

**BURSA MALAYSIA – MALAYSIAN INSTITUTE OF INTEGRITY (IIM) BREAKFAST  
DIALOGUE ON CSR  
THURSDAY, 26 JULY 2007**

**SPEECH BY**

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Assalamualaikum warahmatullahi wabarakatuh and good morning

Y.Bhg Tan Sri Mohd Sidek Bin Haji Hassan  
Chairman, Malaysian Institute Of Integrity

Yang Berbahagia Datuk Dr.Mohd Tap Bin Salleh  
President, Malaysian Institute of Integrity

Board members of Bursa Malaysia Berhad

Tan Sri-Tan Sri and Dato-Dato

Honoured Guests

Ladies and Gentlemen

On behalf of Bursa Malaysia, it gives me great pleasure to welcome all of you to this dialogue session on corporate social responsibility, organized jointly by Bursa Malaysia and the Malaysian Institute of Integrity or IIM in short. Thank you all for taking time off from your busy schedules.

Corporate social responsibility or CSR in short, is a hot topic these days. CSR is about the way in which a company integrates social and environmental concerns in its business operations, and how it interacts with its stakeholders on a voluntary basis. It is based on the belief that a company cannot divorce itself from the community in which it operates, and that the company and the community are interdependent. Companies are expected to behave ethically as stakeholders hold them accountable for their impact, not only on society and the environment, but also on their business making activities. Companies also need to realize that CSR goes beyond the philanthropic acts of goodwill towards the community at large. It critically encompasses how businesses are run with regards to business ethics, corporate

governance, socially responsible investing, environmental sustainability and community investment. With the ever-increasing scrutiny of corporate activity, the voluntary assumption of social responsibilities has become central to corporate growth. In essence, CSR becomes a core component in corporate strategy and the way we conduct our everyday business. In actual fact, CSR strengthens the very fibre that builds both internal and external trust and for this to work, everyone in the organisation has to be engaged and the values must be incorporated into every aspect of the company's operations.

CSR is beginning to have a profound effect on the conduct of businesses in Malaysia. In fact, a large number of Malaysian companies are already engaged in CSR initiatives in a substantial way. It is heartening to note that these companies believe in the value good CSR brings such as better access to a growing pool of capital and the ability to attract quality investors. Thus, today's dialogue is indeed timely as it gives us the opportunity to exchange ideas and gain insights into efforts by regulators and the industry itself to strengthen the standards of corporate social responsibility or CSR amongst the listed companies in Malaysia.

For the capital market industry, the importance of CSR is heightened as the general public becomes more concerned about how businesses deal with integrity issues such as corporate governance, ethical supply chain management, transparency and accountability. In this regard, the objective of enhancing investor confidence through commitment to the highest standards of quality and integrity is not only a capital market agenda, it is one that is shared with the listed companies as well. The exchange believes that we can count on the PLCs to be at the forefront of efforts to raise the levels of integrity in the marketplace to ensure that they adhere to the highest possible standards of conduct and to take proactive efforts in embracing CSR. In fact, putting CSR into practice should be the crux of the PLC's organisation values.

Ladies and gentlemen

While Bursa Malaysia continues its own efforts to promote best practices in CSR, we also recognise that more can be done to change the companies' mindset that CSR goes beyond compliance and charity. Whilst philanthropic values are vital, companies should embrace CSR holistically as part of their strategy towards ensuring the sustainability of their business. On that note, CSR should be practiced across several key dimensions, such as workplace, marketplace, community and environment. Later today, we will be hearing case studies by

some companies on CSR initiatives that involve the above dimensions in all aspects of their operations.

It is important for companies to understand that no one-size-fits-all when it comes to CSR. With the objective of encouraging PLCs to practice CSR holistically, Bursa Malaysia has developed a CSR framework last year to help guide PLCs in the crafting of their own CSR programmes. This move is one of the exchange's many efforts to improve the quality and attractiveness of our PLCs to both local and foreign investors. We are encouraged by the positive response from the PLCs thus far and look upon this as a crucial step moving forward. Soon, we will institute initiatives designed to encourage better CSR practices amongst PLCs and, more importantly, guide them in achieving better CSR performance. In addition, as a PLC itself, Bursa Malaysia is also taking its own crucial steps down the CSR pathway. Apart from community development activities, Bursa Malaysia is also working on an environmental management system such as the ISO 14001 to reduce its own environmental impact. More importantly, we have put together a CSR agenda that will meet our stakeholder expectations and address key areas in several facets such as workplace, marketplace, community and environment.

Ladies and gentlemen,

One of Bursa Malaysia's principle responsibilities is to build investor confidence in our markets. Increasingly, investors worldwide look beyond financial returns and want to know how a company interacts with the society and environment in which it operates. On the investment front, there is now the fast growing trend for traditional mainstream investors to incorporate non-financial environmental and social measures such as climate change, employee involvement and community involvement into both risk management as well as stock valuation analysis. Investment analysts are doing this to ensure that they factor all potential liabilities into their valuation assessments. It is important, therefore, that Malaysian PLCs focus on this and begin making CSR as part of their everyday functions and business strategies.

To conclude, I would like to thank IIM for its collaboration with Bursa Malaysia to organise this dialogue today. We are pleased to have major industry players here this morning to share with us their CSR experience. The best practices to be featured in the dialogue were selected for their exemplary illustration of how CSR can be embedded into a company's



business model. The long term sustainability of companies is closely linked with corporate social responsibility. Therefore, we at Bursa Malaysia believe in the business case for CSR here and we hope companies will see the benefits to their organization, their people and most importantly, the community in which they work and live in.

Thank you.

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