

Insights from a survey of the ASEAN-5 countries



Going beyond philanthropy?

Pulse-check on sustainability

February 2013

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Foreword by PwC Malaysia

Sustainability is more than merely a buzzword. It can create real value for companies that take it seriously.

However, it is not an easy task to truly embed sustainability. Naturally, some companies may find it difficult to place the same importance on employee engagement, community development and environmental conservation (all fundamental tenets of sustainability) as they do on profit.

The business community within ASEAN is starting to realise that there are opportunities to be seized by embracing sustainable practices. Preparing for the future will help companies to not only enhance their brand and reputation but also create new value and revenue opportunities, giving them a competitive edge both regionally and globally. Sustainability is as much about future resilience as it is about being a good 'corporate citizen'.



This report highlights some interesting perspectives on the maturity of sustainability in the region based on a survey we conducted of a large number of companies in the ASEAN region.

We hope you find this report insightful and welcome opportunities to engage with you further. If you have any comments or questions, please don't hesitate to contact one of our regional sustainability experts.

Sundara Raj

Consulting Leader
Sustainability and Climate Change
PwC Malaysia

Foreword by other PwC Territories

PwC Thailand

As the world continues to face increasing social and environmental challenges, companies are recognising that more stakeholders in more places are looking for businesses to bring value to their societies.

In the Thai context, the response from business is often expressed in the media through photos of executives presenting donations or employees planting trees. However, while these efforts are to be praised, many of Thailand's leading companies are now beginning to move away from simple philanthropic activities. Instead, they are starting to integrate environmental and social considerations into the core of their business strategies.

Thailand's recent experience with large-scale natural disasters has also further fostered the recognition that neglect of environmental aspects of development can result in significant long-term negative effects that, as in the case of the 2011 flood, can bring an economy to a halt.

That said, sustainability awareness is still at the initial stages in Thailand and is, accordingly, not a regular agenda item for most companies. Based on our survey, Thailand still falls behind other participating countries on a number of sustainability practices - for instance, in the implementation of monitoring systems, the sophistication of sustainability disclosures, and stakeholder engagement.

Through this report, we hope to help you build a better understanding of the landscape and developments in sustainability strategy in both Thailand and the region – and thus provide both a starting point for companies new to sustainability, as well as valuable insights into how sustainability pioneers can pave their way to leadership.

Svasvadi Anumanrajdhon

Partner
PwC Thailand

PwC Vietnam

Sustainability has become an increasingly interesting topic in recent years in the region, as well as in Vietnam. At the Government level, the Prime Minister has just approved the National Targeted Program to Respond to Climate Change (NTP – RCC) on 30 August 2012. Closer to the ground, there have been movements from the State Securities Commission to raise awareness to corporate organisations about sustainability reporting. These set a very solid background for organisations to start thinking about sustainability.

This sustainability survey provides an overview about sustainability in Vietnam. The results of the survey reveals that Vietnamese organisations are still behind, regionally and globally, in terms of embedding sustainability into their business.

We hope this gives you a quick insight about our current situation and provides some input for organisations to plan for sustainability development.

Stephen Gaskill

Partner
PwC Vietnam

PwC Indonesia

With roughly 240 million people spread across over 17 500 largely forested islands, economic development in Indonesia is always likely to pose sustainability risks. Whilst economic development continues at a pace that outstrips current trends this brings with it issues such as environmental degradation and social tension especially regarding forestry and unequal distribution of wealth from the mining sector.

Indonesia is a story of emergence, and the same can be said for its sustainability profile. Industry and government alike are beginning to realise that growth at any cost is a price that future generations will find difficult to pay. Corporate Social Responsibility (CSR) requirements and the Company Performance Rating Programme (PROPER - Program Penilaian Peringkat Kinerja Perusahaan) environmental certification system has helped companies onto the (low) first rung of the sustainability ladder, but many are realising that mere compliance is not enough and that stakeholders both up and downstream demand more. So it is really not surprising that our respondents recognise that sustainability is an issue but that few respondents feel that they are managing the issue adequately. Proactive companies, those who are 'going sustainable' now, see this business model as a way to leapfrog competitors and improve resilience in evolving and unpredictable business environments.

This report can be used by our respondents to gauge how good their strategy is - against a representative section of ASEAN industry. Using this information to benchmark themselves and to inform top management they can garner support to continue to develop a comprehensive and well rounded sustainability action plan.

Anthony J. Anderson

Technical Advisor
PwC Indonesia

PwC Philippines

Based on the PwC Philippines climate change and sustainability study conducted in March 2011, the majority of respondent businesses were very concerned about climate change and thought about its long-term impacts. However, just over half of respondents publicly disclosed information about their climate change actions. Generally, carbon emissions, environment-friendly packaging, waste disposal, recyclability of materials and energy consumption are key sustainability and environmental concerns.

As environmental and social consciousness increases in our society, companies have begun to put more importance on the "Triple Bottom Line": People, Planet, and Profit. But, many are unsure on how to begin and how their sustainability practices compare to the rest of their peers in the country and within the ASEAN region.

We hope that through this survey, our clients will learn new ideas from their peers to be able to enhance their sustainability practice and generate more value, not just for their stakeholders, but also for the wider society and environment.

Rossana S. Javier

Managing Partner and CEO
PwC Philippines

Key takeaways from companies surveyed

Energy and carbon related costs will become the **#1** driver over the next 5 years

3% have a good leadership structure in place to drive sustainability effectively

81% say sustainability is extremely or very relevant but less than half actually have a strategy

80% do not manage sustainability in their supply chain



64%

of companies report on sustainability...

but only

18%

of those that report obtain independent third-party assurance

1 out of 5

companies say that sustainability is a regular agenda during Board meetings

21%

of companies said that stakeholder dialogue is published and shared



Overview

Sustainability – the balancing of people, planet and profit

What is sustainability?

The common definition of sustainability is "development which meets the needs of current generations without compromising the ability of future generations to meet their own needs". While this definition is well-subscribed to, the strategic importance of actually practising sustainability is less well-known.

Why sustainability?

Sustainability is not a standalone issue – it affects all aspects of a company. It can be the key differentiator between good and great organisations. Most organisations know it's an area that can no longer be ignored, but many are at different stages of understanding.

