





# TABLE OF CONTENTS

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**WHY IS THE SILVER BOOK IMPORTANT FOR ALL GLCs?**

**PREFACE AND SILVER BOOK OBJECTIVES**

**NAVIGATING THROUGH THE SILVER BOOK**

|  |           |
|--|-----------|
| <b>SECTION I : GUIDING PRINCIPLES AND THE STARTING POINT</b>     | <b>1</b>  |
| Chapter 1 : Understanding the guiding principles                 | 3         |
| Chapter 2 : Evaluating your starting position                    | 7         |
| <b>SECTION II : BUILDING BLOCKS OF A CONTRIBUTIONS PROGRAMME</b> | <b>13</b> |
| Chapter 3 : Defining the contributions policy                    | 17        |
| Chapter 4 : Ensuring superior execution and management           | 21        |
| Chapter 5 : Developing effective governance and organisation     | 31        |
| <b>SECTION III : IMPLEMENTING THE SILVER BOOK</b>                | <b>37</b> |
| Chapter 6 : Getting started                                      | 39        |
| <b>ATTACHMENTS</b>   | <b>43</b> |
| <b>REFERENCE</b>   | <b>57</b> |
| <b>ACRONYMS AND ABBREVIATIONS</b>                                | <b>58</b> |
| <b>LIST OF EXHIBITS</b>  | <b>59</b> |

## LIST OF ATTACHMENTS

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|                  |  |    |
|------------------|--|----|
| ATTACHMENT 1.1 : | BUSINESS IN SOCIETY  | 45 |
| ATTACHMENT 1.2 : | COMPARISON BETWEEN TRADITIONAL CSR AND CONTRIBUTIONS TO SOCIETY                  | 46 |
| ATTACHMENT 2 :   | SAMPLE COST-BENEFIT ASSESSMENT OF A CONTRIBUTION TO SOCIETY                      | 47 |
| ATTACHMENT 3.1 : | EXAMPLES OF SEVEN CORE AREAS OF CONTRIBUTIONS TO SOCIETY                         | 49 |
| ATTACHMENT 3.2 : | UNDERSTANDING AND PRIORITISING THE CONCERNS AND EXPECTATIONS OF KEY STAKEHOLDERS | 51 |
| ATTACHMENT 3.3 : | KEY STAKEHOLDERS RECOGNITION OF SOCIAL CONTRIBUTIONS                             | 53 |
| ATTACHMENT 4.1 : | DEVELOPING A PROCESS FOR HANDLING NEW REQUESTS                                   | 54 |
| ATTACHMENT 4.2 : | REPORTING GUIDELINES   | 55 |
| ATTACHMENT 6 :   | AN EXAMPLE OF IMMEDIATE ACTION STEPS   | 56 |

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|--|---|
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| Malaysian Resources Corporation Berhad             | UEM World Berhad                                    |
| Maxis Communications Berhad                        |   |
| MERCY Malaysia                                     |   |
| Ministry of Arts, Culture and Heritage             |   |
| Ministry of Finance                                |   |

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## WHY IS THE SILVER BOOK IMPORTANT FOR ALL GLCs?

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The Silver Book – one of the 10 initiatives identified by the Putrajaya Committee on GLC High Performance (PCG) in the GLC Transformation Manual launched in July 2005 – is a set of guidelines on how GLCs can contribute to society in a responsible manner and create a positive impact for their business and for society. It also assists GLCs in clarifying and managing social obligations in the most efficient and effective manner in line with best practice regulatory framework or industry norms.

As the primary engine of economic activity and growth, businesses today are critical to the prosperity of the society they operate in. The interdependence between business and society forms the basis for effectively managing contributions to society. This is especially true of the role of GLCs in Malaysia's economic growth. GLCs account for approximately RM260 billion in market capitalisation or approximately 36% and 49% of the market capitalisation of Bursa Malaysia and the benchmark Kuala Lumpur Composite Index respectively<sup>1</sup>.

Also, as a number of GLCs selectively expand abroad, their ability to contribute and act in a socially responsible manner in markets outside Malaysia will be an important factor to their success. They will show their host governments that Malaysian corporations can help further not only their own shareholder agenda but also that of the community they operate in.

The PCG sees significant potential for Malaysian companies to improve the management of their contributions to society to produce real value creation. While some GLCs have very effective programmes to manage their contributions to society, these programmes are largely informal. In general, many GLCs have yet to institutionalise comprehensive and structured programmes to proactively manage their contributions. Management at some GLCs spend a lot of time and resources managing requests for contributions that may only return marginal benefits. These requests are typically ad-hoc and not specifically budgeted for by the GLCs. Some GLCs meanwhile, could allocate more resources to activities that contribute to society.

Hence, the Silver Book provides a strategic framework for GLCs to proactively contribute in a socially responsible manner. It guides GLCs to establish an effective contributions programme and mitigate the cost of any social obligations or even transform these obligations into positive social contributions. Indeed, three of the nine challenges of Vision 2020 – a moral and ethical community, a fully caring culture and an economically-just society – perfectly reflecting principles of good Corporate Social Responsibility (CSR), are expounded here.

The PCG's aspiration is that GLCs will lead corporate Malaysia in demonstrating how businesses should contribute in a socially responsible, sustainable and meaningful way while gaining benefits for themselves. Attachment 1.1 provides a further discussion of the role of businesses in society.

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<sup>1</sup> As at July 2006

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The Silver Book is meant for all GLCs and was developed using substantial research and inputs from the GLCs and key stakeholders, including the GLICs, Government Ministries, relevant regulators as well as representatives from civil society or Non-Governmental Organisations (NGOs). A roundtable discussion with NGOs provided key insights into the current requirements and challenges of the NGO community and how businesses can help address them. In-depth studies were also conducted with four GLCs to test the applicability of the methodologies and tools prescribed in the Silver Book. In addition, topic experts and non-GLCs were interviewed for their views and best practice approach.

All GLCs are encouraged to use the Silver Book as their primary source of guidelines on contributions to society. These guidelines should complement the business judgment that the GLCs' Board of Directors (BOD), CEOs and senior management would apply in contributing to society. Once a GLC decides to adopt and apply the Silver Book guidelines, the GLC should implement the guidelines in its entirety.

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# PREFACE AND SILVER BOOK OBJECTIVES

The Silver Book takes a strategic perspective on contributions to society. Social contributions are not just about philanthropy or meeting an external set of compliance criteria on Corporate Social Responsibility (CSR). Rather, they are about creating sustainable benefits to society as part of making a business competitive over the longer term. Done right, such contributions enhance brand image and increase the ability to attract and retain the best workforce, translating into better client satisfaction, improved customer loyalty and ultimately, stronger financial performance.

A contribution to society is defined as an activity undertaken by a business where the primary objective is to benefit the society in which it operates, or to benefit groups of individuals or communities within that society. Social contributions are generally voluntary, although some may be undertaken by the business to specifically respond to or to fulfill the demands of stakeholders. The contributions can be in the form of cash or in kind. The Exhibit below lists the seven core areas of contributions to society.

## EXHIBIT P1

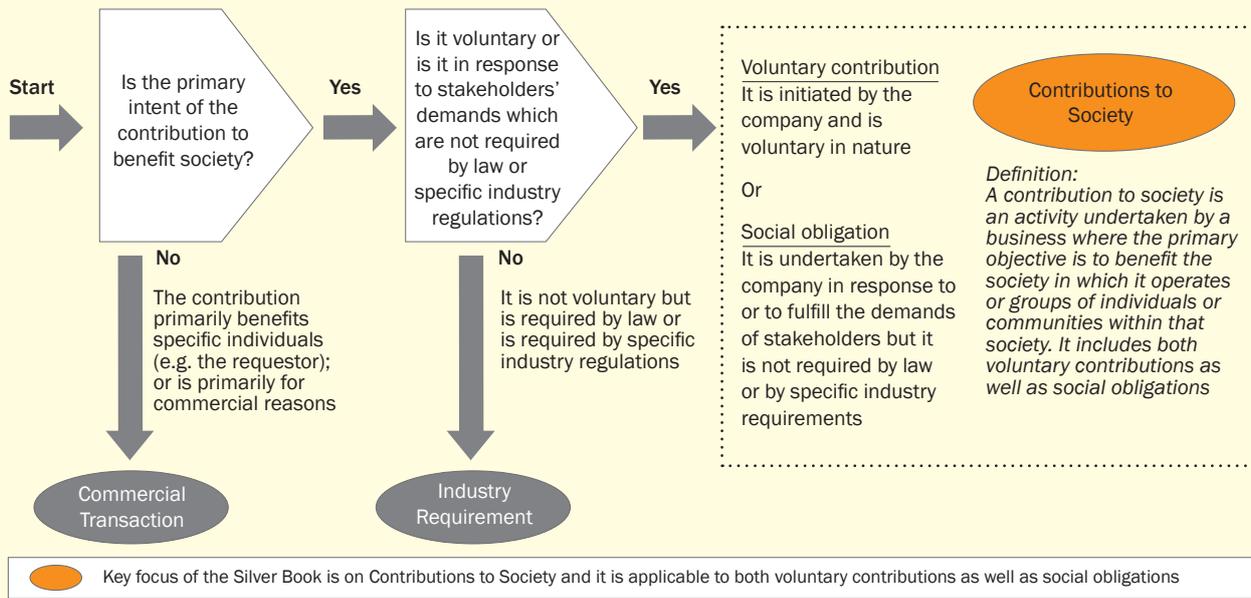
### SEVEN CORE AREAS OF CONTRIBUTIONS TO SOCIETY

| <u>Core areas</u>            | <u>Short description</u>  |
|------------------------------|---|
| 1 Human rights               | Supporting internationally proclaimed human rights  |
| 2 Employee welfare           | Implementing good employment practices for the benefit of employees   |
| 3 Customer service           | Meeting customer needs by efficiently supplying goods and services through exceptional customer service   |
| 4 Supplier partnership       | Working with business partners and suppliers to adopt socially responsible practices  |
| 5 Environmental protection   | Protecting the environment by minimising the environmental impact of business operations, products and services   |
| 6 Community involvement      | Participating or leading in community development programmes and providing selected universal services to under-served or under-developed markets and communities |
| 7 Ethical business behaviour | Promoting good business practices and fair competition, including working against corruption  |

Refer to Attachment 3.1 for examples of companies that contribute in each of the core areas.

## EXHIBIT P2

### TWO-STEP PROCESS TO IDENTIFY TYPES OF CONTRIBUTIONS



A small number of GLCs are also faced with social obligations, which are contributions to society that are undertaken by the GLCs in response to or to fulfill the demands of their stakeholders which are not specifically required by law or by industry regulations and/or equally shared by or required of every player in the industry. This is based on principles of effective regulatory management which requires a fair and level playing field in a competitive environment as well as the need for balanced economic regulation.

GLCs have begun to address such obligations with their various stakeholders, by improving their efficiency and/or reshaping the manner in which they can fulfil the intent of the obligation. Going forward, the methodologies and tools prescribed in the Silver Book can be applied to both voluntary contributions to society as well as to social obligations to ensure positive impact to the GLCs and to society from undertaking such contributions. It should also be noted that contributions to society as provided in the Silver Book covers a broader scope than traditional CSR as it reconciles longer-term profitability with the greater public good. Refer to Attachment 1.2 for details.

### VALUE OF THE SILVER BOOK

The value of the Silver Book is two-fold:

- **Helps transform GLCs into world-class corporations:** Globally, leading companies are embracing contributions to society. While some are responding to pressures from stakeholders, others recognise they are gaining competitive advantages from their socially responsible practices (refer to Exhibit P3 for examples). These advantages include:
  - Increasing interest from socially responsible investors
  - Facilitating access to global markets
  - Justifying a price premium on products/services
  - Strengthening market presence and goodwill
  - Identifying new and innovative commercial opportunities
  - Improving risk management practices
  - Attracting and retaining a talented and diverse workforce

## EXHIBIT P3

### EXAMPLES OF COMPETITIVE ADVANTAGES GAINED FROM SOCIALLY RESPONSIBLE PRACTICES

|   | Examples  |
|---|---|
| Increase investor interest                      | <ul style="list-style-type: none"> <li>In the United States, funds that invest in socially responsible companies have grown from US\$639 billion to US\$2,290 billion in the last decade, representing 10% of all professionally managed US funds</li> <li>For example, companies with exemplary environmental and social practices can access funds from HSBC Sustainability Leaders Fund</li> <li>In Malaysia, institutional investors such as the KWSP and KWAP will consider favourably companies with good CSR practices. Similarly, the Securities Commission encourages socially responsible practices among public-listed companies through initiating the CSR Index and a CSR Institute</li> </ul> |
| Grant access to global markets                  | <ul style="list-style-type: none"> <li>Deutsche Telekom encourages contributions to the workplace and environment across their ICT supply chain, such as in the usage of recyclable materials and in complying with the obligations to accept returned products</li> </ul>  |
| Create a price premium                          | <ul style="list-style-type: none"> <li>Home Depot captures an ethical premium on the sale of its “Certified Wood” products that are obtained from “responsibly managed” forests</li> </ul>  |
| Strengthen market presence                      | <ul style="list-style-type: none"> <li>BT, previously known as British Telecoms, believes its social contributions account for over 25% of customer satisfaction</li> </ul>   |
| Spot new opportunities and stimulate innovation | <ul style="list-style-type: none"> <li>IBM’s work with US public schools helped them develop a new drag-and-drop technology for the Internet and turned their data-warehousing capabilities into commercial applications</li> </ul>   |
| Manage risk                                     | <ul style="list-style-type: none"> <li>ABN AMRO’s head office rejected 20 major financing proposals in 2005 because of social and/or environmental concerns, recognising the importance of managing the potential risk to reputation of being a high-profile consumer bank</li> </ul>   |
| Attract talent                                  | <ul style="list-style-type: none"> <li>A survey of over 800 MBA graduates from 11 leading business schools found that 97% said they were willing to forego 14% on average of their expected income to work for an organisation with a better reputation for CSR</li> </ul>  |

Source: Companies’ websites, press reports, 2007 Budget Speech by the YAB Prime Minister of Malaysia

- **Sets clear expectations on how GLCs will contribute to society:** The Silver Book provides a mechanism by which GLCs can align the expectations of their key stakeholders, namely the Government, private investors, employees, consumers and representatives of civil society or NGOs around the nature and extent of their contributions to society. It is critical that the GLCs clarify and manage these expectations to both demonstrate the value they are creating, and at the same time avoid unwarranted pressures from special interest groups or influential individuals

To aid the GLCs in their efforts, the PCG has ratified a set of guiding principles to be adopted by GLCs, GLICs and relevant Government bodies. These guiding principles are set out in Chapter 1.

In implementing the Silver Book guidelines, GLCs need to consider the relationship between the Silver Book and the other GLC Transformation initiatives and the corresponding synergies and implications. For example, the Silver Book guidelines should be used in conjunction with the Red Book guidelines for contributions related to the local vendor development or procurement programme. GLCs should refer to the “Improving Regulatory Environment” initiative when managing contributions to society that are part of a regulatory requirement. Similarly, the Green Book should be used as a guide to the role of a GLC’s BOD in defining its policy on contributions to society.

## OBJECTIVES OF THE SILVER BOOK

To ensure that they are able to effectively contribute to society, GLCs should:

- Develop a comprehensive contributions to society programme which creates value to society and to themselves
- Proactively institutionalise specific tools, methodologies and processes within their organisations to identify, manage and enhance the value of their contributions to society. GLCs should also elevate their contributions to society programme as part of the BOD and senior management agenda
- Take immediate and specific measures to mitigate unproductive contributions as GLCs' contributions today cover a wide range of activities that come with different costs. Some contributions have resulted in high economic costs, while others do not return clear benefits

The objectives of the Silver Book are as follows:

- To clarify expectations on the GLCs' contributions to society
- To guide the GLCs in evaluating their starting position in contributing to society
- To provide the GLCs with a comprehensive set of tools, methodologies and processes to proactively contribute to society in a responsible manner while still creating value for their shareholders

The Silver Book aspires to help GLCs take the lead amongst Malaysian businesses in capturing value from their social contributions.

| Key Questions   | References  |
|---|---|
| 1. What is expected of GLCs with respect to their contributions to society?   | Refer to Chapter 1 and Attachments 1.1 and 1.2      |
| 2. Are the contributions by your business achieving the best possible results? <ul style="list-style-type: none"><li>• Is the scope and spend level of your contributions optimal?</li><li>• Are your contributions generating value to society?</li><li>• Are you getting the most value out of your contributions?</li><li>• Do you have the right policy, tools and processes to achieve the best possible results?</li></ul>            | Refer to Chapter 2 and Attachment 2                 |
| 3. Why is a comprehensive contributions policy essential for your business? What are the key elements of such a policy?   | Refer to Chapter 3 and Attachments 3.1, 3.2 and 3.3 |
| 4. What are the key tools and processes that your business needs to ensure optimal results from your contributions to society? <ul style="list-style-type: none"><li>• Define a financial spend target for the overall portfolio of contributions</li><li>• Regular review and streamlining of contributions</li><li>• Formalise handling of new requests for contributions</li><li>• Positive communication to maximise goodwill</li></ul> | Refer to Chapter 4 and Attachments 4.1 and 4.2      |
| 5. What are the key mechanisms for effective governance and organisation? <ul style="list-style-type: none"><li>• Integrate contributions policy into daily business</li><li>• Role of the BOD</li></ul>  | Refer to Chapter 5                                  |
| 6. What are the immediate steps your company should take to achieve the best results from your contributions? <ul style="list-style-type: none"><li>• Immediate priorities for the CEO and BOD</li><li>• Contributions Transformation Plan</li></ul>  | Refer to Chapter 6 and Attachment 6                 |





# SECTION I

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## **GUIDING PRINCIPLES AND THE STARTING POINT**



# CHAPTER 1: UNDERSTANDING THE GUIDING PRINCIPLES

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*What is expected of GLCs with respect to their contributions to society?*

The PCG has established a set of principles to guide the GLCs in their contributions to society. This set of principles is in line with the following underlying principles of the GLC Transformation Programme as provided in the GLC Transformation Manual

- **National development foundation** – whereby the GLC Transformation Programme is recognised to be a subset of the broader national development strategies
- **Performance focus** – the underlying rationale of the GLC Transformation Programme is to create economic and shareholder value through improved performance at GLCs
- **Governance, shareholder value and stakeholder management** – while the GLC Transformation Programme is being led by the Government, it fully observes the rights and governance of shareholders and other stakeholders

The guiding principles on contributions to society are intended not only for the GLCs but also for the Government and GLCs to adopt and abide by.

