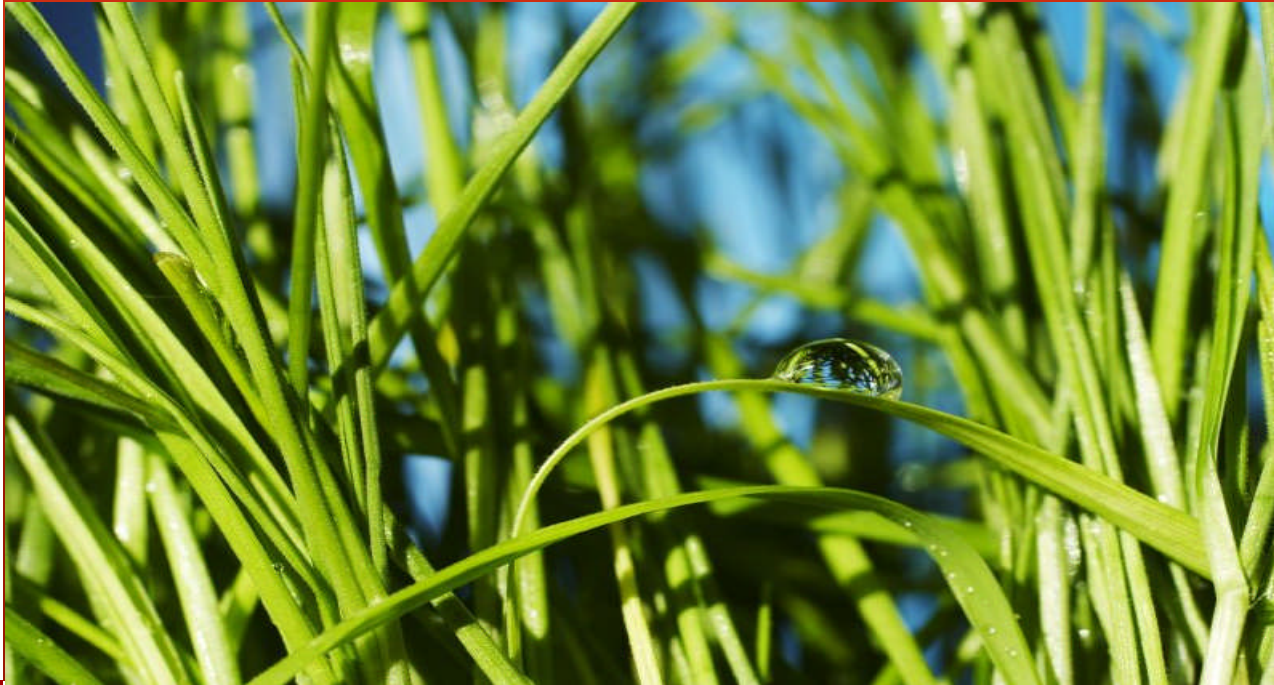


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Towards Business Sustainability

Companies Commission of Malaysia
Corporate Responsibility Seminar Series
29 November 2011



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Agenda

1. Overview of Sustainability
2. Case Studies
3. Sustainability Management Overview

What Sustainability means...

*Sustainable development is described as “Development that **meets the needs of the present without compromising the ability of future generations** to meet their own needs”.*

The Bruntland Commission

Sustainability refers to the adoption and application of environmentally responsible practices, sound social policies and exceptional governance structures in order to minimise risks and volatility and to enhance the long-term development impact of corporate activities.

Sustainable Stock Exchanges, “Real Obstacles, Real Opportunities”

*Sustainability in business means managing a company in a way that takes into account **social, economic and environmental** aspects, also referred to as the “**triple bottom line**”.*

Bursa Malaysia, “Powering Business Sustainability”

... or, in short

**People
Planet
Profit**

Why bother?



Why bother?

It will cost me money.

So difficult to implement!

I need a sustainability expert to advise me.

It'll just attract more unwanted attention...

It's just a PR-exercise.

