

#beSUSTAINABLE

SUSTAINABILITY REPORTING GUIDE



Created for you by:



DISCLAIMER:

This Sustainability Reporting Guide (“**this 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 9.45(2) and 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)].

While 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 decision 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.

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	3
1. ABOUT THIS GUIDE.....	5
2. WHY IS SUSTAINABILITY IMPORTANT?	7
3. HOW TO EMBED SUSTAINABILITY IN ORGANISATIONS.....	15
4. WHAT TO DISCLOSE UNDER THE LISTING REQUIREMENTS	29
APPENDIX A: SELECTING YOUR THEMES AND INDICATORS.....	48
APPENDIX B: SAMPLE OF CONTENT INDEX.....	69
BIBLIOGRAPHY	70
GLOSSARY OF TERMS AND ACRONYMS	72

ACKNOWLEDGEMENTS

Bursa Malaysia would like to acknowledge the invaluable input and expertise towards the development of this Guide, provided by the Climate Change & Sustainability Advisory Unit of KPMG Management & Risk Consulting Sdn Bhd and SHEMSI Sdn Bhd.

We would also like to accord a very special word of thanks to representatives of listed issuers, investors, industry bodies and non-governmental organisations as well as individuals who were involved in our focus groups, interviews, multi-stakeholder sessions and public consultation for their contributions in the development of this Guide.

[The rest of this page has been intentionally left blank]

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 being seen as a measure to generate long term benefits and business continuity.

In light of this shift in focus, this Sustainability Reporting Guide (“**this Guide**”) seeks to provide guidance on how to embed sustainability in your organisation and help you identify, evaluate and manage your material EES risks and opportunities. This will then aid you in your preparation of the **Sustainability Statement**¹ 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 also 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. Users of this Guide are also indicated, along with disclosure considerations (i.e. reporting frameworks, resources and experience, among others) for listed issuers.

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 benefits of integrating sustainability in business such as enhancing risk management, securing capital, promoting innovation and improving productivity. Case studies highlight the lessons learnt by organisations in relation to each benefit.

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 sustainability matters that are material. Management and reporting of these material sustainability matters are also examined in this Chapter.

¹ 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 (“Listing Requirements” or “LR”) and Practice Note 9/Guidance Note 11 and provides you with guidance on how to fulfil the requirements and best practice in preparing the Sustainability Statement. Example disclosures for each requirement and best practice are also provided for your reference and understanding.

Appendix A - Selecting Your Themes And Indicators presents a list of sustainability-related themes and indicators for you to consider when identifying, managing and disclosing your organisation’s sustainability risks and opportunities. This list has been compiled taking into account leading international guidelines, sector considerations, as well as trends evident in the Malaysian market. The list is by no means exhaustive but is intended to assist you in identifying and disclosing material sustainability matters.

Appendix B - Sample of Content Index provides a table for you to indicate where your sustainability information can be found in your annual report or website. A content index would facilitate your stakeholders navigating complex sustainability information in the public domain within the shortest period of time.

Embedding sustainability in the organisation is something that should be given consideration in tandem with developing your organisation’s business strategy and management processes. We hope this Guide will act as a useful reference in your organisation’s sustainability journey.

Note:

The terms EES (economic, environmental and social) and ESG (environmental, social and governance) are not clearly differentiated and often used interchangeably. We acknowledge that governance is an important part of sustainability. For the purposes of this Guide, our focus is largely on EES only because the “G” - governance element has already been extensively covered under the existing disclosure requirements in the Listing Requirements and the Malaysian Code on Corporate Governance 2012.

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.

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, evaluate and manage your material sustainability risks and opportunities so that you can focus on what is important to you and your stakeholders, in creating 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 users of sustainability information.

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 in recognition of the fact that organisations may be at varying levels in understanding, and in their disclosures 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 and in the context of your business operations (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 GRI Sustainability Reporting Guidelines ("GRI Guidelines").²

² 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 guidance on considerations for embedding sustainability in your organisation, best practice approaches, case studies, example disclosures and matrices, are provided in Bursa Malaysia's Sustainability Toolkits ("Toolkits") and website.

[The rest of this page has been intentionally left blank]

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 address 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 managing their economic, environment 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 and governance 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 recognised that there is no single universally accepted definition of sustainability. The most widely used definition globally is that developed by the Brundtland Report of the World Commission on Environment and Development:³

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

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

The term ESG (environmental, 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 behaviour⁴. In this Guide, however, sustainability is viewed in the context of EES⁵ without the governance element. This is because there are already specific and comprehensive disclosure requirements for corporate governance in the Listing Requirements, as well as the Malaysian Code on Corporate Governance 2012 and the Corporate Governance Guide.

The terms economic, environmental and social can be explained as follows:

Economic	Environmental	Social
<p>An organisation’s impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation.</p> <p><i>Note: These may include the organisation’s procurement practices, or community investment.</i></p>	<p>An organisation’s impact on living and non-living natural systems, including land, air, water and ecosystems.</p> <p><i>Note: These may include the organisation’s usage of energy and water, discharge of emissions, or loss of biodiversity, etc.</i></p>	<p>The impacts an organisation has on the social systems within which it operates.</p> <p><i>Note: These may include the organisation’s relationships with communities, employees, consumers, etc.</i></p>

(Source: Adapted from the GRI G4 Sustainability Reporting Guidelines)

[The rest of this page has been intentionally left blank]

⁴ Translating environmental, social and governance factors into sustainable business value: Key insights for companies and investors, United Nations Environment Program Finance Initiatives and World Business Council for Sustainable Development, 2010.

⁵ These terms (i.e. economic, environmental and social) are aligned with those adopted in the GRI Guidelines.

2.3 Why integrating sustainability in your business and sustainability reporting is important

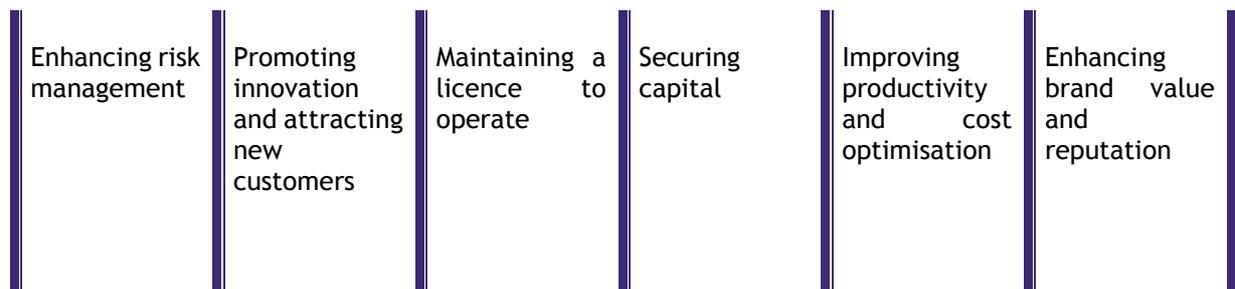
“Take a closer look, and you will find increasing opportunities to leverage sustainability thinking for value creation – especially when dealing with pressures to reduce short-term business costs and strengthen your organisation’s foundation for long term growth”.

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

Stakeholders (who may include investors, customers, employees, suppliers, NGOs, local communities, etc.) are now more aware of the impact that businesses have on the economy, environment and society. This impact may be positive or negative. For example, agricultural activities may create a positive economic or social impact (e.g. providing job opportunities; improving quality of life of local communities) but may also create a negative impact on the environment in the form of local or regional air pollution (e.g. haze generated from open burning). This negative impact may become a reputational risk to the organisation which allowed it to occur and may subsequently

affect its ability to obtain funding. Sustainability-related issues, therefore, can significantly affect an organisation’s risk profile, potential liabilities and 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 Study, 93% of CEOs stated that they consider sustainability as important to the future success of their business.⁶

Organisations are realising key benefits from integrating sustainability in business including:⁷



⁶ The United Nations Global Compact - Accenture, ‘CEO Study on Sustainability, 2013 - Architects of a Better World’, 2013.

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

2.3.1 Enhancing risk management

EES issues are starting to feature more prominently in the management of risks.⁸ You may consider integrating EES risks into 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 can 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 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 can 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. For example, financial institutions are particularly vulnerable as they could be exposed to credit risks as a result of EES issues such as long term impact of climate change, adverse weather conditions or the valuation of fossil fuels faced by their clients which may be unpredictable.
- **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 GHG emissions 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 organisations which demonstrate good EES risk management. This in turn can enhance corporate value and diminish risk, resulting in a lower cost of capital. This is because investors add risk premiums to the cost of capital for firms with questionable environmental and social practices.

⁸ United Nations Environment Programme, ‘The Business Case for the Green Economy, Sustainable Return on Investment’, 2012.

Case Study⁹

In 2011, Thailand suffered severe flooding, the worst in half a century. This resulted in a disruption to the supply of parts to automobile makers Toyota, Honda and Nissan - Southeast Asia being a manufacturing hub for these organisations. Honda was forced to halt production at its Thai 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 adequately with the sustainability-related risks in business operations.

2.3.2 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.

Case Study¹⁰

In 2005, GE introduced "Ecomagination", an initiative that focused on bringing new products and services to the market in the green technology (clean technology) area. Realising the potential impacts of increasing energy costs for its customer base, 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. GE's Ecomagination's track record and performance data in the period 2005 - 2014 included the following:

- 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.

