CORPORATE SOCIAL RESPONSIBILITY POLICIES IN MALAYSIA

ENHANCING THE CHILD FOCUS
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This review of corporate social responsibility (CSR) policies and practices in Malaysia was commissioned by United Nations Children’s Fund (UNICEF) Malaysia in 2009. Arika Allen (UNICEF Consultant) provided technical input into the framework and content of this review. This review has been updated to incorporate the CSR policies and practices that have been adopted in Malaysia for the past 3 years. This review serves as a guidance tool for UNICEF, the government, companies, non-governmental organisations (NGOs) and the general public, and as a starting point to understand the CSR situation in Malaysia and identify areas of opportunities to strengthen child-friendly CSR initiatives.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>9MP</td>
<td>Ninth Malaysia Plan</td>
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<td>10MP</td>
<td>Tenth Malaysia Plan</td>
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<tr>
<td>ACCA</td>
<td>Plan Association of Chartered Certified Accountants</td>
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<td>BBPC</td>
<td>Best Business Practice Circular</td>
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<td>BFHI</td>
<td>Baby-friendly Hospital Initiative</td>
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<tr>
<td>COP</td>
<td>Communication in Progress</td>
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<td>CR</td>
<td>Corporate Responsibility</td>
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<td>CRBP</td>
<td>Children's Rights and Business Principles</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>ESG</td>
<td>Environmental, Social and Governance</td>
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<td>GCLN-MY</td>
<td>Global Compact Network Malaysia</td>
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<tr>
<td>GLC</td>
<td>Government-linked Company</td>
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<td>GLCT</td>
<td>Government-linked Companies Transformation Programme</td>
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<td>GLIC</td>
<td>Government-linked Investment Company</td>
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<td>GRI</td>
<td>Global Reporting Initiative</td>
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<td>IIM</td>
<td>Malaysia Institute of Integrity</td>
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<td>MY-NI</td>
<td>Malaysia National Interpretation of the RSPO Principles and Criteria</td>
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<tr>
<td>MNC</td>
<td>Multi-national Corporation</td>
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<td>NEAC</td>
<td>National Economic Advisory Council</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organisation</td>
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<tr>
<td>PCG</td>
<td>Putrajaya Committee on GLC High Performance</td>
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<td>PLC</td>
<td>Public Listed Company</td>
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<tr>
<td>PMR</td>
<td>Penilaian Menegah Rendah (Lower Secondary Assessment)</td>
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<td>PPP</td>
<td>Public-private Partnerships</td>
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<tr>
<td>P&amp;C</td>
<td>RSPO Principles and Criteria</td>
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<td>RSPO</td>
<td>Roundtable for Sustainable Palm Oil</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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<td>SRI</td>
<td>Socially Responsible Investing</td>
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<tr>
<td>SSM</td>
<td>Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia)</td>
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<tr>
<td>TFM</td>
<td>Teach for Malaysia</td>
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<tr>
<td>UKM</td>
<td>University Kebangsaan Malaysia</td>
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<tr>
<td>UMW</td>
<td>United Motor Works</td>
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<tr>
<td>UNGC</td>
<td>United Nations Global Compact</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>VoC</td>
<td>Voice of the Children</td>
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<tr>
<td>YBM</td>
<td>Yayasan Bursa Malaysia</td>
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<td>YCK</td>
<td>Yayasan Chow Kit</td>
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The ethical argument is clear – creating a world fit for children is everyone’s business – its right in principle. The business argument is equally compelling. Investing in child-friendly CSR has proven to be good for business. As such, some have referred to it as an exercise in enlightened self-interest – making it right in practice, too.

This review of CSR policies and practices in Malaysia is one of UNICEF Malaysia’s tools for reaching out to the private sector on child-friendly CSR. We hope that this review will help guide UNICEF, the Government, the private sector, our NGO partners and the general public on what child-friendly CSR is, what is being done in this area and what more can be done.

UNICEF Malaysia will also seek to leverage our existing partnerships with government bodies, non-governmental organisations and the private sector to cultivate further adoption of child-friendly CSR. With combined and strengthened efforts, we are confident that child-friendly CSR will achieve high priority status for the private sector in Malaysia. UNICEF Malaysia urges you to join hands with us to help further children’s rights in Malaysia today!