**Principle 1: The GLCs' primary objective should be to enhance shareholder returns and meet the needs of other key stakeholders (e.g., consumers and employees)**

The primary objective of the GLCs should be to meet and exceed shareholder expectations. High performing GLCs generate benefits to society by:

- Efficiently supplying goods and services to consumers
- Providing a secure and conducive working environment for its employees
- Having the financial strength to further enhance their contributions to society
- Funding development through corporate tax contributions

**Principle 2: GLCs should proactively contribute to society in ways that create value for their shareholders and other key stakeholders**

GLCs are encouraged to incorporate socially responsible practices as part of their business strategy and operations. They should define and adopt long-term contributions to society that are aligned to their core business activities. Such contributions can result in significant and sustainable gains not only for society but for the GLCs themselves. It is envisaged that the GLCs will take the lead as socially responsible corporate citizens. GLCs should support the seven core areas of socially responsible contributions (as provided in the Preface) and ensure alignment with at least one of the key national economic development policies as expressed in the Ninth Malaysia Plan (9MP) (see Exhibit C1.1) and the recently announced 2007 Budget (see Exhibit C1.2) and more broadly under Vision 2020.

**Principle 3: GLCs should actively manage their contributions to society in the most efficient and effective manner in line with industry norms and best practices as well as the relevant regulatory framework**

GLCs that undertake social obligations should proactively engage the relevant stakeholders to mitigate or reduce the impact and costs of these obligations by:

- Finding more effective means of providing and fulfilling the intent of the obligations; or
- Exploring alternative funding mechanisms for such obligations

However, the affected GLCs should first undertake all necessary efforts to internally manage their social obligations in an efficient manner before engaging the relevant stakeholders.

## EXHIBIT C1.1

### SELECT THE NATIONAL ECONOMIC DEVELOPMENT POLICIES TO SUPPORT

| National Economic Development Policy as described in the Ninth Malaysia Plan (9MP)   | Details  | Chapters in 9MP |
|--|--|-----------------|
| Strengthen agriculture and the agro-based industry                                   | Focus on greater commercialisation, creation of high-income farmers and promotion of greater private sector investment.  | 3               |
| Enhance tourism's contribution to the national economy                               | Increase tourism's contribution to the national economy through enhancing the country's position as a leading global tourist destination as well as promoting domestic tourism.  | 8               |
| Ensure Bumiputera's equity share in the nation's economic growth                     | Develop the Bumiputera Commercial and Industrial Community (BCIC) through restructuring society and ensuring greater Bumiputera participation in the economy. Specific target distribution is to increase Bumiputera ownership of share capital to at least 30% by 2020. | 4, 9, 10        |
| Raise the national capacity for knowledge and innovation                             | Investment in human capital is emphasised to sustain economic growth and to drive a knowledge-based economy.   | 11, 12          |
| Ensure more effective participation of women in national development                 | Efforts will be undertaken to provide women an enabling working environment and to equip women with the necessary skills and knowledge to meet the challenges of a knowledge-based economy.  | 13              |
| Empower youth for the future   | To equip youth with the necessary knowledge and skills, to inculcate positive values and good ethics and to empower youths to enhance their role in society.   | 14              |
| Foster family and community development  | Efforts will be undertaken to strengthen the family unit, enhance community participation and increase the role of civil societies and NGOs.   | 15              |
| Address development gaps between rural and urban areas                               | To narrow development gap, strategies to develop rural areas include providing more infrastructure and social amenities and promoting rural growth centres.  | 16, 17          |
| Attain balanced regional development   | Undertake measures to reduce disparities in development between regions and states.  | 16, 17          |
| Provide accommodation to the low-income group  | Continuous efforts will be undertaken to ensure that Malaysians of all income level will have access to adequate, quality and affordable homes, particularly the low-income group.   | 21              |
| Improve protection of the environment and conserve natural resources                 | Ensure sustainable development by intensifying conservation effort, mitigating negative environmental effects at the source, and managing natural resources.   | 22              |
| Increase emphasis on enhancing the role of culture and arts and its related industry | More concerted efforts required, with the participation of the private sector to create greater awareness and appreciation of Malaysia's rich cultural heritage.   | 23              |
| Improve general public's quality of life through sports and better health care       | Improve the quality of life for the general public through non-economic factors, such as developing a sports culture and providing quality health care services.   | 20, 24          |

## EXHIBIT C1.2

### CORPORATE SOCIAL RESPONSIBILITY IN THE 2007 BUDGET SPEECH

Contribution activities by businesses that are in line with the nation's socio-economic objectives

- Providing business opportunities to domestic entrepreneurs
- Awarding contracts to competitive and genuine Bumiputera vendors
- Ensuring ethnic diversity of employment
- Developing human capital through
  - "Adopt A School Programme"
  - training of unemployed graduates
  - providing scholarships
- Enhancing community welfare through
  - adopting a charitable institution (e.g., welfare homes, orphanages)
  - encouraging employee participation

Benefits from contributing to society for the businesses

- Increase in ceiling for tax deduction on contributions to charitable organisations from current 5% to 7% of aggregate income
- Extension of tax deduction on contributions to include sports activities approved by the Minister of Finance and sports bodies approved by the Commissioner of Sports
- Tax exemption on special awards not exceeding RM1,000 given to employees either in cash or in kind
- Increase in tax deduction on contributions to local arts, culture and heritage performance and shows from RM300,000 to RM500,000
- Enjoy favourable consideration by Kumpulan Wang Simpanan Pekerja (KWSP) and Kumpulan Wang Amanah Pencen (KWAP) in their investment decisions



## CHAPTER 2: EVALUATING YOUR STARTING POSITION

*Are the contributions in your business achieving the best possible results?*

The findings from the interviews and detailed working sessions with the GLCs indicate that each GLC has a different starting position when it comes to managing their contributions to society. Some GLCs have large social obligations that they are in the process of addressing, while others have very effective, but informal programmes to manage their voluntary contributions to society. In general, however, a large number of GLCs do not have an institutionalised and comprehensive programme to proactively manage their contributions.

To assess what actions are immediately required and to thereafter develop an implementation roadmap, a GLC should evaluate its starting position by answering two questions:

1. How effective is the business in managing its contributions to society?
2. How much and what value is being generated from your current spend on contributions to society?

The Contributions to Society Assessment (CSA) is a two-step process to help GLCs evaluate their starting position.

### Step 1: Self-assessment of starting position

The Silver Book provides a self-assessment tool to help GLCs assess their starting position along the dimensions exhibited below, assigning a relative score of “High Performing”, “Effective”, “Traditional” or “Lagging” for each dimension.

### EXHIBIT C2.1

#### CONTRIBUTIONS INDEX ASSESSMENT TOOL

| Key Dimensions  | Assessment<br>(Score from 3 to 0) | Strengths and Weaknesses<br>(Rationale for score) |
|---|-----------------------------------|---|
| Comprehensive policy on contributions to society              |                                   |   |
| Focused core themes with high level commitment                |                                   |   |
| Superior execution and management of contributions to society |                                   |   |
| Standard cost-benefit assessment                              |                                   |   |
| Regular enhancement of individual contribution to society     |                                   |   |
| Systematic portfolio optimisation                             |                                   |   |
| Formalised handling of new requests                           |                                   |   |
| Positive reporting and communication to maximise goodwill     |                                   |   |
| Effective governance and organisation                         |                                   |   |
| Appropriate level of BOD governance                           |                                   |   |
| Contribution integrated into daily management                 |                                   |   |
| Scoring guideline   | High Performing<br>3              | Effective<br>2                                    |
|   | Traditional<br>1                  | Lagging<br>0                                      |

Note: Refer to Appendix for scoring details

*Are the contributions in your business achieving the best possible results (cont'd)?*

GLCs should use the assessment results to identify areas for improvement which can then be addressed with the tools and methodologies provided in the following Chapters in Section II:

- Chapter 3: To define the contributions policy
- Chapter 4: To ensure superior execution and management
- Chapter 5: To develop effective governance and organisation

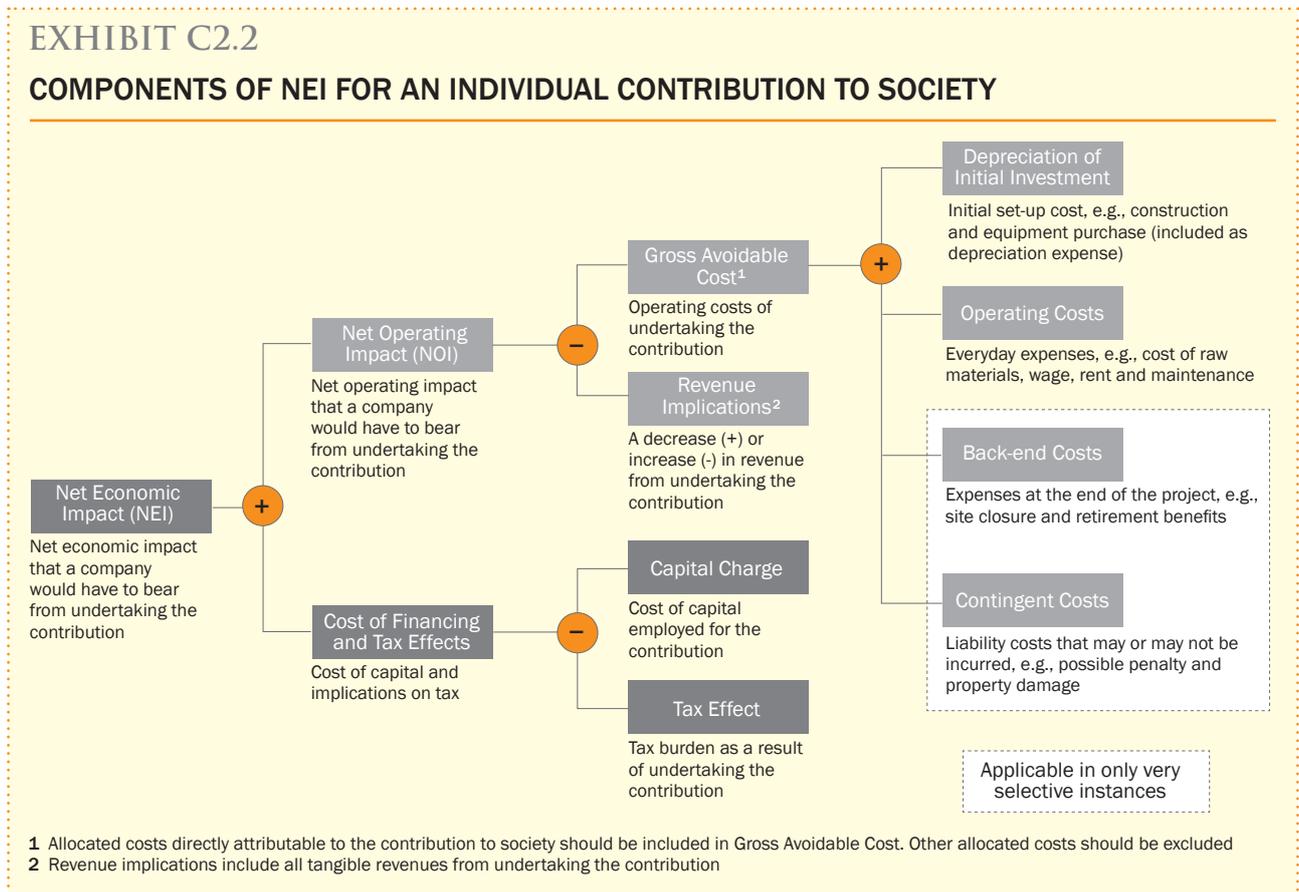
**Step 2: Cost-benefit assessment of existing contributions to society**

The Silver Book has developed standard cost-benefit assessment tools to analyse the cost and benefit of contributions to society. GLCs should adopt these tools but can perform additional assessments to supplement these tools. However, any additional assessments should be developed with the understanding and agreement of their relevant counterparts (e.g., the regulators or Government Ministries).

The cost-benefit assessment tools have two parts:

**2.1 Net Economic Impact (NEI)** – NEI captures the net cost (after accounting for revenue benefits, initial and recurring capital costs and tax effects) that a GLC would have to bear if it undertakes a specific contribution.

Exhibit C2.2 explains how NEI is calculated. Attachment 2 provides an example of how NEI is used.



Are the contributions in your business achieving the best possible results (cont'd)?

**2.2 Scorecard to assess the qualitative impact on the GLC** – Contributions to society also generate impact to the GLCs that are less quantifiable. GLCs should assess the impact of each contribution using a standardised scorecard.

The scorecard evaluates each contribution along seven key dimensions. GLCs should also incorporate the impact or benefits from the stakeholders in return for undertaking specific contributions to society, especially if these are social obligations.

Exhibit C2.3 is an example of the proposed scorecard.

**EXHIBIT C2.3**

**SCORE QUALITATIVE IMPACT TO COMPANY BASED ON SUGGESTED GUIDELINES**

| Items   | Impact<br>(Score from -3 to 3) | Comments<br>(Please provide rationale for score) |
|---|--------------------------------|--|
| Customer goodwill and branding                |                                |  |
| Government <sup>1</sup> & regulatory goodwill |                                |  |
| Employee goodwill                             |                                |  |
| Labour union relationship                     |                                |  |
| Internal capability building                  |                                |  |
| Vendors and partners goodwill                 |                                |  |
| Investor community goodwill                   |                                |  |
| Others  |                                |  |
| Overall impact to company                     |                                |  |

|                   |                   |                      |                   |                        |                     |                        |                     |
|-------------------|-------------------|----------------------|-------------------|------------------------|---------------------|------------------------|---------------------|
| Scoring guideline | Major risks<br>-3 | Moderate risks<br>-2 | Minor risks<br>-1 | N/A or negligible<br>0 | Minor benefits<br>1 | Moderate benefits<br>2 | Major benefits<br>3 |
|-------------------|-------------------|----------------------|-------------------|------------------------|---------------------|------------------------|---------------------|

<sup>1</sup> Only towards specific Government agencies regulating or monitoring a specific GLC

Note: Refer to Appendix for scoring details

*Are the contributions in your business achieving the best possible results (cont'd)?*

**2.3 Scorecard to assess the impact or benefits to society** – GLCs should assess the impact or benefits to society from each contribution using a scorecard that measures this along nine key dimensions. Exhibit C2.4 is an example of the scorecard.

**EXHIBIT C2.4**

**SCORE QUALITATIVE BENEFIT OR IMPACT TO SOCIETY BASED ON SUGGESTED GUIDELINES**

| Items                              | Impact<br>(Score from -3 to 3)  | Comments<br>(Please provide rationale for score) |                        |                     |                        |                     |                        |                     |  |
|------------------------------------|---|--|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|--|
| Economic development               |   |  |                        |                     |                        |                     |                        |                     |  |
| Specific industry or sector        |   |  |                        |                     |                        |                     |                        |                     |  |
| Specific state or area             |   |  |                        |                     |                        |                     |                        |                     |  |
| Specific segment of population     |   |  |                        |                     |                        |                     |                        |                     |  |
| Social welfare enhancement         |   |  |                        |                     |                        |                     |                        |                     |  |
| Unemployment                       |   |  |                        |                     |                        |                     |                        |                     |  |
| Education & capability development |   |  |                        |                     |                        |                     |                        |                     |  |
| Health and safety                  |   |  |                        |                     |                        |                     |                        |                     |  |
| Human rights                       |   |  |                        |                     |                        |                     |                        |                     |  |
| Others                             |   |  |                        |                     |                        |                     |                        |                     |  |
| Environment preservation           |   |  |                        |                     |                        |                     |                        |                     |  |
| National pride                     |   |  |                        |                     |                        |                     |                        |                     |  |
| Overall impact to society          |   |  |                        |                     |                        |                     |                        |                     |  |
| Scoring guideline                  | <table border="1" style="display: inline-table; text-align: center;"> <tr> <td style="background-color: #e67e22; color: white;">Major risks<br/>-3</td> <td style="background-color: #f39c12; color: white;">Moderate risks<br/>-2</td> <td style="background-color: #f1c40f; color: white;">Minor risks<br/>-1</td> <td style="background-color: #fff9c4; color: black;">N/A or negligible<br/>0</td> <td style="background-color: #d9ead3; color: black;">Minor benefits<br/>1</td> <td style="background-color: #d9ead3; color: black;">Moderate benefits<br/>2</td> <td style="background-color: #2e86c1; color: white;">Major benefits<br/>3</td> </tr> </table> | Major risks<br>-3                                | Moderate risks<br>-2   | Minor risks<br>-1   | N/A or negligible<br>0 | Minor benefits<br>1 | Moderate benefits<br>2 | Major benefits<br>3 |  |
| Major risks<br>-3                  | Moderate risks<br>-2  | Minor risks<br>-1                                | N/A or negligible<br>0 | Minor benefits<br>1 | Moderate benefits<br>2 | Major benefits<br>3 |                        |                     |  |

Note: Refer to Appendix for scoring details

Further details on the assessment tools are provided in Attachment 2.

*Are the contributions in your business achieving the best possible results (cont'd)?*

These quantitative as well as qualitative assessments will provide the GLCs with a good sense of how much is being spent and the impact or benefits gained from each contribution to society. An example of the results of such an assessment is shown below in Exhibit C2.5. The Government is also encouraged to utilise these assessment tools to evaluate the cost-benefit of contributions that are requested of GLCs.