⁹ <http://www.bloomberg.com/news/articles/2011-10-20/worst-thai-floods-in-50-years-hit-apple-toyota-supply-chains>

¹⁰ http://www.sustainablebrands.com/news_and_views/articles/ge-generates-25-billion-revenues-sustainability-investments and www.gesustainability.com

2.3.3 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 Study¹¹

In India, there is an increasing pressure for companies to support and contribute to the community. Tata Steel demonstrates its community commitment through 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 work stoppages.

2.3.4 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 ESG 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.¹² In Malaysia, local investors are beginning to consider sustainability factors in their investment decision-making processes.

¹¹ Taking Stock - Adding Sustainability Variables to Asian Sectoral Analysis, International Finance Corporation, 2006.

¹² Association for Sustainable & Responsible Investment in Asia, ‘2014 Asia Sustainable Investment Review’, 2014.

“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”.

Source: Keynote Address at Invest Malaysia 2015

Recognising the increasing demand from investors for quality sustainability information, 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 FTSE4Good Bursa Malaysia Index are to provide support to investors in making ESG investments in 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.

Case Study¹³

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 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 investors, this move is reflective of the increasing focus and influence of sustainability in investment decisions.

2.3.5 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.¹⁴ 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 efficiencies as illustrated in the case study below.

¹³ <http://www.theguardian.com/environment/2015/may/28/norway-fund-could-trigger-wave-of-large-fossil-fuel-divestments-say-experts>

¹⁴ United Nations Environment Programme, 'The Business Case for the Green Economy, Sustainable Return on Investment', 2012.

Case Study¹⁵

The treatment of palm oil mill effluent (“POME”) results in the release of biogas - including methane and carbon dioxide which can contribute to global warming. 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 reductions and investment revenue generation for Sime Darby.

2.3.6 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 human rights are increasingly impacting organisational brand and reputation.¹⁶ Therefore, organisations will need to identify associated risks and opportunities and assess their impacts.¹⁷

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.

Case Study¹⁸

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 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 sector 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.

This example demonstrates how Nike managed the social issues affecting its operations and was then able to rebuild its brand and reputation.

¹⁵ http://www.simedarbyplantation.com/Carbon_Emissions_Reduction_-_Waste_Utilisation_Improvements.aspx

¹⁶ KPMG and ACCA, ‘Business briefing series - 20 issues on building a sustainable business’, 2011.

¹⁷ <http://www.environmentalleader.com/2008/09/28/sustainability-and-its-impact-on-brand-value/>

¹⁸ <http://www.businessinsider.com/how-nike-solved-its-sweatshop-problem-2013-5?IR=T&>

3. HOW TO EMBED SUSTAINABILITY IN ORGANISATIONS

3.1 Introduction

Organisations can benefit most when they successfully embed sustainability rather than considering it separately, on a standalone basis. The following provides some key considerations for an organisation seeking to embed sustainability in its business strategy and leveraging sustainability to reduce risks and take advantage of business opportunities:



Figure 1: Key considerations for embedding sustainability

3.2 Tone from the top

How sustainability is positioned and governed within an organisation (“**sustainability governance**”) is key to its successful alignment with corporate strategy. Organisations with strong corporate governance culture will be better positioned to manage sustainability risks and opportunities.

There is no standard ‘one size fits all’ approach to sustainability governance. An organisation’s culture, needs, sector, size, sustainability-related risks and opportunities, and maturity in responding to sustainability matters, will 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. This includes incorporating sustainability considerations into the organisation’s existing risk management framework.

“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)

A move towards embedding sustainability in your organisation is only possible with a supportive culture and strong leadership. It is the leaders within an organisation i.e. Board members and the Chief Executive Officer, who need to provide strong stewardship towards incorporating sustainability into an organisation’s business strategies, and applying a sustainability lens to business decisions, pushing the focus beyond compliance. 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 as set out in Figure 2 below:¹⁹



Figure 2: Phases of embedding sustainability at the Board level

The desired-state is where sustainability is considered as ‘business-as-usual’, integrated within business strategy, and governed by the Board. Organisations in this phase seek to integrate responsibility for the achievement of sustainability goals throughout the organisation.

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**.

¹⁹ Adapted from UNEP FI Asset Management Working Group Support, ‘Integrated Governance, A New Model of Governance for Sustainability’, June 2014.

Case Study²⁰

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 such as the organisation's partnerships with the World Food Programme.

3.3 Identifying and prioritising material sustainability matters

The extent of EES risks and opportunities ("sustainability matters"²¹) for organisations can be wide ranging.

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.²²

This definition enables the consideration of sustainability matters from both internal and external perspectives, i.e. from the organisation's point of view and that of stakeholders. Applying materiality will help you identify what is most important to act on and to report. In this respect, the materiality assessment could provide information that may positively or negatively influence your ability to deliver on your vision and strategy.

What are Sustainability Matters?

For the purpose of this Guide, sustainability matters are the risks and opportunities arising from the EES impacts (i.e. impacts that relate to sustainability themes such as energy, diversity, human rights, etc.) of an organisation's operations and activities.

A list of sustainability themes is provided in **Appendix A** to this Guide.

What is Materiality?

For the purpose of this Guide, 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.

²⁰ Royal DSM Integrated Annual Report 2011, Sustainability Section.

²¹ Refer to paragraph 6.2 (a) of Practice Note 9, Main Market Listing Requirements.

²² This definition is also contained in paragraph 6.3 of Practice Note 9, Main Market Listing Requirements and is adapted from the GRI Guidelines.

Example: Consideration of sustainability matters in the context of human rights

As an illustration, when determining whether human rights is material, an organisation should consider the human rights impacts of their business activities. Human rights impacts may arise from the use of child labour, unfair treatment of workers, restrictions on the right to change employers or under-payments of wages, etc.

If such matters are not managed well, it may pose risks to the business in the form of reputational risks and operational disruptions such as immigration raids, low levels of productivity, safety and health related incidents.

There could be instances where a material sustainability matter need not be highly significant to both the organisation and its stakeholders. This occurs when the organisation is able to foresee significant emerging sustainability risks but the stakeholders do not, and vice versa. In such a case, the organisation would still be required to manage such matter and disclose accordingly.

3.3.1 Materiality assessment

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. Therefore, you should apply materiality based on your own set of circumstances.

When applying materiality, you may consider formulating criteria to determine what is significant or substantive. The criteria that you could consider adopting to determine if EES impacts are significant, or if the matter substantively influences stakeholders' assessments and decisions may include, among others, the severity and likelihood of the impacts over time on financial performance, actual or perceived value of the organisation, availability of products/services or reputation.

Further guidance on defining significant and substantive criteria is provided in the **Toolkit: Materiality Assessment**.

3.3.2 Applying materiality across 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. excessive consumption of electricity due to inefficiency) during the course of its usage?
- 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)?

Sometimes the smallest part (either financially or physical operations) of your business can pose the most significant EES 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.

3.3.3 5 steps to be considered in 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 and SASB - for investors), the key steps and considerations of materiality are generally the same. The approach set out in Figure 3 below 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 develop the materiality process, depending on your organisation size, capacity and level of understanding. However, you should move towards a more comprehensive materiality assessment over time. Options and more details for flexibility are provided as part of the materiality process outlined in the **Toolkit: Materiality Assessment**.