WIVINA BELMONTE
UNICEF Representative Malaysia and UNICEF Special Representative to Brunei Darussalam
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The Malaysian Government sees strong corporate governance, transparency and responsible business practices as a means of differentiating the business investment climate in Malaysia and positioning it as a leader in the region. The Government actively supports CSR and this is reflected in policy and regulation, tax incentives, reporting and voluntary standards, as well as their endorsement of CSR through awards. In light of the support for corporate responsibility (CR) practices in Malaysia, UNICEF Malaysia sees the opportunity to have a stronger impact on the lives of children through deeper engagement of the corporate sector, and more specifically through its CSR practices.

The Government of Malaysia has contributed to a positive CSR environment, which has made an impact under the Ninth and Tenth Malaysia Plan, specifically:

- Vision 2020 sets the foundation for Malaysia to become a developed nation by the year 2020 by creating a united country that has a caring and economically just society.
- The Government-linked Investment Companies (GLICs) and Government-Linked Companies (GLCs) are leading the way by following the Silver Book guidelines on contributions to society. They have made positive advancements for children’s education with the PINTAR program, but their contributions are still concentrated in community investment.
- The Tenth Malaysia Plan (2011 – 2015) recognizes the importance of public and private partnership (PPP) and how it can contribute to the achievement of development goals. It urges GLCs to integrate and implement CSR policies.
- The Companies Commission of Malaysia (SSM) has set initiatives that will raise the visibility of CSR for a large number of businesses, especially small and medium enterprises (SMEs), through developing reporting requirements and capacity building.
- Bursa Malaysia requires all public-listed companies (PLCs) (and their subsidiaries) to disclose their CSR activities or practices and if there are none, to provide a statement to that effect.¹
- Increased investment in CSR from palm oil plantations has been recorded; however, it is unclear whether such initiatives will address the needs of children’s basic social services.

The resources and activities surrounding the promotion of CSR is moving in the right direction, but there is room for improvement to achieve results for children through CSR and empowering companies to engage in responsible business practice. To bridge these gaps, UNICEF Malaysia aims to increase the visibility of how businesses can impact the lives of children through advocating for child-friendly business practices. Child-friendly business practices incorporate elements of child rights into the framework of CSR, which touches the whole business value chain and includes the workplace, marketplace, community and environment.

BACKGROUND AND CONTEXT
Objective and Methodology

The objective of this review is to provide a comprehensive description of current CSR policies in Malaysia and develop recommendations to enhance the child focus primarily among Malaysian companies. The results should demonstrate a contemporary and comprehensive analysis of the current policy framework for children, with a view to strategically extend its scope beyond traditional policy areas and partnerships. The information and issues raised in this document are intended for use by UNICEF, stakeholders from the corporate sectors, businesses, regulatory bodies, and the Government to better understand the roles they may adopt to strengthen responsible business practices for children.

Both reviews (conducted in 2009 and 2013) are based on; desk review of policy documentation, secondary CSR data, and internet research. On both occasions, interviews were conducted with UNICEF staff with extensive experience in corporate engagement and companies heavily involved in CSR work. Malaysian-based stakeholders in the Government as well as Malaysian companies and organisations were also interviewed.

Adopting a New Approach to Corporate Engagement

United Nations Children’s Fund (UNICEF) has a strong history of engagement with the corporate sector to mobilize resources to achieve results for children and the traditional approach directly engages the corporate sector through fundraising initiatives for its own projects. UNICEF recognizes that the emergence of CSR extends beyond traditional philanthropic efforts. United Nations Children’s Fund (UNICEF) Malaysia has performed well in its activities to mobilize resources. However, the area of influencing sustainable corporate sector behaviours and strategies can be developed further. In addition, strategic engagement of the corporate sector has great potential in Malaysia given the relatively advanced stage of political endorsement of CSR policies.

In 2007, The Partnering Initiative² published a study to determine how the corporate sector could maximize their contribution to UNICEF’s mission. In November 2008, the OTF Group³, one of UNICEF’s corporate alliances, conducted a comprehensive study to understand the level of satisfaction of UNICEF’s corporate partners and to identify opportunities to strengthen and expand corporate engagement.