## EXHIBIT C2.5

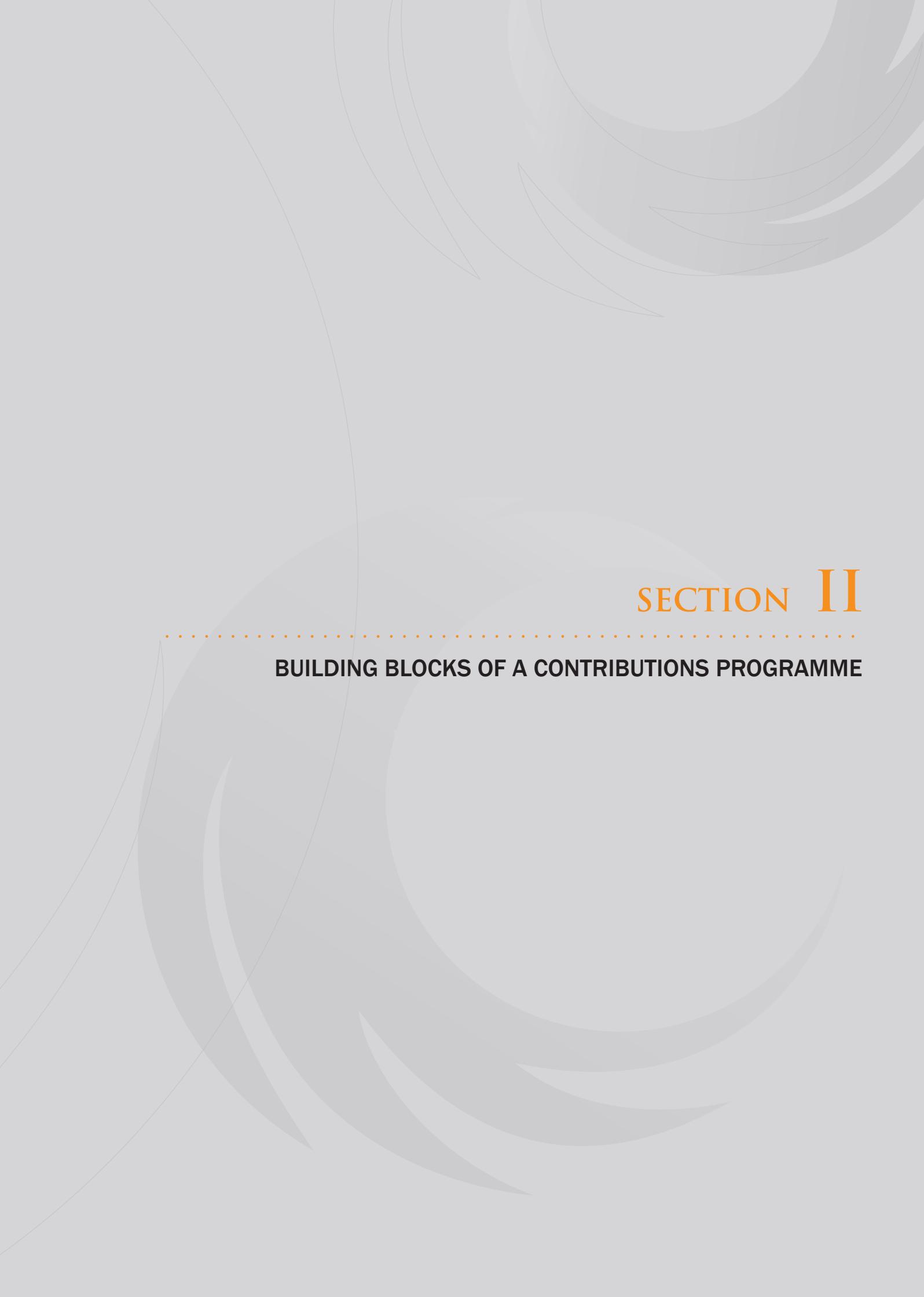
### EXAMPLE ASSESSMENT OF COSTS AND BENEFITS OF CONTRIBUTIONS TO SOCIETY

| Programme  | NEI (RM)   | Impact to company (Score/comments)   | Impact to society (Score/comments)                 | Alignment to company's policy <sup>1</sup> |
|--|------------|--|--|--|
| 1. Rural services  | 50,000,000 | 3 Important for regulatory and public goodwill                                       | 3 Basic services for a large number of people      | High                                       |
| 2. Environment projects in rural areas                     | 500,000    | 2 Useful for regulatory goodwill   | 1 Long-term benefits expected                      | Medium                                     |
| 3. Job training programme for unemployed people in State X | 40,000     | 1 Enhance brand image within local community   | 1 Assistance to local community to improve welfare | Medium                                     |
| 4. Scholarships  | 2,000,000  | 2 Pipeline for our company management talent   | 1 Assistance to improve talent base                | Medium/Low                                 |
| 5. Soccer team sponsorship                                 | 500,000    | 1 Brand building to target customers, but less impact due to team's poor performance | 1 Improve athletes' well-being                     | Medium/Low                                 |

<sup>1</sup> Alternatively, assess alignment to Government policy if the company has yet to develop a policy

Note: Impact to company and impact to society scored on a point system ranging from -3 for Major Risks to 0 for Negligible to +3 for Major Benefits





## SECTION II

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### **BUILDING BLOCKS OF A CONTRIBUTIONS PROGRAMME**



# SECTION II: BUILDING BLOCKS OF A CONTRIBUTIONS PROGRAMME

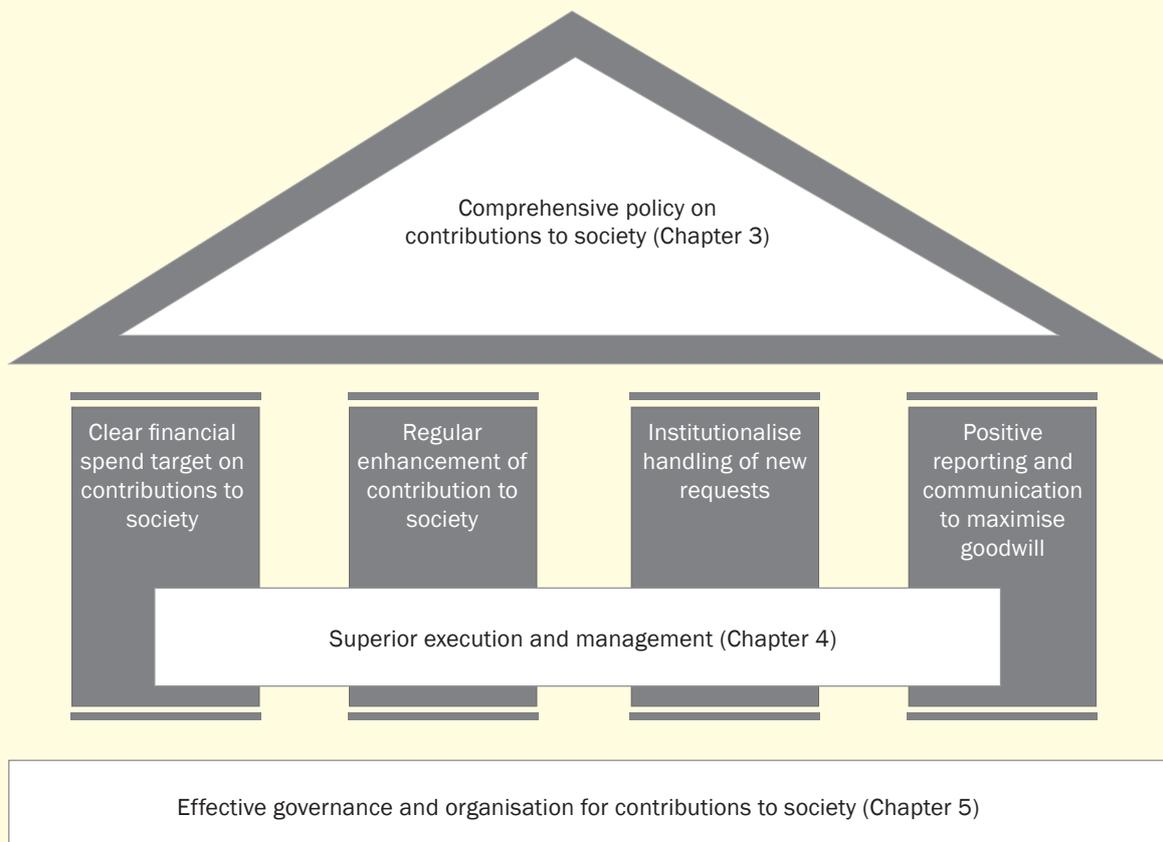
## Introduction

Having evaluated their starting position, GLCs should then develop a socially responsible contributions programme. There are six building blocks for this programme as illustrated below:

1. Establishing a comprehensive policy on contributions to society (Chapter 3)
2. Setting a clear financial spend target on the overall portfolio of contributions to society (Chapter 4)
3. Enhancing contributions to society on a regular basis (Chapter 4)
4. Institutionalising a process to handle new requests (Chapter 4)
5. Communicating the contributions to society to all stakeholders (Chapter 4)
6. Adopting a governance and organisation structure specific to managing the contributions (Chapter 5)

### EXHIBIT S2.1

#### BUILDING BLOCKS OF A SOCIALLY RESPONSIBLE CONTRIBUTIONS PROGRAMME



## EXHIBIT S2.2

### EXAMPLE BEST PRACTICE EXECUTION OF THE BUILDING BLOCKS

| Characteristics  | Sub-characteristics                                       | Description   |
|--|---|---|
| Comprehensive policy on contributions to society                   | Focused core themes with high level commitment            | Subscribes to seven contributions to society principles that is driven by its General Business Principles. Clearly articulate areas of focus and areas that are off-limits. Targets and objectives set for each major business unit   |
| Superior execution and management of contributions to society      | Regular enhancement of contributions                      | Contributions are assessed based on value to stakeholders, value to company, operational issues addressed, sensitivity involved and viability of an exit strategy. Continually enhance the value created from its contributions by moving away from philanthropy to an integrated approach involving HR, technological knowledge and management expertise<br><br>Annual prioritisation through active reviewing of past year performance and optimising the list of new contributions initiatives. Prioritisation is performed based on the cost of the contributions, their impact on the company's reputation and its values, and the ease of implementing them |
|  | Formalised handling of new requests                       | Any small new request is reviewed by a committee with representatives from Corporate Affairs and the respective line businesses. For large new requests, a position paper has to be completed and approval obtained from the General Managers of those business units   |
|  | Positive reporting and communication to maximise goodwill | Constantly communicates its contributions through its website, an annual report specifically on its contributions and through press releases. The company also conducts an annual independent survey to understand public perceptions and concerns on its business and of the industry  |
| Effective governance and organisation for contributions to society | Appropriate level of BOD governance                       | Business units' social investments/social portfolio teams report directly to the Company Management, with active oversight from the Business Council Forum (similar to BOD), to ensure compliance to the company's General Business Principles  |
|  | Contributions integrated into daily management            | An integrated social, health and environmental impact assessment is required for all new projects or investments relating to its core business. Contributions to society is also taken into account in the appraisal of each business unit and in the remuneration of senior staff  |

# CHAPTER 3: DEFINING THE CONTRIBUTIONS POLICY

*Why is a comprehensive social contributions policy essential for your business?*

The first building block is to formulate a comprehensive policy on contributions to society. This is essential to:

- Focus contributions on specific core themes to maximise the impact that is achieved from the amount spent
- Internally define and communicate the direction and boundaries of acceptable contributions
- Communicate and manage external expectations on the type and extent of contributions which the GLC will support

Companies that define and institutionalise such a policy are more likely to maximise the goodwill from their contributions and be better positioned to turn away unplanned requests. GLCs should consider all areas where they could contribute to society and where possible, to engage in long-term collaborations with NGOs that represent the society or specific community groups. The exhibit below lists the seven core areas for contributions to society. Refer to Attachment 3.1 for examples of companies that contribute in each of the core areas and suggestions for core themes.

## EXHIBIT C3.1

### CORE AREAS OF CONTRIBUTIONS TO SOCIETY

| Core areas                   | Commonly accepted definition   |
|------------------------------|--|
| 1 Human rights               | Refers to business responsibility to uphold human rights, covering the right to be free from discrimination, the right to life, liberty and security of person, the right to not be held in slavery or be subjected to inhumane or degrading treatment, the right to rest and leisure, the right to education, and the right to an adequate standard of living |
| 2 Employee welfare           | Refers to providing the basic right of all workers such as right to equal opportunity and equal treatment in employment and occupation, the right to a safe and healthy work environment, the right to collective bargaining and freedom of association, and the prohibition of forced labour and certain forms of child labour                                |
| 3 Customer service           | Refers to meeting customer needs through exceptional customer service and responsible marketing to diverse populations   |
| 4 Supplier partnership       | Refers to working with suppliers to promote and share good economic, social and environmental practices  |
| 5 Environmental protection   | Refers to the preservation of the environment by minimising the consumption of resources and polluting activities (such as noise, light, water, air and soil)  |
| 6 Community involvement      | Refers to the advancement of the local, regional or global communities' social, economic and environmental challenges especially in areas of education, employment, health and quality of life   |
| 7 Ethical business behaviour | Refers to promoting good business practices and fair competition including respect for intellectual and other property rights, and work against all form of corruption and extortion   |

*What are the key elements of a comprehensive social contributions policy?*

The key elements of a comprehensive contributions policy are:

**1. Themes that are aligned to the GLCs’ overall business strategy and stakeholders’ expectations**

GLCs should focus on contributions that are closely aligned to their core business. This will allow them to leverage their expertise and potentially assist them to improve their business. For example, Hewlett-Packard’s e-inclusion programme – which aims to increase access to IT in under-served communities – reinforces Hewlett-Packard’s focus on the foundation of knowledge and acts as a test bed for new products and solutions. Closer to home, Petronas, Maybank and Nestlé Malaysia have established well-defined contributions programmes that are closely related to their businesses (see Exhibit C3.2 below).

**EXHIBIT C3.2**

**LEADING LOCAL COMPANIES WITH WELL-DEFINED CONTRIBUTIONS PROGRAMMES ALIGNED TO THEIR BUSINESSES**

Contributions programme



Closer to home, PETRONAS is a good example of a company that has excelled both in business and in its contributions to the communities in which it operates in. As trustees of the nation’s hydrocarbon resources, their activities centred on the best interest of the people and the nation. PETRONAS’ key focus for contributions to society over the years has been in the area of education and capability development, stemming from its own experience of having to acquire knowledge and the importance of continuous learning to be where it is today as a global Fortune 500 company



In line with Maybank’s objective to be a dynamic change agent in financing business expansion and assisting national economic growth, the bank has extended its banking services to traditionally under-served groups including the rural customers and school children. Although these are typically perceived to be high cost-to-serve segments, Maybank manages these activities strategically by viewing these segments as potential customers



Nestlé Malaysia helps the hard core poor (monthly income of less than RM500) to operate fresh chilli farms in Kelantan as part of their sustainable agriculture initiative. This not only increases income levels, promotes good environmental practices and emphasises farmer safety but at the same time, secures a steady supply of fresh and high quality chillies for their product

Source: Interviews with Petronas, Maybank and Nestlé Malaysia

Therefore, GLCs should adopt greater stakeholder engagement to ensure that the contributions policy is aligned with their concerns and expectations. This includes the Government’s national, economic and social policies. Exhibits C1.1 and C1.2 in Chapter 1 provide a list of the main national development objectives as laid out in the Ninth Malaysia Plan and recently announced 2007 Budget. The GLCs should endeavour to support these objectives when considering core themes for their contributions to society.

Exhibit C3.3 below provides examples of contribution themes from selected global companies that have achieved business success through socially responsible practices.

## EXHIBIT C3.3

### SAMPLE CORE THEMES FROM LEADING GLOBAL COMPANIES

|   | <u>Contributions to society core themes</u>   | <u>Impact</u>  |
|---|---|--|
|    | <p>“We have identified the following business operations as top priorities in our Corporate Responsibility programme</p> <ul style="list-style-type: none"> <li>• Mobile phone recycling</li> <li>• Responsible marketing</li> <li>• Energy efficiency</li> <li>• Waste minimisation</li> <li>• Transparency on health concerns about our technology</li> <li>• Development of new products &amp; services with high social value</li> <li>• Ethical purchasing in our supply chain”</li> </ul> | 66% of customers believe Vodafone is serious about social and environmental responsibilities   |
|   | <p>“Hewlett-Packard has chosen to focus our global citizenship agenda on the environment, privacy, e-inclusion and education. We selected these areas based on their strategic importance to our business, the information technology sector and society. Each strategic initiative has specific priorities, objectives and programmes that teams across Hewlett-Packard execute every day”</p>   | Selected by The Dow Jones Sustainability Index <sup>1</sup> as among the top 10% in sustainability performance from the largest 2,500 global companies |
|  | <p>“At the corporate level, we support organisations that have national impact and that are directionally aligned with our corporate values and culture.</p> <p>Our focus is on science and technology, education and innovation, sustainable development, safety and occupational health and environmental protection.”</p>  | Recognised in 2004 as the world’s most respected energy and chemicals company for the 4th consecutive year <sup>2</sup>                                |

<sup>1</sup> This index is widely followed by Socially Responsible Investing (SRI) funds

<sup>2</sup> According to the 2004 PricewaterhouseCoopers “World’s Most Respected Companies” survey published in the Financial Times

Source: Company websites, annual reports

*What are the key elements of a comprehensive social contributions policy (cont’d)?*

## 2. Explicit statements on the types or criteria of activities that the GLCs will or will not support

GLCs should document in their policies specific types or criteria of contributions that they will or will not support. This, combined with a formal application process, should help reduce the number of requests for contributions to activities that are outside the policy or reduce opportunistic requests. For example, the application process can require that the beneficiary show alignment with the contributions that a GLC will support, as well as demonstrate long-term and sustainable benefit to society. Shell Malaysia, for example, explicitly states that it will not make contributions or donations to political parties, organisations or their representatives<sup>2</sup>.

<sup>2</sup> Statement of Shell General Business Principles, 2005

What are the key elements of a comprehensive social contributions policy (cont'd)?

**3. Statement of commitment to the core themes**

GLCs should make public their commitment to their contributions policy. This is because many external stakeholders find such a policy important and recognise the value of a company which practices such a policy. A recent survey of mostly Chairmen, CEOs and Directors of public-listed companies in Malaysia showed that the respondents perceived the most important stakeholders who recognised social contributions activities are the Government, the community and employees (refer to Attachment 3.3).

For example, Telstra publicly communicates its commitment to make grants totalling AUD\$3.5 million towards innovative community projects that focus on development of children and young people as well as indigenous community groups. Exhibit C3.4 below provides examples of statement of commitment from selected global companies.