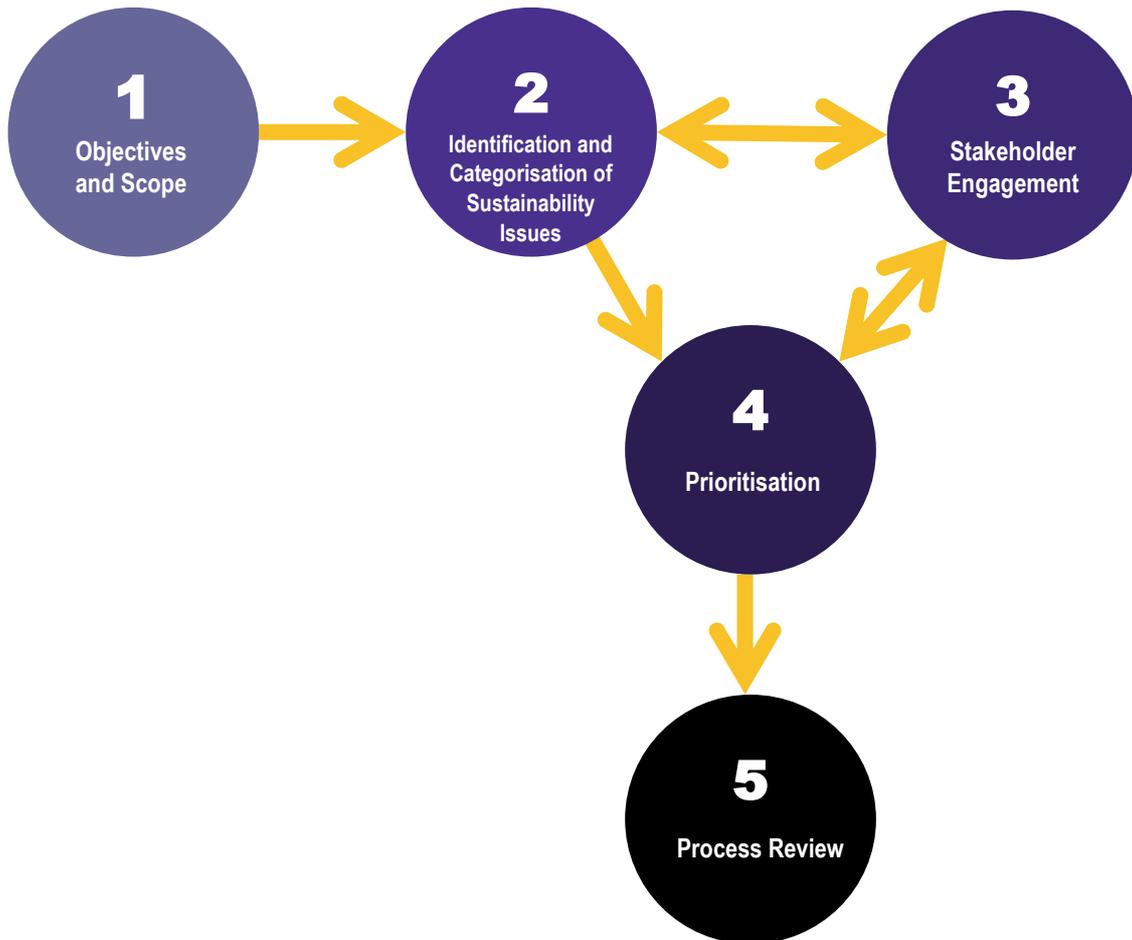


Figure 3: The Materiality Assessment Process - Phases 1 to 5

PHASE 1: OBJECTIVES AND SCOPE

As a start, you should consider the objectives of the materiality assessment. The objectives may include, among others, identification of material sustainability matters to enable internal and external stakeholders to make better informed decisions (e.g. revisions of business strategies by the Board or investment decisions by shareholders) or facilitating more effective engagements with stakeholders.

You should also 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 or outside the organisation (including 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.

In determining the scope, an organisation should take into account the basis of selection as well as the basis for exclusion of scope, if any. For example, an organisation which has operations in Malaysia as well as in Thailand may, for a start, choose to scope its sustainability disclosure to its Malaysian operations because the operations in Thailand is relatively new and the data monitoring mechanism is in the process of being developed. As it progresses in its sustainability journey where its data collection is more advanced, it may then extend its reporting scope to cover both its Malaysian and Thai operations.

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

PHASE 2: IDENTIFICATION AND CATEGORISATION OF SUSTAINABILITY ISSUES²³

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

- **internal sources:** Board or Board committee reports; risk management assessments and risk registers; and minutes of management meetings; and
- **external sources:** regulations; standards (e.g. Roundtable on Sustainable Palm Oil (“RSPO”)); the underlying criteria for indices (e.g. FTSE4Good Bursa Malaysia Index); NGO reports; stakeholder feedback and complaints; media review (including 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 issues. 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 sector, and more specifically, to your organisation.

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

²³ Sustainability issues may include sustainability risks and opportunities. Examples of sustainability issues may include corruption, resource scarcity, safety and health, etc.

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 by your organisation.

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

The stakeholder engagement process entails you first identifying and assessing who your relevant stakeholders are, and then understanding their needs and expectations in relation 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. However, you must also consider stakeholders who may not bear the greater influence on or have very strong interests in your organisation as they may also be impacted by your operations. An example of the types of stakeholders an organisation may have is set out in Figure 4 above.



Figure 4: Types of stakeholders for an organisation

An example of the types of stakeholders an organisation may have is set out in Figure 4 above.

Stakeholders will have different information needs and expectations, which can help determine your material sustainability matters (from the initial list of sustainability issues) 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. In this regard, please refer to the **Toolkit: Stakeholder Engagement** for detailed guidance on how to engage with your stakeholders.

Engaging with stakeholders can also provide a way for you to prioritise the sustainability matters. This will result in a list of material sustainability matters. Guidance on prioritisation is provided in Phase 4 below.

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 levels of frequency:

<i>Stakeholder group</i>	<i>Engagement method</i>	<i>Frequency of engagement</i>
Customers	Customer feedback management	Daily
	Customer support centre	Daily
	Market research	Regular
	Events, dialogue sessions, roadshows and engagement sessions	Ad-hoc
Suppliers	Transparency survey	Annually
	Suppliers training programmes	Regular
	Supplier relationship management	Regular
	Vendor Development Programme (VDP)	Ongoing
Government and authorities	Formal meetings	Ad-hoc
	Performance reports	Regular
	Discussions on Government initiatives	Ad-hoc
Employees	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)

PHASE 4: PRIORITISATION

Now that the list of sustainability matters has been identified, you now need to determine which are 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 material sustainability matters. Here is where organisations focus their efforts in ensuring the appropriate management, monitoring and disclosure of the matters. Not all material sustainability matters are of equal importance. Thus, in disclosing the matters, the emphasis should reflect the relative priority of these material sustainability matters. This means that more material sustainability matters should be given more prominence in the disclosure.

For further guidance on prioritisation, please refer to the **Toolkit: Materiality Assessment**.

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 as the Board is ultimately responsible for the information disclosed. Together, this ensures the integrity and credibility of your materiality assessment. Approval at the senior levels of the organisation will secure buy-in across the organisation and ensure an adequate response to your material sustainability matters (by ensuring allocation of resources and accountability for the management of these matters).

Once your material sustainability matters have been determined, you should 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 to the market the review process and any changes to the material sustainability matters. This ensures that the sustainability matters being managed and reported remain material to the business and are aligned to stakeholder needs.

3.4 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 sustainability matter.

The response could be in the form of:

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

Information, or where applicable data, for each indicator (identified for each material sustainability matter) needs to be collected and tracked against a set target. High quality, comparable and consistent information that is material and relevant is important for stakeholders (e.g. investors and market analysts) to understand an organisation's sustainability performance, as well as how this is linked to the organisation's overall business strategy and financial performance. This provides a better understanding of their investment risks or informs investment strategies associated with the organisation. Please refer to **Appendix A** to this Guide for a list of indicators that can be used. For guidance on determining the indicators, please refer to the **Toolkit: Themes and Indicators**.

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 material sustainability matters are also often guided by relevant local legislation (e.g. Environmental Quality Act 1974 and Employment Act 1955) and international standards (e.g. International Standards Organisation's Management Standards or industry bodies' guidance such as IPIECA's Water Management Framework).

Best 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).

3.5 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 is provided in Chapter 4 of this Guide.

It would be useful to investors and stakeholders alike if you provide a content index to your sustainability-related disclosure which could also include relevant information in your Corporate Governance Statement or Statement of Risk Management and Internal Control. This content index essentially refers to a table of contents indicating precisely where the sustainability information can be found, and should optimally feature the pages of the report (or webpages, where applicable) where the information is located. A content index would facilitate your stakeholders navigating complex sustainability information in the public domain within the shortest period of time. A sample of the content index template is provided in the **Appendix B** to this Guide.

Accuracy and reliability of sustainability information are important for informed business decision-making. Organisations should familiarise themselves with their stakeholders' (especially investors) preference for the types of assurance (internal or external). 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 an independent opinion to be provided in relation to 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 in its Sustainability Statement on the robustness of its management system for sustainability matters.

Assurance over sustainability performance and disclosures 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.

[The rest of this page has been intentionally left blank]

4. WHAT TO DISCLOSE UNDER THE LISTING REQUIREMENTS

4.1 Objectives

The obligations under the Listing Requirements relating to sustainability are aimed at achieving the following objectives:

- (a) improving the quality of sustainability-related practices and reporting of our listed issuers;
- (b) aiding listed issuers to meet sustainability expectations of their stakeholders;
- (c) attracting funds with a sustainability focus into the Malaysian capital market; and
- (d) facilitating more listed issuers to qualify for FTSE4Good Bursa Malaysia Index and other international sustainability indices.

4.2 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.

What is required?	Who must comply?	When to comply?
MAIN MARKET LISTED ISSUERS		
<p>Paragraph 9.45(2), Main Market LR In addition, the management company must also ensure that the annual report of the real estate investment trust contains a narrative statement of its management of material economic, environmental and social risks and opportunities, and is prepared in the manner prescribed under Part III of Practice Note 9 of these Requirements.</p>	<p>Main Market listed issuers with market capitalisation (excluding treasury shares) of RM2 billion and above -</p> <ul style="list-style-type: none"> • as at 31 December 2015; or • as at the date of its listing in 2016 	<p>Annual reports issued for financial years ending (“FYE”) on or after <u>31 December 2016</u></p>
<p>Paragraph 29, Part A of Appendix 9C, Main Market LR A narrative statement of the listed issuer’s management of material economic, environmental and social risks and opportunities (“Sustainability Statement”), in the manner as prescribed by the Exchange.</p>	<p>All the other Main Market listed issuers</p>	<p>Annual reports issued for FYE on or after <u>31 December 2017</u></p>

