the board. Organisations in this state seek to integrate responsibility for the achievement of sustainability goals throughout the organisation instead of the objectives of a single department.

More details on how to address sustainability governance including further information of different governance structures and roles and responsibilities can be found in the Toolkit (Governance Section).

<sup>18</sup> Adapted from UNEP FI Asset Management Working Group Support, ‘Integrated Governance, A New Model of Governance for Sustainability’, June 2014.



## Case Study<sup>19</sup>

A global science-based company active in health, nutrition and materials ensures that sustainability has the attention of its Managing Board, with the Chairman as the primary focal point. The Corporate Sustainable Development department under the responsibility of the Chief Operating Officer, reports directly to the Chairman. Furthermore, members of the Board chair various sustainability-related projects (i.e. safety and health) such as the organisation's partnerships with the World Food Programme.

### b) Identifying and prioritising material sustainability matters

The extent of EES risks and opportunities (“sustainability matters”<sup>20</sup>) for organisations can be wide ranging.

You are encouraged to focus on sustainability matters that are most important or material to you and your stakeholders. For the purpose of this Guide, sustainability matters are considered material if they:

- (i) reflect your organisation's significant EES impacts; or
- (ii) substantively influence the assessment and decisions of your stakeholders.<sup>21</sup>

This definition considers sustainability matters from both internal and external perspectives, i.e. from the organisation's point of view and the stakeholders' point of view. Such sustainability matter could include one which significantly affects the actual or perceived value of the organisation, e.g. reputation, image, financial performance, long-term viability, effective administration of the organisation, etc.

#### What are Sustainability Matters?

Risks and opportunities that relate to sustainability topics (“**themes**”) that have a direct or indirect impact on your ability to create, preserve or erode EES value for your organisation, your stakeholders and society at large (such as climate change, diversity, human rights etc.).

*(Source: Adapted from the GRI Guidelines)*

A list of sustainability themes is provided in Appendix A.

<sup>19</sup> Royal DSM Integrated Annual Report 2011, Sustainability Section.

<sup>20</sup> Refer to paragraph 6.2 (a) of Practice Note 9, Main Market Listing Requirements.

<sup>21</sup> This definition is also contained in paragraph 6.3 of Practice Note 9, Main Market Listing Requirements and is adapted from the GRI Guidelines.

## What is Materiality?

Materiality is the principle of identifying and assessing a wide range of sustainability matters, and refining them to what are most important to your organisation and your stakeholders.

Materiality determines what matters the organisation should focus on, taking into account what it considers important as well as what stakeholders consider important. For example, a sustainability matter which may be perceived as less important to the organisation or is seen to be well managed by the organisation, may still be considered a key issue for stakeholders and may mean the matter should be treated as material. The organisation would then be required to

manage the matter and disclose accordingly.

### *Applying materiality*

Material sustainability matters for each organisation are likely to differ, even if the organisations are in the same sector. Factors contributing to the determination of material sustainability matters may include the business model and strategy, products and services, types of stakeholders, size of the organisation, geographical presence, and the organisation's risk appetite, etc.

### *Applying materiality across the organisational value chain*

In applying materiality, you are encouraged to closely consider all parts of your organisation's value chain. This simply means considering more broadly the impacts of your products and services beyond your operations. For example,

- once your product has left the production line, does it contribute to negative impacts (e.g. product waste through packaging)?
- can opportunities be created through the management of such a risk (i.e. product redesign using less packaging, which in turn could drive cost efficiencies)?

Often the smallest part (either financially or physical operations) of your business can pose the biggest risk. Therefore, you should also consider the nature of your operations (e.g. use of hazardous chemicals) and its location (e.g. remote locations or countries with poor sustainability-related legislation and inadequate enforcement), in addition to its size in applying materiality.

### *Frequency of materiality assessment*

Once your material sustainability matters have been determined, you are encouraged to reconsider them at least annually. Although a full and detailed materiality assessment may not be required year-on-year, at a minimum, you should review your material sustainability

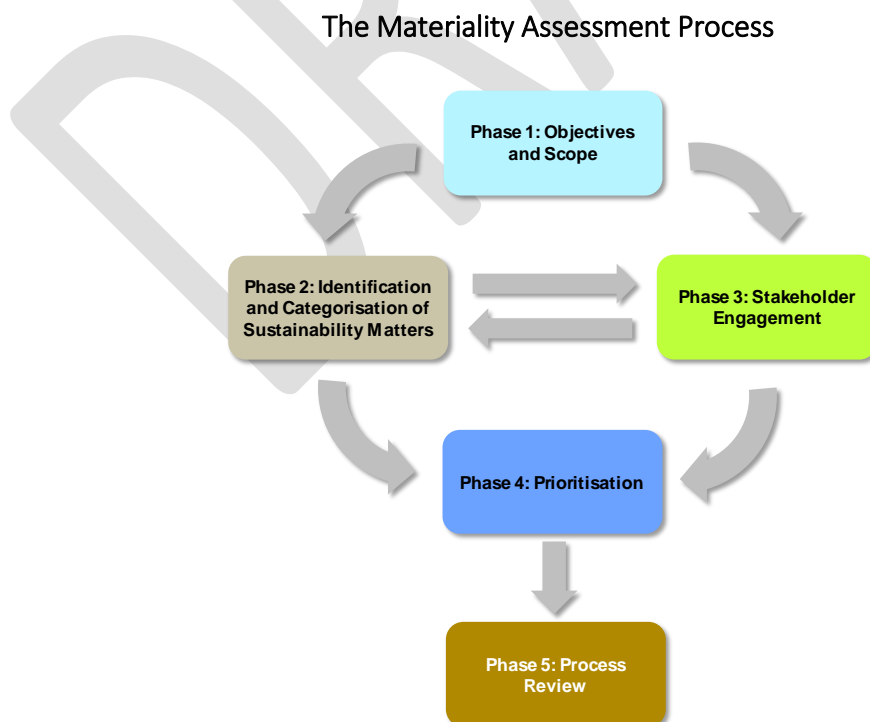
matters and disclose the process and any changes to the material sustainability matters, to the market. This ensures that the sustainability matters being managed and reported remain material to the business and are aligned to stakeholder needs. The outcomes of your materiality assessment or the review process should be approved by senior management.

### *The steps to applying materiality*

There is a lot of information available on how to apply materiality in the sustainability context, including approaches provided by the GRI, AccountAbility, Sustainability Accounting Standards Board (“SASB”) and International Integrated Reporting Council (“IIRC”).

Although each defines materiality differently and focuses its requirements on different users (e.g. GRI – for all stakeholders; IIRC – for investors), the key steps and considerations of materiality are generally the same. The following approach has been simplified to allow ease of use and applicability for all types of organisations at different stages of considering sustainability.

There is flexibility in how far you seek to push the materiality process, depending on your organisation size, capacity and level of understanding. However, you should move towards a formal materiality assessment over time. Options for flexibility are provided as part of the stepped-materiality process outlined in the Toolkit (Materiality Section).



## PHASE 1: OBJECTIVES AND SCOPE

As a start, you should consider the objectives of the materiality assessment; and set the scope within which materiality will apply. Here you may consider the following:

- **physical locations of the organisation (geographical boundary)** – whether your assessment will provide a global view or examine specific geographical regions or both;
- **entities within the organisation (organisational boundary)** – whether you want to cover the overall group level or specific key business operations; and
- **operations within the entire value chain** – whether you want to cover the entire value chain or specific operations (e.g. upstream or downstream) which may include operations within or outside the organisation.