**EXHIBIT C3.4**  
**LEADING GLOBAL COMPANIES GO PUBLIC WITH THEIR COMMITMENTS AND TARGETS**

|   | <u>Statement of commitment</u>   | <u>Impact</u>   |
|---|--|---|
|  | <p>"... Looking forward we will make grants totalling at least \$3.5 million to innovative community projects through the Telstra Foundation Community Development Fund in its priority areas of early childhood development, indigenous community development, childhood obesity, and gifted and talented children and young people."<br/>                     - Corporate Social Responsibility Report 2005, Telstra</p> | <p>CPA Australia<sup>1</sup> and the University of Sydney rated Telstra top 10% among the ASX100 (Australia premier large capitalisation equity index) in the Sustainability Disclosure Index</p> |
|  | <p>"Plan to spend around \$500 million over each five-year period on</p> <ul style="list-style-type: none"> <li>• Supporting local and regional economic development</li> <li>• Supporting a wide range of appropriate learning initiatives</li> <li>• Enabling communities to gain access to energy..."</li> </ul> <p>- Lord John Browne of Madingley, BP Group Chief Executive</p>                                       | <p>No. 1 in 2005 AccountAbility<sup>2</sup> rating of the FORTUNE Global 100 companies and Lord Browne considered a Public Relations "pioneer" in a Wall Street Journal editorial</p>             |
|  | <p>"General Electric has set a 30% greenhouse gas emission intensity reduction goal by the end of 2008, along with a 1% absolute reduction by the end of 2012..."</p> <p>- Jeffrey Immelt, GE Chairman of the Board &amp; CEO</p>  | <p>Ranked by Investor Relations magazine in the US as "Best Overall Investor Relations Programme" by a mega-cap company for 2005 (and for the seven of the last ten years)</p>                    |

**1** CPA Australia is one of the largest professional body for accountants in Australia  
**2** AccountAbility is an international organisation committed to enhancing and developing social and ethical accountability  
 Source: Relevant company websites and corporate responsibility reports

# CHAPTER 4: ENSURING SUPERIOR EXECUTION AND MANAGEMENT

---

*Why is superior execution and management essential for your business?*

The second to fifth building blocks discusses the tools and processes that should be institutionalised by the GLCs to effectively manage their contributions to society.

This is essential to:

- Maximise the impact of the contributions to society in the most cost-efficient and effective manner
- Optimise the portfolio of contributions to ensure alignment with the contributions policy
- Capitalise on the publicity and key stakeholders' goodwill generated by the contributions

*What are the key tools and processes required by your business to ensure optimal results from your contributions to society?*

The building blocks are:

**1. Set a clear financial spend target on the overall portfolio of contributions to society**

Each GLC should set a spend target that ideally covers all its contributions to society. However, it is recognised that there may be instances where a GLC would choose to set a financial spend target only for a select group of contributions. This could be due to the need to protect confidential data or difficulty faced in data extraction or analysis.

A financial spend target will increase the transparency of the financial costs of contributions and enable easier comparison across GLCs. This spend target should be adjusted for the GLCs based on:

- Historical and projected financial performance
- Historical spend level
- Contribution levels of their local and global industry benchmarks

Furthermore, GLCs should understand not merely the level of spend but also the impact that these benchmark companies have made with their contributions to society.

*What are the key tools and processes required by your business to ensure optimal results from your contributions to society (cont'd)?*

## 2. Regularly review and enhance all existing contributions

For each contribution, GLCs should find opportunities to manage the economic cost of undertaking the contribution and to enhance the resulting impact of this contribution to both society and to the GLCs themselves. The GLCs can utilise a range of levers as follows:

- **Internal Optimisation Levers** – explore ways to reduce the cost or enhance the benefits of the contribution while still fulfilling its intent. This can be done by optimising the manner in which the contribution is provided (see Exhibit C4.1)
- **Reshape or Exit Levers** – consider Reshaping or Exiting a contribution to alleviate the financial burden of high cost contributions (see Exhibit C4.2)
  - The likelihood of Exit is more probable if:
    - the contribution is not associated with the GLC's core business
    - the contribution is not formally regulated
    - there is a viable alternative to providing the contribution
    - it is unclear whether the social benefits of providing the service outweighs its NEI
  - The ease of Exit is higher if:
    - the financial cost of Exit is minimal or manageable
    - the risk of a backlash is low
- **Funding Levers** – consider funding alternatives if Internal Optimisation still results in a negative financial impact and the chances of Reshape or Exit are low (see Exhibit C4.3). These are generally levers of last resort, to be used only if the first two levers cannot be applied. However, the GLCs must first show that they are already providing the contributions efficiently before engaging the relevant stakeholders to review the funding alternatives

The significance of each lever will vary by type of contribution. As a general rule, Internal Optimisation should be the first lever the GLCs should explore. This is especially true of contributions that are driven by regulations or part of a licensing requirement. Reshape or Exit should be considered when Internal Optimisation has been exhausted and the contribution still results in significant financial impact.

However, if Reshaping or Exiting is not a feasible option, GLCs should then consider the Funding Levers. There may also be instances where the levers can be used in various combinations to address a specific contribution, or is further customised to meet the specific needs of each GLC.

In seeking funding, GLCs should:

- Continue to enhance their operations and management to maximise the impact from the contributions programme
- Develop customised proposals when seeking funding. The funding mechanism depends on factors like the valuation method of the contribution and the overall business operating environment

*What are the key tools and processes required by your business to ensure optimal results from your contributions to society (cont'd)?*

- Consider that the relevant stakeholders (e.g., regulators or Government Ministries) will formally review the funding on a regular basis
- Consider free-trade principles (e.g., WTO requirements) when seeking funding alternatives, so that direct Government assistance for example, does not violate these trade pacts
- Specify the desired outcome and specific timelines to achieve them

Such Funding Levers have been successfully applied by various companies globally, and have resulted in large cost savings or substantial goodwill for them. They are generally more suitable for strategically important social obligations. A common example is industry funds used to provide universal services for postal or telecommunications access.

### EXHIBIT C4.1

#### INTERNAL OPTIMISATION LEVERS

How to reduce (or make positive) the economic impact while still fulfilling the intent?

| Levers                             | Description                             | Examples   |   |
|------------------------------------|---|--|---|
| Improve customer facing activities | Maximise revenue                        | Develop new revenue sources to the goods/services that are being offered (e.g., by marketing and selling other products)                         | European telco promotes additional products and services differently across areas   |
|                                    | Shift demand                            | Either reduce the demand for loss-making goods/services; or move the demand away from loss-making goods/services to more profitable alternatives | European utility promotes economical consumption of energy to reduce demand   |
|                                    | Differentiate channels & service levels | Select different delivery channels and service levels for services to save costs   | European postal company has different service levels throughout the country   |
|                                    | Leverage partners                       | Use partners which are more efficient at or have the capabilities of providing the goods/services in a way that will reduce costs                | Brazilian bank uses third party (e.g., merchants) to provide banking services in villages                                     |
|                                    | Adopt low cost model                    | Adopt a different business model with a lower cost structure to provide the goods/services   | Asia Pacific airline serves rural areas through its low-cost carrier  |
| Improve back-office operations     | Outsource                               | Outsource the delivery of goods/services to a third party provider that can do it more efficiently   | North African water management company outsources its operations & maintenance  |
|                                    | Separate management                     | Manage or report the goods/services separately to increase transparency on the business performance  | Asia Pacific telco groups all its rural business into one business unit   |
|                                    | Exploit one-time opportunities          | Implement one-time revenue or cost improvements to reduce the burden of providing the goods/services   | European railway improves its efficiency to reduce staffing levels and achieves right-sizing through gradual staff retirement |

## EXHIBIT C4.2

### RESHAPE OR EXIT LEVERS

Is it possible to reshape (or exit) the contribution so that the financial burden is made less onerous?

| Levers                       | Description  | Examples   |   |
|------------------------------|--|--|---|
| Reshape or exit contribution | Engage & highlight consequences                      | Highlight the impact or consequences of undertaking the contribution to the GLC and to the stakeholders  | Latin American mining company right-sized its work force by focusing unions and public on likely consequences of inaction   |
|                              | Negotiate based on intent                            | Understand the intent of the contribution and negotiate changes to specific regulations that still allows the GLC to fulfil its intent                 | European postal successfully renegotiated the more onerous metrics by focusing on the intent  |
|                              | Work with Government/regulators to reshape landscape | Collaborate with regulators in defining the industry landscape of the future, or gain support from Government to help generate revenue or reduce costs | South American pharmaceutical group engaged in a multi-year campaign to redefine regulations and reshape industry<br><br>Malaysian traffic police encouraged to use locally manufactured Proton cars for official purposes to generate demand |

## EXHIBIT C4.3

### FUNDING LEVERS

What are the funding alternatives that a GLC can explore if internal optimisation still results in negative economic impact and reshape or exit is not possible?

| Levers                    | Description                               | Examples   |  |
|---------------------------|---|--|--|
| Seek funding alternatives | Industry funding                          | Set up industry-wide fund to undertake the contributions pertaining to that particular industry, typically funds from all industry players | AAIBE was set up within Malaysia's electricity supply industry to support industry-wide activities (e.g., rural electrification)<br><br>USP Fund, with contributions from telcos, is used to provide telephone services in under-served areas  |
|                           | Customer cross-subsidy                    | Use profits from more lucrative areas or segments of operations to subsidise loss-making contributions to society                          | Pos Malaysia uses rate averaging (i.e. standard rate) to subsidise mail that is sent from or to remote locations   |
|                           | Government subsidy to end-users           | Have Government offer subsidies directly to selected end-users, who benefit from goods or services being priced below true market value    | Malaysian Government provides diesel fuel subsidy for fishing boats and commercial vehicles to offset the cost of high fuel prices   |
|                           | Funding from external agencies            | Obtain funds from external agency (e.g., NGO or Government), which, however, usually comes with underlying conditions or requirements      | Japanese Government offered loan aid to Malaysian GLC in exchange for condition to use Japanese contractors for specific project   |
|                           | Direct Government assistance <sup>1</sup> | Obtain direct subsidy or benefit from favourable Government policy to help defray costs of providing the contribution                      | Pertamina, Indonesia's state-owned oil and gas company, obtains subsidy from the state budget in order to cap retail fuel prices<br><br>Automotive players in Malaysia can apply for soft loans and grants from the Automotive Development Fund to promote Research & Development and Bumiputera participation |

<sup>1</sup> Direct Government funding is only as a last resort

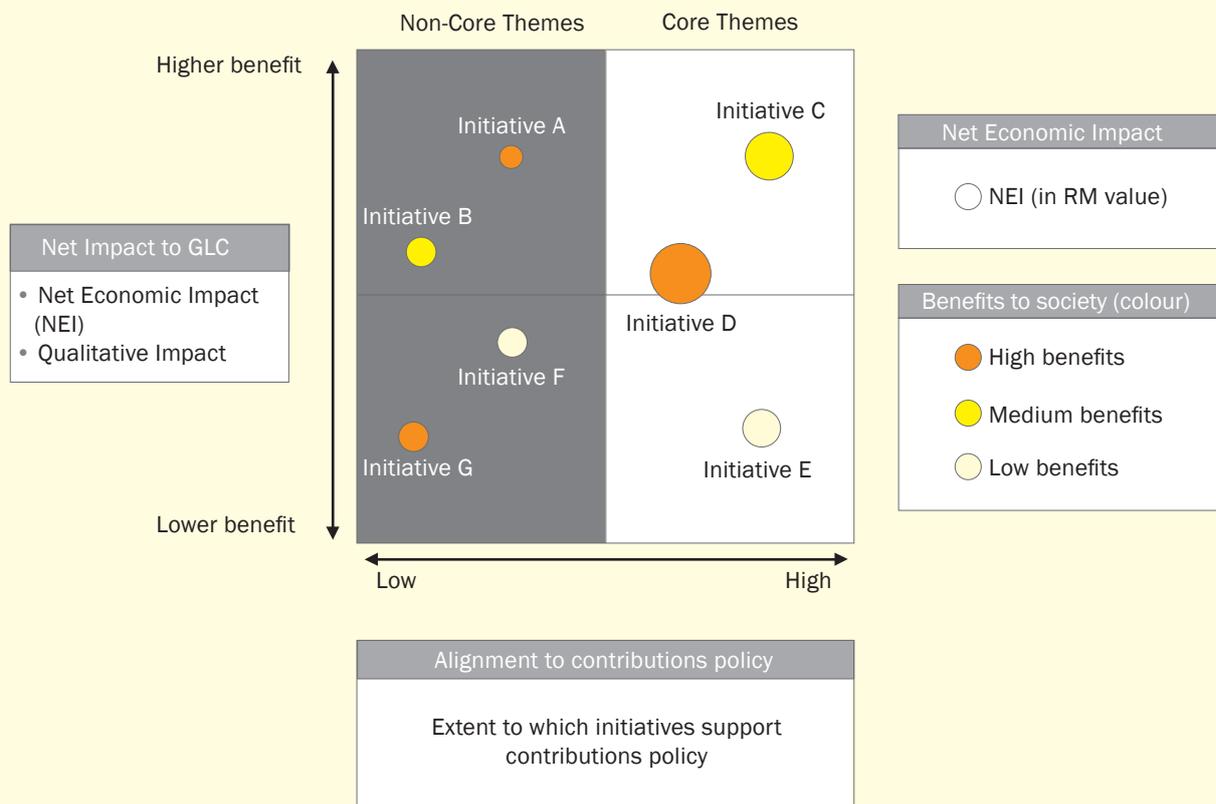
*What are the key tools and processes required by your business to ensure optimal results from your contributions to society (cont'd)?*

GLCs with a substantial number of contributions should periodically review their contributions as a portfolio to ensure the right mix. This should be done as part of the annual business planning cycle to help determine the financial spend target. GLCs should consider contributions both at the group level and of direct subsidiaries as part of this portfolio optimisation process. The following steps can be applied:

- **Step 1: Understanding and classifying the expected impact of each contribution on the GLC and society**
  - i. Quantitative impact on the GLC (as calculated using the NEI, defined in Chapter 2)
  - ii. Qualitative impact on the GLC (as assessed using the scorecard for qualitative benefits, defined in Chapter 2)
  - iii. Overall alignment of the contribution to the GLC's internal policy (defined in Chapter 3)
  - iv. Qualitative impact to society (as assessed using the scorecard for qualitative benefits or impact, defined in Chapter 2)
- **Step 2: Prioritising the contributions** – Each contribution should then be prioritised relative to each other along the above dimensions using a prioritisation matrix. An example of such a prioritisation is depicted in the exhibit below

#### EXHIBIT C4.4

##### ILLUSTRATIVE EXAMPLE OF A PORTFOLIO PRIORITISATION MATRIX



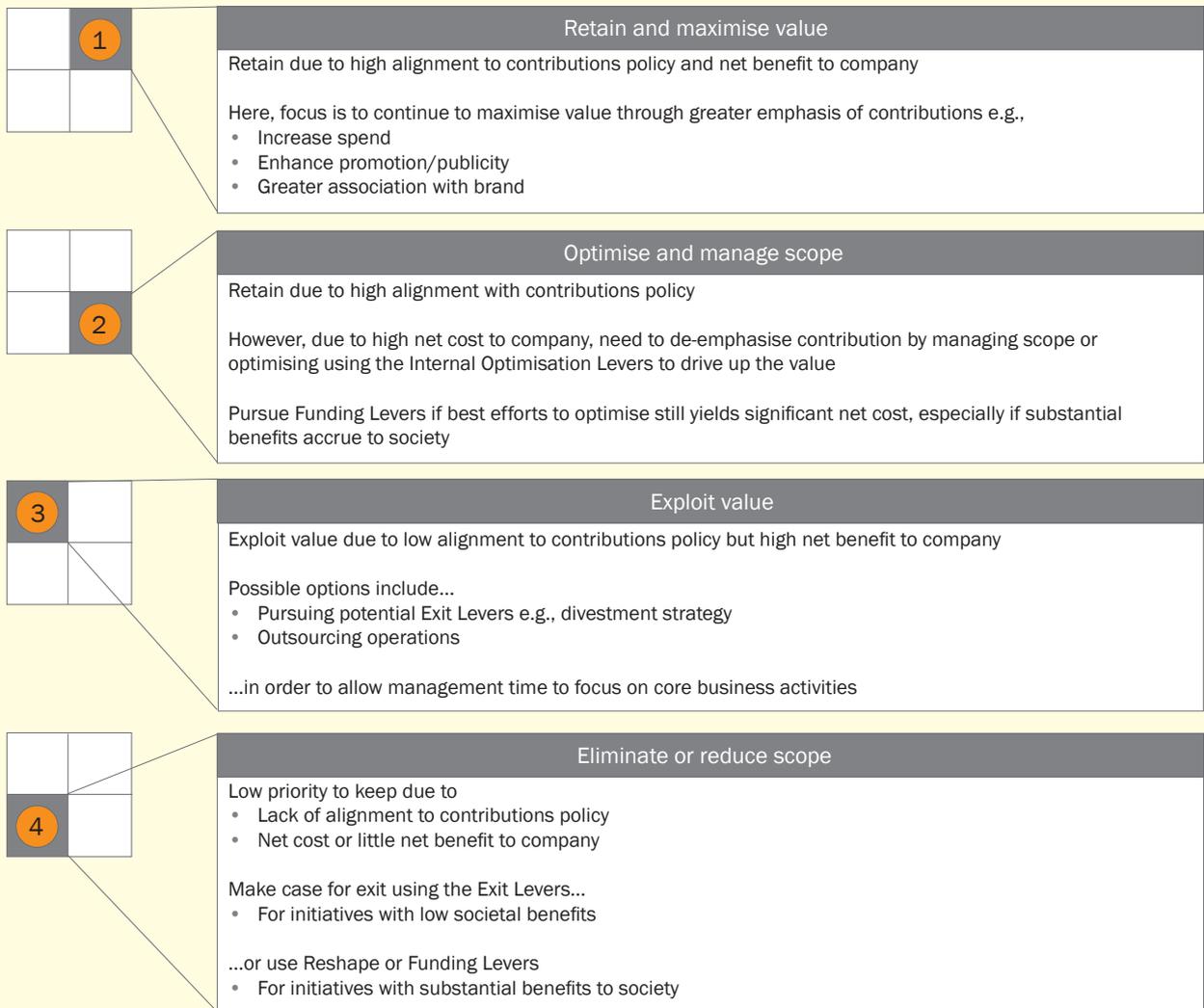
*What are the key tools and processes required by your business to ensure optimal results from your contributions to society (cont'd)?*

- **Step 3: Acting upon each category of contributions** – Based on their position in the prioritisation matrix, a specific set of action plans can be developed for each contribution. The action plans are based on the earlier three action levers and are described below in Exhibit C4.5

Upon concluding the steps described in the Exhibit, the GLCs should then determine how to best carry out the prioritised action plans based on the financial spend target they established earlier. GLCs may have to further adjust these action plans should they not meet or exceed the spend target.