What is required?	Who must comply?	When to comply?
MAIN MARKET LISTED ISSUERS		
<p>Paragraph 6.1, Practice Note 9, Main Market LR</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>		
<p>Paragraph 6.2, Practice Note 9, Main Market LR</p> <p>In making the Sustainability Statement, a listed issuer must include disclosures on the following:</p> <p>(a) the governance structure in place to manage the economic, environmental and social risks and opportunities (“sustainability matters”);</p> <p>(b) the scope of the Sustainability Statement and basis for the scope;</p> <p>(c) material sustainability matters and -</p> <p>(i) how they are identified;</p> <p>(ii) why they are important to the listed issuer; and</p> <p>(iii) how they are managed including details on -</p> <p>(aa) policies to manage these sustainability matters;</p> <p>(bb) measures or actions taken to deal with these</p>	<p>(a) Main Market listed issuers with market capitalisation (excluding treasury shares) of RM2 billion and above as at -</p> <p>(i) 31 December 2015 or 31 December of any subsequent calendar year; or</p> <p>(ii) the date of its listing after 31 December 2015.</p> <p>(b) Main Market listed issuers with market capitalisation (excluding treasury shares) of RM1 billion and above, but below RM2 billion as at -</p> <p>(i) 31 December 2015 or 31 December of any subsequent calendar year; or</p> <p>(ii) the date of its listing after 31 December 2015.</p>	<p>Annual reports issued for FYE on or after <u>31 December 2016</u></p> <p>Annual reports issued for FYE on or after <u>31 December 2017</u></p>

What is required?	Who must comply?	When to comply?
MAIN MARKET LISTED ISSUERS		
<p>sustainability matters; and</p> <p>(cc) indicators relevant to these sustainability matters which demonstrate how the listed issuer has performed in managing these sustainability matters.</p> <p>Paragraph 6.3, Practice Note 9, Main Market LR</p> <p>For purposes of paragraph 6.2(c) above, sustainability matters are considered material if they -</p> <p>(a) reflect the listed issuer’s significant economic, environmental and social impacts; or</p> <p>(b) substantively influence the assessments and decisions of stakeholders.</p>	<p>(c) Main Market listed issuers other than those stated above in items (a) and (b) above.</p>	<p>Annual reports issued for FYE on or after <u>31 December 2018</u></p>

What is required?	Who must comply?	When to comply?
ACE MARKET LISTED CORPORATIONS		
<p>Paragraph 30, Appendix 9C, ACE Market LR</p> <p>A narrative statement of the listed corporation’s management of material economic, environmental and social risks and opportunities (“Sustainability Statement”).</p> <p>Paragraph 6.1, Guidance Note 11, ACE Market LR</p> <p>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 economic, environmental and social risks and opportunities, the listed corporation should consider the themes set out in the Sustainability Reporting Guide.</p>	<p><u>ALL</u> ACE Market listed corporations</p>	<p>Annual reports issued for FYE on or after <u>31 December 2018</u></p>

4.3 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 such as fines and contentious issues).

This enables stakeholders to form an objective opinion.

► Application of disclosure provisions - Examples

Example disclosure 1:

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

Example disclosure 2:

Another example of a balanced statement in relation to waste, as provided by Woolworths Limited (Australia), a food and staples retailer, 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_{2-e} (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)

► 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 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 material sustainability matters.

Information disclosed in the Sustainability Statement should be **clear and easily understood**, avoiding jargon, where possible. Further, the information should enable comparability, where possible, **across time and possibly to other organisations**. This includes selecting, compiling and reporting information in a consistent manner. Comparability is particularly important for evaluating performance, including performance of the organisation over time as well as across the sector.

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, identifying new revenue streams arising from innovative products, measuring brand value, etc.

► Application of disclosure provisions - Examples

Example disclosure 1:

The following example illustrates a statement that explains 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.

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.”*

(Source: Woolworths Limited (Australia) Sustainability Strategy 2007-2015)

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

Measures or actions taken to deal with the material sustainability matters

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 sustainability performance. The narrative explains the management approach (i.e. talent reviews) taken by the organisation in relation to its material sustainability matter (i.e. risks and opportunities relating to talent management), while the quantitative data (i.e. percentage of employees who underwent talent reviews) allows stakeholders to track and compare the data over time, and where possible 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

Our commitment	2012	2013	2014	Progress
All employees are appraised annually in order to ensure performance and employee development.	100% appraised	100% appraised	100% appraised	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.

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

(Source: Maybank Sustainability Report 2014)

Paragraph 6.2 (a), Practice Note 9

In making the Sustainability Statement, a listed issuer must include disclosures on the **governance structure** in place to manage the economic, environmental and social risks and opportunities (“sustainability matters”).

► What is “governance structure”?

“Governance 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 governance structure.

► Recommended disclosures

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

- (a) The role of the highest governance body (e.g. Board or sub-committees, etc.) in setting your purpose, values and strategies²⁴ 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.

²⁴ Recommendation 1.4 of the Malaysian Code on Corporate Governance 2012 states that the Board should ensure that the company’s strategies promote sustainability.

► Application of disclosure provisions - 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)

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 organisation’s sustainability approach and ensures that key targets are being met with the support of the CFO.”

Note:

As indicated on page 47, you may disclose the governance structure pertaining to sustainability in other section of the annual report, such as the Corporate Governance Statement as part of the Board’s roles and responsibilities.

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 21 for more details on scoping.

► Recommended disclosures

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

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

► Reporting best practices for scope

1. As noted in Chapter 3, best practice suggests that an organisation’s scope 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, the disclosure should include 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 explanations on whether there is any change in scope from previous year disclosures.

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

► Application of disclosure provisions - Example

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.*”

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

-  Geographical boundary
-  Operations within the value chain
-  Organisational Boundary
-  Expanded scope
-  Basis of Exclusion

[The rest of this page has been intentionally left blank]

Paragraph 6.2 (c), Practice Note 9

In making the Sustainability Statement, a listed issuer must include disclosures on **material sustainability matters** and -

- (i) **how they are identified;**
- (ii) **why they are important to the listed issuer;** and
- (iii) **how they are managed** including details on:
 - (aa) **policies to manage** these sustainability matters;
 - (bb) **measures or actions taken to deal** with these sustainability matters; and
 - (cc) **indicators** relevant to these sustainability matters which demonstrate how the listed issuer has performed in managing these sustainability matters.

► What are material sustainability matters?

As previously defined, sustainability matters are risks and opportunities arising from EES impacts (i.e. impacts that relate to sustainability themes such as energy, diversity, human rights, etc.) of an organisation's operations and activities.

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 they:

- (a) reflect the listed issuer's significant economic, environmental and social impacts; or*
- (b) substantively influence the assessments and decisions of stakeholders.”*

This requirement under paragraph 6.2 (c) refers to the disclosure of the sustainability matters which have been determined to be material (in the course of the prioritisation phase under the materiality assessment process²⁵ and as approved by the Board), and why they are considered material to the organisation and how the organisation manages them. The disclosure should emphasise information on the more material sustainability matters. The less material sustainability matters may be given less prominence.

Note:

Refer to Chapter 3, pages 17 - 25 for more details on the materiality assessment process.

²⁵ For the prioritisation process, please refer to Chapter 3, Phase 4: Prioritisation, of this Guide.

► 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. Disclosures of material sustainability matters should include a description of how these matters are leading to (or have led to) a change in your business strategy and financial performance.
4. 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.

► Application of disclosure provisions - 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

Company XYZ is a manufacturing company. After undertaking a materiality assessment process, it has identified several material sustainability matters, one of which is risks relating to occupational safety and health.

Scenario 2

Company K is involved in manufacturing and agriculture. It has undertaken its materiality assessment process and identified several material sustainability matters, one of which is opportunities relating to energy consumption.

I. How material sustainability matters are identified and why they are important to the listed issuer

Materiality assessment is an integral part of sustainability reporting. It provides a basis for an organisation to determine which information should be included or excluded from its sustainability disclosure in order to enable effective communication with stakeholders. Comprehensive disclosure of the materiality assessment process demonstrates an organisation's understanding of its sustainability matters and is an important yardstick for stakeholders, particularly investors to assess the quality of the organisation's management of material sustainability matters.

Example disclosure based on Scenario 1:

"We engaged with internal and external stakeholders through a series of workshops and we identified occupational safety and health as a key risk area to our business and stakeholders.

We believe that a lack of good safety and health practices may lead to incidents that would affect the health and safety of our employees, operational efficiency and reputation and in the long run, impact our profitability. Managing our employees' safety and health is particularly important given our 5-year plan for expanding into the developed markets of Australia and Europe where there is stricter compliance with, and observance of, safety and health-related legislation requirements and especially when a majority of our operations involve the usage of heavy machineries."

Example disclosure based on Scenario 2:

"We have applied Accountability's 5-Part Materiality Test and the G4 Sustainability Reporting Guidelines Implementation Manual to carry out a detailed materiality assessment of the 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 our business.*

Through our materiality assessment, we identified 'energy consumption' as a key sustainability opportunity. We recognise that our processes are energy intensive, contributing to increased costs which are being passed on to our customers. We deploy a technology in our manufacturing process, which gives an edge to our products by enhanced quality and longer lifespan compared to our competitors. This technology, however, requires a higher input of heat energy as compared to other technologies adopted by our competitors. Therefore, it is important for us to manage a balance between ensuring the quality of our products and minimising energy consumption."

II. How material sustainability matters are managed including details on policies to manage these sustainability matters

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 risks pertaining to unethical business conduct. The following are example disclosures demonstrating how you may discuss the policies in place in your organisation:

Example disclosure based on Scenario 1:

"We have 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 are upheld in areas where we have influence and control. Our actions are reflective of our organisation's sustainability values - in particular, to ensure we are environmentally responsible.

Our environmental 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 associated with our activities; and*
- *implement sustainable agriculture practices that enable stakeholders in our value chain to increase production and minimize their 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."

III. How material sustainability matters are managed including details on measures or actions taken to deal with these sustainability matters

The measures or actions taken to deal with the material sustainability matters are in essence a narrative of the organisation's response to the material sustainability matters identified through the materiality assessment process.