In the ASEAN region, many countries are still developing – both economically and socially. There is less regulation, media scrutiny and consumer backlash, which allows companies more flexibility to operate.

For some, sustainability is purely about promoting social or environmental issues. However, others are increasingly viewing sustainability less from these specific aspects, and are moving towards value creation or 'shared value'.

Why should it be strategic?

Companies are looking at quantifying the true costs and benefits of their activities and what the payoffs are. True sustainability not only helps build brand strength, but it can also attract and retain talent and meet the expectations of a diverse group of stakeholders.

Today, two-thirds of Gen Y employees are attracted to companies that reflect their own set of ideals. Shareholders are starting to want to know that the companies they invest in are being managed responsibly, and NGOs are expecting companies to be proactive and take responsibility for their operational impacts.

It's also no longer just about cutting costs and improving operational efficiency. Companies now have to be aware of the evolving business environment. Buyers now demand greater transparency from suppliers over product sources, ethical workforce practices and carbon emissions. For many ASEAN companies exporting overseas, this may already be a daunting reality which they may not know how to contend with, or be ready for.

Whether driven by corporate conscience, stakeholder pressure or regulation and taxation, the opportunities are huge and companies should recognise this.

In addition, the pressure is on for ASEAN governments to start developing and growing more sustainable economies, encouraging many to set up a new regulatory environment to reinforce and enhance sustainability among companies.

About the survey

How exactly are companies managing sustainability and what are the driving factors? Our survey sought to understand how companies are embedding sustainability in a strategic manner across their business and what the key driving forces are.

We also asked how companies structure and manage sustainability and how they are engaging with stakeholders. Additionally, we aimed to determine the level of disclosure for sustainability reporting and understand the reasons for non-disclosure. And, we look ahead – what key issues do companies perceive as risks and how are they preparing for it?

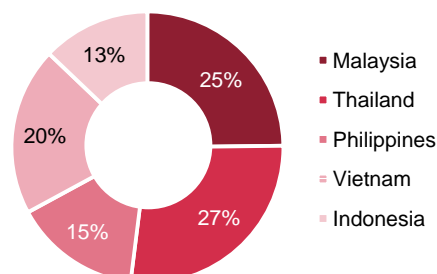
This report summarises the results of our survey and presents our view on the key issues arising. The ASEAN-5 countries are: Malaysia, Thailand, Indonesia, Philippines and Vietnam.

**ASEAN-5: Association of Southeast Asian Nations' five largest developing countries.*

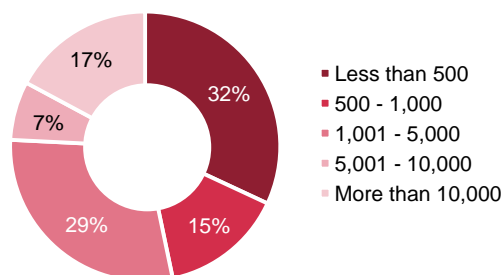
Our Approach

The survey was conducted online from August 10 to September 21, 2012. The online survey link was distributed to prominent companies across different industries in Malaysia, Thailand, Indonesia, Philippines and Vietnam. We invited over 700 companies and received 211 responses and these were analysed to present the findings in this report.

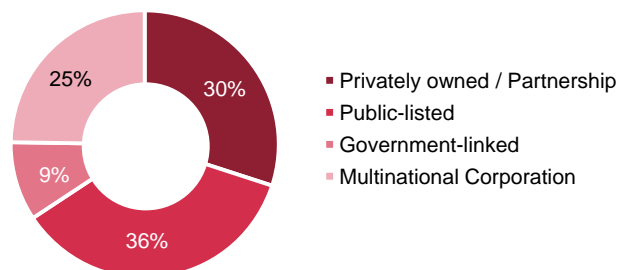
Country of operation or headquarter



Number of employees



Ownership structure



Strategic Sustainability

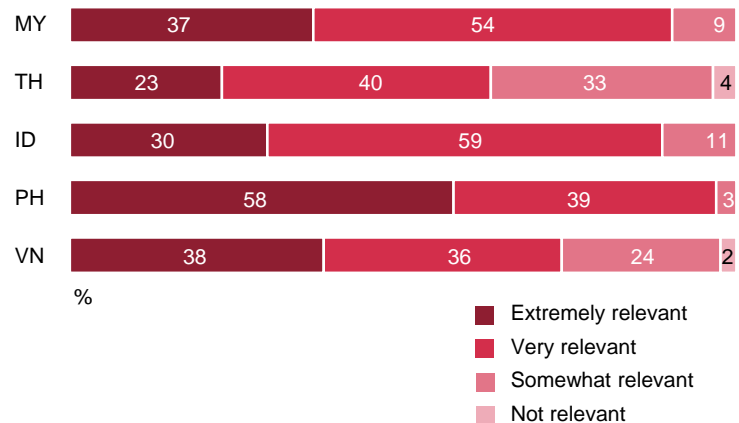
Sustainability considerations have moved way beyond philanthropy and ethics. They go to the heart of corporate strategy and competitive advantage, whether it's through understanding up-coming regulation, changing consumer preferences, security of supply chain, access to scarce resources or cost optimisation.

Sustainability is well-recognised. Nearly all companies surveyed recognise that sustainability is relevant to their business, with less than 2% of respondents saying it is not relevant at all. Philippine companies seem to be most appreciative of the importance of sustainability with 97% agreeing that sustainability is either extremely or very relevant to their business.

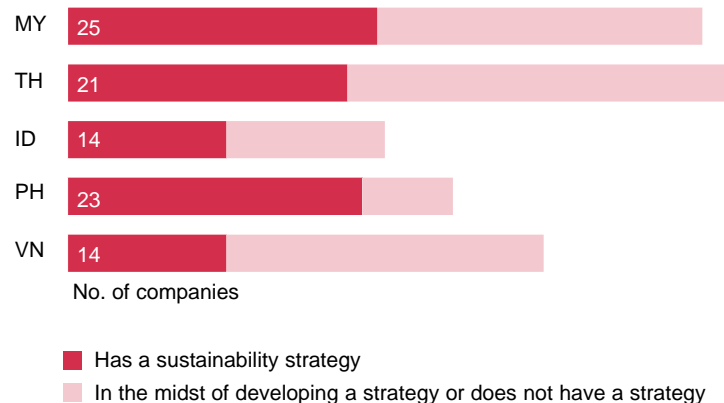
But, the majority don't have a clear strategy. A clear and aligned strategy will drive the focus of the organisation and sign-post to stakeholders the organisation's position on sustainability. On average, less than half of the companies said that they have a sustainability strategy that is aligned with their business goals and 5% of companies do not plan on having one at all.