## EXHIBIT C4.5

### HIGH-LEVEL ACTION GROUPS AND PLANS



What are the key tools and processes required by your business to ensure optimal results from your contributions to society (cont'd)?

### 3. Formalise the handling of new requests for contributions

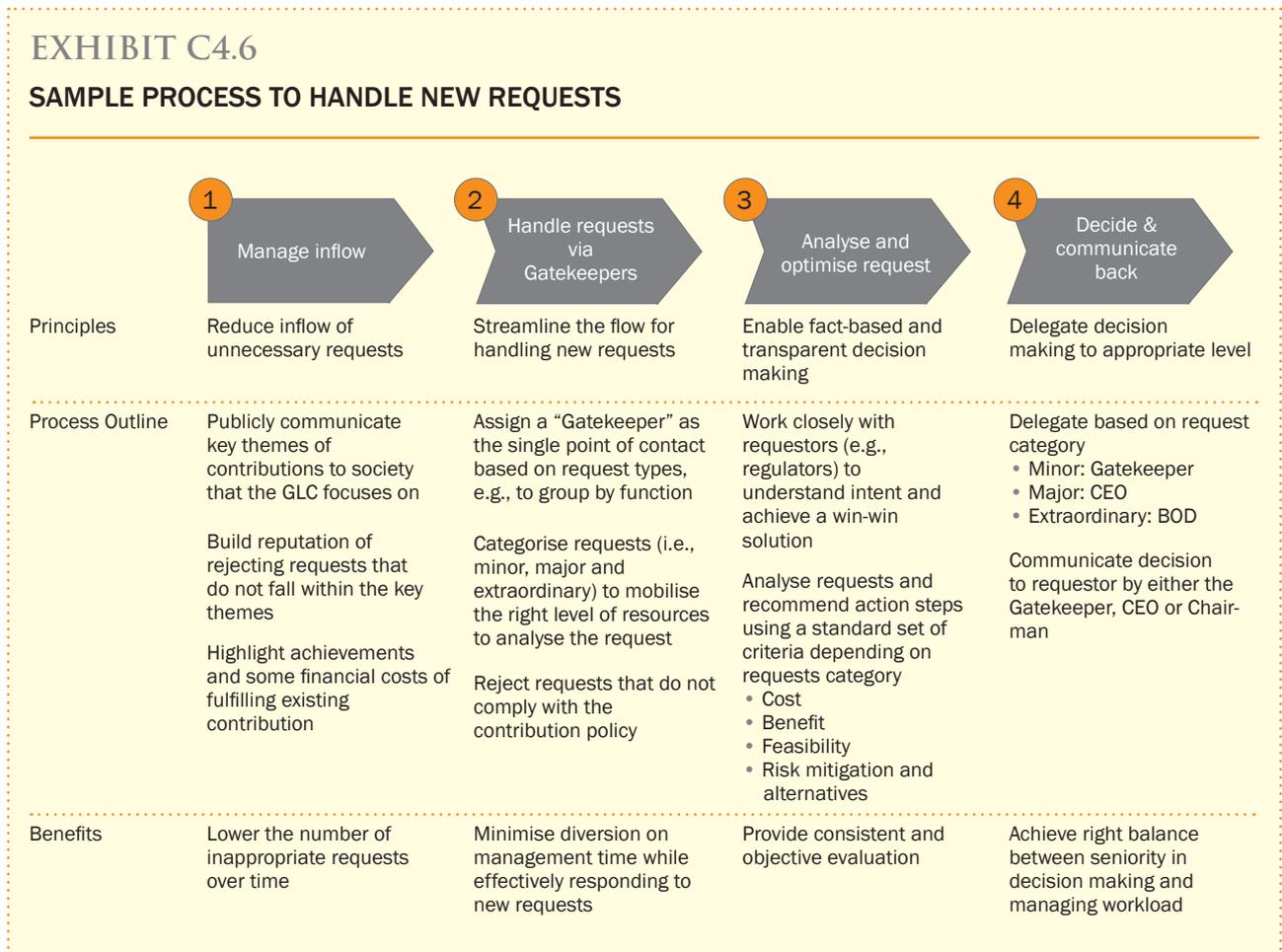
GLCs receive requests from various sources for contributions. Any request received should be handled in a manner consistent with the policies and spend targets of the company. GLCs should therefore establish a formal and systematic process to handle the different types of requests for new contributions as depicted below.

This will:

- Streamline the handling of incoming requests, thus reducing management time and resources to manage such requests
- Reduce the overall inflow of requests

## EXHIBIT C4.6

### SAMPLE PROCESS TO HANDLE NEW REQUESTS



The PCG also recognises that opportunistic and informal requests for contributions currently consume a significant proportion of management time. Therefore, the process to handle requests needs to include a formal application as well as a potential 'safety valve' mechanism to handle requests that are not within the scope of the policy or the agreed financial spend level. Such a 'safety valve' mechanism could include involvement of the Chairman of the GLC or the GLIC in the process.

Attachment 4.1 offers further details on the process of handling new requests.

*What are the key tools and processes required by your business to ensure optimal results from your contributions to society (cont'd)?*

**4. Positive reporting and communication to maximise goodwill**

GLCs should pave the way in pursuit of contributions to society by disclosing their contributions track record through a comprehensive reporting and communications programme. This programme should consider customised messages and channels for each key stakeholder. In the recent 2007 Budget Speech, the YAB Prime Minister highlighted the requirement for companies to disclose their CSR activities to inculcate a socially responsible culture. Hence, a communications programme will help GLCs gain public recognition, attract the interest of socially responsible investment funds and more effectively manage different stakeholders' expectations. Some guidelines and examples on how to develop an effective communications programme are shown in Exhibit C4.7.

Many global companies choose to publicise their contributions through dedicated reports. For example, General Electric (GE) publishes annually a comprehensive Citizenship Report on its corporate citizenship activities. To enhance their reporting, the GLCs should consider issuing a dedicated report or to communicate their contributions via their Annual Report.

**EXHIBIT C4.7**

**CUSTOMISED COMMUNICATIONS PROGRAMME TARGETED AT SPECIFIC STAKEHOLDERS**

Example: Communicating contributions on Education

|   | Shareholders   | Employees   | Public/beneficiaries   |
|---|--|---|--|
| <p><b>Audience</b></p> <p><i>Stakeholders' objectives (examples)</i></p>                    | <ul style="list-style-type: none"> <li>• Support national agenda</li> <li>• Maximise shareholder value</li> </ul>  | <ul style="list-style-type: none"> <li>• Take pride in the company's contribution</li> </ul>  | <ul style="list-style-type: none"> <li>• Strive for higher standards of living</li> <li>• Equal opportunity in employment and business</li> </ul>                            |
| <p><b>Key Messages</b></p> <p><i>A structured contribution programme will result in</i></p> | <ul style="list-style-type: none"> <li>• Transparency in cost of contribution</li> <li>• Cost and impact will be tracked and monitored</li> <li>• Strategy to optimise value creation from contribution</li> </ul> | <ul style="list-style-type: none"> <li>• Better understanding of the impact and the contribution level the company is making</li> </ul> | <ul style="list-style-type: none"> <li>• Better understanding of the contribution undertaken by the company, the intent of the contribution and the likely impact</li> </ul> |
| <p><b>Channel</b></p>   | <ul style="list-style-type: none"> <li>• Discussions with key shareholders</li> <li>• Circulars to public shareholders</li> </ul>  | <ul style="list-style-type: none"> <li>• Release via intranet, company gatherings, etc.</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Release via newspaper, company websites, etc.</li> </ul>  |
| <p><b>Frequency</b></p>   | <ul style="list-style-type: none"> <li>• On-going</li> <li>• Initial buy-in discussions</li> <li>• Quarterly reporting</li> </ul>  | <ul style="list-style-type: none"> <li>• Periodically e.g., once or twice a year</li> </ul>   | <ul style="list-style-type: none"> <li>• Periodically e.g., once or twice a year</li> </ul>  |

*What are the key tools and processes required by your business to ensure optimal results from your contributions to society (cont'd)?*

At a minimum, all GLCs should issue a report to PCG, the GLICs and the regulators (if appropriate), on the scope and spend of their contributions to society. This report will enable its intended recipients to:

- Monitor the GLCs' progress in adopting a proactive and effective contributions to society programme
- Identify contributions that are excessive or inappropriate so that these can be acted upon, especially contributions to specific interest groups
- Ensure the GLCs fully maximise the goodwill of their contributions
- Reduce or minimise any overlaps in core areas of contributions

Attachment 4.2 provides further details on the reporting.



# CHAPTER 5: DEVELOPING EFFECTIVE GOVERNANCE AND ORGANISATION

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*Why is an effective governance and organisation structure essential for your business?*

The final building block in developing an effective contributions to society programme is to ensure integration of the policy into the day-to-day operations of the business as well as to secure the support of the BOD and management.

This is essential to:

- Define clear responsibility and performance accountability for contributions to society
- Foster better coordination and information sharing between the BOD, senior management and working level teams
- Ensure greater commitment for contributions to society across the organisation

*What are the key mechanisms for effective governance and organisation?*

The key mechanisms for effective governance and organisation are as follows:

## **1. Integrate contributions policy into daily business**

### **Set clear targets and accountabilities**

GLCs should have specific KPIs and targets for its contributions, as illustrated in Exhibit C5.1, especially for the higher cost contributions. Individuals in charge of larger contributions should be held accountable for their performance via KPIs, targets and rewards.

GLCs should consider having centralised functions for all contribution activities. These include:

- A gatekeeper(s) for all new requests
- Centralised reporting of all contributions

Such centralised functions will ensure the necessary adherence to policy, standardisation of tools and processes, and close monitoring of implementation.

### **Longer-term aspiration**

It is the PCG's aspiration that eventually, business executives of Malaysian GLCs will embrace the notion of conducting business in a socially responsible manner, without any top-down directive. The whole organisation should be responsible for managing social contributions, not just one department or unit. Exhibit C5.2 illustrates this.

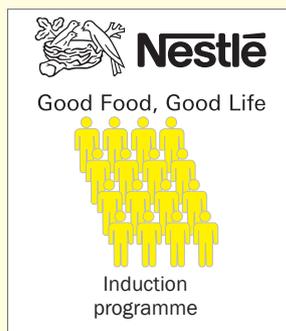
## EXHIBIT C5.1

### SAMPLE SENIOR EXECUTIVES KEY PERFORMANCE INDICATORS (KPIs)

| Business Heads                   | Perspective      | Strategic Goal   | Key Performance Indicators (KPIs)   | Target   |
|----------------------------------|------------------|--|---|----------|
| 1. Strategy and Technology Head  | Business Process | <ul style="list-style-type: none"> <li>Strong engagement with regulators</li> </ul>            | <ul style="list-style-type: none"> <li>Decision on regulation appeal</li> </ul>                       | By Q2 07 |
| 2. Chief Financial Officer       | Financial        | <ul style="list-style-type: none"> <li>Sustainable financial performance</li> </ul>            | <ul style="list-style-type: none"> <li>Contribution operational profit</li> </ul>                     | RM5M     |
|                                  | Customer         | <ul style="list-style-type: none"> <li>Effective scholarships programme</li> </ul>             | <ul style="list-style-type: none"> <li>% of graduates employed six months after graduation</li> </ul> | 80%      |
| 3. Chief Marketing Officer       | Financial        | <ul style="list-style-type: none"> <li>Maximum benefits from marketing sponsorships</li> </ul> | <ul style="list-style-type: none"> <li>Return on Investments from event sales</li> </ul>              | 50%      |
|                                  | Customer         | <ul style="list-style-type: none"> <li>Strong brand image</li> </ul>                           | <ul style="list-style-type: none"> <li>Return on Brand Investments for key sponsorships</li> </ul>    | 100%     |
| 4. Corporate Communications Head | Customer         | <ul style="list-style-type: none"> <li>Maximum exposure from CSR programme</li> </ul>          | <ul style="list-style-type: none"> <li>Media value of exposure in public media</li> </ul>             | RM1M     |

## EXHIBIT C5.2

### NESTLÉ MALAYSIA HAS SUCCESSFULLY INTEGRATED ITS CONTRIBUTIONS POLICY INTO ITS DAILY BUSINESS



E.g., Nestlé's Small and Medium Enterprises (SMEs) Mentoring Programme

Programme's main objective is to strengthen the capabilities of local SMEs

- Equips SMEs in local food industry with skills to face global competition
- Provides opportunity to SMEs to become suppliers to Nestlé

Company involvement is not limited to just one department

- Involves personnel from all departments, ranging from manufacturing to sales and marketing

The programme has achieved impressive results over the last seven years

- Helped more than 1,000 SMEs in the local food industry improve all aspects of their businesses

As part of Nestlé's overall contributions to society programme, all new executives undergo a comprehensive induction programme

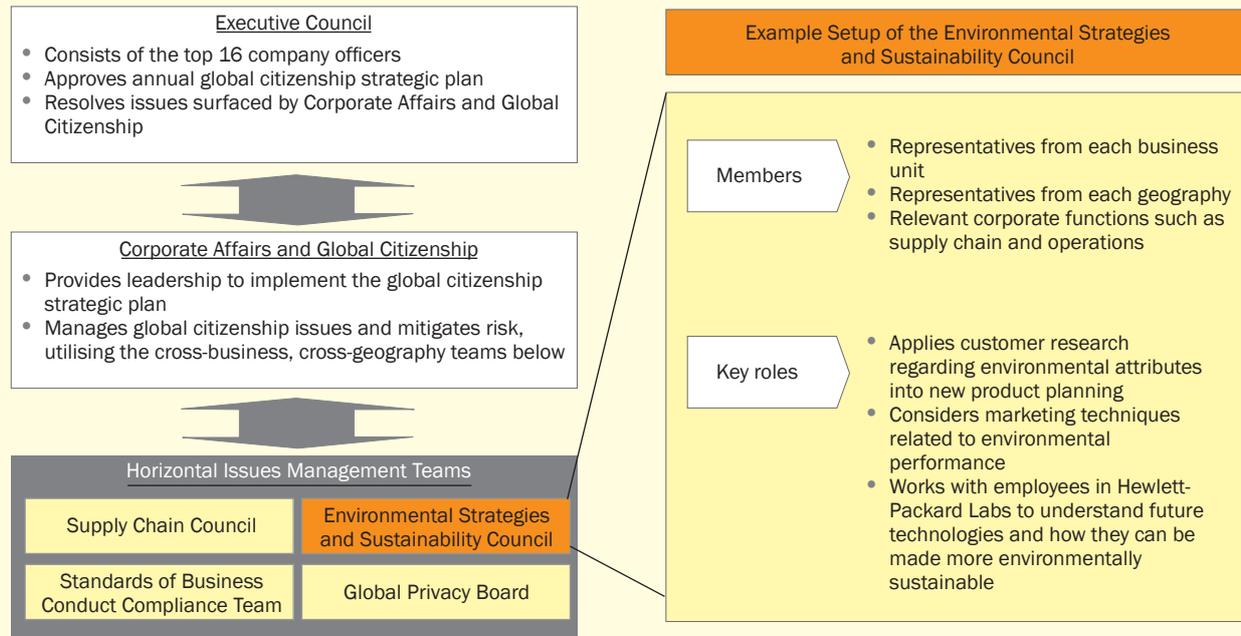
- Includes an introduction to social investments and community involvement
- Recruits are encouraged to sign up for the company's employee volunteer programme

Source: Nestlé interview and 2005 annual report

Hewlett-Packard, for example, uses working-level teams to integrate key aspects of their contributions to society programme throughout the organisation. See Exhibit C5.3 below.

## EXHIBIT C5.3

### HEWLETT-PACKARD UTILISES CROSS BUSINESS UNITS AND CROSS GEOGRAPHY TEAMS TO MANAGE CONTRIBUTIONS ISSUES



Source: Hewlett-Packard 2005 Global Citizenship Report

*What are the key mechanisms for effective governance and organisation (cont'd)?*

## 2. Ensure appropriate supervision at the BOD level

Because of the strategic nature of the contributions policy, a GLC's social contributions programme should be a regular part of the BOD agenda.

At a minimum, the BOD should:

- Annually review and approve the contributions policy as recommended by the management
- Annually review and approve the overall financial spend on the portfolio of contributions
- Vet any new request for contributions outside the approved portfolio spend and which is outside the management's financial spend limit
- Regularly assess the effectiveness and impact of the portfolio of contributions

The BOD should conduct a formal review of the portfolio at least once a year.