In developing measures or action plans to address material sustainability matters, you should consider how your material sustainability matters affect the organisation's value, business strategy and financial performance, and devise a plan which aims to mitigate the risks and realise the opportunities.

Example disclosures may include:

Example disclosure based on Scenario 1:

"We have launched health and safety 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 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 production processes.

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 and therefore our impact on the environment. This move has also contributed to the plant's energy security and demonstrates our commitment to environmental responsibility.

We have put in place measures to track the performance of our biogas 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."

IV. How material sustainability matters are managed including details on indicators relevant to these sustainability matters which demonstrate how the listed issuer has performed in managing these sustainability matters.

Indicators should be identified for each material sustainability matter and disclosed accordingly. Indicators should also be normalised and if possible, disclosed against a baseline so that stakeholders can assess performance.

Please refer to **Appendix A** to this Guide for a non-exhaustive list of indicators that may be used for reporting.

Appendix A to this Guide 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.

Indicators are only considered meaningful if they enable an organisation to measure progress, effectiveness or efficiency of the policies, measures or actions taken to manage its material sustainability matters. Well-selected indicators inform users how the organisation is managing its risks and opportunities including how the organisation is enhancing its value and moving towards achieving its business objectives.

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.

Disclosure of indicators should always be complemented by a narrative explaining the implications of each indicator.

[The rest of this page has been intentionally left blank]

Example disclosure based on Scenario 1:

Indicator	Baseline data (2012)	Performance in 2014	Annual Target
Number of fatalities	0	1	Zero fatalities
Lost-time Injury Frequency*	0.86	0.70	0.65

* the lower the rate the better the performance

“It is with regret that we experienced a fatality this year, due to a boiler explosion accident which was indirectly caused by a failure of the automated control system, which was unprecedented in our operations. This unfortunate incident is currently under internal investigation. As a result of the fatality, we were unable to meet our lost-time Injury frequency target of 0.65. We acknowledge that we have to put in more effort to achieve our zero fatality target. In this regard, we will be conducting a review on safety and health controls at all worksites and consulting with industry leaders and practitioners to identify best practices to reduce safety and health risks.

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. This improvement was achieved as a result of the safety and health programs implemented since 2013, as disclosed above.

Moving forward, in order to accomplish the desired targets, regular compliance inspections accompanied by enhancement of safety and health management system will be carried out.”

Example disclosure based on Scenario 2:

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

This improvement is largely due to our biogas recapturing program, which contributes more than 60% of the reduction, and we are continuously reviewing our processes to further enhance the efficiency of the technology adopted.”

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

Note:

Refer to Chapter 3, page 26 for more details on managing material sustainability matters.

4.4 Link to other disclosures required under the LR

Under the LR, listed issuers are required to make a Corporate Governance Statement and a Statement of Risk Management and Internal Control²⁶. If you have incorporated the relevant sustainability disclosures in your Corporate Governance Statement (e.g. the governance structure disclosure required under paragraph 6.2 (a) of Practice Note 9) or Statement of Risk Management and Internal Control (e.g. the management of material sustainability matters required under paragraph 6.2 (c) of Practice Note 9), you should state clearly in your Sustainability Statement, where such disclosures can be found.

[The rest of this page has been intentionally left blank]

²⁶ As required under paragraph 15.26(b) of the Listing Requirements.

APPENDIX A: SELECTING YOUR THEMES AND INDICATORS

Paragraph 6.2 (c) of Practice Note 9 requires listed issuers to disclose material sustainability matters, how they are identified, why they are important and how they are managed. This section provides a range of themes and 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. Some of these themes have been adapted from the GRI Guidelines and FTSE4Good. The list of commonly-used themes and indicators, although detailed, is not exhaustive. Organisations may refer to international guidelines (e.g. the GRI Guidelines, United Nations Guiding Principles Reporting Framework (in relation to human rights)) for more themes and indicators (including measurement metrics and units) that may be relevant to your organisation. In addition, specific indicators have also been included to cater for a range of specific sectors (i.e. major sectors) in Malaysia (a list of which is set out below for guidance). The applicability of the themes and indicators to the relevant sectors has been stated in the fourth column of the Table of Themes and Indicators. Nevertheless, you should assess if these indicators are actually relevant to your organisation.

Sector	Includes:
Construction and real estate	Organisations that engage in the construction of any form of structure including buildings, roads and rails. Also includes organisations that invest directly or indirectly in real estate through management or ownership.
Consumer goods	Organisations that manufacture materials or components into new products and/or market and distribute them for consumer use (e.g. food & beverage, breweries, tobacco, textiles and related products, furniture and fittings, household, healthcare)
Financial services	Organisations that provide services and activities including obtaining and redistributing funds, in the form of deposits by Central Banks and other monetary institutions, insurance and other activities auxiliary to financial intermediation.
Manufacturing	Includes the following manufacturing industries: <ul style="list-style-type: none"> ▪ Automotive; ▪ Biotechnology; ▪ Building materials; ▪ Chemical and chemical products; ▪ Computer hardware/software; ▪ Electrical & electronics; ▪ Engineering support; ▪ Iron and steel industries; ▪ Machinery and equipment; ▪ Medical equipment; ▪ Metal(basic and fabricated); ▪ Paper and paper products; ▪ Rubber products; ▪ Shipbuilding and repair; ▪ Textiles (for industrial use); ▪ Wood and wood products.
Plantations	Organisations that engage in the cultivation, planting and/or replanting of crops.
Oil & gas	Organisations that engage in exploration and production, midstream activities, refining and marketing of oil and gas.
Technology	Organisations that provide information technology solutions and services.

Sector	Includes:
Telecommunications	Organisations that engage in the establishment, maintenance and provision of telecommunications and related services
Utilities	Organisations that engage in the provision or usage of public utility services such as: <ul style="list-style-type: none"> ▪ Electricity: generation, transmission, distribution and sales of electricity ▪ Gas: sale and distribution of natural gas Water and sewerage: water treatment, supply and distribution and waste management.

The inclusion of the sectors above serves the purpose of informing listed issuers of potential material sustainability matters that are common to their sector. This does not discount the possibility of the same sustainability matters occurring in other sectors.

Where indicated in the list of themes and indicators, “all sectors” refer to the sectors listed above, and may also encompass other sectors, including the following:

Sector	Includes:
Agriculture (other than plantations), aquaculture, fishing and forestry	Organisations that engage in the following activities: <ul style="list-style-type: none"> ▪ Land farming of animals; ▪ Aqua farming of animals and plants; ▪ Growing, harvesting and logging of timber.
Trading/Services	Organisations that engage in distribution of products and provision of services other than financial services, e.g. banking and insurance, including: <ul style="list-style-type: none"> ▪ Advertising and marketing; ▪ Biotechnology; ▪ Cable and satellite; ▪ Education; ▪ Food and beverage; ▪ Healthcare; ▪ Hotel, leisure and entertainment; ▪ Media production and distribution; ▪ Port; ▪ Postal and courier services; ▪ Professional services (e.g. engineering consultancy, real-estate management, employment services).
Transportation	Companies that engage in road transportation, rail transportation, airline, shipping and freight and logistics

Legend:

- GRI Guidelines ■ FTSE4Good

Notes:

- (i) The definitions provided for each theme have been drawn from local legislation as well as international reporting guidelines (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 sector (both looking at local and international reporting) have also been incorporated, where appropriate.
- (iii) Further guidance on the themes and indicators drawn from the GRI Guidelines are available at <https://g4.globalreporting.org>
- (iv) Further guidance on sector specific information is available at www.globalreporting.org/resource/library/sustainability-topics.pdf

[The rest of this page has been intentionally left blank]

Table of Themes and Indicators

Themes	Definition	Indicators	Guidance on sector applicability	References (to the Toolkits and external references)
Economic				
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	All sectors	Refer to: • Toolkit: Themes and Indicators - Procurement Practices • GRI: G4-EC9
Community investment 	Voluntary contributions made by an organisation 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 (e.g. not-for-profit organisations)	All sectors	Refer to: • Toolkit: Themes and Indicators - Community Investment • GRI: G4-EC1
Indirect economic impact 	Indirect economic impacts are additional consequences of the direct impact of financial transactions and the flow of money between an organisation and its stakeholders. ²⁷	Report the current or expected impacts on communities and local economies - both relevant positive and negative impacts	All sectors	Refer to: • Toolkit: Themes and Indicators - Indirect Economic Impact • GRI: G4-EC7

[The rest of this page has been intentionally left blank]

²⁷ For example, the practice of employing workers from local communities by oil and gas operations along the east coast of Peninsula Malaysia may indirectly contribute to the development of community and economy in the area.