81% of respondents acknowledged that sustainability is extremely or very relevant to their business

Q: How relevant is sustainability to your business?



Q: How is sustainability implemented in your company?



10% of companies are...

Planning it right

Sustainability in an organisation can only be effective if it is well planned and integrated into the organisation's day-to-day operations.

6 key ingredients to 'getting it right':

- Align your sustainability strategy to your business goals
- Pay attention to industry-specific issues
- Use established methods to monitor and measure sustainability success
- Factor sustainability activities into your annual planning and budget
- Address all the key sustainability dimensions in your sustainability framework
- Sustainability initiatives are for the long term. Plan them in advance



Putting in place good risk management processes

Sustainability is essentially about managing your risk. Companies can gain considerable advantage over their competitors by managing these risks effectively.

3 essential criteria to manage and prioritise your risks effectively:

- Hold regular meetings to discuss and highlight key issues facing your industry and company
- Involve stakeholders in developing your sustainability strategy
- Define clear criteria and procedures for identifying and prioritising material issues

Leadership structures to support sustainability are weak. Embedding sustainability throughout any business shows that the company is taking proactive steps to ensure the long term resilience of the business. But it also shows that investing in the development of society and ensuring the integrity of the environment helps maintains the current ‘license to operate’.

Our survey shows that only 3% of companies have a strong leadership structure in place to drive sustainability effectively. We believe this should involve:

1. Having dedicated sustainability teams with senior sustainability champions in each department
2. Rewarding performance against sustainability-related KPIs with financial incentives
3. Having multiple sustainability governance groups at Board, senior leadership and operational levels

These components are integral to driving a successful sustainability strategy, and shows that a company is committed and understands that sustainability is as valuable as economic performance.

Overall, 35% of companies have a team dedicated to drive, monitor and measure the sustainability strategy. While 32% admit to not having a team, they have appointed key individuals to perform sustainability-related tasks on top of their daily roles. This can be seen as a positive and early step towards good sustainability management.

Involvement from the Board and senior leadership is very important as it sends a signal internally that sustainability is valued. Apart from endorsing a sustainability strategy, getting the Board engaged can help to ensure that such strategies are aligned to the corporate strategy

Only 1 out of 5 companies say that sustainability is a regular agenda during Board meetings.

and are effectively incorporated into senior decision-making. Only 1 out of 5 companies say that sustainability is a regular agenda during Board meetings.

For smaller companies (< 500 employees), it may not be practical or cost-efficient to have dedicated roles for sustainability. Indeed, our survey shows that the majority of smaller companies don’t have a dedicated sustainability team and only 9% have a clear governance group for sustainability.

Q: Which of the following is true of the sustainability management framework in your company?





How well are companies preparing for long-term resilience?

Companies are slowly beginning to recognise the strategic importance of sustainability in managing future risks.



only
7% of companies are taking the right steps to prepare for the future by:

- Starting to collaborate across the value chain on sustainability risks and opportunities
- Working with key external stakeholders to co-create solutions to sustainability risks
- Creating a sustainability risk profile of issues that may affect their business in the next 5-10 years, integrating this profile into a corporate risk register



Companies need to focus on what counts.

Let's face it, it's impossible to do everything. Having a materiality matrix helps organisations to identify which issues should be focused on and the amount of effort that needs to be invested in them. Coupled with regular meetings to discuss key industry issues, companies are on the right track in prioritising what is important for the organisation and its stakeholders. More than 50% of companies understand the value their sustainability efforts generate towards the society and have regular meetings to discuss key industry issues, while 48% understand the value at risk from sustainability issues.

Implementation is not cohesive.

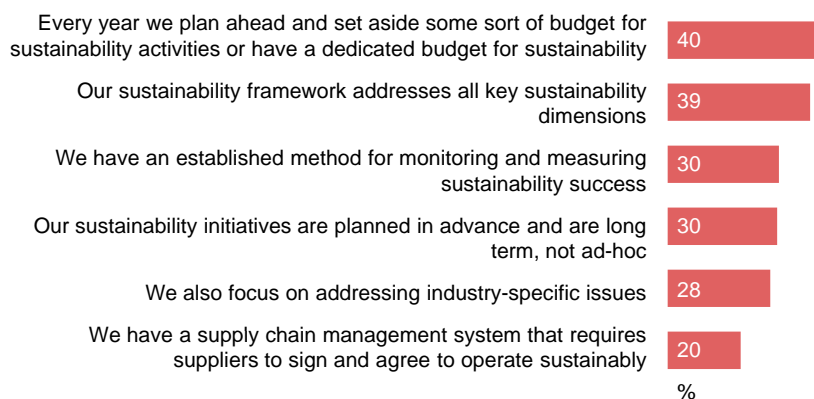
Companies don't seem to be implementing sustainability in an integrated way. Some 61% of companies don't have a sustainability framework, which suggests that sustainability practices in these companies are not comprehensive. Even fewer companies (30%) actually plan their initiatives in advance and have a method in place to monitor and measure sustainability performance.

What is more surprising is the lack of industry-focus, with only 28% saying that they also look into industry-specific issues. There is a sense that with sustainability becoming such a 'common concept', companies may not be taking the extra effort to consider issues that are specific to their business.

Q: Which of the following is true of your company's materiality assessment processes? Check all that apply.



Q: How is sustainability implemented in your company? Check all that apply.