An organisation may define its disclosure boundaries depending on the scoping approaches undertaken. For example, an organisation which has operations in Malaysia as well as in Thailand may, for a start, choose to scope its disclosure to its Malaysian operations. As it progresses in its sustainability journey, it may then extend its reporting scope to cover both its Malaysian and Thai operations. However, it is important to note, if key sustainability matters are most material to the Thai operations, then these must be included in the scope.

Better practice is where an organisation's scope considers all operations and the organisational value chain.

## PHASE 2: IDENTIFICATION AND CATEGORISATION OF SUSTAINABILITY MATTERS

You should develop an initial list of sustainability matters. The list can be identified from a combination of internal and external sources, including (but not limited to):

- **internal sources:** board/board committee reports; risk management assessments and risk registers; and minutes of meetings; and
- **external sources:** regulations; standards (e.g. Roundtable on Sustainable Palm Oil (“RSPO”); Carbon Disclosure Standards Board); and/or ratings and rankings (e.g. FTSE4Good Bursa Malaysia Index), stakeholder feedback and complaints, social media and external peer review.

Appendix A to this Guide provides a list of sustainability themes for consideration in identifying and developing your list of sustainability matters. These themes are aligned with international reporting frameworks such as the GRI Guidelines, as well as

sustainability indices such as the FTSE4Good Bursa Malaysia Index. You may consider the themes provided and identify whether they are applicable to your industry, and more specifically, to your organisation.

After establishing your full list of sustainability matters, you may then seek to refine the list and categorise by placing similar matters under the same heading (e.g. categorising matters such as personal data protection, anti-money laundering under the heading of security).

### PHASE 3: STAKEHOLDER ENGAGEMENT

Stakeholders play an important role in relation to your business, either as advocates, sponsors, partners or agents of change. Engagement with your stakeholders will help you better understand how your activities impact on the economy, environment and society. It provides you with the opportunity to identify sustainability risks and opportunities that may not otherwise be considered and prioritise them from the stakeholders' point of view.

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A stakeholder is essentially an individual or a group that has an effect on, or is affected by your organisation and its activities.

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The stakeholder engagement process entails you first identifying and assessing who your relevant stakeholders are and then understanding their needs and expectations as they apply to your sustainability performance.

Depending on the nature of your business, you may have a diverse range of stakeholders with different levels of influence or interest in your organisation. Engaging with all of your stakeholders with the same level of intensity may be impractical. Therefore, identifying relevant stakeholders is important. The relevant stakeholders are those with the highest level of influence or interest and who may be the target audience of your sustainability performance and disclosures. An example of the types of stakeholders an organisation may have is set out in the diagram on the right.



Stakeholders will have different information needs and expectations, which can be used to determine your material sustainability matters and disclosures. It is also important to tailor the messages and methods of communication for different stakeholders in order to allow for effective engagement and meaningful dialogue.

Engaging with stakeholders can also provide a way for you to prioritise the identified and categorised sustainability matters. For example, after categorising your full list of matters, you may engage with stakeholders to prioritise the list based on what matters to them most. This will result in a more refined list of matters. Guidance on prioritisation is provided in Phase 4.

The following example illustrates how the different needs and expectations from different stakeholder groups can be captured. This example shows the different engagement methods spread across varying level of frequencies:

<b>Stakeholder group</b>	<b>Engagement method</b>	<b>Frequency of engagement</b>
<b>Customers</b>	Customer feedback management	Daily
	Customer support centre at 100	Daily
	Market research	Regular
	Events, dialogue sessions, roadshows and engagement sessions	Ad-hoc
<b>Suppliers</b>	Transparency survey	Annually
	Suppliers training programmes	Regular
	Supplier relationship management	Regular
	Vendor Development Programme (VDP)	Ongoing
<b>Government and authorities</b>	Formal meetings	Ad-hoc
	Performance reports	Regular
	Discussions on Government initiatives	Ad-hoc
<b>Employees</b>	Employee satisfaction survey	Annually
	Dialogue and engagement	Regular
	Intranet, departmental meetings, newsletter	Regular
	Employee engagement programmes	Regular
	TM Clubs: Kelab TM, BAKIT, TIARANITA, TM Bikers, Pakar Semboyan	Regular

(Source: Telekom Malaysia Berhad 2013 Sustainability Report, p.32)

## PHASE 4: PRIORITISATION

Now that the list of sustainability matters has been identified, you now need to determine which are most “material”. The two tests often used to determine this are impact to business and importance to stakeholders. Prioritising your sustainability matters can help you to focus effort and allocate your resources to areas that matter most.

The end result of the prioritisation process should be a list of your most material sustainability matters. Here is where organisations focus their efforts in ensuring the appropriate management, monitoring and disclosure of the matters.

For further guidance on prioritisation, please refer to the Toolkit (Materiality Section).

## PHASE 5: PROCESS REVIEW

It is important that the process and outcome of your materiality assessment are reviewed and approved by the senior management. The outcome should also be approved by the board. Together, this ensures its integrity and credibility. Approval at the senior levels of the organisation will secure buy-in across the organisation and ensure adequate response to your material sustainability matters by ensuring allocation of resources and accountability for the management of these matters.

### c) Managing material sustainability matters

Once material sustainability matters are reviewed and approved, the next step is for you to develop your position and response with respect to each material matter.

The response could be in the form of:

- developing policies and procedures;
- implementing various initiatives, measures or action plans;
- setting indicators and targets and, where possible, setting longer term goals (e.g. five year goals), in line with the strategic goals of the organisation; and
- implementing new, or changing existing systems, to capture, report, analyse, and manage data requirements associated with material sustainability matters.

Information, or where applicable data, for each indicator needs to be collected and tracked against a set target. High quality, comparable and consistent information that is material and relevant is important for investors and market analysts to understand an organisation's performance and therefore, provide a better understanding of their investment risks or investment strategies associated with the organisation. Please refer to Appendix A for a list of indicators that can be used. For guidance on determining the indicators, please refer to the Toolkit (Themes Section).

Management of material sustainability matters must be fit for purpose and where possible, aligned to existing management approaches and processes, and international standards where applicable. For example, matters that affect the entire operations may be guided by group-wide policies and strategies. Management of the matters are also often guided by relevant local and international standards or management systems.

Better practice suggests that the management of material sustainability matters, i.e. policies, measures, indicators and targets should be approved by the board, or delegated to a board committee (if applicable).

#### **d) Communicating and providing credibility to your sustainability performance and disclosures**

Once you have an understanding of what is material and how this is to be managed, you should now consider how best to communicate this to your stakeholders. In communicating your sustainability performance to the market, you are required to comply with the sustainability disclosure obligations as prescribed in the Listing Requirements. Guidance on these obligations are provided in Chapter 4.

As sustainability is embedded into business strategy, accuracy and reliability of sustainability information becomes increasingly important for informing business decision-making. Sustainability-related information (like financial information) informs both internal and external decision-making in relation to performance. Therefore, the board and senior management should ensure credibility of the information before relying on or communicating the information— either internally or externally.

One of the methods to instil confidence in the accuracy and reliability of sustainability-related information is via the provision of assurance.

Essentially assurance options can be characterised as internal or external assurance. External assurance enables independent opinion to be provided in assuring the sustainability disclosures, while internal assurance generally relies on the accountability



of the governance body of the organisation. For example, the board may provide assurance on its Sustainability Statement by assuring users that it has received assurance from the Chief Sustainability Officer, or its equivalent, on the robustness of its management system for sustainability matters.

Assurance over sustainability performance reporting and monitoring should be aligned with established internal and external assurance frameworks over other management information (such as financial information or production data).