Themes	Definition	Indicators	Guidance on sector applicability	References (to the Toolkits and external references)
Environmental				
Emissions 	<p>Emissions refer 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 Environmental Quality Act (Clean Air) Regulations 2014).</p> <p>Emissions also encompasses discharge of greenhouse gas (e.g. carbon dioxide (CO₂), methane, nitrous oxide, etc.).</p>	Scope 1 emissions in tonnes of CO ₂ e	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunications • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Emissions • GRI: G4-EN15 • http://www.ghgprotocol.org/ • Environmental Quality Act (Clean Air) Regulations 2014 <p>Palm oil producers could also refer to http://www.rspo.org/certification/palm-ghg-calculator</p>
		Scope 2 emissions in tonnes of CO ₂ e	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Emissions • GRI: G4-EN16 • http://www.ghgprotocol.org/ • Environmental Quality Act (Clean Air) Regulations 2014 <p>Palm oil producers could also refer to http://www.rspo.org/certification/palm-ghg-calculator</p>
		Scope 3 emissions in tonnes of CO ₂ e	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Emissions • GRI: G4-EN17 • http://www.ghgprotocol.org/node/453 • Environmental Quality Act (Clean Air) Regulations 2014 <p>Palm oil producers could also refer to http://www.rspo.org/certification/palm-ghg-calculator</p>

Themes	Definition	Indicators	Guidance on sector applicability	References (to the Toolkits and external references)
Environmental				
		NO _x emissions in g/Nm ³ per product or operating hour	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunications • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Emissions • GRI: G4-EN21 • http://www.ghgprotocol.org/ • Environmental Quality Act (Clean Air) Regulations 2014
		SO _x emissions in g/Nm ³ per product or operating hour	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunication • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Emissions • GRI: G4-EN21 • http://www.ghgprotocol.org/ • Environmental Quality Act (Clean Air) Regulations 2014
		Particulate emissions (mg) per operating hour (from measurement)	<ul style="list-style-type: none"> • Construction and real estate • Manufacturing • Oil & gas • Plantation • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Emissions • GRI: G4-EN21 • RSPO, Principle 5.6 • Environmental Quality Act (Clean Air) Regulations 2014
Waste and effluent 	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 2005.	Total volume of effluent generated	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Waste and effluent • GRI: G4-EN22 • Environmental Quality (Industrial Effluent) Regulations 2009
	Non-hazardous waste includes general waste such as paper and plastic.	Total weight or volume of hazardous waste generated	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Waste and effluent • GRI: G4-EN23

Themes	Definition	Indicators	Guidance on sector applicability	References (to the Toolkits and external references)
Environmental				
	Effluent is defined as any liquid that is disposed as waste or wastewater.		<ul style="list-style-type: none"> Plantation Telecommunications Utilities 	<ul style="list-style-type: none"> Environmental Quality (Scheduled Wastes) Regulations 2005 - Schedule 5
		Total weight or volume of non-hazardous waste generated	<ul style="list-style-type: none"> All sectors 	Refer to: <ul style="list-style-type: none"> Toolkit: Themes and Indicators - Waste and effluent GRI: G4-EN23
		Total weight or volume of waste sent to landfill for disposal	<ul style="list-style-type: none"> Construction and real estate Consumer goods Manufacturing Oil & gas Plantation Telecommunications Utilities 	Refer to: <ul style="list-style-type: none"> Toolkit: Themes and Indicators - Waste and effluent GRI: G4-EN23 Environmental Quality (Scheduled Wastes) Regulations 2005 - Schedule 5
		Ratio of waste to production	Consumer goods	Refer to: <ul style="list-style-type: none"> Toolkit: Themes and Indicators - Waste and effluent http://www.theconsumergoodsforum.com/
		Ratio of waste (e.g. empty fruit bunches; kernels) repurposed and disposed	Plantation	Refer to: <ul style="list-style-type: none"> Toolkit: Themes and Indicators - Waste and effluent RSPO, Principle 5.3
		Amount of drilling waste and strategies for treatment and disposal	Oil & gas	Refer to: <ul style="list-style-type: none"> Toolkit: Themes and Indicators - Waste and effluent GRI Sector Disclosures: Oil and Gas, OG7 (page 47)

		Oil spills	Oil & gas	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Waste and effluent • GRI Sector Disclosures: Oil and Gas, G4-EN24 (page 26) • http://www.ipieca.org/focus-area/oil-spill-preparedness
		Amount of e-waste disposed	<ul style="list-style-type: none"> • Technology • Telecommunications 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Waste and effluent
<p>Water</p> 	<p>Considers consumption and efficiency of water usage for industrial processes and general purposes.</p>	Total volume of water used	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Water • https://www.cdp.net/water
		Percentage of water recycled and reused	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Water • GRI: G4-EN10 • https://www.cdp.net/water
		Water usage per product / output	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Water • https://www.cdp.net/water
<p>Energy</p> 	<p>Considers the efficient use and consumption of electricity as well as energy generated from renewable sources.</p>	Total energy consumed (kWh/MWh)	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Energy • GRI: G4-EN3 • http://www.ghgprotocol.org/
		Amount of reduction in energy consumption achieved as a result of conservation and efficiency initiatives	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Energy • GRI: G4-EN6

		Energy intensity - kWh/MWh per employee / man-hours / square meter	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Energy • GRI: G4-EN5 <p>Oil & gas sector could also refer to http://www.ipieca.org/topic/climate-change/meeting-challenge#ti1012</p>
		Alternative energy research (e.g. wind, biomass, solar, clean fuels, other climate change-related matters) (investment amount and plans)	Oil & gas	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Energy • GRI Sector Disclosures: Oil and Gas, OG2 (page 42) • http://www.ipieca.org/topic/climate-change/meeting-challenge#ti1012
		Use of renewable energy (kWh/MWh)	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunications • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Energy • GRI: G4-EN3
		Total energy produced (kWh/MWh)	<ul style="list-style-type: none"> • Plantation • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Energy • GRI Sector Disclosure: Electric Utilities, EU2 (page 29)
Biodiversity 	Relates to the identification and assessment of risk associated with biodiversity by reporting on the potential impact on terrestrial, fresh water and marine environment 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 & gas sector)	Oil & gas	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Biodiversity • http://www.ipieca.org/focus-area/biodiversity • GRI Sector Disclosures: Oil and Gas, OG 4 (page 44)

		Areas of High Conservation Value avoided	<ul style="list-style-type: none"> • Plantation • Oil & gas • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Biodiversity • http://www.ipieca.org/focus-area/biodiversity • RSPO Principle 5.2
		Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> • Plantation • Oil & gas • Utilities • Construction & Real Estate 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Biodiversity • GRI: G4-EN12 • http://www.ipieca.org/focus-area/biodiversity
		Habitats protected or restored (Qualitative disclosure)	<ul style="list-style-type: none"> • Plantation • Oil & gas • Utilities • Construction & Real Estate • 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Biodiversity • GRI: EN13 • GRI Sector Disclosure: Electric Utilities, EU13 (page 40) • http://www.ipieca.org/focus-area/biodiversity
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 (e.g. resource use, waste management, impact on biodiversity, etc.)	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunications • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - : Supply Chain • GRI: G4-EN32 & G4-EN33 • http://www.theconsumergoodsforum.com/ • https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx • http://www.bsr.org/en/our-insights/report-view/key-performance-indicators-for-responsible-sourcing
		Results of supplier monitoring/auditing	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing 	
		Actions on supplier's non-compliance to supplier's environmental impacts	<ul style="list-style-type: none"> • Oil & gas • Plantation • Telecommunications • Utilities 	

		assessment (e.g. training and communications)		
<p>Product and Services Responsibility (Environmental)</p> 	<p>The environmental impact of products and services in the course of their lifecycle, (including product design, development, testing, etc.).</p>	<p>Product stewardship (product’s impact on the environment)</p>	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunications • Utilities 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Products and Services Responsibility • GRI: G4-EN27
		<p>Benzene, lead and sulfur content in fuels</p>	<p>Oil & gas</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Products and Services Responsibility • GRI Sector Disclosures: Oil and Gas, OG8 (page 27)
		<p>Product innovation to reduce impacts (e.g. eco-friendly, less chemicals/toxic substances, etc.)</p>	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunications • Utilities 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Products and Services Responsibility • GRI: G4-EN27 • http://www.theconsumergoodsforum.com/ • https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx
<p>Materials</p> 	<p>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.</p>	<p>Ratio of raw materials sourced from sustainable sources</p>	<ul style="list-style-type: none"> • Consumer goods • Manufacturing • Plantation 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Materials • RSPO Principles

		<p>Policies and commitment to certified raw materials sourcing</p> <ul style="list-style-type: none"> • Consumer goods • Manufacturing • Plantation 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Materials • http://www.theconsumergoodsforum.com/ • https://www.cdp.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx • https://ic.fsc.org/requirements-guidance.105.htm
		<p>Materials used by weight or volume</p> <ul style="list-style-type: none"> • Consumer goods • Manufacturing • Plantation 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Materials • GRI: G4-EN1
		<p>Percentage of recycled input materials</p> <ul style="list-style-type: none"> • Consumer goods • Manufacturing • Plantation 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Materials • GRI: G4-EN2
<p>Compliance (Environmental)</p> 	<p>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.</p>	<p>Total monetary value of fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</p> <ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunications • Utilities 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Compliance • GRI: G4-EN29
<p>Land remediation, contamination or degradation</p> 	<p>Land contamination may adversely affect or render land unproductive. Contamination may occur as a result of the current or prior activity of the organisation or its previous occupier. Contamination may be of natural origin, in various states (solid, liquid or gas), and may affect soil quality</p>	<p>Land remediated or in need of remediation for the existing or intended land use, according to applicable legal designations</p>	<p>Construction and real estate</p> <p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Land remediation, contamination or degradation • GRI Sector Disclosures: Construction and Real Estate Sector, CRE5 (page 74).