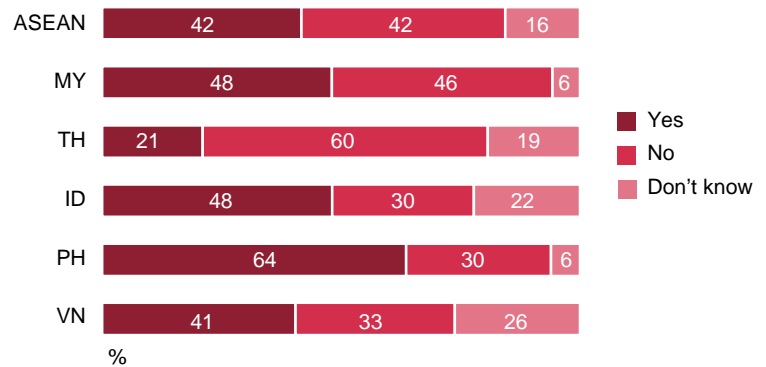
Suppliers are being left out.

Currently only 1 out of 5 companies say they manage sustainability in their supply chain. This is a missed opportunity for companies to create a sustainability-enabled value chain that not only focuses on bottom line revenue and profits but creates productivity and builds resilience.

Two ways to paying for it. When it comes down to budgeting for sustainability, it's a pretty even-split. A dedicated budget for sustainability is not a must-have and while many companies choose to have one, many others seem to be getting along without one. Our survey did not cover what's included in the budget and how comprehensive the budget is though, this could result in a very different outcome.

Based on our experience, companies starting out on their sustainability journey usually allocate a budget for sustainability activities. However, as they mature, what used to be considered as 'extra costs' for sustainability gradually becomes embedded into their operations.

Q: Does your company have a separate budget for sustainability?



Engaging Stakeholders

Communication and engagement with stakeholders is key to developing and driving a successful sustainability programme. Without the support and knowledge from internal and external stakeholders, companies will find it difficult to truly embed sustainability within the organisation. The process of engagement helps to build trust between the company and its stakeholders and is an opportunity to identify the impact of their operations and areas to cooperate.

Companies are not fully engaging stakeholders. While the majority of companies are doing quite well in engaging employees, customers and local communities on a regular basis, less than half engage their investors and shareholders, which may be an indication of the lack of interest that ASEAN investors have in sustainability issues or the lack of importance that ASEAN companies place on shareholders' views. Both parties perhaps lack an understanding of the value that such discussions can bring for each of them.

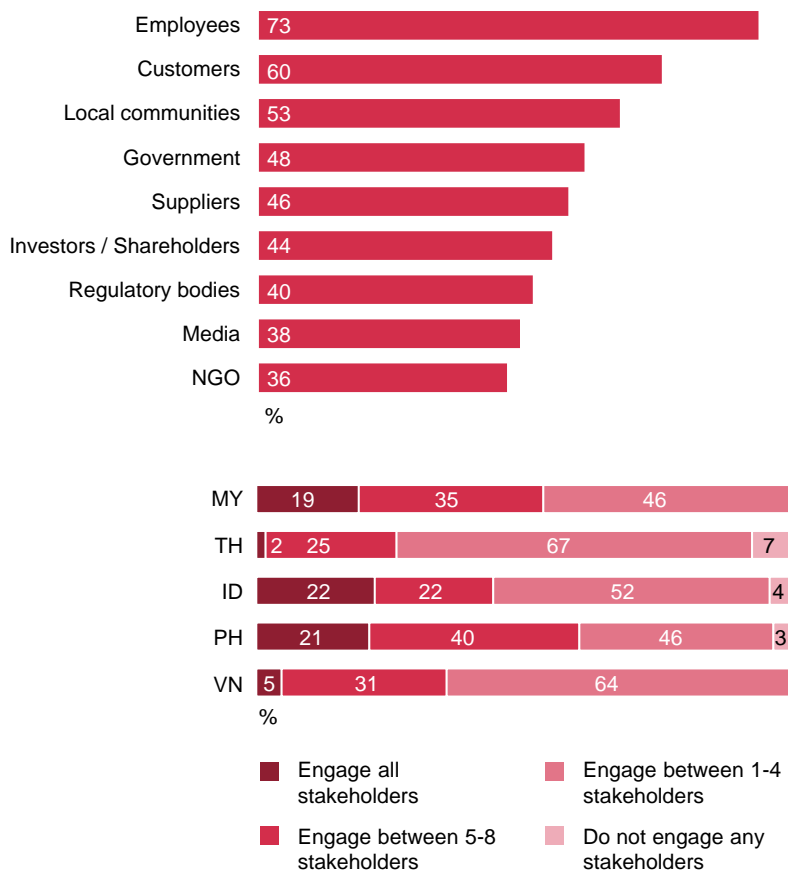
True sustainability leaders should be engaging with all stakeholders but only 12% of companies do this, while some 56% engage fewer than five of these stakeholders. While

some may not be ready to engage with all stakeholders, it could be that companies are not recognising the importance or value of engaging with their key stakeholders. This point is further supported by the fact that only 18% of companies said that they involve their stakeholders in developing their materiality matrix.

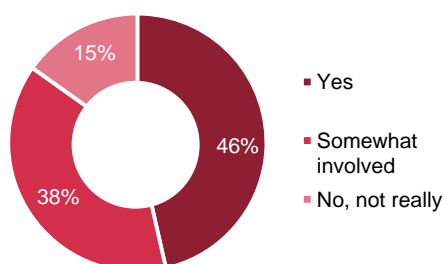
"We are at initial stages of our sustainability journey so stakeholder engagement is not managed in a planned manner and is dependent on markets and issues at hand"

- Oil & Gas Company

Q: Which of the following stakeholder groups do you engage with regarding sustainability-related matters on a regular basis (at least twice a year)? Check all that apply.



Q: Is your management actively involved in communicating the value of its sustainability approach, drivers and outcomes to its employees?



Stakeholder engagement processes are weak. Only 14% of companies have a comprehensive stakeholder process, which involves ticking all the boxes in the chart below, with most only doing a third of these.

What's more, companies are losing out on the fundamentals of stakeholder engagement – 73% do not have a method for prioritising stakeholders and only 34% perform a needs analysis of what their stakeholders want and expect.

Stakeholder transparency remains an issue. Globally, companies face increasing pressure to improve their disclosure. However, only 21% of companies said that stakeholder dialogue is published and shared. This issue was most apparent in Malaysia where only 4% of companies share stakeholder dialogue transparently.