Options for assurance are varied and provide flexibility to an organisation depending on its size and cost constraints. Assurance can be provided across different types of sustainability disclosures including:

- data;
- narratives;
- disclosures developed in accordance with standards and frameworks such as the GRI Guidelines; and
- data collection processes.

## 4. WHAT TO DISCLOSE UNDER THE LISTING REQUIREMENTS

### 3.1 Objectives

We have amended the Listing Requirements and the new requirements relating to sustainability are aimed at achieving the following objectives:

- Improving the quality of sustainability-related practices and reporting of our listed issuers;
- Attracting funds with a sustainability focus into the Malaysian capital market.
- Facilitating more listed issuers to qualify for FTSE4Good Bursa Malaysia Index and other international sustainability indices; and
- Aiding listed issuers to meet sustainability expectations of their stakeholders.

### 3.2 Disclosure obligations

The Listing Requirements require you to make sustainability-related disclosures in your annual report. The table below sets out an overview of the sustainability-related disclosure obligations prescribed in the Listing Requirements, how they apply to you and when they take effect.

Who must comply?	What is required?	When to comply?
<b>MAIN MARKET LISTED ISSUERS</b>		
<u>ALL</u> Main Market listed issuers	<p><b>Paragraph 29, Part A of Appendix 9C, Main Market LR</b></p> <p>A narrative statement of the listed issuer’s management of material economic, environmental and social risks and opportunities (“<b>Sustainability Statement</b>”), and where applicable, in the manner as prescribed by the Exchange</p>	Annual reports issued for financial year ending (“ <b>FYE</b> ”) on or after <b><u>31 December 2016</u></b>
	<p><b>Paragraph 6.1, Practice Note 9, Main Market LR</b></p> <p>All listed issuers should ensure that the Sustainability Statement contains information that is balanced, comparable and meaningful by referring to the Sustainability Reporting Guide issued by the Exchange. In identifying the material economic, environmental and social risks and opportunities, the listed issuer should consider the themes set out in the Sustainability Reporting Guide.</p>	

Who must comply?	What is required?	When to comply?
<p>The following Main Market listed issuers:</p> <p>(a) Listed issuers with market capitalisation (excluding treasury shares) of RM1 billion and above as at 31 December 2015</p> <p>(b) Issuers listed after 31 December 2015 with market capitalisation (excluding treasury shares) of RM1 billion and above as at date of listing</p> <p>(c) Listed issuers with market capitalisation (excluding treasury shares) of RM1 billion and above as at 31 December of any calendar year after 31 December 2015</p> <p>Listed issuers which fall within the categories specified in (a), (b) or (c) above must continue to comply with the detailed disclosure requirements set out in Practice Note 9 even if their market capitalisation (excluding treasury shares) subsequently decreases below RM1 billion.</p>	<p><b>Paragraph 6.2, Practice Note 9, Main Market LR</b></p> <p>In making the Sustainability Statement, a listed issuer must include disclosures on the following:</p> <p>(a) the internal structure of how the economic, environmental and social risks and opportunities (“sustainability matters”) are managed;</p> <p>(b) the scope of the Sustainability Statement and basis for the scope;</p> <p>(c) material sustainability matters and how they are identified and managed including details on –</p> <p>(i) policies to manage these sustainability matters;</p> <p>(ii) measures or actions taken to deal with these sustainability matters; and</p> <p>(iii) indicators relevant to these sustainability matters.</p> <p><b>Paragraph 6.3, Practice Note 9, Main Market LR</b></p> <p>For purposes of paragraph 6.2(c) above, sustainability matters are considered material if they –</p> <p>(a) reflect the group’s significant economic, environmental and social impacts; or</p> <p>(b) substantively influence the assessment and decisions of stakeholders.</p>	<p>Annual reports issued for FYE on or after <b>31 December 2016</b></p>
<p>All Main Market listed issuers with market capitalisation below RM1 billion</p>	<p><b>Paragraphs 6.2 and 6.3, Practice Note 9, Main Market LR</b></p>	<p>Annual reports issued for FYE on or after <b>31 December 2018</b></p>

**ACE MARKET LISTED CORPORATIONS**

<p><u>ALL</u> ACE Market listed corporations</p>	<p><b>Paragraph 30, Appendix 9C, ACE Market LR</b>                  A narrative statement of the listed corporation’s management of material economic, environmental and social risks and opportunities (“Sustainability Statement”).</p>	<p>Annual reports issued for FYE on or after <b>31 December 2016</b></p>
	<p><b>Paragraph 6.1, Guidance Note 11, ACE Market LR</b>                  All listed corporations should ensure that the Sustainability Statement contains information that is balanced, comparable and meaningful by referring to the Sustainability Reporting Guide issued by the Exchange. In identifying the material sustainability matters, the listed corporation should consider the themes set out in the Sustainability Reporting Guide.</p>	

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### 3.3 CONTENTS OF THE SUSTAINABILITY STATEMENT

#### Paragraph 6.1, Practice Note 9 & Paragraph 6.1, Guidance Note 11

All listed issuers should ensure that the Sustainability Statement contains information that is **balanced, comparable and meaningful** by referring to the Sustainability Reporting Guide issued by the Exchange. In identifying the material sustainability matters, the listed issuer should consider the themes set out in the Sustainability Reporting Guide.

#### ► What is a Balanced Statement?

The principle of “balance” as per the GRI Guidelines, states that the sustainability report should reflect both the positive and negative aspects of the organisation’s sustainability performance to enable a reasonable assessment of the overall performance. Therefore, a Sustainability Statement should reflect the following qualities:

- **Unbiased**; and
- **Avoids omissions or selective reporting** (i.e. reporting only the positive aspects and not the negative aspects).

#### ► Application of disclosures - Examples

##### Example disclosure 1:

An example of a balanced statement, as provided by Royal Dutch Shell Plc in relation to oil spills, is as set out below:

*“In 2014, sabotage and oil theft remained a significant cause of spills. Although the number of spills decreased to 139 from 157 in 2013, **the volume of these spills increased to 2.7 thousand tonnes in 2014 from 2.2 thousand tonnes in 2013.**”*

*(Source: Royal Dutch Shell Plc Sustainability Report 2014, p.48)*

##### Example disclosure 2:

Another example of a balanced statement, as provided by Woolworths Limited (Australia), a food and staples retailer on waste, is set out below:

*“In 2006, Woolworths sent nearly 84,000 tonnes of waste to landfill in Australia’s eastern seaboard states and New Zealand, generating around 160 kt of CO<sub>2-e</sub> (carbon dioxide equivalent) emissions. **The total figure is probably closer to 140,000 tonnes of waste but we don’t have actual tonnage data from most smaller or medium size waste contractors.**”*

*(Source: Woolworths Limited (Australia) Sustainability Strategy 2007–2015, pg. 24)*

## ► What is a Comparable and Meaningful Statement?

The Sustainability Statement should contain **adequate information** to enable your stakeholders to have a clear understanding of the extent of EES risks and opportunities which are material to your business and stakeholders. It should also include measures taken to mitigate the risks and take advantage of the opportunities.

The Sustainability Statement should include the **actions taken**, and not just policies, and provide **performance data** where possible in relation to sustainability matters identified.

Information disclosed in the Sustainability Statement should be **clear and easily understood**, avoiding jargon, where possible. Further, the information should enable comparability **across time and to other organisations**. Comparability is particularly important for evaluating performance, including performance of the organisation over time as well as across the industry.

With increasing focus by investors on sustainability performance and how that is translated into value, you may want to quantify key impacts (positive or negative) of sustainability initiatives, for example, tracking cost savings resulting from energy reduction efforts.