Following the recommendations, UNICEF adopted a new approach to corporate engagement. The approach includes; creating wider resource mobilization, influencing the behaviour and practices of the corporate sector and developing strategic partnerships and innovation for children. CSR is one component that can influence the behaviour of the corporate sector.

In 2012, UNICEF published the Children’s Rights and Business Principles (CRBP) in joint collaboration with the UN Global Compact and Save the Children. It provides a comprehensive framework to understand and address the impact of business on the rights and well-being of children.

The CRBP was developed in consultation with children, business investors, trade unions, national human rights institutions, civil society, governments, academics, UN entities, child rights experts and business experts. UNICEF hopes the CRBP will expand the role of business to respect and support children’s rights.

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² http://thepartneringinitiative.org/w/who-we-are/
³ http://www.otfgroup.com/
The CRBP contains Ten Principles that serve as an inspiration and guide for all business in their interactions with children; these Principles are:

<table>
<thead>
<tr>
<th>ALL BUSINESS SHOULD SHOULD</th>
<th>1</th>
<th>Meet their <strong>responsibility to respect</strong> children’s rights and <strong>commit to supporting</strong> the human rights of children</th>
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<tr>
<td></td>
<td>2</td>
<td>Contribute to the elimination of <strong>child labour</strong>, including in all business activities and business relationships</td>
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<tr>
<td></td>
<td>3</td>
<td>Provide decent work for <strong>young workers, parents and caregivers</strong></td>
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<tr>
<td></td>
<td>4</td>
<td>Ensure the <strong>protection and safety of children</strong> in all business activities and facilities</td>
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<tr>
<td></td>
<td>5</td>
<td>Ensure that <strong>products and services</strong> are safe, and seek to support children’s rights through them</td>
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<td></td>
<td>6</td>
<td>Use <strong>marketing and advertising</strong> that respect and support children’s rights</td>
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<tr>
<td></td>
<td>7</td>
<td>Respect and support children’s rights in relation to the <strong>environment and to land</strong> acquisition and use</td>
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<tr>
<td></td>
<td>8</td>
<td>Respect and support children’s rights in <strong>security arrangements</strong></td>
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<tr>
<td></td>
<td>9</td>
<td>Help protect children affected by <strong>emergencies</strong></td>
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<tr>
<td></td>
<td>10</td>
<td>Reinforce <strong>community and government efforts</strong> to protect and fulfil children’s rights</td>
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</table>
UNICEF’s Level of Corporate Engagement Across the World

Some examples of UNICEF’s engagement with the corporate sector beyond resource mobilization are shown below, however interactions with these companies vary in degree and approach and only some include CSR.

- **Europe: FTSE4Good**
  FTSE4Good is a global benchmark identifying companies that meet global CSR standards. UNICEF provided input to the inclusion criteria, which includes indicators for substitute breast milk marketing policies.

- **Brazil: Early Child Development Index for Brazil (IDI)**
  UNICEF Brazil created the Early Child Development Index and worked with the Ethos Institute for Social Responsibility to adapt the IDI for business and link CSR investments to achieve measurable results for children.

- **Argentina: Advisory board for child labour**
  UNICEF Argentina participates in a network with the National Ministry of Labour and private sector, which drives essential private sector participation to develop and implement public policies about child labour.

- **India: Child-friendly Education Kits**
  UNICEF India partnered with the government to create a framework to open child-friendly schools. The education programs were implemented by NGOs in partnership with businesses as part of their CSR contribution. To assess project status, a monitoring and evaluation report was developed following the London Benchmarking Group Model. UNICEF serves on a council of CSR advisors to guide project implementation.
THE CORPORATE SOCIAL RESPONSIBILITY LANDSCAPE IN MALAYSIA
What is Corporate Social Responsibility?

Corporate Social Responsibility (CSR) is referred to by various names such as Sustainability; Corporate Citizenship; Corporate Responsibility; Environment, Social and Governance and Triple Bottom Line. Despite this, there are common themes to the definition. Corporate Social Responsibility (CSR) considers; the current and future impact of business operations, purchasing, and the sale of products and services on; the environment, employees, local community and society in general. Corporate Social Responsibility (CSR) is a set of voluntary actions a business takes over and above compliance with the law. It includes, but is not limited to corporate governance and philanthropy.