Engagement from leadership is lacking. Regular communication with employees is especially important to reinforce the company's values and to garner support for sustainability initiatives. Less than half of the respondents said that their leadership is actively involved in communicating their sustainability performance and progress to employees on a regular basis. The majority report that their leadership is only somewhat involved or not really at all, citing that communication is on an ad-hoc basis leading to low awareness of the company's sustainability focus and efforts.

It should be noted that about 20% of respondents were from the corporate communications and affairs department which could be an indication that the leadership is leaving it up to them to communicate and drive sustainability.

Q: Which of the following is true of the stakeholder engagement process in your company? Check all that apply.



Monitoring and Reporting

As the old saying goes... “You can’t manage what you don’t measure.” Measures enable

management of sustainability initiatives and communication to stakeholders on performance. It also means that the leadership can set new targets going forward. It is a good sign that the majority of companies have some measures in place to assess their sustainability initiatives, but only 29% measure all their initiatives across the different sustainability dimensions.

The results suggest that many companies have implemented sustainability initiatives but are not actively managing a significant portion of them – so how do they know if they have achieved their goal?

Sustainability reporting is on the rise in the ASEAN region.

Over 60% of companies report on sustainability in some form. Most report sustainability in a section of their annual report while 21% have a standalone sustainability report, and interestingly, despite the lack of global standards, 20% of respondents said their company reports their sustainability efforts in an integrated report. This raises questions on what integrated reporting really is and how many companies truly understand the meaning of integrated reporting.

Regulations play a key role in sustainability reporting.

Nearly 80% of Malaysian companies report sustainability in some form. This is largely thanks to a requirement set by Bursa Malaysia for all public listed companies to disclose their sustainability activities in their annual report. Indonesia also mandates listed companies to undertake sustainability and sustainability reporting, which explains the high percentage of those that report.

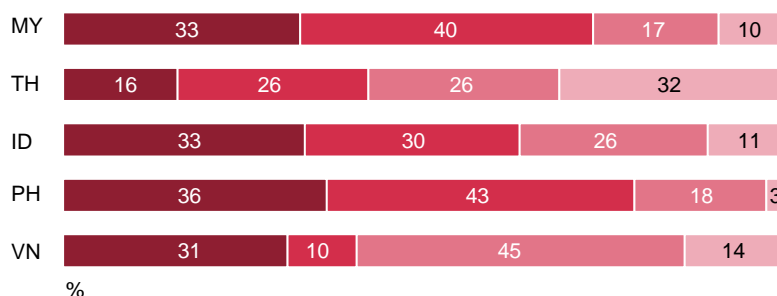
Ownership matters. Of those that don’t plan on reporting anytime soon, over 60% were privately-owned companies, with the majority from Thailand. The lack of regulations mandating the

need for disclosure was the main reason for not reporting, highlighting the key role that the government and regulators should play in driving sustainability in the region.

Companies are also failing to see the value that sustainability reporting can bring and are caught up in the idea that the process is just too time- and resource-intensive.

Interestingly, our survey shows that 20% of companies that say they have a sustainability strategy, have yet to formally report their sustainability activities yet.

Q: Which of the following statements best describes the level of sustainability monitoring in your company? Please choose one only.

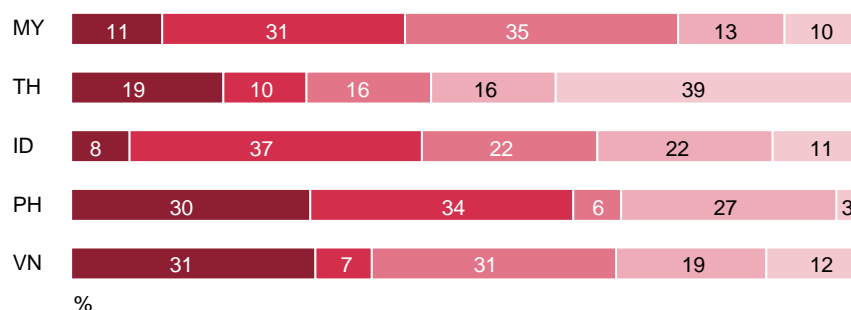


- ☒ We have both qualitative and quantitative measures to assess the performance of all initiatives across all sustainability dimensions
- ☒ We have some measures (< 50% of initiatives) to assess our sustainability performance but we do not monitor all our initiatives
- ☒ We do not currently track any sustainability-related metrics but are planning to do so in the near future
- ☒ We do not currently track any sustainability-related metrics and do not plan on doing so anytime soon

“We are new to sustainability and need time to crystallise the framework as a coherent business process before we develop a sustainability report”

- Utilities Company

Q: Which of the following statements is true of the standard of sustainability disclosure for your company? Please choose one only.



- ☐ We report our sustainability performance in a section of our Annual Report
- ☐ We publish our sustainability efforts in a standalone Sustainability Report
- ☐ We report sustainability in an Integrated Report
- ☐ We are planning to publish our sustainability efforts in a Sustainability Report or as part of our Annual Report soon
- ☐ We do not report our sustainability efforts and do not plan on doing so anytime soon

Q: Which of the following best describes the reasons why your company does not have a standalone sustainability report or aren't planning on having one? Check all that apply.



Base: 75 respondents

The quality of sustainability reporting can improve.

Although many are reporting their sustainability efforts, the quality of the reporting leaves much to be desired. Less than 1% of companies have adopted the full range of best practices listed in the chart below.

Assurance is not a high priority.

A meager 18% have independent third-party assurance for their sustainability reports but the good news is that the majority of this 18% engage credible and reputable organisations, such as boutique consultancies or assurance firms, to do so. The value of third-party assurance is well-recognised within this group, with most acknowledging that it helps them identify areas of improvement for their reporting processes, as well as provide credibility to their report.

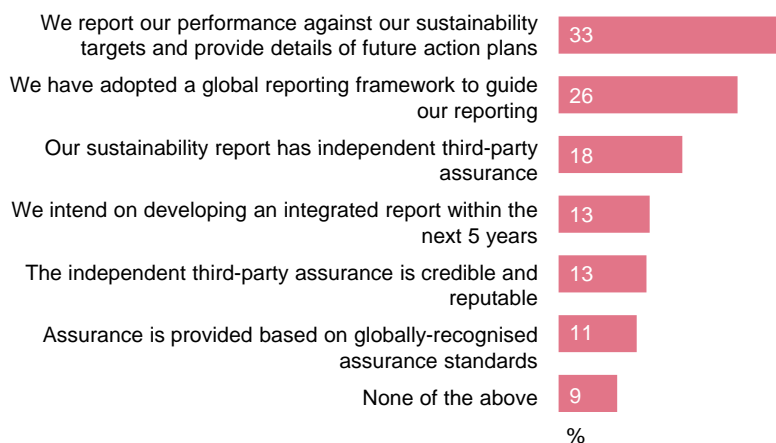
It is too costly to obtain third-party assurance.