## ► Application of disclosures - Examples

### Example disclosure 1:

The following example illustrates a statement that explains the extent of EES risks and opportunities, and measures or actions taken to deal with them as well as performance data.

*“A secure water supply is critical to the ongoing availability of fresh food in Australia. With around 97 percent of the fresh fruit and vegetables sold in our supermarkets sourced domestically, the continued sustainability of our business is directly tied to the livelihood of local growers and farmers. Therefore, we have an obligation not to waste water.*

*The impact of Australia’s drought on the supply of fresh food has been severe in recent years and this situation is likely to continue well into the future. In the past 12 months, we have seen rising prices for dairy and grain-based products due to drought and water shortages, and the supply of many fruits and vegetables has also been affected.*

**Extent of EES risks and opportunities which are material to the business and its stakeholders**

*In January 2007, we held a National Drought Action Day to raise money for Australian farming families affected by drought. With the support of customers and staff we raised \$4.7 million in donations to the Country Women’s Association. Two thirds was distributed to families needing assistance with basic household expenses and the remaining \$1.56 million will help to fund sustainable farming programs through Landcare, including:*

- *Six major regional projects in South East Queensland, Liverpool Plains (NSW), Murrumbidgee (NSW), Northern agricultural catchments (Western Australia), South Australia and Tasmania.*
- *25 smaller projects clustered around the major regional projects listed above.*
- *20 farmer innovation projects awarded through a grants application process.”*

**Measures or actions taken to deal with the material sustainability matters.**

*(Source: Woolworths Limited (Australia) Sustainability Strategy 2007–2015)*

### **Example disclosure 2:**

The following example, which contains both quantitative and qualitative information, illustrates a comparable and meaningful statement that would be useful to stakeholders in making their assessment of the organisation’s performance. The narrative explains the management approach (i.e. talent reviews) taken by the organisation in relation to its material sustainability matter (i.e. talent management) while the quantitative data (i.e. percentage of employees who received talent reviews) allows stakeholders to track and compare the data over time and with other similar organisations.

*“Our Talent Management strategy helps us find the right talent and ensure that our people excel both personally and professionally. Our Talent Management Framework is based on the philosophy of ‘Recruit right, Perform right, Develop right and Retain & Reward right’, and guides career development within the Group. This year, we continue to achieve 100% completion of the multi-level talent reviews introduced in 2009, namely Sector, Country and Group Talent Reviews in the Group. These sessions play the critical role in spotting the right talents for the right roles as well as develop these potential talents via our various leadership acceleration programmes.*

**A narrative to introduce the purpose of management approach and key achievement of the year.**

<i>Our commitment</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>Progress</i>
<i>All employees are appraised annually in order to ensure performance and employee development.</i>	<i>100% appraised</i>	<i>100% appraised</i>	<i>100% appraised</i>	<i>We use appraisals as a key performance tool and always look for ways to improve the process. The conversation between employees and Line Managers as well as the Personal Development Plan (PDP) are part of the Performance Management Cycle to ensure alignment of business priorities, performance improvement and employee development.</i>

**Year-on-year performance data and narrative to highlight area for improvement**

(Source: Maybank Sustainability Report 2014, p. 91)



### Paragraph 6.2 (a), Practice Note 9

In making the Sustainability Statement, a listed issuer must include disclosures on the **internal structure** of how the economic, environmental and social risks and opportunities (“sustainability matters”) are managed.

#### ► What is “internal structure”?

“Internal structure” refers to the structures an organisation has in place to ensure accountability, oversight and review in the identification and management of sustainability matters i.e. who is responsible for the organisation’s sustainability performance and disclosures.

[*Note: Refer to Chapter 3, pages 15 to 17 for more details on internal structure.*]

#### ► Recommended disclosure requirements

You are encouraged to include the following information when disclosing your internal structure in the Sustainability Statement:

- a) The role of the highest governance body (e.g. Board of Directors or sub-committees, etc) in setting your purpose, values and strategies<sup>22</sup> which incorporates sustainability considerations.
- b) The role of the highest governance body or person (e.g. sustainability committee chaired by CEO) responsible for identifying, evaluating, monitoring and managing EES risks and opportunities.

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<sup>22</sup> Recommendation 1.4 of the Malaysian Code of Corporate Governance 2012 states that the board should ensure that the company’s strategies promote sustainability.

## ► Application of disclosures - Examples

### Example disclosure 1:

*“Sustainability is embedded in our organisational approach and is led from the top. The Sime Darby Main Board is the highest authority accountable for the Group’s sustainability strategy and performance. The Main Board is supported by Flagship Subsidiary Boards, each with oversight of one Division. The Board Sustainability Committee (BSC) assists the Main Board in overseeing the Group’s principles, policies, objectives and strategies pertaining to sustainability. The Main Board and the BSC reviews the Group’s Five Year Strategic Blueprint annually, which includes sustainability, and receive quarterly progress updates. Our Management Sustainability Committee (MSC) oversees sustainability operations within the Group and is chaired by our Group Chief Operating Officer. Sustainability considerations have been incorporated into our Group Policies and Authorities, which govern all Sime Darby operations.”*

*(Source: Sime Darby Plantation, Sustainability Report 2013, p.23)*

### Example disclosure 2:

*Our organisation’s sustainability strategy is determined by our Board who provides oversight of our corporate sustainability performance. Senior Management, namely our CEO, oversees the implementation of the organisations sustainability approach and ensures that key targets are being met with the support of the CFO.*

### Paragraph 6.2 (b), Practice Note 9

In making the Sustainability Statement, a listed issuer must include disclosures on the **scope** of the Sustainability Statement and **basis for the scope**.

#### ► What is Scope?

“Scope” refers to the parameters or boundaries of the information being included in the Sustainability Statement. You could scope your disclosure based on:

- physical locations of the organisation (geographical boundary);
- entities within the organisation (organisational boundary); and
- operations within the entire value chain.

[Note: Refer to Chapter 3, page 20 for more details on scoping.]

#### ► Recommended disclosure requirements

You should include the following information when disclosing the scope of the Sustainability Statement and basis of the scope:

- the boundaries applied and the entities which fall within the boundaries, for example subsidiaries, associated companies, joint ventures; and
- the reasons for selecting these boundaries.

#### ► Reporting best practices for scope

1. As noted in Chapter 3 of this Guide, an organisation’s scope should cover all its operations. Scoping should not be used to exclude reporting of activities, products or facilities that have, or can have, significant sustainability impacts or negative sustainability performance.
2. Where exclusions apply, for example, due to recent acquisitions or joint venture arrangements where the other party is required to report, provide clear details of the exclusion in addition to the basis for the scope.
3. To be comparable, you are encouraged to report information consistently and present it in a manner that allows your stakeholders to analyse changes in performance year-on-year. This includes providing clear explanation on whether there are any changes in scope from previous year disclosures.

You are encouraged to also strive to expand the scope over time.