49% of CEOs whose primary source of revenue is consumers are planning to change strategies in the next 3 years because **customers are factoring environmental and corporate responsibility practices into purchasing decisions**¹

64% of CEOs agree that an important part of their innovation strategy is to develop environmentally friendly products and services¹

86% of Malaysian Gen-Ys would seek employers with **social responsibility values that reflect their own**²

83% feel that **trust and transparency** are "extremely important" to a company's reputation³

Embracing sustainability is no longer an if, but a how

Sources: 1. PwC 14th Annual Global CEO Survey; 2. PwC's Malaysia's Gen Y Unplugged, 2009; 3. Edelman Trust Barometer 2010, survey covered almost 5,000 respondents from the public

Sustainability is an increasingly important area of focus in Malaysia

Monday November 29, 2010

Roadmap to cutting emissions

Govt pledges reduction in emissions intensity of GDP up to 40%



Saturday December 25, 2010

Index set to draw socially responsible funds

86%

would seek employers with social responsibility values that reflect their own



Source: The Star Online, PwC's Malaysia's Gen Y Unplugged, 2009

Malaysia's manufacturers are susceptible to global buyer pressure...

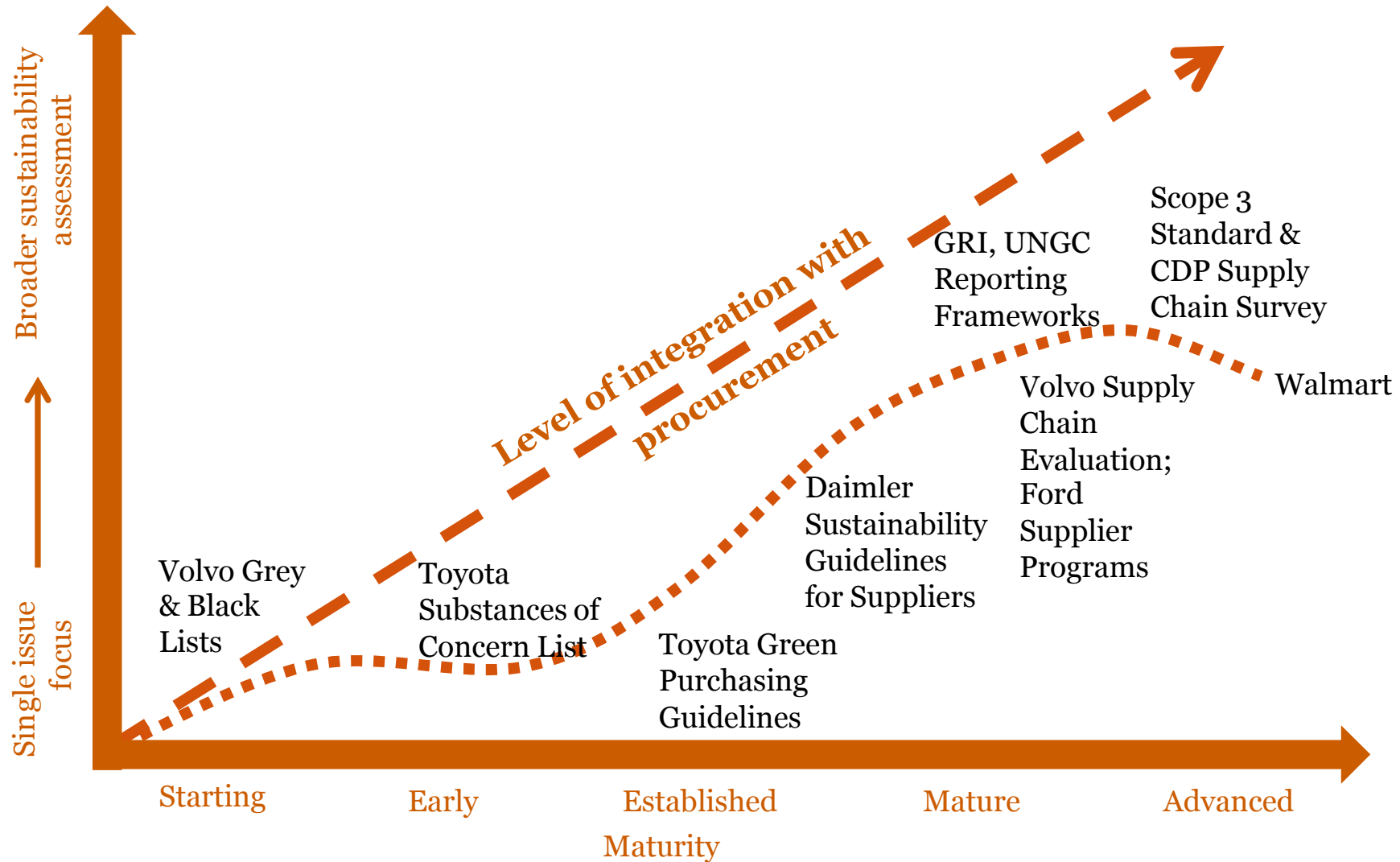
CARBON DISCLOSURE PROJECT

89% of the Carbon Disclosure Project members say they have plans to follow the likes of Wal-Mart, Dell and others in **requiring suppliers to calculate their carbon footprints** and spell out strategies for reducing them.

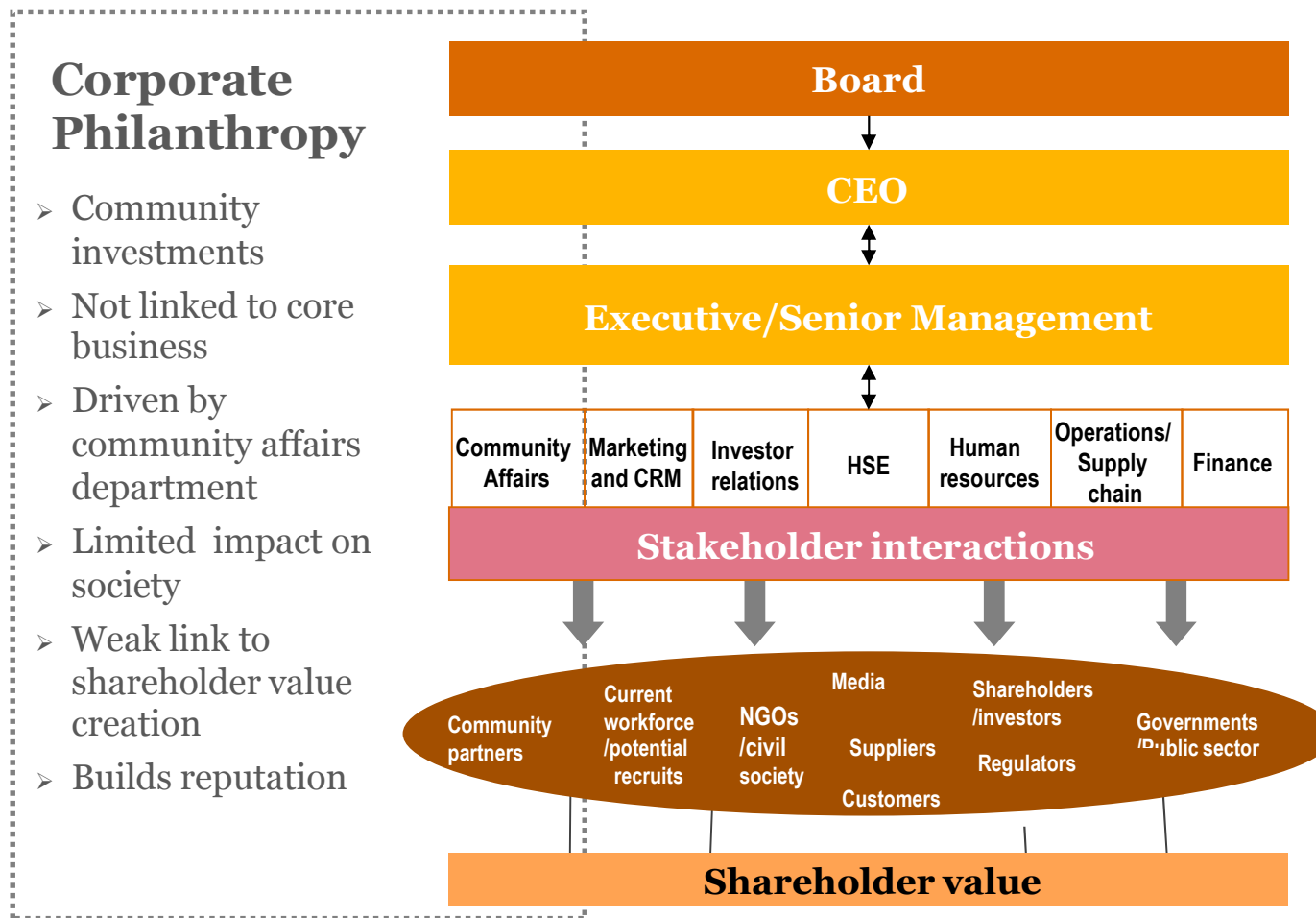
56% of members tell the project that they are even prepared to go so far as **dropping companies** from their list of suppliers in the future.