That's what 43% of companies are saying. Many also have their own internal assurance team and therefore felt that this is sufficient, negating the need for external third-party assurance. Surprisingly, a number of companies also felt that the cost of third-party assurance outweighs the perceived benefits. This would suggest that more can be done to improve the awareness among companies on the benefits of obtaining third-party assurance.

“Our report is backed up by stakeholders' testimonials which we think are more credible than consultancy firms”

- Utilities Company

Q: Which of the following statements is true of the quality of sustainability reporting in your company? Check all that apply.



Base: 136 respondents (those that currently report)

Q: Does your company feel that it is important to obtain third-party assurance for its sustainability report?

Yes

59%

Q: Why do you feel third-party assurance is important?

The verification process helps us to identify areas where we can improve our reporting processes and quality of reporting

82

It provides credibility to our report

80

We want to ensure that the information we provide represents a complete, accurate, relevant and balanced picture of our sustainability efforts

73

It shows our stakeholders and the public that we are serious about our reporting

66

It helps to enhance our reputation as a leading organisation

58

%

No

16%

Q: Why do you feel third-party assurance is not important?

It is too costly to obtain third-party assurance so it is not a priority

43

We feel that our report is sufficient and of good quality so there is no need for external assurance

43

We have our own internal assurance team which checks our data so it is no use obtaining external assurance

39

We feel that third-party assurance will not provide any value back to us

36

%

Don't know

25%

Base: 173 respondents (those that currently have a report or are planning to have a report soon)

What's Driving Sustainability?

What's hot?

Energy and carbon-related costs holds the future. Companies agree that in the near future, this will become the number one driver for the region.

Competitive advantage and brand enhancement count. This is the current case and they remain to be the top drivers over the next 5 years. This is possibly due to the fact that companies consider sustainability as an essential 'tool' to drive brand image.

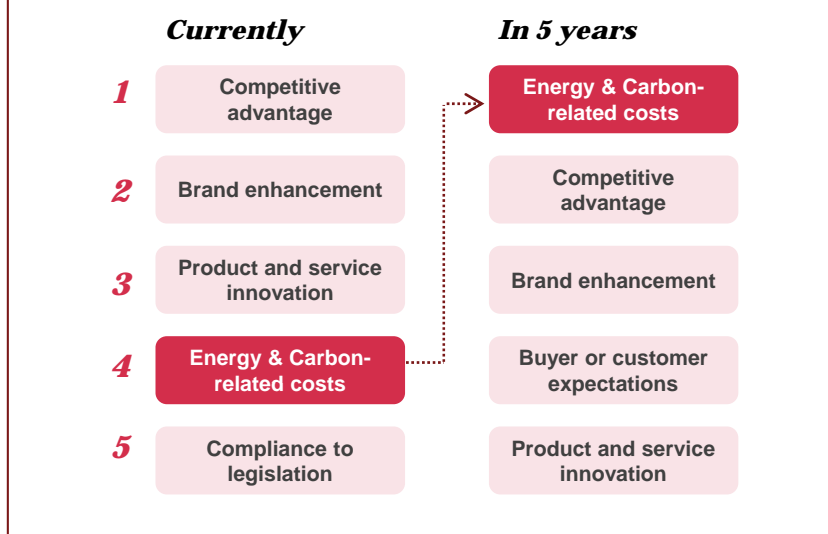
Product and service innovation, although ranked in the top 5 in the region, had mixed reactions. Thailand, Indonesia and Vietnam ranked it quite highly, but it had less importance for Malaysia and Philippines.

Natural resource scarcity gains importance. Although initially ranked lower in importance, as a future driver, natural resource scarcity either moved up the scale of importance or remained at a similar level except in Philippines. In Thailand, it was the largest mover, jumping 7 spots into the top 5 drivers. Recent experience with large-scale natural disasters has fostered natural resource conservation as a driver of sustainability.

Compliance to legislation is recognised in more mature economies like Malaysia, Indonesia and Philippines and remains as a top 5 driver with increasing importance in the future.

Meeting buyer or customer expectations is key. This generally ranks as mid or high importance in almost all countries, and gains importance in the future especially in Malaysia, Philippines and Vietnam.

Top 5 drivers in ASEAN



What's not?