## ► Application of disclosures – Examples

### Example disclosure:

*“The data this year covers 24 countries: Albania, Czech Republic, Egypt, Germany, Ghana, Greece, Hungary, India, Ireland, Italy, Malta, the Netherlands, New Zealand, Portugal, Qatar, Romania, Spain, Turkey...and Tanzania.*

*Our sustainability reporting covers the **mobile and fixed networks** in the **24 local countries** listed above and **does not include our joint ventures, our associate Safaricom (Kenya) or partner networks.***

*Data for operations formerly owned by Cable and Wireless Worldwide and TelstraClear are included in the 2013/14 environmental footprint, but not for previous years. **Data for any acquisitions made during 2014 is not included in the environmental footprint as our policy is to publicly report performance data from newly acquired businesses at the end of their first full year as a controlled subsidiary.**”*



Geographical boundary



Operations within the value chain



Organisational Boundary



Expanded scope



Basis of Exclusion:  
Completeness

*(Source: Adapted from Vodafone Group Plc Sustainability Report 2013/14)*

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### Paragraph 6.2 (c), Practice Note 9

In making the Sustainability Statement, a listed issuer must include disclosure on **material sustainability matters** and **how they are identified** and **managed** including details on (i) **policies to manage** these sustainability matters; (ii) **measures or actions taken to deal** with these sustainability matters; and (iii) **indicators** relevant to these sustainability matters.

#### ► What are material sustainability matters?

As previously defined, sustainability matters are risks and opportunities that relate to sustainability topics (“**themes**”) that have a direct or indirect impact on your ability to create, preserve or erode value for your organisation, your stakeholders and society at large, and include areas such as climate change, diversity, human rights etc.

Paragraph 6.3, Practice Note 9 provides the following definition for determining material sustainability matters:

*“For purposes of paragraph 6.2 (c) above, sustainability matters are considered material if the matters:*

- (a) reflect the group’s significant economic, environmental and social impacts, or*
- (b) substantively influence the assessment and decisions of stakeholders.”*

This requirement refers to the disclosure of the sustainability matters which have been determined to be most material in the course of the prioritisation phase under the materiality assessment process<sup>23</sup> and approved by the board.

#### ► Reporting best practices for identification and management of material sustainability matters

1. Disclosures relating to how your material sustainability matters are identified should include details of any stakeholder engagement undertaken.
2. Disclosures should also detail the various resources (e.g. internal and external resources such as media review, board reports, risk register, etc) that were utilised in the identification process to inform readers of the completeness of your review.
3. Measures and actions taken to deal with material sustainability matters should be tied back to addressing the risks or leveraging the opportunities identified by the organisation.

<sup>23</sup> For the prioritisation process, please refer to paragraph 3.2, Phase 4: Prioritisation, of this Guide.

## ► Application of disclosure - Examples

The following provides example disclosures for each element of the requirements under paragraph 6.2 (c), Practice Note 9. The example disclosures are based on the following two scenarios:

Scenario 1	Scenario 2
Company XYZ is a manufacturing company. After undertaking a materiality assessment, it has identified several material sustainability matters, one of which is occupational safety and health.	Company K is involved in manufacturing and agriculture businesses. They have conducted their materiality process and identified several material sustainability matters, one of which is energy consumption. They have discovered an opportunity for their business through this identification process.

### 1. Identification of material sustainability matters

#### Example disclosure based on Scenario 1:

*“Company XYZ engaged with internal stakeholders through a series of workshops and by reviewing lost time injury records, compensation claims and records of workplace incidents identified occupational health and safety as a key risk area. Company XYZ believes that a lack of good safety and health practices may lead to incidents that would affect the health and safety of its employees, operational efficiency and reputation of the organisation and in the long run, impact profitability of Company XYZ.”*

#### Example disclosure based on Scenario 2:

*“Company K has applied Accountability’s 5-Part Materiality Test and the G4 Sustainability Reporting Guidelines Implementation Manual to carry out a detailed assessment of the most material sustainability matters for our business and stakeholders. We update the full list of sustainability matters and revise our prioritisation annually based on our corporate strategy and external developments.*

*Sources used for this process include:*

- *issues identified by internal stakeholders;*
- *employee and stakeholder surveys;*
- *reviews of key sustainability concerns across our customers, non-governmental organisations (NGOs) and competitors; and*
- *a literature review to identify the key sustainability megatrends likely to affect Company K.*

*Through our materiality process we identified ‘energy consumption’ as a key sustainability concern. We have recognised that our processes are energy intensive, contributing to increased costs which are being passed on to our customers.*

*In acknowledging these concerns, we can see some strong opportunities for our organisation to manage our energy costs. Our biogas recapturing program from our treatment plant has been used to offset the use and purchase of natural gas; we currently use the biogas in our boilers to produce the heat that powers some of our process.*

*This has provided a great opportunity for us to reduce our energy costs and at the same time has allowed us to reduce our dependence on fossil fuels. This move has also contributed to the plant's energy security and demonstrates our commitment to environmental responsibility."*

## 2. Management of material sustainability matters - Policies

Policies are used to drive and delegate responsibility throughout the organisation and represent the organisation's commitment to management of the sustainability matters identified. In describing the management approach, you must discuss policies that are implemented to manage each material sustainability matter (where appropriate). An example of a policy is a Code of Conduct to address ethical business conduct. The following are example disclosures demonstrating how you may discuss policies used:

### Example disclosure based on Scenario 1:

*"Company XYZ has in place an occupational safety and health policy that highlights our commitment to:*

- *Prevent injury and ill health to our employees;*
- *Ensure compliance to laws and regulations in relation to occupational safety and health;*
- *Require contractors to meet our occupational safety and health standards across all operations;*
- *Set targets and measures to drive occupational safety and health performance across the organisation; and*
- *Promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and general public."*

### Example disclosure based on Scenario 2:

*"Our environmental policy guides our actions in minimising our impacts to the environment and ensuring our environmental obligations is upheld in areas where we have an influence. Our actions are reflective of our organisation's sustainability values – in particular, to ensure we are environmentally responsible.*

*Our policy requires us to:*

- *document the type and extent of actual and reasonably foreseeable environmental impacts associated with our activities/ operations in areas where we have influence;*
- *identify and implement (as practicable) projects that prevent and/or minimise GHG emissions encompassing the major sources of GHG emissions associated with our activities; and*
- *implement sustainable agriculture practices that enable stakeholders in our supply chain to increase production and minimize impacts on the surrounding area.*

*Our standards are designed to be complemented, as appropriate, by additional guidelines and practical tools at the local or regional level, while complying with national laws and regulations.”*

### 3. Management of material sustainability matters – Measures or Actions

The measures or actions taken to deal with the material sustainability matters are in essence the organisation’s response to the material sustainability matters identified through the materiality process. Example disclosures may include:

#### Example disclosure based on Scenario 1:

*“Company XYZ has launched the following safety and health programs and implemented the following measures:*

- *health and safety audits are carried out at all operating sites and subsidiaries by local teams.*
- *unsafe Practices Flag is a measure implemented across the organisation to encourage a culture of self-regulation and accident prevention. Employees can produce information cards when they see an unsafe act. These cards are collated and analysed for improvement in safety practices.*
- *annual safety training is undertaken to address issues such as chemical management, fire prevention and ergonomic-related issues.*
- *promote a culture where all employees share the commitment to prevent harm to the health and safety of our employees, contractors and general public.”*

#### Example disclosure based on Scenario 2:

*“We have put in place measures to track the performance of our gas recapturing systems to ensure optimal recovery rates. Furthermore, we have initiated a research and development program to identify other uses for the recaptured gas. One of the things we are considering is using it to fuel our fleet of trucks. However, we anticipate that this area still requires much research prior to realisation.”*

### 4. Management of material sustainability matters – Indicators

As detailed in Chapter 3 of this Guide, indicators should be identified for each material sustainability matter, and disclosed accordingly. Indicators should be normalised and if possible, disclosed against a baseline so that stakeholders can gauge performance.

Please refer to Appendix A for a list of indicators that may be used for reporting.

