

Sustainability reporting a boost for investor confidence

BY SUPRIYA SURENDRAN

KUALA LUMPUR: Sustainability reporting, which conveys an organisation's impact on the environment, society and economy, is a vital element for international investing fraternities and is now strengthening its presence in corporate Malaysia.

Last year, two renowned Malaysian corporations, Malayan Banking Bhd (Maybank) and Axiata Group Bhd, ended up as the winner and runner-up respectively for Best Sustainability Report at the Association of Chartered Certified Accountants (ACCA) Malaysia Sustainability Reporting Awards (Masra).

Masra is the longest-running sustainability reporting award programme in Malaysia organised by the ACCA in partnership with Talent Corp Malaysia Bhd (TalentCorp).

Maybank head of group corporate affairs and sustainability Eliza Mohamed said sustainability reporting is an important tool for the banking group to manage its growth responsibly on an international front.

"As we venture into new markets like Myanmar, it is important for us as a banking group to grow, but to do so responsibly by managing our stakeholders' expectations. And we do this by incorporating our business strategy of humanising financial services with our sustainability practices," said Eliza.

Maybank was also a Masra winner for the Best Workplace Practices category last year.

Axiata chief corporate officer Mo-

hamad Idham Nawawi said the telecommunications group's commitment towards sustainability reporting had garnered international investor interest.

"We have operations in many countries, and every time we do one of our international roadshows, there is interest shown towards our sustainability reporting efforts," he said during a round-table discussion with *The Edge Financial Daily* and other past winners of Masra last Friday.

"However, this is not just from a financial perspective. It also gives investors the confidence that we are a Malaysian company that is environmentally responsible," he added.

On Masra 2015, which is set to crown its new batch of winners on Nov 30, ACCA head of members and technical Vilashini Ganespathy said 51 corporations are contenders for the awards this year, up from 45 in 2014.

"When the awards kicked off in Malaysia in 2002, our past winners were multinational companies. Now as we are coming into the 12th edition of the award programme, it is commendable to see Malaysian-owned companies taking top billing [in 2014], thus showing their commitment to the sustainability agenda," she said.

TalentCorp chief executive officer (CEO) Johan Mahmood Merican said materiality should be a key when it comes to sustainability.

"What differentiates the winners of the Masra awards from the rest is that there is a thought process put into it. They understand the sustainability issues that are material, so it's



From left: Johan, Chan, Nets Printwork director The Soo Tyng, Vilashini, Eliza, Khalid and Mohamad Idham. Photo by Patrick Goh

not just a box-checking exercise for them to comply with sustainability guidelines, such as the fourth-generation Global Reporting Initiative," said Johan.

The focus on economic, environmental and social reporting in Malaysia was heightened with the launch of the FTSE4Good Bursa Malaysia (F4GBM) Index in December last year, which is an index that demonstrates companies with strong environmental, social and governance practices.

PricewaterhouseCoopers (PwC) Malaysia sustainability and climate change leader Andrew Chan said the F4GBM helps recognise value in a changing business environment.

"In 1974, over 80% of [the] value

of the S&P 500 was made of tangible assets, and in 2014 tangible assets made up less than 20% of the S&P 500's value. In other words, things like brands, quality of governance [and the] level of employee engagement [are value creators].

"With the F4GBM index, there is a recognition that there is a value that traditional investors may not have considered as part of the value of a company, such as job creation, the stimulation of entrepreneurial development, the creation of fair opportunities and a responsibility to the environment," said Chan.

PwC Malaysia received the Masra commendation award last year for Reporting on Diversity and Inclusion.

Last year's Masra also saw Cenviro Sdn Bhd receive the commendation for Reporting on Stakeholders Engagement, and Nets Printwork Sdn Bhd clinched the commendation for Sustainability Reporting on Small and Medium Enterprises.

Environmental solutions provider Cenviro uses the sustainability report as a guideline and indicator of its achievements, according to its CEO Khalid Bahsoon.

"We learn and improve from our report. It is a very good guideline and checking mechanism for us to assess whether we have achieved all that we set out to do to reach a standard that is seen as being a sustainable company," he said.