Corporate Social Responsibility in Malaysia

Corporate Social Responsibility (CSR) practices are growing on a global scale and Malaysia is riding that momentum. The Government is one of the few in Asia to enact CSR reporting requirements for PLCs. Since the inception of the Global Reporting Initiative (GRI) in 1999, sixteen different Malaysian companies published GRI reports by July 2012.⁴ There are more than three different annual award programs in Malaysia to recognize the CSR contribution of local businesses.

Despite these advancements, the practice of CSR still has room for growth beyond philanthropy. CSR Asia conducted an analysis of media reporting and concluded that CSR is still largely seen as philanthropy; knowledge is superficial and partnerships need greater direction and monitoring.⁵ In addition, the Malaysian Association of Chartered Certified Accountants (ACCA), in conjunction with their 2007 Malaysia Environmental and Social Reporting Awards⁶ revealed multiple reporting weaknesses, including companies being overly focused on philanthropic activities.

Similarly, whilst the number of CSR awards continue to grow, very few address disclosure but focus instead on “specific areas such as community investment projects or environmental impact reduction rather than a holistic approach that encompasses all areas of sustainability and disclosure of progress on that approach.”⁷

Who influences Corporate Social Responsibility?

There are several organizations that are actively involved in CSR activities or who are able to influence CSR across Government, NGO and business sectors. Past initiatives that introduced CSR practice frameworks included the following:

**Government:**
- The Putrajaya Committee on GLC High Performance (PCG) outlined a CSR approach for GLCs in its Silver Book publication.
- The Economic Planning Unit and Ministry of Finance set tax incentives and budget allocations for CSR-targeted initiatives.
- The Securities Commission and Bursa Malaysia manages the stock exchange and regulatory framework for PLCs that incorporated mandatory CSR reporting requirements.
- The Companies Commission of Malaysia manages the registration processes for all business entities.
- The Malaysian Institute of Integrity (MII) aims to develop a nation of high integrity that is resilient and embraces universal good values.

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NGO/ Association/ Non-Profit Organisation:
• *The Roundtable for Sustainable Palm Oil* brings together NGOs, governments, palm oil suppliers and purchasers to address social and environmental sustainability issues related to the production of palm oil.

• *The ACCA* is a global body of professional accountants, which has a very active branch in Malaysia. They published sustainability reporting guidelines, in addition to a “Corporate Responsibility Guide for Busy Managers”, and they hosted an annual sustainability reporting award. The ACCA in collaboration with The Edge also published “Corporate Social Responsibility: Doing Business with a Conscience”, which is a compilation of articles on CSR issues in Malaysia.

• *Business Council for Sustainability and Reporting Malaysia* is a national organisation that comprises of business leaders from various industries interested in responsible and sustainable practices in-line with global sustainability agenda. The BCSR is a merger of the Business Council of Sustainable Development (1992) and the Institute for Corporate Responsibility Malaysia (2006).

• *UN Global Compact* set a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Malaysian signatories of the UNGC were led locally by the Global Compact Network Malaysia (GCLN-MY).

Business:
• *CSR Asia* is a prominent social enterprise that produces research, conducts training, produces an annual regional conference, provides consulting services and also runs its own foundation.

• *OWW Consulting* focuses on socially responsible investing (SRI) and created the first SRI index for Malaysia.

• *The EU-Malaysia Chamber of Commerce and Industry* has an active CSR committee and recently published a book describing CSR case studies from Malaysian companies.

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**Box 1: Corporate Social Responsibility**

“…the management of a company’s positive impact on society and the environment through its operations, products or services and through its interaction with key stakeholders such as employees, customers, investors and suppliers.” – *Business in the Community*

“…the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.” – *World Business Council for Sustainable Development*

“…being a sustainable business means thriving in perpetuity.” – Adam Werbach, author *Strategy for Sustainability*

“…is the responsibility of an organisation for the impacts of its decisions and activities on society and the environment. CSR goes beyond philanthropy. Child focused CSR contributes to sustainable development, including health and the welfare of children. It also takes into account the expectations of children and their family as stake-holders.” – *UNICEF*
The seventh challenge: establishing a fully caring society and a caring culture

The eighth challenge: ensuring an economically just society

The ninth challenge: establishing a prosperous society, with an economy that is fully competitive, dynamic, robust and resilient.