Appendix A has been included in this Guide to provide a base from which you can start to consider and select relevant indicators. Most of the indicators are aligned to the GRI Guidelines and FTSE4Good Bursa Malaysia Index. Although you may choose to develop your own indicators, as stated earlier, indicators must be selected for each material sustainability matter identified, where possible, and should be reported consistently and be comparable year-on-year.



An important element of reporting, particularly for indicators, is being clear on what is being included in the data. For example, when reporting human resources data, consider whether contractors should be included, and if so make this clear in your disclosures.

**Example disclosure based on Scenario 1:**

Indicator	Baseline data (2008)	Performance in 2014	Target
Number of fatalities	N/A	1	Zero fatalities
Lost-time Injury Frequency*	0.86	0.70	0.65

\* the lower the rate the better the performance

*Company XYZ experienced a fatality this year despite our effort in 20xx. We acknowledged that we have to put in more effort to achieve our zero fatality target.*

*This year, Lost-time Injury Frequency was recorded at 0.70 which is an 18 percent reduction, indicating marked improvement in performance compared to the baseline data.*

**Example disclosure based on Scenario 2:**

*We have set a target of reducing our reliance on the power grid by up to 40% by 2020. We have been tracking our progress year-on-year and are proud to be able to report we are on track to meet our target.*

Year	2013	2014	2015
Reduced reliance (%)	19.5	25	28

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**LINK TO OTHER DISCLOSURES REQUIRED UNDER THE LR**

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Under the LR, listed issuers are required to make a Corporate Governance Statement and an Internal Control Statement. If you have incorporated the relevant sustainability disclosures in your Corporate Governance Statement (e.g. the internal structure disclosure required under paragraph 6.2 (a) of Practice Note 9) or Internal Control Statement (e.g. the management of material sustainability matters required under paragraph 6.2 (c) of Practice Note 9), you should state clearly where those disclosures can be found, in the Sustainability Statement.

## APPENDIX A: SELECTING YOUR THEMES AND INDICATORS

Paragraph 6.3 (c) of Practice Note 9 requires listed issuers to disclose material sustainability matters and how they are identified and managed. This section provides a range of themes and example indicators to assist you in disclosing the material sustainability matters.

These are broad-ranging themes that stakeholders would often expect to see in sustainability disclosures. The list of commonly-used themes and indicators, although detailed, is not exhaustive. Organisations may refer to international guidelines (e.g. the GRI Guidelines) for more themes that may be relevant to your organisation. In addition, specific themes have also been included to cater for a range of specific sectors (i.e. major sectors) in Malaysia. These sectors are:

- Construction and real estate
- Consumer goods
- Financial services
- Manufacturing
- Oil and gas
- Plantation
- Technology
- Telecommunications
- Utilities

### Legends:







































 Applicable to all industry	 Manufacturing
 Construction and real estate	 Consumer goods
 Plantation	 Utilities
 Telecommunications	 Financial services
 Oil and gas	 Hotel and tourism
 Technology	
 GRI	 FTSE4Good

### Notes:












- (i) The definitions provided for each theme have been drawn from local legislation as well as international reporting guideline (e.g. the GRI Guidelines), unless otherwise stated.
- (ii) Global and industry performance frameworks have been considered in developing the list of themes. These include the United Nations Global Compact; International Petroleum Industry Environmental Conservation Association (IPIECA) and RSPO. Finally, trends in reporting of themes by industry (both looking at local and international reporting) have also been incorporated, where appropriate.

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Economic</b>				
Procurement practices □	Spending on local suppliers at significant location of operations	Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation	A	Reference to future toolkit
Community investment ■	Voluntary contributions made by an organization to enhance socio-economic benefits and create a positive social impact	Total amount invested in the community where the target beneficiaries are external to the entity	A	Reference to future toolkit
Indirect Economic Impact □	Indirect economic impacts are additional consequences of the direct impact of financial transactions and the flow of money between an organization and its stakeholders <sup>24</sup>	Report the current or expected impacts on communities and local economies - both relevant positive and negative impacts	A	Reference to future toolkit

<sup>24</sup> For example, increasing demands for steel by heavy machinery manufacturer resulting in steel supplier hiring more labourers to meet that demand. Income earned by these labourers is an indirect economic impact to the heavy machinery manufacturer.

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Environmental</b>				
<b>Emissions</b>  	Emissions refers to the discharge of environmentally hazardous substances (e.g. dust, dark smoke, emissions with metallic compounds) into the atmosphere. (This definition is in accordance with the schedules as provided in the Malaysian Government's Environmental Quality Act (Clean Air) Regulations). It also encompasses greenhouse gas emissions (e.g. as carbon dioxide, methane and water vapor).	Scope 1 emissions in CO <sub>2</sub> e	      	Reference to future toolkit Refer to <a href="http://www.ghgprotocol.org/">http://www.ghgprotocol.org/</a>
		Scope 2 emissions in CO <sub>2</sub> e		Reference to future toolkit Refer to <a href="http://www.ghgprotocol.org/">http://www.ghgprotocol.org/</a>
		Scope 3 emissions in CO <sub>2</sub> e		Reference to future toolkit Refer to <a href="http://www.ghgprotocol.org/node/453">http://www.ghgprotocol.org/node/453</a>
		NO <sub>x</sub> and SO <sub>x</sub> emissions in g/Nm <sup>3</sup> per product or operating hour	      	Reference to future toolkit Refer to <a href="http://www.ghgprotocol.org/">http://www.ghgprotocol.org/</a>
		Particulate emissions (ppm) per product or operating hour (from measurement)		Reference to future toolkit
<b>Waste and effluent</b>  	Waste is broken down into hazardous and non-hazardous waste, where hazardous waste is governed by local environmental regulations i.e. the Environmental Quality (Scheduled Wastes) Regulations. Non-hazardous waste includes general waste such as paper and plastic. Effluent is defined as any liquid that is disposed as waste or wastewater.	Total weight or volume of hazardous waste / effluent generated	      	Reference to future toolkit Refer to Environmental Quality Act (Scheduled Wastes) Regulations – Schedule 5
		Total weight or volume of non-hazardous waste generated		Reference to future toolkit
		Total weight or volume of waste / effluent sent to landfill for disposal	      	Reference to future toolkit Refer to Environmental Quality Act (Scheduled Wastes) Regulations – Schedule 5
		Ratio of waste to production		Reference to future toolkit Refer to <a href="http://www.theconsumergoodsforum.com/">http://www.theconsumergoodsforum.com/</a>
		Ratio of waste (e.g. empty fruit		Reference to future toolkit



Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Environmental</b>				
		bunches; kernels) repurposed and disposed		
		Amount of drilling waste and strategies for treatment and disposal	OG	Reference to future toolkit Refer to GRI Sector Supplement : Oil and Gas
		Amount of e-waste disposed	T TC	Reference to future toolkit
Water □ □	Considers consumption and efficiency of water usage for industrial processes and general purposes.	Total volume of water used	A	Reference to future toolkit Refer to <a href="https://www.cdp.net/water">https://www.cdp.net/water</a>
		Percentage of water recycled	A	Reference to future toolkit Refer to <a href="https://www.cdp.net/water">https://www.cdp.net/water</a>
		Water consumption per employee	A	Reference to future toolkit Refer to <a href="https://www.cdp.net/water">https://www.cdp.net/water</a>
		Water usage per product / output	A	Reference to future toolkit Refer to <a href="https://www.cdp.net/water">https://www.cdp.net/water</a>
Energy □ □	Considers the efficient use and consumption of electricity as well as energy generated from renewable sources.	Total energy consumption	A	Reference to future toolkit Refer to <a href="http://www.ghgprotocol.org/">http://www.ghgprotocol.org/</a>
		Amount of reduction in energy consumption achieved as a result of conservation and efficiency initiatives	A	Reference to future toolkit
		Energy intensity – Kilo Watts or Mega Watts hour per employee / man-hours / square meter	A	Reference to future toolkit
		Alternative energy research (e.g. wind, biomass, solar, clean fuels) (investment amount and plans)	OG	Reference to future toolkit <a href="http://www.ipieca.org/topic/climate-change/meeting-challenge#ti1012">http://www.ipieca.org/topic/climate-change/meeting-challenge#ti1012</a> Refer to GRI Sector Supplement : Oil and Gas
		Use of renewable energy (MWh)	M CG U OG P T CR	Reference to future toolkit