Source: Carbon Disclosure Project: Supply Chain Report 2009

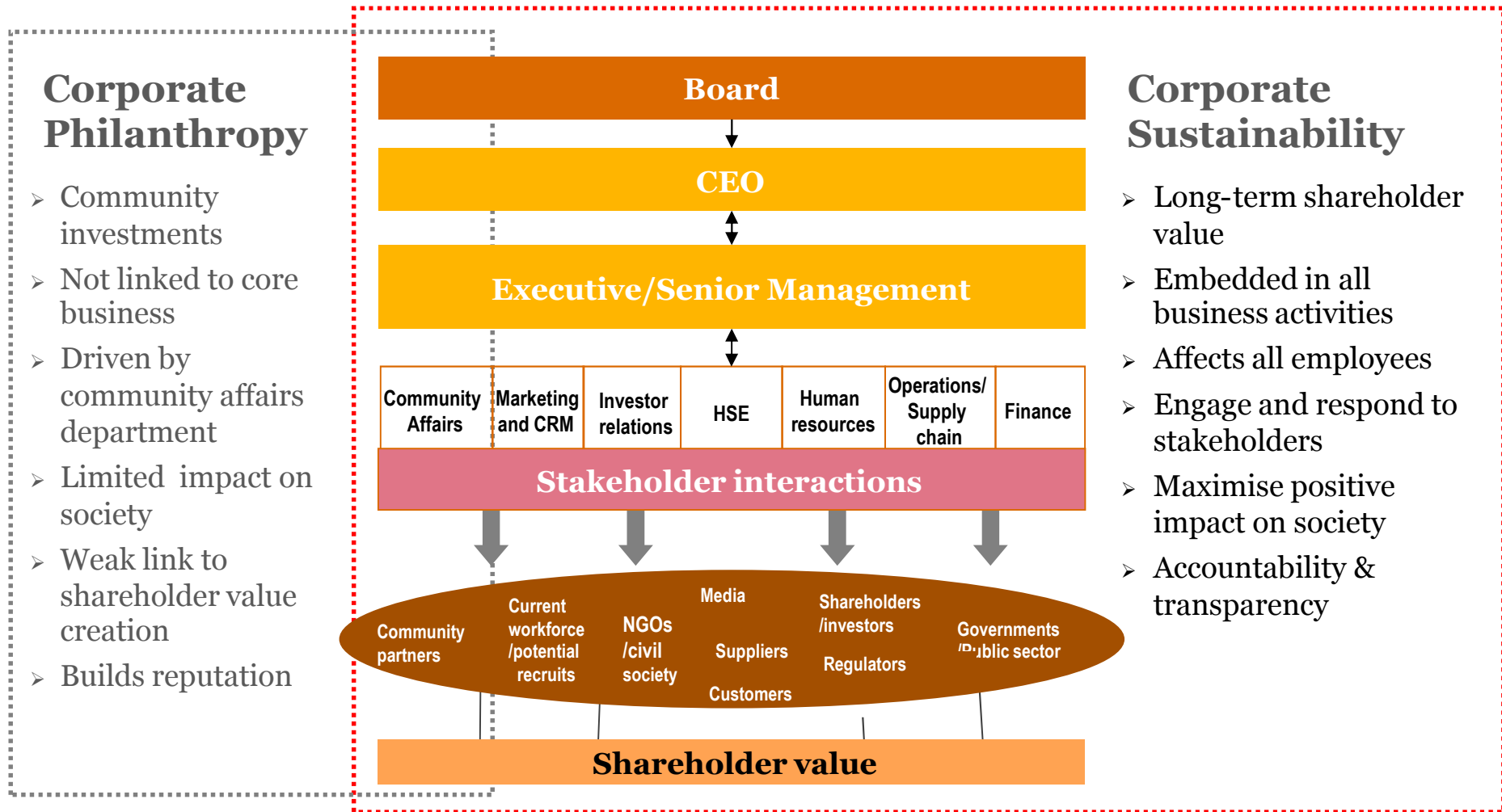
... there is an increase in supplier expectation