Vision 2020

Vision 2020 was presented by former Prime Minister Mahathir Bin Mohamad in 1991 and sets the foundation for Malaysia to become a developed nation by the year 2020. He stated that the goal is to create a united country with strong moral values and a caring and economically just society. The former Prime Minister acknowledged the importance of the private sector in fuelling economic growth, but articulated that comprehensive development is not limited to economic advancement. To achieve that objective, Vision 2020 outlines nine strategic challenges that the country needs to address in its development. Of those challenges, four are related to CSR.

• The fourth challenge: establishing a fully moral and ethical society

National Integrity Plan

The National Integrity Plan was developed in 2004 to meet the Fourth Challenge of Vision 2020; to establish an ethical society. The objective of the National Integrity Plan is; to reduce corruption, enhance corporate governance and ethics, and improve quality of life for Malaysians. The Malaysian Institute of Integrity (IIM) was created
to facilitate the progress of these objectives (the IIM works with the private sector, NGOs, political parties and religious groups). The primary activities of the IIM include conducting integrity research, organizing seminars and training, and advising the Government on programmes to enhance integrity. While most of their activities have focused on integrity and corporate governance, the IIM has created publications on CSR.

**Tenth Malaysia Plan**

The roadmap to achieve the goals and objectives of Vision 2020 are laid out in the Tenth Malaysian Plan (10MP), spanning from 2011 to 2015. The 10MP focuses on five development thrusts:

| THRUST 1: | Moving the Economy up the Value Chain |
|THRUST 2: | Raising the Capacity for Knowledge and Innovation and Nurture ‘First Class Mentality’ |
|THRUST 3: | Addressing Persistent Socio-Economic Inequalities Constructively and Productively |
|THRUST 4: | Improving the Standard and Sustainability of Quality of Life |
|THRUST 5: | Strengthening Institutional and Implementation Capacity |

Based on the 10MP, the Government plans to vigorously support greater collaboration between the public sector, private sector and civil society in order to enhance the delivery of social services. The 10MP makes clear reference to CSR by stating that, “Successful partnerships will be extended, particularly between the Government and NGOs in welfare initiatives and between public and private sector in corporate social responsibility (CSR) programmes, such as in education and environmental conservation.” 9

The 10MP encourages the private sector to implement CSR programmes and also explicitly identifies national commitments towards children. It recognises children as a vital component of Malaysian society and “therefore embracing their needs and balancing those needs against an evolving social environment is critical towards achieving a truly progressive and inclusive society”. 10

The national commitments are described below and include children and family initiatives on poverty eradication, education, child protection and health.

The Government is concerned with children in the bottom 40% household income group and through the 10MP intends to arrange for additional educational support. By addressing the provision of a social safety net for disadvantaged groups, children are included through the emphasis of equitable access to education, health and basic infrastructure. 11

Large households and single parents in rural areas will continue to receive support in terms of building and upgrading homes and “In addition, to complement government efforts, GLCs and the private sector will be encouraged to provide houses through their CSR programmes”. 12

The 10MP calls for CSR programmes to sponsor the establishment of licensed day care centres in partnership with NGOs. The implementation of flexible working hours and work from home policies in both the public and private sectors will be continually promoted to encourage a more family-friendly workplace. 13

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10 Ibid. page 178
11 Ibid. page 140
12 Ibid. page 160
13 Ibid. page, 180
To ensure the protection and well-being of children, the Government plans to continue strengthening the institution of family and the facilitation of child welfare. In order to address the seriousness of child abuse, the Royal Malaysian police will screen child carers to ensure the safety and protection of children in the care of external parties i.e. child-care centres, nurseries and kindergartens.\textsuperscript{14} In addition, an alert system for lost and missing children will also be established.