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Environmental</b>				
		Total energy produced (e.g. measured by joules, watt-hours, etc)		Reference to future toolkit
Biodiversity 	Relates to the identification and assessment of risk associated with biodiversity by reporting on the potential impact on land that lies within, contains, or is adjacent to areas with high biodiversity value	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored (e.g. terrestrial, fresh water and marine environment for oil and gas sector)		Reference to future toolkit <a href="http://www.iecea.org/focus-area/biodiversity">http://www.iecea.org/focus-area/biodiversity</a> Refer to GRI Sector Supplement : Oil and Gas
		Habitats protected or restored		Reference to future toolkit
Supply Chain (Environmental) 	All significant environmental impacts observed or assessed in the supply chain in relation to products and services produced and/or offered.	Assessment of new and existing suppliers to identify environmental impacts (resource use, waste management etc.)		Reference to future toolkit Refer to <a href="http://www.theconsumergoodsforum.com/">http://www.theconsumergoodsforum.com/</a>
		Actions on supplier's non-compliance to environmental impacts assessment (e.g. training and communications)		Refer to <a href="https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx">https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx</a>
Product and Services Responsibility (Environmental)	The environmental impact of products and services in the course of their lifecycle, (including product design, development, testing, etc.)	Product stewardship (product's impact on the environment)		Reference to future toolkit
		Benzene, lead and sulfur content in fuels		Reference to future toolkit Refer to GRI Sector Supplement : Oil and Gas
		Product innovation to reduce impacts (e.g. eco-friendly, less chemicals/toxic substances etc)		Reference to future toolkit Refer to <a href="http://www.theconsumergoodsforum.com/">http://www.theconsumergoodsforum.com/</a> Refer to <a href="https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx">https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx</a>
		Oil spill preparedness		Reference to future toolkit <a href="http://www.iecea.org/focus-area/oil-spill-preparedness">http://www.iecea.org/focus-area/oil-spill-preparedness</a>

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Environmental</b>				
				Refer to GRI Sector Supplement : Oil and Gas
Materials <input type="checkbox"/>	Materials are components used as inputs in the production of goods.  This theme encompasses the sourcing and composition of materials used in the production of goods (and packaging). It discusses the practice and commitment to responsible sourcing and management of materials, and how these were given consideration in the fabrication of a product.	Ratio of raw materials sourced from sustainable sources	<input type="checkbox"/> M <input type="checkbox"/> CG	Reference to future toolkit
		Policies and commitment to certified raw materials sourcing	<input type="checkbox"/> M <input type="checkbox"/> CG	Reference to future toolkit Refer to <a href="http://www.theconsumergoodsforum.com/">http://www.theconsumergoodsforum.com/</a> Refer to <a href="https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx">https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx</a>
		Materials used by weight or volume	<input type="checkbox"/> M <input type="checkbox"/> CG	Reference to future toolkit
		Percentage of recycled input materials	<input type="checkbox"/> M <input type="checkbox"/> CG	Reference to future toolkit
Compliance	Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines. It outlines an organisation's degree of observance to laws and guidelines governing its business, as well as efforts undertaken in assessing the anticipated environmental impact of its activities.	Total monetary value of fines for non-compliance with laws and regulations	<input type="checkbox"/> A	Reference to future toolkit
Land remediation, contamination or degradation <input type="checkbox"/>	Land contamination may adversely affect or render land unproductive. Contamination may occur as a result of the current or prior activity of the	Land remediated or in need of remediation for the existing or intended land use, according to applicable legal designations	<input type="checkbox"/> CR	Reference to future toolkit Refer to GRI Sector Supplement : Construction and Real Estate Sector
		Disclosure on current practice and soil	<input type="checkbox"/> P	Reference to future toolkit

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Environmental</b>				
	<p>organisation or its previous occupier. Contamination may be of natural origin, in various states (solid, liquid or gas), and may affect soil quality (degradation) and its surrounding ecological and environmental receptors.</p> <p>Land remediation, on the other hand, refers to the efforts taken to remove or reduce pollutants or contaminants in the soil.</p> <p>This theme requires disclosure on the management of soil quality and initiatives assumed in the remediation of contaminated land.</p>	<p>management strategy</p> <p>Number of sites that have been decommissioned and sites that are in the process of being decommissioned</p>	<p>OG</p>	<p>Reference to future toolkit</p> <p>Refer to GRI Sector Supplement : Oil and Gas</p>



Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)									
<b>Social</b>													
Diversity 	Diversity, specifically in the workforce and management is characterized by the gender, age etc.	The percentage of employees per employee category in each of the following diversity categories: (a) gender; (b) age group.	A	Reference to future toolkit									
		Ratio of foreign to local hire of low-skilled workers	A	Reference to future toolkit									
		Employment arrangement – local and foreign	A	Reference to future toolkit									
Human Rights 	In accordance with the United Nations Universal Declaration on Human Rights, this is defined as/to include: <ul style="list-style-type: none"> <li>the right to not be discriminated against;</li> <li>not be enslaved;</li> <li>be treated with dignity;</li> <li>have the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and</li> <li>the right to freedom of opinion and expression.</li> </ul>	Percentage of employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations	A	Reference to future toolkit									
		Percentage of existing and new suppliers assessed for human rights policies and practices	A	Reference to future toolkit									
		Number of discrimination incidents	A	Reference to future toolkit									
		Number of child labour incidents	<table border="1"> <tr> <td style="background-color: red; color: white;">M</td> <td style="background-color: orange; color: white;">CG</td> <td style="background-color: yellow; color: black;">U</td> </tr> <tr> <td style="background-color: yellow; color: black;">OG</td> <td style="background-color: green; color: white;">P</td> <td style="background-color: blue; color: white;">T</td> </tr> <tr> <td style="background-color: purple; color: white;">CR</td> <td></td> <td></td> </tr> </table>	M	CG	U	OG	P	T	CR			Reference to future toolkit
		M	CG	U									
		OG	P	T									
		CR											
Measures taken to support freedom of association	A	Reference to future toolkit											
Number of grievances about human rights issues	A	Reference to future toolkit											
Percentage of investment agreements that underwent human rights screening	FS	Reference to future toolkit Refer to GRI Sector Supplement : Financial Services											
Occupational Safety and Health	In accordance with the International Labour	Percentage of workers undergoing safety and health training per annum	A	Reference to future toolkit									