**What are the key mechanisms for effective governance and organisation (cont'd)?**

GLCs should consider having a BOD level committee (see Exhibit C5.4) dedicated to contributions to society in the following instances:

- Where the GLC has a poor starting position (based on the Contributions Index)
- Where there are substantial costs from a GLC's existing portfolio of contributions
- Where the GLC anticipates growing social demands within its business or industry

## EXHIBIT C5.4

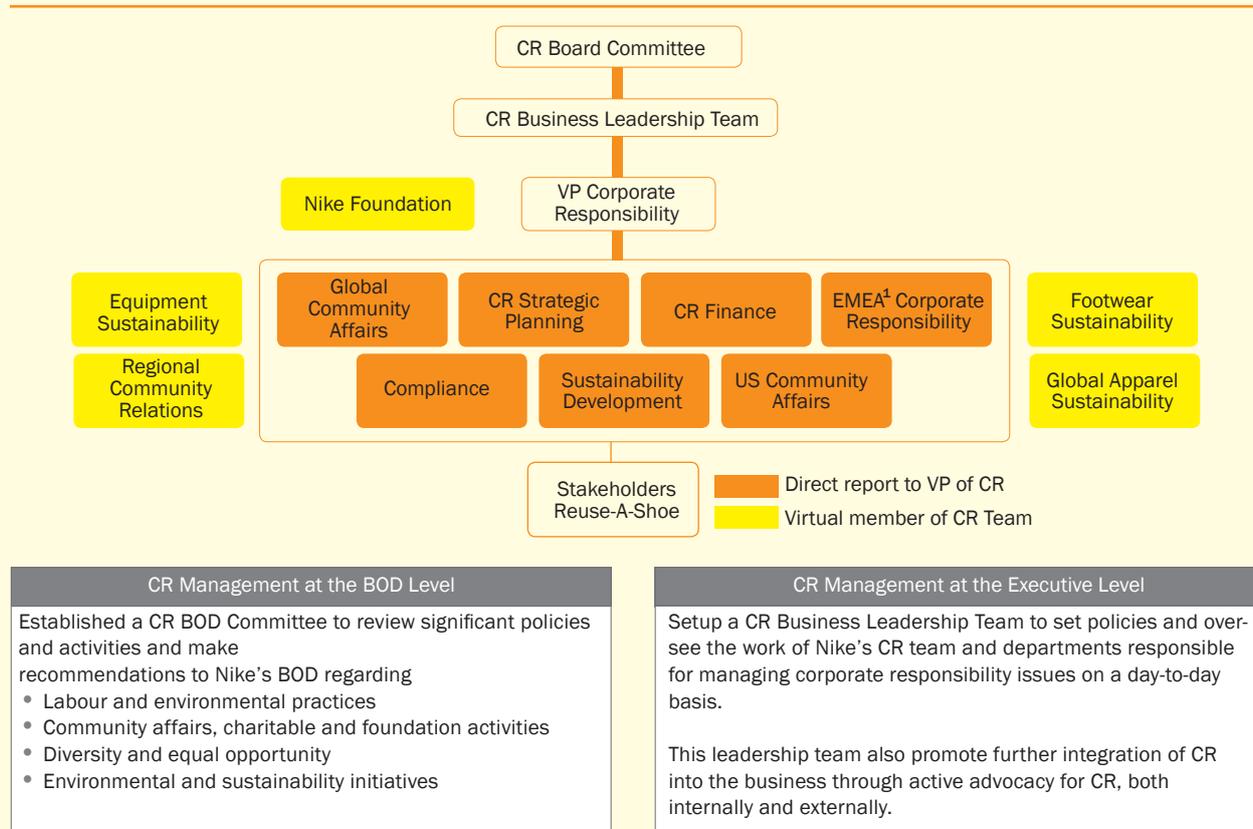
### SAMPLE BOD GOVERNANCE OPTION ANALYSIS

|  | Option 1: Leave it with the BOD  | Option 2: Formal sub-committee to the BOD  | Option 3: High-level executive coordination   |
|--|--|--|---|
| Description  | <ul style="list-style-type: none"> <li>• The entire BOD is responsible for all aspects of governance on contributions to society</li> </ul>  | <ul style="list-style-type: none"> <li>• Formal separate and dedicated BOD committee</li> <li>• Members typically non-executive directors</li> </ul>   | <ul style="list-style-type: none"> <li>• Joint BOD and Executive Management Committee</li> <li>• Consists of non-executive directors and senior executives</li> <li>• May include social contributions "champions" from line business and support function</li> </ul> |
| Benchmarks   | <ul style="list-style-type: none"> <li>• Hewlett-Packard</li> <li>• Pfizer</li> </ul>  | <ul style="list-style-type: none"> <li>• BP PLC</li> <li>• Coca-Cola</li> <li>• Nike</li> </ul>  | <ul style="list-style-type: none"> <li>• Barclays Bank</li> <li>• BT Group</li> <li>• Diageo</li> </ul>   |
| Typical characteristics of companies using this approach | <ul style="list-style-type: none"> <li>• Directors are well versed in social contributions</li> <li>• Social contributions is well integrated into all aspects of the business and aligned with the business purpose and strategy</li> </ul> | <ul style="list-style-type: none"> <li>• Selected non-executive directors have a stronger interest in the social contributions agenda</li> <li>• Strong need to inculcate and embed better social contributions practices</li> </ul> | <ul style="list-style-type: none"> <li>• CEO or senior executive instrumental in driving social contribution issues</li> <li>• Strong need to ensure the company is addressing social contributions at the implementation level</li> </ul>                            |

Exhibits C5.5 and C5.6 illustrate Nike's BOD and senior management level committees for social contributions. Clear accountability and strong management oversight for Nike's contributions to society are generated through the clear delineation of responsibility between the BOD level committee and the senior management committee. Furthermore, the BOD committee offers an independent overview of Nike's ethical, social and environmental performance.

## EXHIBIT C5.5

### NIKE'S CORPORATE RESPONSIBILITY (CR) ORGANISATION



1 Europe, the Middle East and Africa

Source: Nike 2004 Corporate Responsibility Report, team analysis

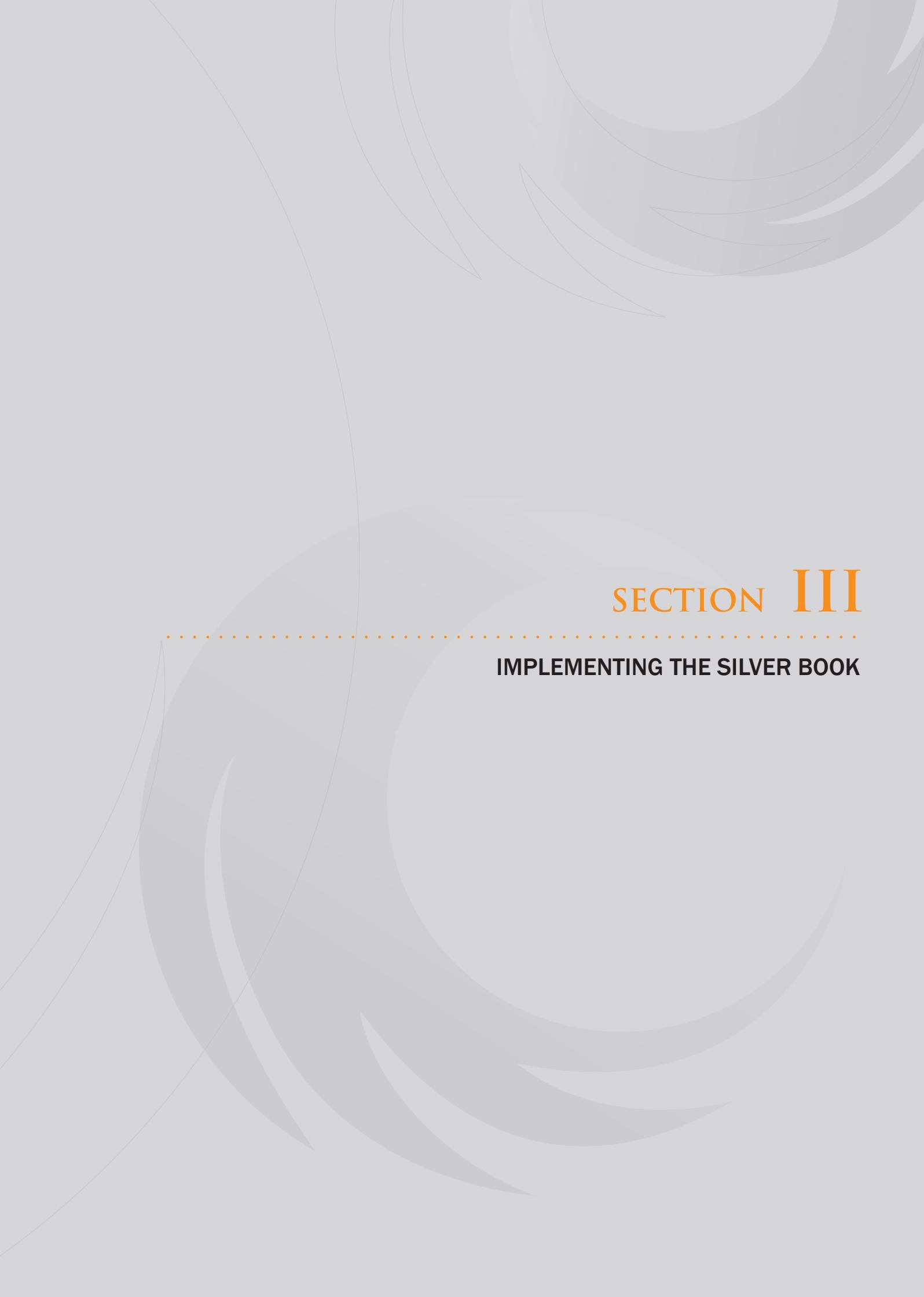
## EXHIBIT C5.6

### RESPONSIBILITY AND ACCOUNTABILITY FOR CORPORATE RESPONSIBILITY AT NIKE

| CR Governance Unit   | Members   | Responsibilities  |
|--|---|---|
| <p>CR Board Committee</p> <p>(Meets four times annually)</p> | <ul style="list-style-type: none"> <li>• Four non-executive directors out of Nike's 10 BOD</li> </ul>   | <ul style="list-style-type: none"> <li>• Review strategies and plans in following areas                             <ul style="list-style-type: none"> <li>- Communications and global issues management</li> <li>- CR investments, CR reporting and metrics, CR strategic plan</li> <li>- Diversity</li> <li>- Environment, safety and health</li> <li>- Evolution of compliance programmes</li> <li>- Factory exit response plan</li> <li>- Nike Foundation</li> <li>- Stakeholder Forum</li> <li>- Subsidiaries and value channel</li> </ul> </li> </ul> |
| <p>CR Business Leadership Team</p> <p>(Meets regularly)</p>  | <ul style="list-style-type: none"> <li>• Co-Presidents, Nike Brand</li> <li>• VP, Corporate Responsibility</li> <li>• VP, Global Apparel Operations</li> <li>• VP, Subsidiaries and New Business Development</li> <li>• VP, General Counsel</li> <li>• VP, Global Equipment</li> <li>• VP, Global Footwear</li> <li>• VP, Corporate Communications</li> <li>• Director, Global Apparel Operations and CR</li> </ul> | <ul style="list-style-type: none"> <li>• Assist in developing overall CR policies and strategies</li> <li>• Review and approve policies and strategies prior to BOD approval</li> <li>• Review and approve overall CR investments, divestments and reinvestments</li> <li>• Review and monitor progress against overall CR objectives and plans and help promote/direct achievement of those objectives</li> <li>• Review and approve global, regional and country CR organisational structure and accountabilities</li> </ul>                              |

Source: Nike 2004 Corporate Responsibility Report, Team analysis





# SECTION III

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**IMPLEMENTING THE SILVER BOOK**



## CHAPTER 6: GETTING STARTED

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*What are the immediate steps your company should take to achieve the best results from your contributions?*

At a minimum, the GLCs should have the following by the end of Q2 2007:

- A comprehensive contributions policy communicated to all internal and external stakeholders
- An internal financial spend target on the overall portfolio of contributions to society
- An institutionalised process to handle all incoming requests for contributions
- A report to PCG, the GLICs and regulators, where appropriate, on their overall contributions portfolio

To kick-start their journey, GLCs should focus on two immediate implementation priorities, and report on the progress of their implementation.

### **1. Immediate priority for the CEO**

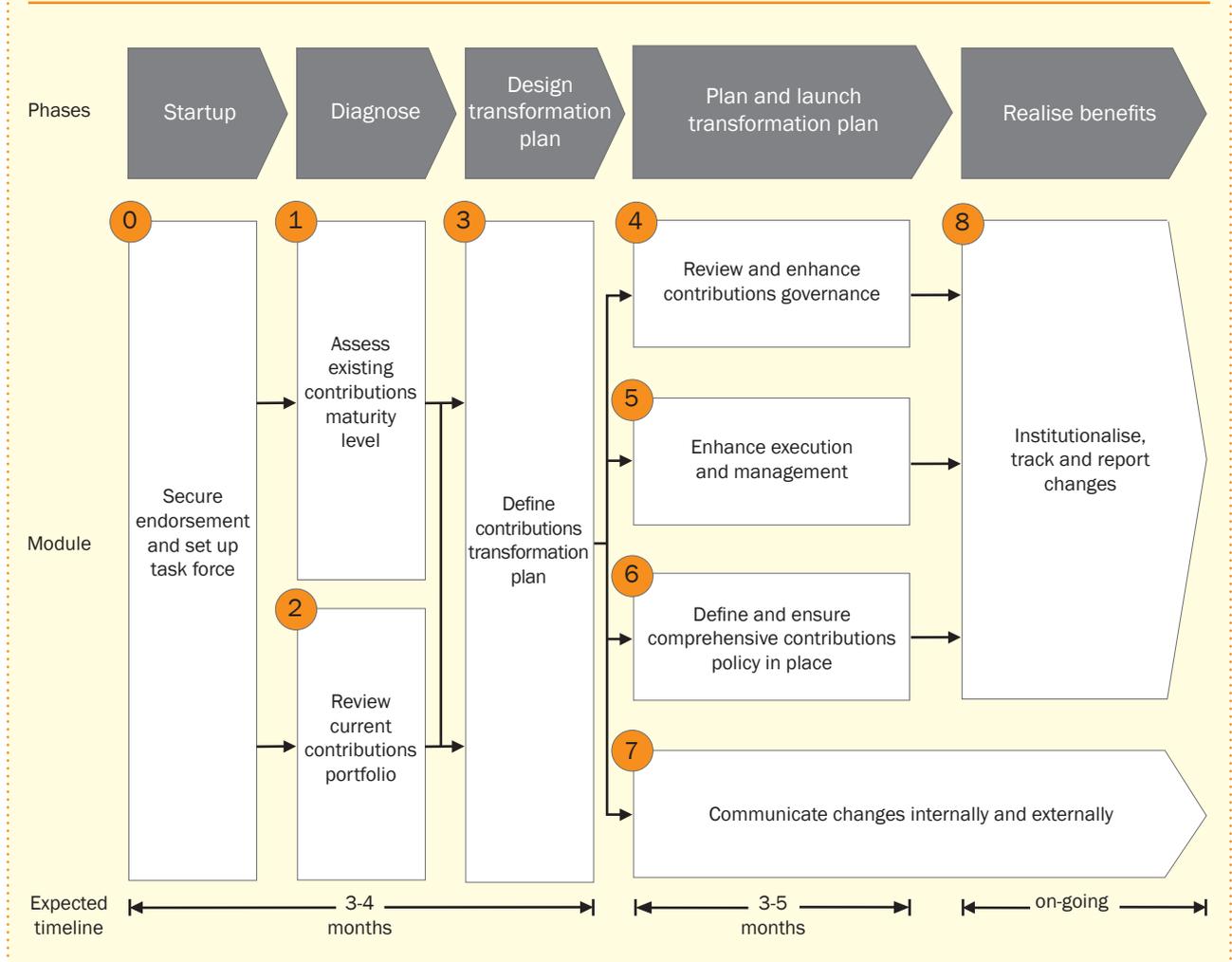
The CEO must undertake the following four key steps:

- i. Appoint a project champion and cross-functional task force to execute the action steps
- ii. Evaluate the company's starting point using the Contributions Index and cost-benefit assessment tools (Section I, Chapter 2). As a guide, GLCs with a:
  - Large scope and spend on Government-initiated contributions need more emphasis on superior execution and management (Section II, Chapter 4)
  - Small portfolio of existing contributions should focus on producing and executing a comprehensive policy (Section II, Chapter 3) to ensure alignment of contributions with the overall business strategy
- iii. Based on this evaluation, develop a transformation plan outlining key areas of focus and implementation targets and milestones
- iv. Submit the plan for BOD approval

Different GLCs will have different starting points and require different transformation plans. Exhibit C6.1 illustrates the required action steps (Attachment 6 provides further details on the action steps).

## EXHIBIT C6.1

### SAMPLE IMMEDIATE ACTION STEPS



*What are the immediate steps your company should take to achieve the best results from your contributions (cont'd)?*

### 2. Immediate priority for the BOD

The BOD should:

- Review, challenge and endorse the CEO's transformation plan, set of targets and milestones
- Periodically review the progress of the transformation plan
- Help resolve any implementation issues as escalated by the CEO
- Review and endorse the GLC's comprehensive contributions policy

At a minimum, the BOD should assess the key themes for suitability, given a GLC's situation, environment and stakeholders' interests.

*What are the immediate steps your company should take to achieve the best results from your contributions (cont'd)?*

### **3. Implementation progress reporting**

GLCs are required to report the implementation progress of their transformation plan to the BOD. This is to monitor the implementation progress against its timeline and to also highlight issues that may arise during this phase. The PCG will also request quarterly reporting from selected GLCs to track the overall status of the transformation plan and the impact achieved from their contributions programme. The selection of this group of GLCs will be left to the individual GLCs' prerogative and judgement.

### **4. Appendix**

Accompanying the Silver Book is the Silver Book Appendix, a detailed document which is a 'How To' guide with detailed descriptions, examples and tools meant for the practitioner, with illustrative examples based on real-life experiences from companies, including the GLCs. Circulation of the Silver Book Appendix is limited to the public-listed GLCs.





# ATTACHMENTS



## ATTACHMENT 1.1: BUSINESS IN SOCIETY

Business corporations today are powerful economic entities; more than two-thirds of the top 150 economic entities today are corporations. There is also a greater degree of awareness among the general public of the role of businesses in society, largely driven by the explosive growth in NGOs (which grew from approximately 100 in the 1950s to more than 15,000 currently) and the greater global connectivity arising from technological advancement. These two factors have resulted in increasing expectations and concerns from society for businesses to contribute in economic, social and environmental development.

Societal concerns, if not actively managed, can potentially lead to severe disruption of a business' operations and even sustainability. See Exhibit A1.1 below.



Leading global companies are transforming themselves and actively demonstrating socially responsible behaviour, some with short-term economic costs, but eventually with long-term benefits. Through an integrated social and business strategy approach, these companies are advising and cooperating with the Government and society in developing and executing appropriate economic measures necessary to achieving social goals. Examples of such companies include:

- **Home Depot:** Adopts a stringent wood purchasing policy, with preference for wood from responsibly managed forests. Also has targets to stop the purchase of wood from endangered forests
- **Toyota:** Promotes environmentally-friendly hybrid engines to address the growing global concerns on fossil fuel dependency and pollution
- **Whole Foods:** Successfully integrates its grocery business model offering natural and organic foods that are ethically grown in order to fulfil the demand from consumers for healthy alternatives

GLCs should aspire to achieve an end-game where both the business and the society they operate in reap longer-term benefits.