	(degradation) and its surrounding ecological and environmental receptors. Land remediation, on the other hand, refers to the efforts taken to remove or reduce pollutants or contaminants in the soil.	Number of operations for the year and how many have conducted environmental impact assessments.	<ul style="list-style-type: none"> • Plantation • Oil & Gas • Construction & Real Estate • Manufacturing • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Land remediation, contamination or degradation • Refer to GRI: G4-S01
	This theme requires disclosure on the management of soil quality and initiatives assumed in the remediation of contaminated land.	Disclosure on current practice and soil management strategy	Plantation	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Land remediation, contamination or degradation • RSPO, Principle 4.2 and 4.3
		Number of sites that have been decommissioned and sites that are in the process of being decommissioned	Oil & gas	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Land remediation, contamination or degradation • GRI Sector Disclosures: Oil and Gas, OG11 (page 51)

[The rest of this page has been intentionally left blank]

Themes	Definition	Indicators	Guidance on sector applicability	References (to the Toolkits and external references)
Social				
Diversity 	Diversity, specifically in the workforce, management and the Board 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; and (c) ethnicity.	All sectors	Refer to: • Toolkit: Themes and Indicators - Diversity • GRI: G4-LA12
		The percentage of directors in each of the following diversity categories: (a) gender; (b) age group; and (c) ethnicity.	All sectors	Refer to: • Toolkit: Themes and Indicators - Diversity • GRI: G4-LA12
		Ratio of foreign to local hire of low-skilled workers	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Oil & gas • Plantation • Telecommunications • Utilities 	Refer to: • Toolkit: Themes and Indicators - Diversity • International Labour Organisation
		Employment arrangement - local and foreign	All sectors	Refer to: • Toolkit: Themes and Indicators - Diversity • International Labour Organisation

<p>Human Rights</p> 	<p>In accordance with the United Nations Universal Declaration on Human Rights, this is defined as/to include:</p> <ul style="list-style-type: none"> • the right to not be discriminated against; • not be enslaved; • be treated with dignity; • have the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and • the right to freedom of opinion and expression. 	<p>Percentage of employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations</p>	<p>All sectors</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Human Rights • GRI: G4-HR2
		<p>Percentage of existing and new suppliers assessed for human rights policies and practices.</p>	<p>All sectors</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Human Rights • GRI: G4-HR11
		<p>Number of discrimination incidents</p>	<p>All sectors</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Human Rights • GRI: G4-HR3
		<p>Number of child labour incidents</p>	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Plantation • Utilities 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Human Rights • GRI: G4-HR5
		<p>Measures taken to support freedom of association</p>	<ul style="list-style-type: none"> • All sectors 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Human Rights • GRI: G4-HR4
		<p>Number of grievances about human rights issues</p>	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Plantation • Utilities 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Human Rights • GRI: G4-HR12
		<p>Number of forced or compulsory labour incidents</p>	<ul style="list-style-type: none"> • Construction and real estate • Consumer goods • Manufacturing • Plantation • Utilities 	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Human Rights • GRI: G4-HR6

		Percentage of investment agreements that underwent human rights screening	<ul style="list-style-type: none"> • Financial services • Construction and real estate • Oil and gas • Utilities 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Human Rights • GRI: G4-HR1 • http://www.global-business-initiative.org
Occupational Safety and Health 	In accordance with the International Labour Organisation, 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.	Percentage of workers undergoing safety and health training per annum	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Occupational Safety and Health
		Number of work-related injuries per annum	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Occupational Safety and Health • GRI: G4-LA6 • Register of Occupational Accidents, Dangerous Occurrence, Occupational poisoning and Occupational Disease - JKPP 8 for annual submission to DOSH
		Rate of work-related injuries per annum		
		Number of work related fatalities (includes employees and contractors)	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Occupational Safety and Health • GRI: G4-LA6 • Register of Occupational Accidents, Dangerous Occurrence, Occupational poisoning and Occupational Disease - JKPP 8 for annual submission to DOSH
		Accident frequency rate	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Occupational Safety and Health • GRI: G4-LA6 • Register of Occupational Accidents, Dangerous Occurrence, Occupational poisoning and Occupational Disease - JKPP 8 for annual submission to DOSH

		Severity rate	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Occupational Safety and Health • GRI: G4-LA6 • 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	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Occupational Safety and Health • Factories and Machineries Act 1967
		Brief description of the Health, Safety and Environment (“HSE”) organisational chart and the HSE Committee (if available) at the work site	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Occupational Safety and Health • Refer to OSHA 1994
Anti-competitive behavior 	Concerning ethical business practices without affecting consumer choice, pricing, and market efficiency.	Number of legal actions pending or completed regarding anti-competitive behavior	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Anti-competitive behaviour • GRI: G4-S07 • Competition Act 2010
Anti-corruption 	In accordance with Transparency International Malaysia, corruption is defined as the 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 employees that have received training on anti-corruption by employee category	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Anti-corruption • GRI: G4-S04
		Percentage of operations assessed for risks related to corruption	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Anti-corruption • GRI: G4-S03

<p>Labour practices</p> 	<p>The fair treatment of employees in regards to terms and conditions of employment and developments of employee's skills and knowledge.</p>	<p>Average hours of training per annum per employee by employee category</p>	<p>All sectors</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Labour practices • GRI: G4-LA9
		<p>Total number of employee turnover (broken down by employee type) during the reporting period, by: (a) age group; (b) gender.</p>	<p>All sectors</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Labour practices • GRI: G4-LA1 • Employment Act 1955
		<p>Rate of employee turnover (broken down by employee type) during the reporting period, by: (a) age group; (b) gender.</p>		
		<p>Employee benefits</p>	<p>All sectors</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Labour Practices • GRI: G4-LA2 • Employment Act 1955
<p>Society</p> 	<p>Relates to the impacts organisations have on society and local communities.</p>	<p>Initiatives to improve access of financial services to disadvantaged people</p>	<p>Financial services</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Society • GRI Sector Disclosures: Financial Services, FS14 (page 24)
		<p>Disclosure of social impact assessment (SIA) performed (if any) and current practices in order to mitigate negative impacts</p>	<p>Plantations</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Society • Refer to RSPO, Principles 1.2, 6.1 and 7.1

		Number of people physically or economically displaced and compensated, broken down by utility project	Utilities	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Society • GRI Sector Disclosure: Electric Utilities, EU22 (page 49)
		Operations where involuntary resettlement took place, the number of households resettled in each, and how their livelihoods were affected in the process	<ul style="list-style-type: none"> • Oil and gas • Plantation 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Society • GRI Sector Disclosures: Oil and Gas, OG12 (page 52)
Product and Services Responsibility (Social)	The impact of products and services on the wellbeing of society, including privacy, health and safety.	Number of complaints	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Products and Services Responsibility • GRI: G4-PR8
		Customer relationship management (grievance mechanism)	All sectors	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Products and Services Responsibility • GRI: G4-S011
		Transparency in product information and labelling	<ul style="list-style-type: none"> • Consumer goods • Financial services 	Refer to: <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Products and Services Responsibility • GRI: G4-PR3 • GRI Sector Disclosures: Financial Services, G4-DMA - Product Responsibility (Product and Service Labelling) (page 25) • Bank Negara Malaysia’s Guidelines on Introduction of New Products • GRI Sector Disclosures: Food Processing, G4-DMA - Product Responsibility (Product and Service Labelling) (page 33) • http://www.theconsumergoodsforum.com/

		Number of incidents of cyber attacks	All sectors	Refer to: • Toolkit: Themes and Indicators - Products and Services Responsibility • Information Security Forum
		Product adherence to chemical content/ composition specification	<ul style="list-style-type: none"> • Consumer goods • Manufacturing 	Refer to: • Toolkit: Themes and Indicators - Products and Services Responsibility • http://www.theconsumergoodsforum.com/
		Health risks from exposure to electromagnetic radiation from use of products and services	Technology	Refer to: • Toolkit: Themes and Indicators - Products and Services Responsibility
		Ingredients used in personal care products	Consumer goods	Refer to: • Toolkit: Themes and Indicators - Products and Services Responsibility • http://www.theconsumergoodsforum.com/
		Financial literacy	Financial services	Refer to: • Toolkit: Themes and Indicators - Products and Services Responsibility • GRI Sector Disclosures: Financial Services, G4-DMA - Product Responsibility (Product and Service Labelling) (page 26)
Supply Chain (Social) 	Relates to significant and potential social impacts on society in the supply chain.	Assessment of new and existing suppliers to identify existing or potential negative social impacts	All sectors	Refer to: • Toolkit: Themes and Indicators - Supply Chain • GRI: G4-S09 and G4-S010

		Results of supplier monitoring/auditing	All sectors	
		Actions on supplier's non-compliance to social impacts assessment		
Compliance (Social) 	<p>Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines.</p> <p>It outlines an organisation's degree of observance to laws and guidelines governing its business, as well as efforts undertaken in assessing the anticipated impact of its activities.</p>	Total monetary value of fines and total number of non-monetary sanctions for non-compliance with laws and regulations	All sectors	<p>Refer to:</p> <ul style="list-style-type: none"> • Toolkit: Themes and Indicators - Compliance • GRI: G4-S08

APPENDIX B: SAMPLE OF CONTENT INDEX

This is a sample of a content index which may be used as a reference index to be included in the Sustainability Statement to link to information which is also provided in other parts of the Annual Report or the organisation’s website.