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Social</b>				
<input type="checkbox"/> <input type="checkbox"/>	Organization, occupational safety and health refers to the anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers.	Number and rate of work-related injuries per annum	A	Reference to future toolkit Refer to Register of Occupational Accidents, Dangerous Occurrence, Occupational poisoning and Occupational Disease - JKPP 8 for annual submission to DOSH
		Number of work related fatalities	A	Reference to future toolkit Refer to Register of Occupational Accidents, Dangerous Occurrence, Occupational poisoning and Occupational Disease - JKPP 8 for annual submission to DOSH
		Accident frequency rate	A	Reference to future toolkit Refer to Register of Occupational Accidents, Dangerous Occurrence, Occupational poisoning and Occupational Disease - JKPP 8 for annual submission to DOSH
		Severity rate	A	Reference to future toolkit Refer to Register of Occupational Accidents, Dangerous Occurrence, Occupational poisoning and Occupational Disease - JKPP 8 for annual submission to DOSH
		Number and percentage of workers undergoing health surveillance	A	Reference to future toolkit Refer to Factories and Machineries Act 1967
		Brief description of the HSE organization chart and the HSE Committee (if available) at the work site	A	Reference to future toolkit Refer to OSHA 1994
Anti-competitive behavior <input type="checkbox"/>	Concerning ethical business practices without affecting consumer choice, pricing, and market efficiency.	Number of legal actions pending or completed regarding anti-competitive behavior	A	Reference to future toolkit Competition Act 2010
Anti-corruption <input type="checkbox"/> <input type="checkbox"/>	In accordance with Transparency International Malaysia, corruption is defined as the	Percentage of employees that have received training on anti-corruption by employee category	A	Reference to future toolkit

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Social</b>				
	abuse of entrusted power for private gain. This theme discusses activities that promote transparency and guard against various forms of corruption (e.g. bribery, extortion, fraud, undue pressure or influence, and collusion / anti-competitive behavior).	Percentage of operations assessed for risks related to corruption	A	Reference to future toolkit
Labour practices ■ ■	The fair treatment of employees in regards to terms and conditions of employment and developments of employee's skills and knowledge.	Average hours of training per annum per employee by employee category	A	Reference to future toolkit
		Total number and rate of employee turnover during the reporting period, by: <ul style="list-style-type: none"> <li>age group;</li> <li>gender.</li> </ul>	A	Reference to future toolkit Employment Act 1955
		Employee benefits	A	Reference to future toolkit Employment Act 1955
Society ■	Relates to the impacts organisations have on society and local communities.	Initiatives to improve access of financial services to disadvantaged people	FS	Reference to future toolkit Refer to GRI Sector Supplement : Financial Services
		Disclosure of social impact assessment (SIA) performed (if any) and current practices in order to mitigate negative impacts	P	Reference to future toolkit
		Number of people physically or economically displaced and compensated, broken down by utility project type	U	Reference to future toolkit Refer to GRI Sector Supplement : Utilities Sector
		Operations where involuntary resettlement took place, the number of	OG P	Reference to future toolkit Refer to GRI Sector Supplement : Oil and

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Social</b>				
		households resettled in each, and how their livelihoods were affected in the process		Gas
Product and Services Responsibility (Social) <input type="checkbox"/>	The impact of products and services on the wellbeing of society, including privacy, health and safety	Number of complaints	A	Reference to future toolkit
		Customer relationship management (grievance mechanism)	A	Reference to future toolkit
		Number of incidents of non-compliance to regulations and/ or standards	A	Reference to future toolkit
		Transparency in product information and labelling	CG FS	Reference to future toolkit Refer to <a href="http://www.theconsumergoodsforum.com/">http://www.theconsumergoodsforum.com/</a> Bank Negara Malaysia's Guidelines on Introduction of New Products Refer to GRI Sector Supplement : Financial Services Refer to GRI Sector Supplement: Food Processing
		Number of incidents of cyber attacks	A	Reference to future toolkit
		Product adherence to chemical content/ composition specification	M CG	Reference to future toolkit
		Health risks from exposure to electro magnetic radiation from use of products and services	T	Reference to future toolkit
		Ingredients used in personal care products	CG	Reference to future toolkit Refer to <a href="http://www.theconsumergoodsforum.com/">http://www.theconsumergoodsforum.com/</a>
		Financial literacy	FS	Reference to future toolkit Refer to GRI Sector Supplement : Financial Services
Supply Chain (Social)	Relates to significant and potential social impacts on	Assessment of new and existing suppliers to identify existing or potential negative	A	Reference to future toolkit

Themes	Definition	Example Indicators	Guidance on industry applicability	References (to Toolkit and external references)
<b>Social</b>				
<input type="checkbox"/> <input type="checkbox"/>	society in the supply chain.	social impacts		
		Actions on supplier's non-compliance to social impacts assessment	A	

DRAFT

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## GLOSSARY OF TERMS AND ACRONYMS

<b>Bursa Malaysia</b>	: Bursa Malaysia Securities Berhad
<b>CDM</b>	: Clean Development Mechanism
<b>CEO</b>	: Chief Executive Officer
<b>CSR</b>	: Corporate social responsibility
<b>Economic</b>	: The organisation's impact on the economic conditions of the stakeholders (e.g. procurement practices, community investment) and interaction or relationship with the economic systems at local, national and global levels. It does not merely focus on the financial condition of the organisation.
<b>ESG</b>	: Environmental, social and governance
<b>EES</b>	: Economic, environmental and social
<b>Environmental</b>	: The organisation's interaction or relationship with living and non-living natural systems, including land, air, water and ecosystems.
<b>DOSH</b>	: Department of Occupational Safety and Health
<b>FYE</b>	: Financial year ending
<b>GE</b>	: General Electric
<b>GRI Guidelines</b>	: Global Reporting Initiative Sustainability Reporting Guidelines
<b>IIRC</b>	: International Integrated Reporting Council
<b>Internal Structure</b>	: The structures an organisation has in place to ensure accountability, oversight and review in the identification and management of sustainability.
<b>IPIECA</b>	: International Petroleum Industry Environmental Conservation Association
<b>JKKP</b>	: Jabatan Keselamatan dan Kesihatan Perkerjaan
<b>LR or Listing Requirements</b>	: Listing Requirements of Bursa Malaysia Securities Berhad
<b>Materiality</b>	: Materiality is the principle of identifying and assessing a wide range of sustainability matters, and refining them to what are most important to the organisation and its stakeholders.



<b>NGO</b>	: Non-governmental organisation
<b>POME</b>	: Palm oil mill effluent
<b>OSHA 1994</b>	: Occupational Safety & Health Act 1994
<b>RSPO</b>	: Roundtable on Sustainable Palm Oil
<b>SASB</b>	: Sustainability Accounting Standards Board
<b>Stakeholder</b>	: A stakeholder is essentially an individual or a group that has an effect on, or is affected by the organisation and its activities.
<b>Scope</b>	: The parameters or boundaries of the information being included in the Statement
<b>Social</b>	: The organisation's interaction or relationship with social systems within which the organisation operate. These may include the relationships with communities, employees, consumers, etc.
<b>Sustainability Statement</b>	: The sustainability statement as required under Paragraph 29, Part A of Appendix 9C of the Listing Requirements, Practice Note 9.
<b>Sustainability</b>	: Refers to economic, environmental and social risks and opportunities.
<b>Sustainability governance</b>	: Refers to how sustainability is positioned and governed within an organisation.
<b>Sustainability matters</b>	: Risks and opportunities that relate to sustainability topics ("themes") that have a direct or indirect impact on the organisation's ability to create, preserve or erode EES value for the organisation, its stakeholders and society at large (such as climate change, diversity, human rights etc)
<b>Themes</b>	: Risks and opportunities that relate to sustainability topics
<b>This Guide</b>	: Bursa Malaysia's Sustainability Reporting Guide
<b>Toolkit</b>	: Bursa Malaysia's Sustainability Toolkit
<b>UNEP</b>	: United Nations Environment Programme
<b>UNEP FI</b>	: United Nations Environment Programme Finance Initiative