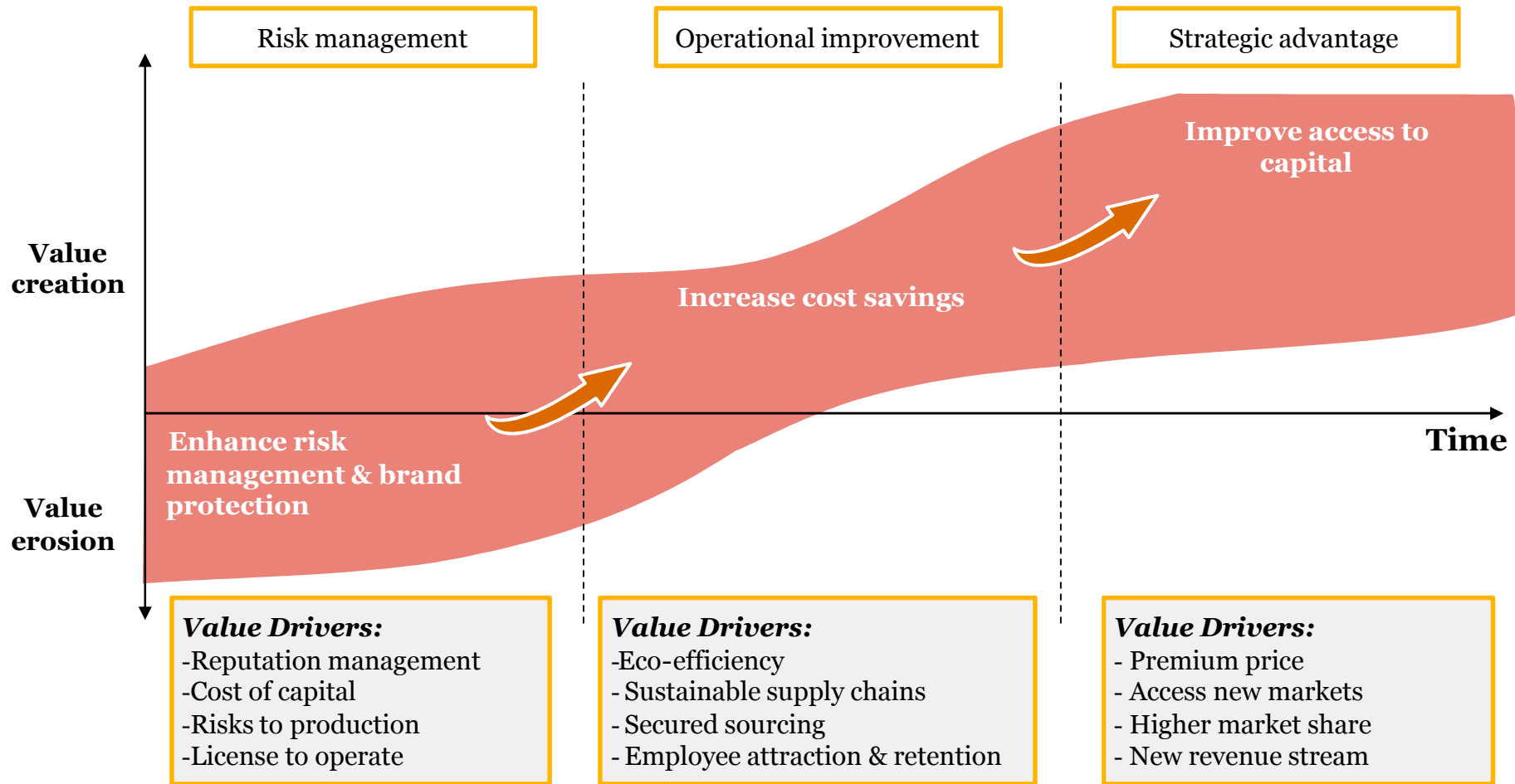
We are seeing a shift away from just philanthropy



We are seeing a shift away from just philanthropy



Illustrative benefits of Sustainability to businesses over time



Source: PwC

Sample sustainability focus areas

Community:

- Stakeholder engagement
- Social value added
- Privacy protection
- IT security
- Digital inclusion
- Rural development

Environment:

- Environmental policy/
Management system
- Operational environmental
footprint
- Environmental governance
- Climate strategy
- Operational eco-efficiency
- Packaging
- Raw material sourcing
- Product stewardship

Sample sustainability focus areas

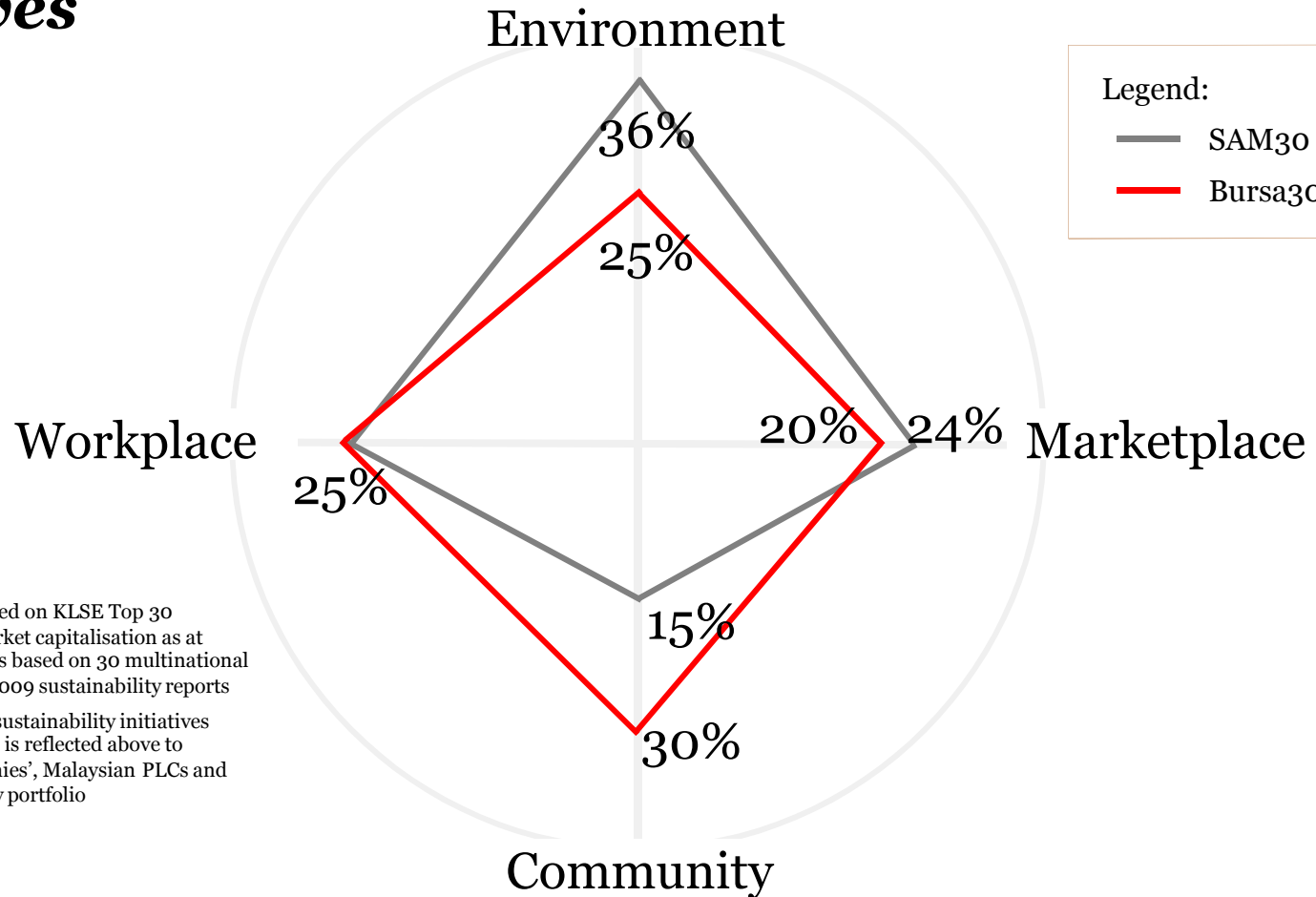
Marketplace:

- Customer relationship management
- Brand management
- Anti-crime policy/ measures
- Standards for suppliers
- Innovation management
- Strategy for emerging markets

Workplace:

- Occupational health & safety
- Product quality and recall management
- Employee development
- Anti – discrimination
- Union management

In Malaysia, we are more focused on community initiatives



Source: 1. Analysis performed on KLSE Top 30 companies weighted by market capitalisation as at September 2010. 2. Analysis based on 30 multinational companies based on their 2009 sustainability reports

Note: Aggregate of the key sustainability initiatives under each dimension by % is reflected above to highlight the global companies', Malaysian PLCs and Global MNCs' sustainability portfolio

Many Malaysian companies do not have a structured approach in place to get shareholder value from sustainability

Capitaland has been listed on the DJSI for three years in a row

- **9.0% reduction in energy consumption and 6.6% reduction in water consumption** per square metre (m³/m²) respectively – ***“Such encouraging trends help mitigate against rising utility costs worldwide”***
- **Average training hours per employee of 51.3 hours per annum**, well above the recommended industry guide of 40 hours
- Properties which outperform the **3% target savings** in both electricity and water consumption were given **cash awards**
- **Paper usage reduction of 14.1%** per employee

Our achievements of the past 10 years and the sustainability of our business depend on our people, our care for the community and the environment.

“The target for Singapore projects to a minimum Green Mark GoldPLUS for projects initiated in 2011 and beyond”

Source: Capitaland Sustainability Report, 2010

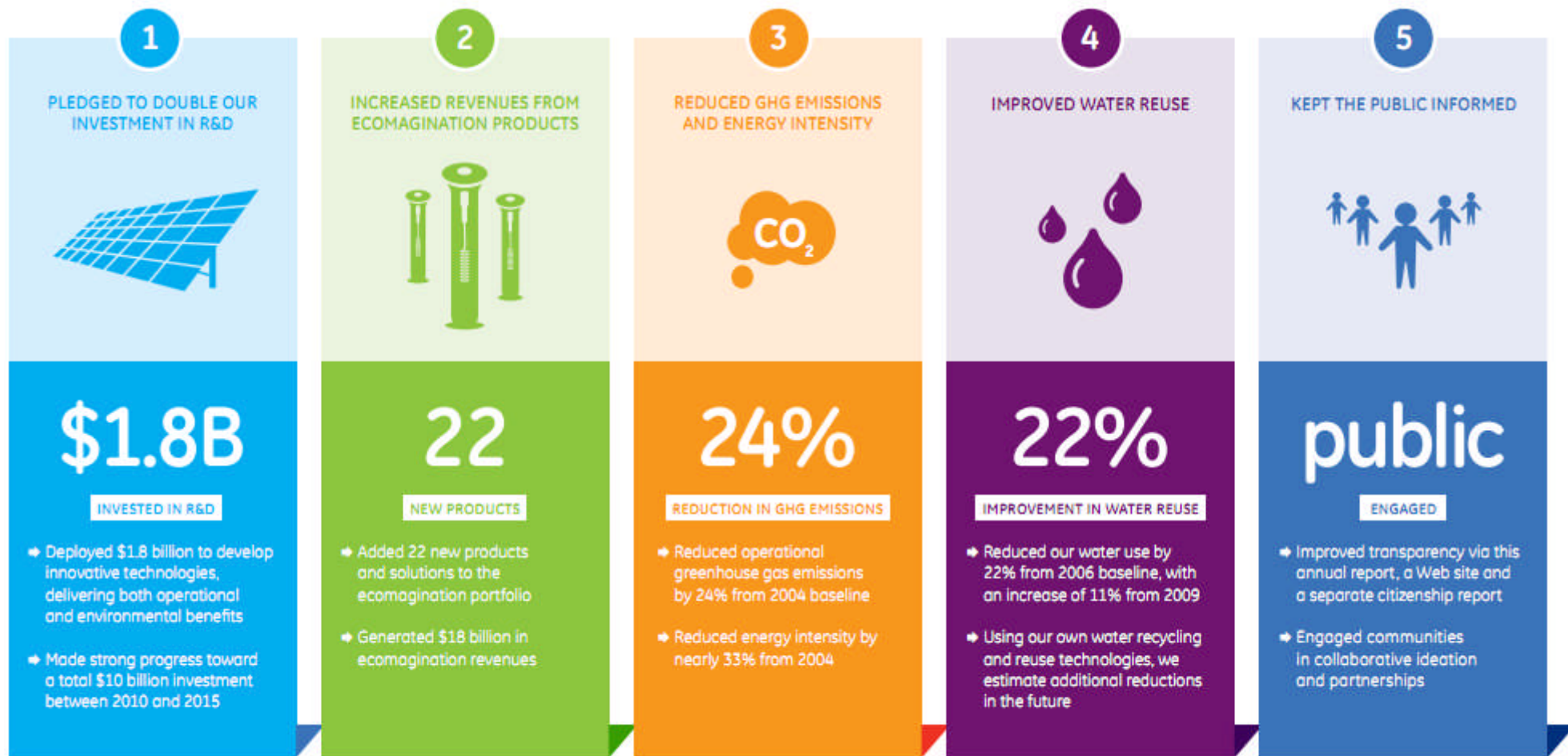
Marks & Spencer's Plan A sustainability programme has contributed **£70 million in savings in 2010**