## ATTACHMENT 1.2: COMPARISON BETWEEN TRADITIONAL CSR AND CONTRIBUTIONS TO SOCIETY

Exhibit A1.2 below provides an explanation of the difference between traditional CSR and contributions to society as defined in the Silver Book.

### EXHIBIT A1.2

#### TRADITIONAL CSR AND CONTRIBUTIONS TO SOCIETY

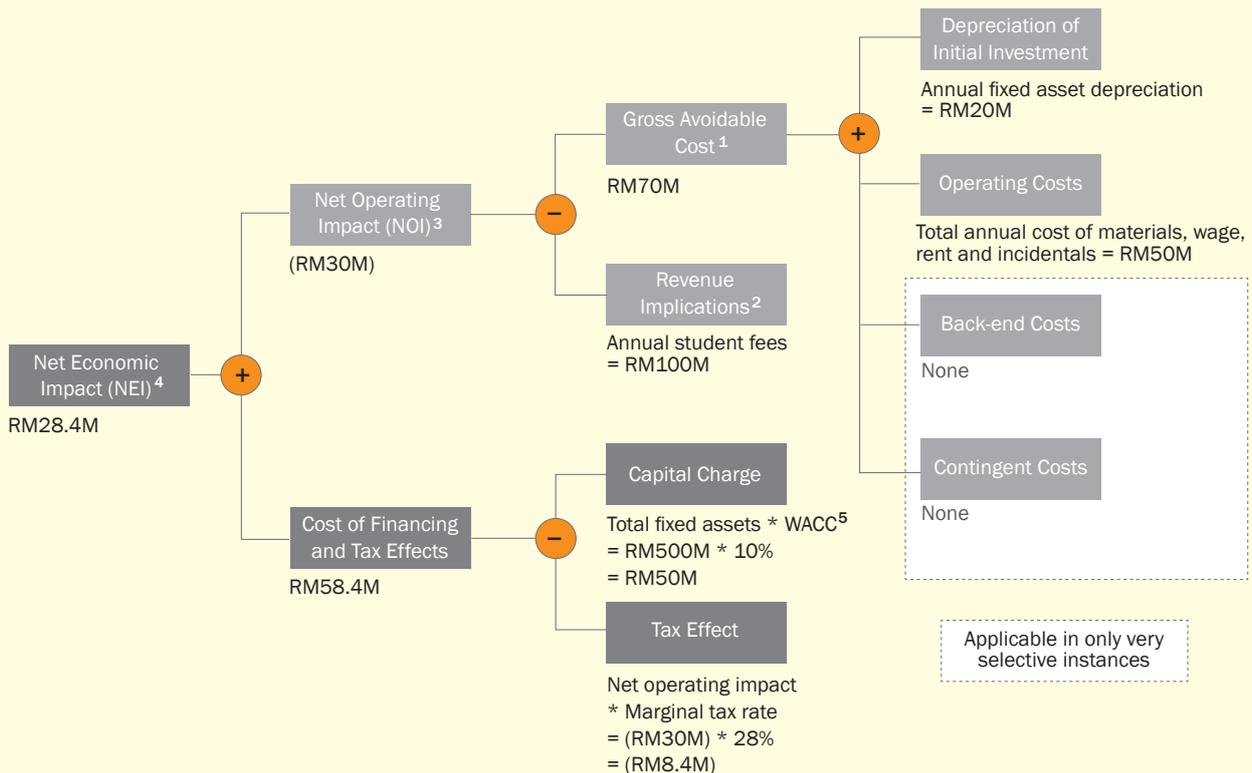
|                             | <u>Traditional CSR</u>   | <u>Contributions to Society</u>   |
|-----------------------------|--|---|
| Philosophy                  | <ul style="list-style-type: none"> <li>• Seen as a responsibility for businesses</li> <li>• Sometimes, discretionary “cheque book” philanthropy</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Seen as a business opportunity</li> <li>• Focus on social entrepreneurs and partnerships</li> </ul>  |
| Purpose                     | <ul style="list-style-type: none"> <li>• Benefits to society typically far outweighs creating shareholder value</li> <li>• Conform with social norms</li> <li>• Generate goodwill</li> </ul> | <ul style="list-style-type: none"> <li>• Reconcile benefits to society with creating shareholder value</li> <li>• Increase competitive advantages</li> <li>• Grow brand reputation</li> </ul> |
| Link with core competencies | <ul style="list-style-type: none"> <li>• All contributions are equally desirable</li> <li>• Usually an “add-on” that is easy to implement</li> </ul>   | <ul style="list-style-type: none"> <li>• Contributions is linked to the core business strategy and competencies</li> <li>• Require significant employee and management efforts</li> </ul>     |

## ATTACHMENT 2: SAMPLE COST-BENEFIT ASSESSMENT OF A CONTRIBUTION TO SOCIETY

Exhibit A2.1 below illustrates a sample NEI computation and Exhibit A2.2 and A2.3 illustrates a sample assessment of qualitative impact to the company and qualitative impact to society.

### EXHIBIT A2.1

#### SAMPLE NEI COMPUTATION FOR OPERATING AN EDUCATIONAL FACILITY



- 1 Allocated costs directly attributable to the contribution to society should be included in Gross Avoidable Cost. Other allocated costs should be excluded
- 2 Revenue implications include all tangible revenues from undertaking the contribution
- 3 A negative number denotes that the NOI is a net benefit
- 4 A negative number denotes that the NEI is a net benefit
- 5 WACC : Weighted Average Cost of Capital

Based on the above illustration, the NEI to the company for undertaking the operations of the educational facility is RM28.4M per annum. If the educational facility is a contribution to society which the company would like to continue providing, then it will need to optimise the operations using one or more of the Internal Optimisation Levers. For example, the company should seek to reduce the operating cost of the facility or to maximise the revenue generated by offering additional programmes.

However, if the educational facility is not within the scope of the company's core themes, then the company should seek to exit. The company should select the Exit Levers to find alternative means of providing the contribution.

## EXHIBIT A2.2

### SAMPLE ASSESSMENT OF QUALITATIVE IMPACT TO COMPANY FOR OPERATING AN EDUCATIONAL FACILITY

| Items   | Impact<br>(Score from -3 to 3) | Comments<br>(Please provide rationale for score)  |
|---|--------------------------------|---|
| Customer goodwill and branding                | 0                              | No impact   |
| Government <sup>1</sup> & regulatory goodwill | 2                              | Support Government push in developing Malaysia as a premier education hub   |
| Employee goodwill                             | 1                              | Help attract and retain socially conscious employees  |
| Labour union relationship                     | 0                              | No impact   |
| Internal capability building                  | 1                              | Leverage facility to conduct company specific research  |
| Vendors and partners goodwill                 | 0                              | No impact   |
| Investor community goodwill                   | -2                             | Reduce investment attractiveness as this is seen as a non-core contribution   |
| Others  | 0                              | No impact   |
| <b>Overall impact to company</b>              | <b>1</b>                       | <b>Overall, the benefit to the company is minor because the main benefits of generating Government goodwill is negated by investor community concerns</b> |

|                   |                   |                      |                   |                        |                     |                        |                     |
|-------------------|-------------------|----------------------|-------------------|------------------------|---------------------|------------------------|---------------------|
| Scoring guideline | Major risks<br>-3 | Moderate risks<br>-2 | Minor risks<br>-1 | N/A or negligible<br>0 | Minor benefits<br>1 | Moderate benefits<br>2 | Major benefits<br>3 |
|-------------------|-------------------|----------------------|-------------------|------------------------|---------------------|------------------------|---------------------|

1 Only toward specific Government agencies regulating or monitoring a specific GLC  
 Note: Refer to Appendix for scoring details

## EXHIBIT A2.3

### SAMPLE ASSESSMENT OF QUALITATIVE BENEFIT OR IMPACT TO SOCIETY FOR OPERATING AN EDUCATIONAL FACILITY

| Items                              | Impact<br>(Score from -3 to 3) | Comments<br>(Please provide rationale for score)   |
|------------------------------------|--------------------------------|--|
| <b>Economic development</b>        |                                |  |
| Specific industry or sector        | 1                              | Foster innovation through research and development   |
| Specific state or area             | 2                              | Help develop the surrounding areas near the facility   |
| Specific segment of population     | 0                              | No impact  |
| <b>Social welfare enhancement</b>  |                                |  |
| Unemployment                       | 0                              | No impact  |
| Education & capability development | 3                              | Provide education and training opportunities   |
| Health and safety                  | 0                              | No impact  |
| Human rights                       | 0                              | No impact  |
| <b>Others</b>                      |                                |  |
| Environment preservation           | 0                              | No impact  |
| National pride                     | 0                              | No impact  |
| <b>Overall impact to society</b>   | <b>3</b>                       | <b>Strong benefits to society, mainly arising from educating and training thousands of students annually</b> |

|                   |                   |                      |                   |                        |                     |                        |                     |
|-------------------|-------------------|----------------------|-------------------|------------------------|---------------------|------------------------|---------------------|
| Scoring guideline | Major risks<br>-3 | Moderate risks<br>-2 | Minor risks<br>-1 | N/A or negligible<br>0 | Minor benefits<br>1 | Moderate benefits<br>2 | Major benefits<br>3 |
|-------------------|-------------------|----------------------|-------------------|------------------------|---------------------|------------------------|---------------------|

Note: Refer to Appendix for scoring details

## ATTACHMENT 3.1: EXAMPLES OF SEVEN CORE AREAS OF CONTRIBUTIONS TO SOCIETY

Exhibit A3.1.1 below lists the examples for the seven core areas of contributions to society.

### EXHIBIT A3.1.1

#### EXAMPLES OF CONTRIBUTIONS TO SOCIETY

|   |                            |   |
|---|----------------------------|---|
| 1 | Human rights               | Levi Strauss' "Guidelines for Country Selection" declares the company's intention not to initiate or renew operations in countries where pervasive human-rights violations occur in order to protect Levi Strauss' brand name   |
| 2 | Employee welfare           | Ben and Jerry has a policy of limiting the compensation paid to the CEO to seven times that of the lowest-paid employee as a fundamental commitment to pay equity   |
| 3 | Customer service           | Procter & Gamble markets water-purifying sachets to people in the developing world, to provide safe drinking water, despite an initial lack of demand   |
| 4 | Supplier partnership       | J.C. Penney's initiative to purchase from disadvantaged suppliers (i.e. minority and women-owned businesses) has evolved from a socially-driven activity to a more strategic initiative, by helping them understand the ethnic consumer better  |
| 5 | Environmental protection   | BT as one of UK's largest users of electricity, is committed to take action on climate change where nearly all of BT's UK electricity is supplied by environmentally-friendly energy  |
| 6 | Community involvement      | Centrica, the British energy utility firm, participates in partnership aimed at achieving energy savings in low-income households and giving people access to a range of charitable services to help tackle fuel poverty  |
| 7 | Ethical business behaviour | GE banned bribery in all commercial settings outside the U.S., not just to foreign government officials as required by the Foreign Corrupt Practices Act (FCPA). GE also has strong internal policy against "facilitating payments" allowed under the FCPA but questionable under local law |

Exhibit A3.1.2 provides an example of a CSR Agenda which was developed at a CSR conference organised by the Securities Commission in Kuala Lumpur on 21-22 June 2004.

## EXHIBIT A3.1.2

### CSR AGENDA FORMULATED AT THE JUNE 2004 “CSR: CREATING GREATER COMPETITIVE ADVANTAGE” CONFERENCE

| Prioritised CSR Agenda   | Identified Key Obstacles   |
|--|--|
| <p>1 Creating a fair society</p>   | <ul style="list-style-type: none"> <li>• Lack of political will and selfishness caused by individual’s unwillingness to give up what has already been acquired for the benefit of society as a whole</li> <li>• Existence of prejudices between and within the multi-ethnic, multi-cultural and multi-religious groups within Malaysian society</li> <li>• Lack of employment opportunities across the different groups</li> <li>• The need to manage the pace of change in addressing the unequal distribution of wealth</li> </ul> |
| <p>2 Ensuring high ethical standards</p>   | <ul style="list-style-type: none"> <li>• Lack of strong leadership with strong moral values, caused by elements which includes weak religion values and the practice of ‘bad politics’</li> <li>• Conflicting expectations among senior managers, middle-managers and employees who have to implement overall policy, particularly on implementation timelines</li> <li>• Lack of commitment to and awareness of ethical conduct, caused by the perception that ethics is costly</li> </ul>  |
| <p>3 Eradicating poverty</p>   | <ul style="list-style-type: none"> <li>• Lack of an effective national agenda, as a result of low awareness and interest</li> <li>• Uncoordinated efforts</li> <li>• Lack of infrastructure and job opportunities in rural areas</li> </ul>  |
| <p>Suggested potential solutions</p>   |  |
| <ul style="list-style-type: none"> <li>• Develop a comprehensive national programme, with adequate funding and a coordinated approach among respective stakeholders</li> <li>• Focus on education to raise awareness, with emphasis on encouraging religious practices and behaviour, supported by ethics education at university and in business, and establishing the right work-life balance</li> <li>• Enhance transparency at all levels, especially in business and Government dealings</li> </ul> |  |

## ATTACHMENT 3.2: UNDERSTANDING AND PRIORITISING THE CONCERNS AND EXPECTATIONS OF KEY STAKEHOLDERS

GLCs should clearly understand societal concerns generated by their actions, services or products. These concerns may be widely expressed or still in their infancy. If not addressed, however, they can potentially disrupt the sustainable development of a GLC or industry. Excessive marketing to children, growing consumer debt, availability of drugs in less developed countries are some examples of society's concerns that could potentially destabilise an industry, if left unattended.

GLCs should actively engage their stakeholders to capture and prioritise their expectations. A GLC can employ one or several interaction mediums to do this.

Exhibits A3.2.1 and A3.2.2 set out some examples.

### EXHIBIT A3.2.1

#### CAPTURE THE BASIC EXPECTATIONS OF STAKEHOLDERS

Sample Stakeholder Analysis

| Stakeholders         | Interaction medium  | Societal concerns identified  |
|----------------------|---|---|
| Government/regulator | <ul style="list-style-type: none"> <li>• One on one discussions</li> <li>• Formal meetings/forums</li> </ul>    | <ul style="list-style-type: none"> <li>• Ability of the company to contribute to further industry development and improve product/service standards to consumers</li> </ul>   |
| Customers            | <ul style="list-style-type: none"> <li>• Survey</li> <li>• Website</li> <li>• Focus group discussion</li> </ul> | <ul style="list-style-type: none"> <li>• Reasonable pricing and access to products and services</li> <li>• Concerns on the long term effect of product usage</li> </ul>   |
| Local community      | <ul style="list-style-type: none"> <li>• Website</li> </ul>   | <ul style="list-style-type: none"> <li>• Impact of the company's manufacturing activities on the environment</li> <li>• Capability of the company to handle a crisis and emergency to ensure a safe living environment</li> </ul> |
| NGOs                 | <ul style="list-style-type: none"> <li>• One on one discussions</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Impact of the company's manufacturing activities on the environment</li> </ul>   |
| Employees            | <ul style="list-style-type: none"> <li>• Townhall meetings</li> <li>• Intranet</li> </ul>                       | <ul style="list-style-type: none"> <li>• Safety standards and procedures at the company's plants</li> </ul>   |
| Investor community   | <ul style="list-style-type: none"> <li>• Conference calls</li> </ul>  | <ul style="list-style-type: none"> <li>• Capability of the company to handle a crisis and emergency, which is critical in minimising litigation and business disruption</li> </ul>  |

## EXHIBIT A3.2.2

### STAKEHOLDER PRIORITISATION ANALYSIS

|             | Company Owners/<br>Shareholders/<br>Investors | Employees       | Customers       | Business Partners | Suppliers       | Competitors     | Government Regulators | NGOs/<br>Pressure Groups/<br>Influencers | Communities     |
|-------------|---|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------------|--|-----------------|
| Core themes | Values and governance                         | Some interest   | Strong interest | Some interest     | Some interest   | Some interest   | Strong interest       | Strong interest                          | Some interest   |
|             | Regulation and controls                       | Some interest   | Some interest   | Some interest     | Some interest   | Some interest   | Strong interest       | Some interest                            | Some interest   |
|             | Business operations                           | Strong interest | Strong interest | Some interest     | Weak interest   | Some interest   | Some interest         | Weak interest                            | Weak interest   |
|             | Accountability and disclosure                 | Strong interest | Strong interest | Strong interest   | Some interest   | Strong interest | Strong interest       | Strong interest                          | Some interest   |
|             | Human rights                                  | Weak interest   | Some interest   | Some interest     | Weak interest   | Some interest   | Strong interest       | Strong interest                          | Some interest   |
|             | Employee rights/<br>working conditions        | Weak interest   | Some interest   | Some interest     | Weak interest   | Some interest   | Strong interest       | Strong interest                          | Some interest   |
|             | Business context                              | Strong interest | Strong interest | Some interest     | Weak interest   | Some interest   | Some interest         | Weak interest                            | Weak interest   |
|             | Product impact                                | Weak interest   | Weak interest   | Strong interest   | Strong interest | Some interest   | Some interest         | Strong interest                          | Strong interest |
|             | Social impact/<br>investment                  | Weak interest   | Some interest   | Some interest     | Some interest   | Weak interest   | Some interest         | Strong interest                          | Some interest   |
|             | Impact on flora and fauna                     | Weak interest   | Weak interest   | Weak interest     | Weak interest   | Some interest   | Weak interest         | Strong interest                          | Some interest   |
|             | Impact on environment                         | Weak interest   | Some interest   | Some interest     | Weak interest   | Some interest   | Strong interest       | Strong interest                          | Some interest   |