Key elements	Reference number
Governance structure	Board charter at www.xyz.com/boardcharter Page 40 (CGS)
Scope and basis for scope	Page 24
Material sustainability matters	Page 25-39
How they are identified	Page 25-26
Sustainability Matter: Responsible lending	Page 27-29
Why they are important	Page 27
How they are managed, including details on	Page 27 Page 50 (ICS)
Policies to manage these sustainability matters	Page 28 Page 51 (ICS)
Measures or actions taken to deal with these sustainability matters	Page 28-29
Indicators relevant to these sustainability matters which demonstrate how the listed issue has performance in managing these sustainability matters	Page 29
Sustainability Matter: Talent management	Page 30 - 32
Why they are important	Page 30
How they are managed, including details on	Page 30 Page 50 (ICS)
Policies to manage these sustainability matters	Page 30-31 Page 51 (ICS)
Measures or actions taken to deal with these sustainability matters	Page 31-32
Indicators relevant to these sustainability matters which demonstrate how the listed issue has performance in managing these sustainability matters	Page 32
Sustainability Matter: Anti-corruption	Page 33 - 35
Why they are important	Page 33
How they are managed, including details on	Page 33 Page 50 (ICS)
Policies to manage these sustainability matters	Page 34-35 Page 51 (ICS)
Measures or actions taken to deal with these sustainability matters	Page 35
Indicators relevant to these sustainability matters which demonstrate how the listed issue has performance in managing these sustainability matters	Page 35
Sustainability Matter: Anti-money laundering and anti-terrorism financing	Page 35-37
Why they are important	Page 35
How they are managed, including details on	Page 36 Page 50 (ICS)
Policies to manage these sustainability matters	Page 36 Page 51 (ICS)
Measures or actions taken to deal with these sustainability matters	Page 37
Indicators relevant to these sustainability matters which demonstrate how the listed issue has performance in managing these sustainability matters	Page 37

BIBLIOGRAPHY

1. 2014 Global Sustainable Investment Alliance. (2014). *Global Sustainable Investment Review*.
2. Association for Sustainable & Responsible Investment in Asia. (2006). *Taking Stock - Adding Sustainability Variables to Asian Sectoral Analysis*, International Finance Corporation.
3. Brundtland, G. (1987). *Our Common Future*. Report for the World Commission on Environment and Development.
4. Bursa Malaysia Securities Berhad. *Appendix 9C of Main Market and ACE Market Listing Requirements*.
5. Carrington, D. (2015). *Norway fund could trigger wave of large fossil fuel divestments, say experts* <http://www.theguardian.com/environment/2015/may/28/norway-fund-could-trigger-wave-of-large-fossil-fuel-divestments-say-experts>
6. Corporate Ecoforum and World Environment Centre. (2015). *Sustainability and the CFO: Challenges, Opportunities and Next Challenges*.
7. CPA Australia, GRI Focal Point Australia, KPMG Australia. (2014). *From Tactical to Strategic: How Australian Businesses create value from sustainability*.
8. Cramer, A., BSR. (2011). *Giving Sustainability a Seat in the Boardroom*
9. Credit Suisse, Sindicatum, FTSE. (2014). *2014 Asia Sustainable Investment Review*.
10. Ernst & Young. (2011). *Getting it right in emerging markets: Critical success factors in consumer products transactions*.
11. Global Reporting Initiative. (2013). *G4 Sustainability Reporting Guidelines*.
12. Hower, M. (2013) *GE Generates \$25 Billion in Revenues from Sustainability Investments*. http://www.sustainablebrands.com/news_and_views/articles/ge-generates-25-billion-revenues-sustainability-investments
13. Jun Yang. (2011) *Worst Thai Floods in 50 Years Hit Apple, Toyota Supply Chain*. <http://www.bloomberg.com/news/articles/2011-10-20/worst-thai-floods-in-50-years-hit-apple-toyota-supply-chains>
14. KPMG Australia-The Institute of Chartered Accountants in Australia. (2011). *Business briefing series - 20 issues on building a sustainable business*.
15. KPMG International. (2012). *Expect the Unexpected: Building Business Value in a Changing World*.
16. KPMG International. (2014). *A New Vision of Value*.
17. Malayan Banking Berhad. (2014). *Maybank Sustainability Report 2014, page 91*.
18. NISEN, M. (2013) *How Nike Solved Its Sweatshop Problem*. <http://www.businessinsider.com/how-nike-solved-its-sweatshop-problem-2013-5?IR=T&>

19. Royal DSM. *Royal DSM Integrated Annual Report*
<http://annualreport2011.dsm.com/pages/EN/section-327235.html>
20. Royal Dutch Shell. (2014). *Royal Dutch Shell Plc Sustainability Report 2014*, page 48.
21. Securities Commission Malaysia. (2012). *Malaysian Code on Corporate Governance 2012*.
22. Sime Darby Plantation. (2013). *Sime Darby Plantation, Sustainability Report 2013*, page 23.
23. Sime Darby Plantation. *Carbon Emissions Reduction & Waste Utilisation Improvements*.
http://www.simedarbyplantation.com/Carbon_Emissions_Reduction_-_Waste_Utilisation_Improvements.aspx
24. Sustainable Stock Exchanges. (2010). *Real Obstacles, Real Opportunities*.
25. Telekom Malaysia Berhad. (2013). *Telekom Malaysia Berhad 2013 Sustainability Report*, page 32.
26. United Nation Environment Programme. (2012). *The Business Case for a Green Economy*.
27. United Nations Environment Programme Finance Initiative. (2014). *Integrated Governance, A New Model of Governance for Sustainability*.
28. United Nations Principles of Responsible Investment. (2014). *Principle of Responsible Investment Fact Sheet*.
29. United Nations-Global Compact- Accenture. (2013). *CEO Study on Sustainability 2013 - Architects of a Better World*.
30. Vodafone Group plc. (2014). *Vodafone Group Plc Sustainability Report 2013/ 14*, page 15.
31. Woolworths Limited. *Doing the Right Thing - Sustainability Strategy 2007 - 2015*, page 24.
32. World Business Council for Sustainable Development. (2010). *Vision 2050*.

GLOSSARY OF TERMS AND ACRONYMS

Board	: Board of Directors
Bursa Malaysia	: Bursa Malaysia Securities Berhad
CDM	: Clean Development Mechanism
CEO	: Chief Executive Officer
Corporate Governance Statement	: A narrative statement of an organisation's corporate governance practices contained in its annual report as required under paragraph 15.26 of the Listing Requirements.
CSR	: Corporate social responsibility
DOSH	: Department of Occupational Safety and Health
economic	: In relation to sustainability, an organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation. <i>Note: These may include the organisation's procurement practices; or community investment.</i>
EES	: economic, environmental and social
environmental	: In relation to sustainability, an organisation's impact on living and non-living natural systems, including land, air, water and ecosystems. <i>Note: These may include the organisation's usage of energy and water; discharge of emissions; or loss of biodiversity, etc.</i>
FYE	: financial year ending
GE	: General Electric
governance structure	: For the purpose of this Guide, the structures an organisation has in place to ensure accountability, oversight and review in the identification and management of sustainability.
GRI	: An international independent organisation that helps businesses, governments and other organisations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others.
GRI Guidelines	: GRI Sustainability Reporting Guidelines
IIRC	: International Integrated Reporting Council

GLOSSARY OF TERMS AND ACRONYMS

IPIECA	: International Petroleum Industry Environmental Conservation Association
JKKP	: Jabatan Keselamatan dan Kesihatan Perkerjaan
LR or Listing Requirements	: Listing Requirements of Bursa Malaysia Securities Berhad
materiality	: For the purpose of this Guide, 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.
NGO	: non-governmental organisation
POME	: palm oil mill effluent
OSHA 1994	: Occupational Safety & Health Act 1994
RSPO	: Roundtable on Sustainable Palm Oil
SASB	: Sustainability Accounting Standards Board
scope	: The parameters or boundaries of the information being included in the Sustainability Statement
social	: The impacts an organisation has on the social systems within which it operates. <i>Note: These may include the organisation's relationships with communities, employees, consumers, etc.</i>
stakeholder	: An individual or a group that has an effect on, or is affected by the organisation and its activities. Stakeholders should be relevant to the organisations purpose and have relevant needs and expectations. They may include investors, customers, employees, local communities, civil society (NGOs), government, regulators, suppliers, etc.
sustainability governance	: How sustainability is positioned and governed within an organisation
sustainability matters	: For the purpose of this Guide, risks and opportunities arising from the EES impacts (i.e. impacts that relate to sustainability themes such as energy, diversity, human rights, etc.) of an organisation's operations and activities.
Sustainability Statement	: The Sustainability Statement as required under 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.

GLOSSARY OF TERMS AND ACRONYMS

themes	: For the purpose of this Guide, sustainability topics as set out in Appendix A
this Guide	: Bursa Malaysia's Sustainability Reporting Guide
Toolkit(s)	: Bursa Malaysia's Sustainability Toolkit(s)
UNEP	: United Nations Environment Programme
UNEP FI	: United Nations Environment Programme Finance Initiative
value chain	: For the purpose of this Guide, the full range of activities which are needed to move a product or service from conception through delivery to end-users and final disposal after use and includes supply chain.

Any reference to an Act or Regulation in this Guide is to an Act or Regulation under the Laws of Malaysia, unless otherwise indicated. Further, any reference in this Guide to any provisions of the statutes, rules, regulations or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statutes, rules, regulations or rules of stock exchange for the time being in force.

[The rest of this page has been intentionally left blank]