- **Energy efficiency** in stores improved by 23% and distribution centres by 24% against 2006/07 reducing energy bills by £13.5 million
- **Initiatives to reduce packaging** saw savings of £11 million
- **Reducing fuel usage and recycling or reusing hangars** saved M&S £2 million and £1 million respectively
- **Total carbon emissions have been reduced by 13%**
- **94% of all the waste** generated from stores, offices and warehouses are recycled



Source: M&S How We Do Business Report, 2011

GE has generated more than \$ 85 billion from ecomagination products and services through 2010



Source: Ecomagination 2010 Annual Report

Sustainability management overview



Sustainability management overview



- **Align to corporate strategy**
- **Engage stakeholders**
- **Obtain Board endorsement**
- **Communicate sustainability strategy**

Sustainability management overview



- **Agree sustainability budget**
- **Assign budget to respective business units**
- **Identify resource needs**

Sustainability management overview



- **Assess sustainability initiatives against strategic priorities**
- **Set targets and measures**
- **Prioritize initiatives**

Sustainability management overview



- **Determine governance structure**
- **Establish monitoring mechanisms**
- **Link initiative targets to KPIs, performance management or reward structure**
- **Monitor periodically to ensure objectives are met**

Sustainability management overview



- **Determine reporting structure**
- **Determine target audience**
- **Report progress regularly**
- **Seek verification of external sustainability reports**

About PwC

When it comes to sustainability, companies have very specific concerns and the needs vary widely, depending on location, business and industry. At PricewaterhouseCoopers (PwC), clients look to us both for our sustainability knowledge and insights, as well as the credibility we bring in establishing trust with stakeholders.

Our global sustainability network comprises over 800 practitioners around the world. The network functions effectively within and between territories and continents to help solve cross-border issues of concern to our national and multi-national clients, both government bodies and public and private companies.

Our services include:

- Climate and carbon
- Sustainability & international development
- Sustainability strategy and frameworks
- Measuring, managing, reporting & assurance
- Supply chain & sustainable procurement
- Financing the future
- Tax and incentives

Global market leader in sustainability advisory:

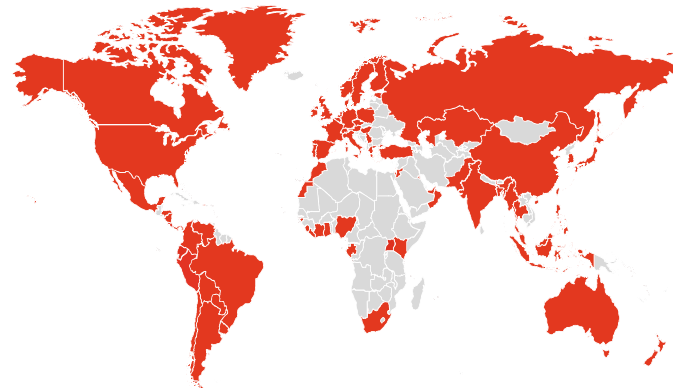
40+ territories

800 staff and partners

Serving more than 50% of Fortune100 corporations

Partnering with WBCSD, GRI, SAM, UN Global Compact, WEF

Our sustainability network



Thank You

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