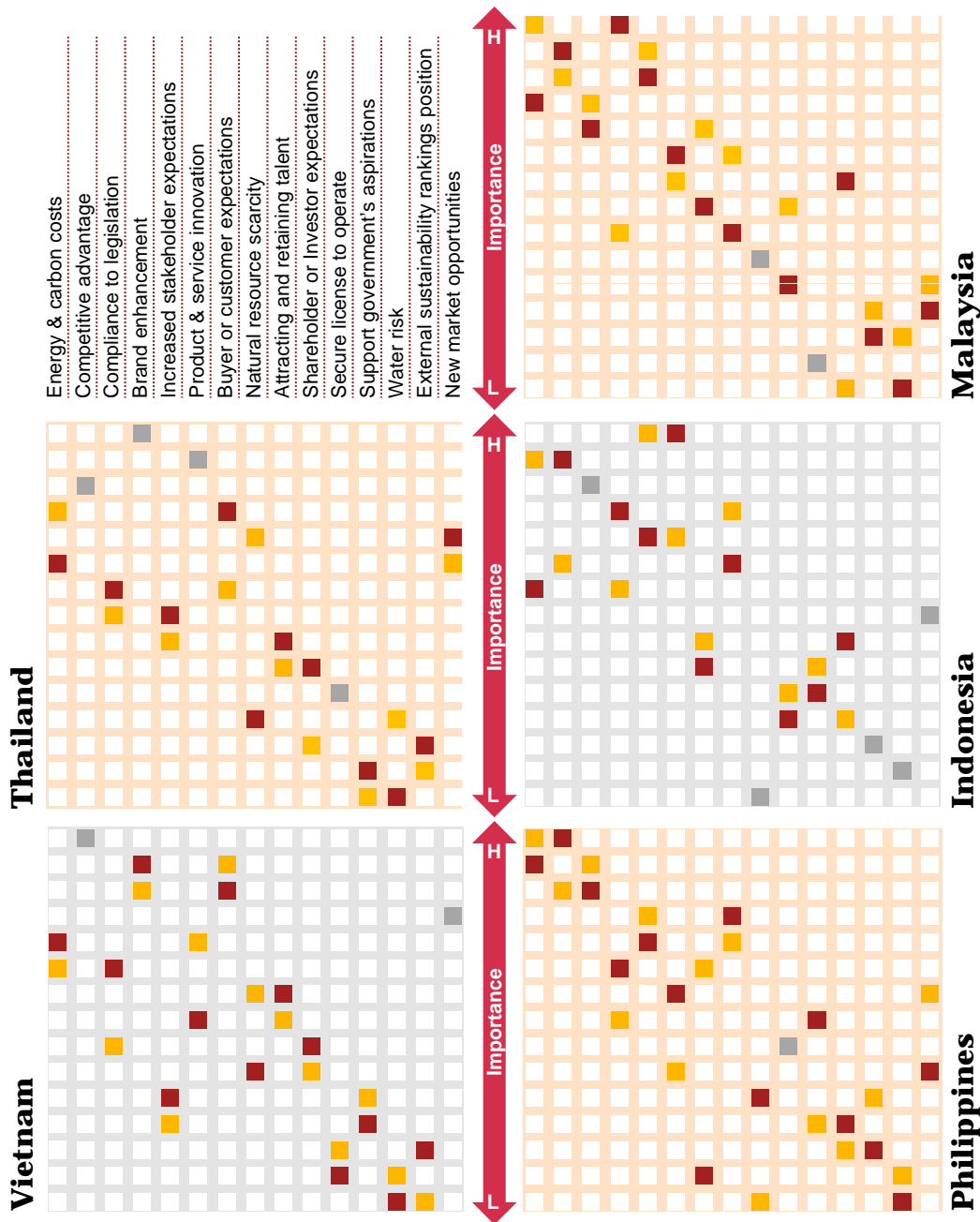
External sustainability rankings are not on the agenda. Companies are least concerned about their ranking on external sustainability indices or gaining entry into listings such as DJSI and CDP.

Water risk is low on the radar. Although it moves up slightly in importance in the future, water risk remains in the bottom four. Climate change impacts may not be a reality for many companies yet, which may explain the low importance placed on water, although some 22% of respondents were in the manufacturing and agriculture industry.

Attracting and retaining talent is not a major concern. This shows that companies have not recognised the value of their sustainability efforts in attracting talent, especially Gen-Y, who tend to select employers that are socially and environmentally responsible*.

It's not about supporting government aspirations. In the future it becomes the least important in Malaysia, where government aspirations currently drive much of the activities in the country.

*Millennials at Work: Reshaping the workforce, PwC Malaysia



Currently, what are the top driving factors for sustainability in your company? Pick the top three factors.

Compared to your company's current sustainability drivers, which drivers do you think will become more important in the next 5 years? Pick the top three factors.

Planning Ahead For The Future

1

Develop a strategic roadmap

Planning is everything. A good way to start is to set some goals for the future, which will help to drive the strategic development of a sustainability program. Companies that have a clear idea of where they want to be and how they will get there will likely have that competitive advantage over their peers through more efficient operations, enhanced risk management, and more loyal employees and buyers.

2

Value your stakeholders

All stakeholders matter and they may be able to provide companies valuable insight to the impact of your operations. Some stakeholders today are more ready than ever to contribute to building the sustainability practices of a company, and companies should leverage on the expertise and experience of these stakeholders

3

Plan for future resilience

Don't just focus on economic risks. You should clearly understand and assess all current and future social and environmental risks related to your business activities. You should have a clear method to assess the materiality of such risks which will help focus your efforts and gain maximum benefit. Putting the hard work in now may be a sensible 'insurance policy' to enable future resilience.

4

Keep track of progress

You should keep track of your performance and summarise against targets to gauge your progress in sustainability initiatives. If this is absent, you are missing an opportunity to differentiate yourselves from those companies that are less sustainable. Stakeholders will also be unable to make comparisons of management quality and performance improvement.

5

Monitoring and reporting matters

There is little point in spending time and resources without having a method to measure your impact or success rate. Many stakeholders now want to know exactly how your company has been performing, not just economically, but in the workplace, environment and community. With 95% of the Global Fortune 250 companies reporting it is inevitable in our globalised economy that ASEAN companies will need to demonstrate their ability to perform on the same level.

6

Third-party assurance adds value

It's not just about 'ticking the boxes' and checking data accuracy. Conducting GRI benchmarking against peers and competitors and a gap analysis of your reporting processes is also part of providing assurance. Third-party assurance can provide your company with valuable feedback on the integrity of the data measurement and collation processes that you have in place, which can help to improve the accuracy and reliability of the data. The process of obtaining assurance is also an invaluable experience for employees to gain an appreciation and understanding of how to develop a credible report.

PwC Malaysia's Sustainability Team

At PwC, we put strategic thinking at the heart of sustainability, and sustainability at the heart of corporate strategy

We can help you understand which areas pose the greatest sustainability and climate change risks to your business, form strategies to address them and support you through the necessary organisational changes and reporting processes.

Our core range of services include:

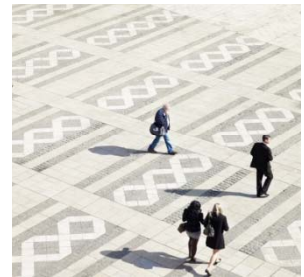


Strategic sustainability

Generating, assessing or aligning your sustainability strategy to make the most of your sustainable initiatives

Assurance and reporting

Assisting you with non-financial information frameworks, reporting and assurance, furthering efforts to influence stakeholders trust



Climate change and carbon management

Helping you anticipate changes in markets and policy, as well as managing climate change risks and respond to opportunities

Governance, risk and compliance

Working with you to set up or realign your structure, policies, or procedures to reduce reputational risk and ensure compliance



Tax and the regulatory environment

Assessing your exposure to environmental tax and regulation while advising on relevant incentives or subsidies to optimise your tax position

Supply chain and operations

Understanding and addressing sustainability impacts in the supply chain to improve your performance



Global Reporting Initiative



The Malaysian, Thailand and Indonesian firms are GRI-certified training partners. Being a Certified Training Partner enables the firms to deliver training on how to report effectively based on the GRI Reporting Framework.