Weak interest     
  Some interest     
  Strong interest

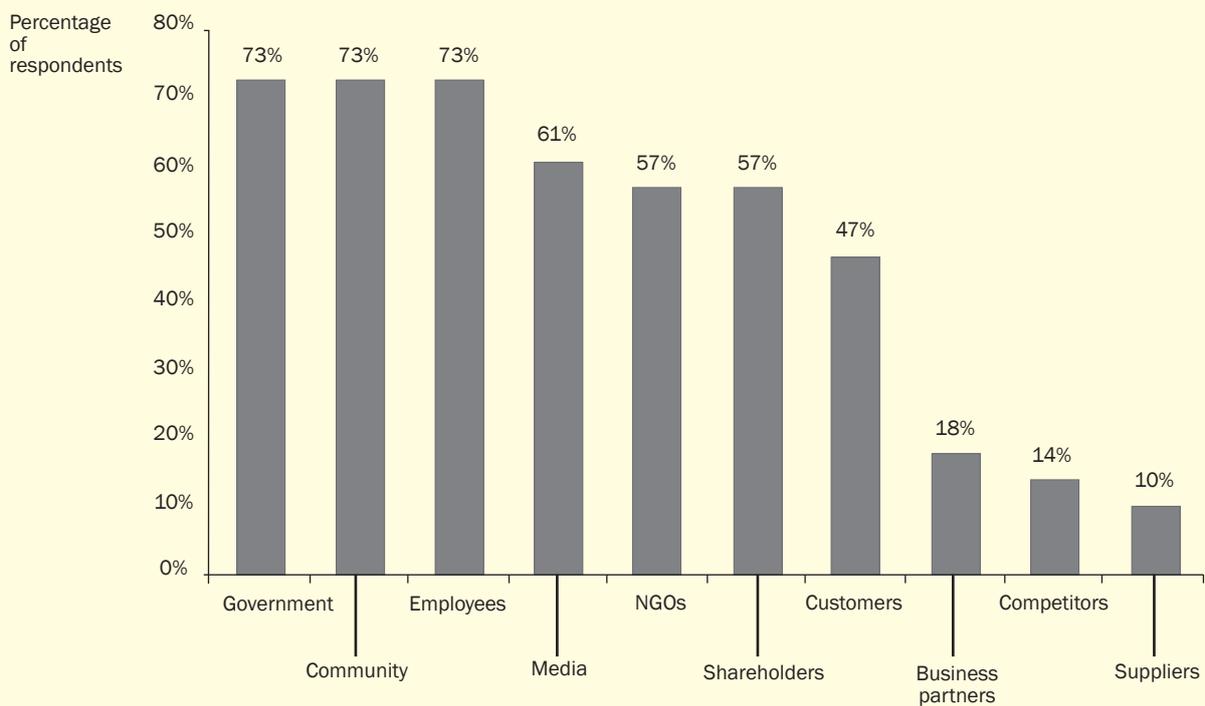
Source: Making Good Business Sense, World Business Council on Sustainable Development, January 2000

## ATTACHMENT 3.3: KEY STAKEHOLDERS RECOGNITION OF SOCIAL CONTRIBUTIONS

Exhibit A3.3.1 shows the result of a survey of corporate leaders conducted at a CSR conference organised by the Securities Commission in Kuala Lumpur on 21-22 June 2004. The result shows that the respondents perceived the most important stakeholders who recognised social contributions activities are the Government, the community and employees.

### EXHIBIT A3.3.1

#### PERCEIVED RECOGNITION OF CONTRIBUTIONS TO SOCIETY BY KEY STAKEHOLDERS



Source: Survey conducted with Chairmen, CEOs and Directors at the Corporate Social Responsibility: Creating Greater Competitive Advantage Conference, organised by the Securities Commission, June 2004

## ATTACHMENT 4.1: DEVELOPING A PROCESS FOR HANDLING NEW REQUESTS

Chapter 4 recommends that GLCs develop and formalise how they handle new requests for contributions. This Attachment provides more information on how this process should be carried out.

A formal procedure to handle new requests should:

- **Reduce inflow of unnecessary requests.** A GLC should make public its basic policy on social contributions that contains specific ‘themes’ that the GLC will support. The GLC can also make known its track record for rejecting requests falling outside these themes and its current expenditure on contributions which fall within the themes
- **Streamline the flow of handling new requests.** There should be gatekeepers, grouped by function or type, who will firstly screen all new requests. The gatekeepers will also ensure every request is processed systematically
- **Enable fact-based and transparent decision-making.** There must be formal and standard criteria for evaluating the merits of a request. Decision-makers must first understand the purpose of the contribution and interact with requestors on how best to undertake it
- **Elevate or delegate decisions to the appropriate level.** There must be a formal delegation of authority to the various levels of management, and where necessary, the BOD. The GLC should set authority limits based on seniority, the amount to be spent and by type of requests, so that the workload for handling requests is shared

Exhibit A4.1 is an example of how the inflow of new requests can be managed with rigorous request requirements.

### EXHIBIT A4.1

#### NEW ZEALAND POST FORMAL SPONSORSHIPS REQUIREMENTS

|  | Detailed Requirements  |
|--|--|
| <br>Focus Areas | Arts and Culture, Education, Community   |
| Timeline   | Send a written proposal at least six months, but preferably a year, before the sponsorship activity begins   |
| Proposal Structure   | Proposal should include the following information <ul style="list-style-type: none"> <li>• The full name of your organisation, name and title of the contact person, postal, fax and daytime telephone details</li> <li>• A brief description about the organisation and activity to be sponsored, including objectives and key dates</li> <li>• Benefits for New Zealand Post</li> <li>• How you will evaluate the success of the activity</li> <li>• What funding you are seeking and details of what this covers</li> </ul> |
| Types Of Applications Usually Declined   | Unlikely to consider proposals to sponsor individuals, overseas travel, or activities that are not of direct benefit to New Zealand communities  |
| Sponsorship Management Requirements  | Sponsored organisations are responsible for <ul style="list-style-type: none"> <li>• Completing a marketing plan for the sponsorship</li> <li>• Involving New Zealand Post in all publicity</li> <li>• Completing an annual evaluation report</li> </ul>   |

Source: New Zealand Post website

## ATTACHMENT 4.2: REPORTING GUIDELINES

GLCs are encouraged to follow the structure below in preparing their reports to PCG, the GLICs and the regulators where appropriate.

| Components             | Proposed Report Content   |
|------------------------|---|
| Vision and Strategy    | <p>Statement from the CEO stating company's commitment to contributing to society</p> <p>Articulation of key messages from the contributions policy</p> <ul style="list-style-type: none"> <li>• Core contribution themes supported by the company</li> <li>• Statement of commitment which may include specifying an overall spend value or other high level targets to be achieved with the contributions</li> <li>• Explicit types or criteria of contributions that the company will not support</li> </ul>   |
| Reporting Scope        | <p>Description of the boundaries of the report</p> <ul style="list-style-type: none"> <li>• Time period of the report</li> <li>• Organisational scope (by location, division, subsidiaries, joint ventures)</li> <li>• Range of contributions to society undertaken by the company (e.g., economic, environmental and social)</li> </ul>  |
| Governance             | <p>Governance structure in managing the contributions to society</p> <ul style="list-style-type: none"> <li>• BOD level processes and committees (if any)</li> <li>• Organisational structure and key executives responsible for oversight, implementation and audit of the contributions</li> <li>• KPIs of employees involved in managing the contributions</li> </ul>  |
| Stakeholder Engagement | <p>Establishment of processes to define the company's stakeholders and to determine key stakeholders to actively engage with</p> <p>Stakeholder consultation details and dialogue processes including method of consultations (e.g., survey, advisory panels) and frequency of consultations by stakeholder group</p> <p>Type of information generated by stakeholder consultations and explanation of how the resulting information has been used</p>  |
| Financial Spend Target | <p>The overall financial spend target on contributions to society and the basis for determining the target, which may include</p> <ul style="list-style-type: none"> <li>• Alignment to overall financial position</li> <li>• Historical spend level</li> <li>• Contribution level of similarly-sized companies in Malaysia</li> <li>• Contribution level of local and global industry peers</li> </ul>   |
| Contribution Portfolio | <p>Overview of the company's portfolio of contributions</p> <ul style="list-style-type: none"> <li>• Description of each contribution to society, including whether it is voluntary or initiated by the Government via regulations, licensing requirements, policy or directives</li> <li>• The NEI of each contribution</li> <li>• The non-quantifiable impact of each contribution</li> <li>• The relative priority of each contribution and required action for enhancement (if any)</li> <li>• Issues and challenges to be highlighted in relation to the contribution</li> </ul> |

## ATTACHMENT 6: AN EXAMPLE OF IMMEDIATE ACTION STEPS

As discussed in Chapter 6, GLCs should develop a customised transformation plan to close the gap with best practice and improve their performance in the social contributions arena.

Different GLCs will have different starting points and require different transformation plans.

| Module  | Expected Deliverables  | Key Tasks   |
|---|--|---|
| 0. Secure endorsement and set up task force                         | <ul style="list-style-type: none"> <li>• Endorsement from CEO and BOD secured</li> <li>• Task force in place with clear charter and resource</li> </ul>  | <ul style="list-style-type: none"> <li>• Confirm task force charter with CEO and seek endorsement from BOD</li> <li>• Define task force staffing requirements and staffing qualifications</li> <li>• Appoint task force leader and rest of team</li> </ul>  |
| 1. Assess existing contributions maturity level                     | <ul style="list-style-type: none"> <li>• Assessment of current maturity level compared to characteristics of high performing contributions programme</li> </ul>  | <ul style="list-style-type: none"> <li>• Evaluate existing contributions management practices vs. suggested assessment tool</li> <li>• Discuss and validate findings with relevant members of senior management</li> </ul>  |
| 2. Review current contributions portfolio                           | <ul style="list-style-type: none"> <li>• Fact-based reports of existing portfolio of contributions</li> </ul>  | <ul style="list-style-type: none"> <li>• Identify all existing activities that fit the definition of contributions to society</li> <li>• Assess the cost-benefit of all contributions</li> <li>• Construct the portfolio view of existing contributions</li> <li>• Discuss and validate findings with relevant members of senior management</li> </ul>  |
| 3. Define contributions transformation plan                         | <ul style="list-style-type: none"> <li>• Clear roadmap and milestones incorporating elements of                             <ul style="list-style-type: none"> <li>- ensuring processes and policies are in place (as appropriate)</li> <li>- enhancing management of existing contributions (as appropriate)</li> <li>- building supporting platforms</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>• Define clear set of action programmes to address the priority areas highlighted in the diagnosis                             <ul style="list-style-type: none"> <li>- how to enhance existing contributions</li> <li>- how to advance GLC on the Contributions Index</li> </ul> </li> <li>• Determine clear milestones for each action programme</li> <li>• Develop overall contributions transformation roadmap</li> </ul>            |
| 4. Review and enhance contributions governance                      | <ul style="list-style-type: none"> <li>• Decision whether BOD level committee on contributions is needed</li> <li>• Integration of contributions programme into BOD's agenda</li> <li>• Formation of centralised units to certain functions regarding contributions to society</li> </ul>  | <ul style="list-style-type: none"> <li>• Evaluate options for governance</li> <li>• Secure endorsement from BOD</li> <li>• Launch (pilot if necessary) these programmes</li> </ul>  |
| 5. Enhance execution and management                                 | <ul style="list-style-type: none"> <li>• Detailing of specific tasks and targets to enhance existing contributions through deployment of combination of                             <ul style="list-style-type: none"> <li>- Internal Optimisation Levers</li> <li>- Reshape or Exit Levers</li> <li>- Funding Levers</li> </ul> </li> <li>• Processes to manage new requests</li> <li>• Optimisation of contributions portfolio</li> <li>• Reporting and communication to maximise goodwill</li> <li>• Implementation launch</li> </ul> | <ul style="list-style-type: none"> <li>• Identify the key contributions to be enhanced</li> <li>• Evaluate the best way to enhance each selected contribution</li> <li>• Determine implementation requirements (including financial resources, staffing requirements, support from external parties and IT system requirements)</li> <li>• Secure management approval (as appropriate)</li> <li>• Launch the enhancement programmes</li> </ul>                                  |
| 6. Define and ensure comprehensive contributions policy is in place | <ul style="list-style-type: none"> <li>• Formulation of contributions policy that provides a clear guideline regarding the contributions programme. The policy includes                             <ul style="list-style-type: none"> <li>- core themes</li> <li>- high-level criteria for selecting or rejecting contributions</li> </ul> </li> <li>• Contributions policy is in place and adhered to</li> </ul>   | <ul style="list-style-type: none"> <li>• Determine if current policies and processes are robust enough based on assessment versus contributions maturity</li> <li>• If not, further refine the existing policy or develop a new policy to manage contributions programme</li> <li>• Check the implementation and compliance of the required policy to manage contributions</li> <li>• Refine further the policy to address any implementation bottlenecks and issues</li> </ul> |
| 7. Communicate changes internally and externally                    | <ul style="list-style-type: none"> <li>• Changes communicated internally and externally</li> </ul>   | <ul style="list-style-type: none"> <li>• Design communication programme to socialise changes internally and externally</li> <li>• Launch communication programme to gain traction and support for contributions</li> </ul>  |
| 8. Institutionalise, track and report changes                       | <ul style="list-style-type: none"> <li>• Benefits realised from contributions transformation initiative</li> <li>• Reporting of transformation initiative and changes to PCG, GLIC and regulator, where appropriate</li> </ul>   | <ul style="list-style-type: none"> <li>• Ensure implementation of all action steps</li> <li>• Refine steps as necessary to address implementation issues</li> <li>• Track and monitor realisation vs. target</li> <li>• Report implementation and benefits</li> </ul>   |

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## ACRONYMS AND ABBREVIATIONS

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|                   |  |
|-------------------|--|
| <b>9MP</b>        | Ninth Malaysia Plan  |
| <b>AAIBE</b>      | Akaun Amanah Industri Bekalan Elektrik, also known as the Electricity Supply Industry Trust Account  |
| <b>BCIC</b>       | Bumiputera Commercial and Industrial Community   |
| <b>BOD</b>        | Board of Directors   |
| <b>CEO</b>        | Chief Executive Officer  |
| <b>CSA</b>        | Contributions to Society Assessment  |
| <b>Gatekeeper</b> | A single point of contact for incoming requests for contribution   |
| <b>GLC</b>        | Government-Linked Company  |
| <b>GLIC</b>       | Government-Linked Investment Company – consisting of KWSP, LTAT, LTH, KNB and PNB  |
| <b>KPI</b>        | Key Performance Indicator  |
| <b>KWAP</b>       | Kumpulan Wang Amanah Pencen  |
| <b>KWSP</b>       | Kumpulan Wang Simpanan Pekerja   |
| <b>NEI</b>        | Net Economic Impact – net economic impact of a social contribution that the company can avoid by not undertaking the contribution, taking into account the cost of financing and tax effect  |
| <b>NGO</b>        | Non-Governmental Organisation  |
| <b>NOI</b>        | Net Operating Impact – net operating impact of a social contribution that the company can avoid by not undertaking the contribution  |
| <b>PCG</b>        | Putrajaya Committee on GLC High Performance, comprising of YB Minister of Finance II, representatives from the Prime Minister’s Office, CEOs/Managing Directors of KWSP, LTAT, LTH, KNB, PNB and CEOs/Managing Directors of the G20 GLCs |
| <b>SME</b>        | Small Medium Enterprise  |
| <b>USO</b>        | Universal Service Obligations  |
| <b>USP</b>        | Universal Service Provisions   |

## LIST OF EXHIBITS

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- Exhibit P1** : Seven core areas of contributions to society
- Exhibit P2** : Two-step process to identify types of contributions
- Exhibit P3** : Examples of competitive advantages gained from socially responsible practices
- Exhibit C1.1** : Select the national economic development policies to support
- Exhibit C1.2** : Corporate social responsibility in the 2007 Budget Speech
- Exhibit C2.1** : Contributions Index assessment tool
- Exhibit C2.2** : Components of Net Economic Impact for an individual contribution to society
- Exhibit C2.3** : Score qualitative impact to company based on suggested guidelines
- Exhibit C2.4** : Score qualitative benefit or impact to society based on suggested guidelines
- Exhibit C2.5** : Example assessment of costs and benefits of contributions to society
- Exhibit S2.1** : Building blocks of a socially responsible contributions programme
- Exhibit S2.2** : Example best practice execution of the building blocks
- Exhibit C3.1** : Core areas of contributions to society
- Exhibit C3.2** : Leading local companies with well-defined contributions programmes aligned to their businesses
- Exhibit C3.3** : Sample core themes from leading global companies
- Exhibit C3.4** : Leading global companies go public with their commitments and targets
- Exhibit C4.1** : Internal Optimisation Levers
- Exhibit C4.2** : Reshape or Exit Levers
- Exhibit C4.3** : Funding Levers
- Exhibit C4.4** : Illustrative example of a portfolio prioritisation matrix
- Exhibit C4.5** : High-level action groups and plans

- Exhibit C4.6** : Sample process to handle new requests
- Exhibit C4.7** : Customised communications programme targeted at specific stakeholders
- Exhibit C5.1** : Sample senior executives Key Performance Indicators (KPIs)
- Exhibit C5.2** : Nestlé Malaysia has successfully integrated its contributions policy into its daily business
- Exhibit C5.3** : Hewlett-Packard utilises cross business units and cross geography teams to manage contributions issues
- Exhibit C5.4** : Sample BOD governance option analysis
- Exhibit C5.5** : Nike’s Corporate Responsibility (CR) organisation
- Exhibit C5.6** : Responsibility and accountability for Corporate Responsibility at Nike
- Exhibit C6.1** : Sample immediate action steps
- Exhibit A1.1** : Example of how societal concerns can lead to negative consequences
- Exhibit A1.2** : Traditional CSR and contributions to society
- Exhibit A2.1** : Sample NEI computation for operating an educational facility
- Exhibit A2.2** : Sample assessment of qualitative impact to company for operating an educational facility
- Exhibit A2.3** : Sample assessment of qualitative benefit or impact to society for operating an educational facility
- Exhibit A3.1.1** : Examples of contributions to society
- Exhibit A3.1.2** : CSR Agenda formulated at the June 2004 “CSR: Creating Greater Competitive Advantage” conference
- Exhibit A3.2.1** : Capture the basic expectations of stakeholders
- Exhibit A3.2.2** : Stakeholder prioritisation analysis
- Exhibit A3.3.1** : Perceived recognition of contributions to society by key stakeholders
- Exhibit A4.1** : New Zealand Post formal sponsorships requirements



## Notes

## Notes