Our team has a blend of skills and experience, gained across diverse sectors

PwC Malaysia has an experienced team of Sustainability and Climate Change professionals who have a range of technical skills and industry knowledge. The team has considerable sector experience across the following: Retail & FMCG, Banking & Financial Institutions Government & Regulators, Telecommunications, Oil & Gas, Plantations, Property and Automotive.



Jack Cunningham

Associate Director

Jack leads strategic sustainability services, governance, risk & compliance, supply chain & operations, Board- & senior-management engagement.

Rashyid Anwarudin

Associate Director

Rashyid leads climate change & carbon management, assurance & reporting and tax & the regulatory environment. Rashyid is a GRI certified trainer.



Adelene Anthony

Manager

Adelene is a risk, compliance and environmental due diligence expert with particular experience in the Oil & Gas, Shipping and Automotive sectors.

Elaine Chan

Manager

Elaine specialises in climate change and carbon inventory development with deep experience in the Plantation, Property and Government sectors.



Natasha Yap

Manager

Natasha focuses on sustainability benchmarking, impacts, and frameworks with experience across Telco and Financial sectors. Natasha is a GRI certified trainer.

Yvonne Au Yong

Manager

Yvonne focuses on strategy and has experience in strategic sustainability and is the east region champion of PwC's global sustainability strategy framework.



Contact Us

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Notes on survey methodology

Where possible, we targeted the relevant individuals responsible for sustainability in each company to respond to the survey, this was not always possible and may cause a minor skew in the data. However, it is also important to note that the results are aggregated and includes a broad diversity of companies with differing levels of maturity in sustainability.

Partially-completed surveys were not included in the analysis and only one response per company was considered. In cases where two responses were received from one company, we chose the response that was completed by the more senior representative.

Not all figures may add up to 100% due to rounding of percentages and to the exclusion of 'neither/nor' and 'don't know' responses. Charts are based on all respondents unless otherwise stated.

Limitations

Due to a minor imbalance in the number of respondents from each country, the data may not be a complete representation of all companies in the ASEAN region.

The data has not been assured by any independent third-party and is only intended to represent selected findings from the survey.

Definitions

The survey consisted of various sustainability terms that may or may not have been familiar to the respondents. These are the following definitions that were provided within the survey questions.

Sustainability monitoring

The way in which a company tracks its performance in addressing sustainability internally and externally. This includes annual targets, KPIs, formal progress reports, etc

Integrated reporting

Providing a representation of a company's performance in terms of both financial and non-financial performance, reflecting the commercial, social and environmental context within which it operates

Materiality assessment

The process of identifying and prioritising key sustainability issues and risks that impact your business and operations, and understanding the financial, social and environmental impact of such risks

Credible and reputable third-party assurance

Assurance provided by a well-known boutique consultancy, professional services firm or equivalent against globally-recognised assurance standards such as ISAE 3000 and AA1000AS

Global reporting framework

A standard reporting framework such as the Global Reporting Initiative, Greenhouse Gas (GHG) Protocol, United Nations Global Compact (UNGC)

Acknowledgements

We would like to take this opportunity to thank all the companies who have participated in this survey and the business associations that helped to distribute the survey to their contacts.

The following companies have given permission to be acknowledged as participants in the survey:

Participating Companies

Malaysia

- Bursa Malaysia
- DiGi
- Fraser & Neave Holdings
- Guo
- Hong Leong Financial Group
- Lafarge Malaysia
- Logica, now part of CGI
- McDonald's Malaysia
- Mesiniaga
- Perdana Petroleum
- S P Setia
- Sabah Forest Industries
- Standard Chartered Bank
- Telekom Malaysia
- Tenaga Nasional
- UEM Group
- YTL Corporation
- Zenxin Agri-Organic Food

Thailand

- Kiattana Transport
- Lyreco, Thailand
- Siam Rajachatanee
- Sudtana (2534)
- Sun Group
- Thai Oil Public Company Limited
- The Bangchak Petroleum
- The Siam Cement (SCG)
- Thairath
- Wize Property
- YUM Restaurant International (Thailand)

Indonesia

- CIMB Niaga Bank
- DuPont Indonesia
- Mitsubishi Corporation
- PT Astra International
- PT Bank Rakyat Indonesia (persero)
- PT Bumi Resources
- PT Serasi Mitra Mobil
- PT Bentoel Internasional Investama
- PT Boehringer Ingelheim Indonesia
- Rajawali Corpora
- Tricon group

Philippines

- Ayala Corporation
- Land Bank of the Philippines
- Manila Bankers Life Insurance Company
- United Pulp and Paper Company

Vietnam

- BaoViet Holdings
- KinhBac City Development Holding Corporation
- Nam Dinh Wood Processing
- Petrovietnam Drilling & Well Services Corporation
- Samsung Vina Insurance Company
- Sonha International Corporation
- Woodsland

Business Associations

Malaysia

- EU-Malaysia Chamber of Commerce and Industry
- Malaysia Petroleum Resources Corporation (MPRC)

Indonesia

- Association of Indonesian Automotive Industries (GAIKINDO)
- German-Indonesian Chamber of Industry and Commerce (EKONID)
- Indonesia Canada Chamber of Commerce (ICCC)
- Indonesia Hotel & Restaurant Association
- Indonesia-Australia Business Council (IABC)
- Indonesian Chamber of Commerce & Industry (KADIN)
- Indonesian Contractor Association
- Indonesian Gas Association
- Indonesian Petroleum Association
- Indonesian Retail Merchants Association (APRINDO)
- Indonesian-French Chamber of Commerce & Industry
- PERBANAS (Indonesian Banks Association)

Philippines

- Earth Institute Asia
- Philippines Business for the Environment (PBE)

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