Under Thrust 5 of the 10MP the Healthy Lifestyle Campaign, which emphasises healthy eating, physical activity, anti-smoking and mental health, will now specifically target school children and adolescents to ensure better health outcomes.\textsuperscript{15}

\textsuperscript{14} Ibid. page 184
\textsuperscript{15} Ibid. page 274
Tenth Malaysia Plan

Encouraging GLCs to participate in CSR resulted in PETRONAS - the leading national oil and gas company in the country - pledging RM100 million to support the identified bottom 40% of households. Their pledge will provide essential food to those in need; implementation will be through the use of MyKad, the procurement instrument at PETRONAS Mesra convenient stores.16

In order to raise the educational standards of Malaysian students, the Literacy and Numeracy Screening (LINUS) programme was set up to ensure that all students17 are equipped with basic literacy and numeracy skills after the first three years of primary education. The Government has also allocated RM400 million to LINUS from 2010-2012. To date, approximately 17,000 teachers18 have been trained to apply the new LINUS module and a total of 891,327 Primary 1 and 2 students completed the LINUS programme in 2011.

The strategy to increase preschool enrolment rates through public-private partnership (PPP) saw significant results from 2009 to 2001, rising from 67% to 77.23% respectively.19 The Government aims to increase the enrolment rate to 87% in 2012. A National Pre-school Information System was introduced to enable data monitoring and evaluate pre-school centres and students. The information system aims to facilitate the development of the overall education system.

A RM20 billion Facilitation Fund was created (under the PPP initiative) to catalyse private investments in nationally strategic areas.20 Children benefit from this fund as the 10MP encourages different forms of child-friendly CSR, especially in the area of education.

The 10MP also explicitly recognise the importance of PPP. The Government specifically calls for the private sector to develop and implement CSR programmes. Specific reference to CSR is still lacking in the Economic Transformation Programme (ETP) and it is crucial that CSR be developed within the ETP. Such results can be used as a reference point to encourage stronger involvement from the private sector, not only by promoting sustainable business practice but also as a key element in PPP building.

New Economic Model

The Prime Minister of Malaysia established the National Economic Advisory Council (NEAC) in May 2009 with a mandate to formulate the New Economic Model (NEM) and its purpose is to transform the country into a high-income economy by 2020.

The NEM outlines the strategic direction and necessary policy measures to promote Malaysia’s growth in an inclusive and sustainable manner. The NEAC officially completed its mandate on 31 May 2011. The Performance Management and Delivery Unit (PEMANDU) is in charge of coordinating the relevant government agencies that are responsible for implementing the policy measures recommended by the NEM.

Similarly to the 10MP, the NEM believes that socially-accountable growth is not only about PPP but also about promoting the inclusiveness of civil society. The NEM also believes that to benefit the nation; academia, business, the civil service and civil society must work together in partnership.

One of the NEM’s policy measures favours sustainable agriculture and recommends that it covers the ecological aspect and the social sustainability face of the industry. The latter includes fair wages and working conditions, good working practices and avoiding child labour.21

16 Ibid. page 161
17 Children with learning disabilities will be placed in a special programme with separate targets.
19 Ibid.
The NEAC supports the 10MP focus on the needs of the bottom 40% household income and the NEAC recommends that the needs of children in these households be given prominence. In this regard, the NEAC favours a “longer-term stable and favourable investment climate” and suggests that special education facilities for these children is “good for capacity building and has positive impact on both growth and distribution”. The NEAC argues that direct financial support is positive on distribution but may achieve little in the aspect of growth.22

In addition, the NEAC also supports the 10MP’s aim to raise labour force participation rates to offset the need for foreign labour in Malaysia. The NEAC recommends legislative reforms to reduce the obstacles of female participation in the labour force by implementing policies that would include child-care requirements.23

Bursa Malaysia Berhad

Bursa Malaysia Berhad (Bursa Malaysia) is the front line regulatory body that governs all PLCs in Malaysia (representing 920 PLCs) and operates the country’s only stock exchange therefore Bursa Malaysia is in a key position to promote CSR among the companies on its list.

Bursa Malaysia is committed to promote a balanced business environment among its listed entities and advocates for thriving market forces while adhering to core values that contribute to society and the environment.

Bursa Malaysia believes that while delivering value to stakeholders, listed companies must also consider the importance of the marketplace, workplace, environment and community and how business operations may have an impact on these areas. This proposition is in line with the CSR framework that was launched in 2006 to highlight to all PLCs that CSR is more than just philanthropy and community initiatives.24

Bursa Malaysia made it mandatory for all PLCs to disclose its CSR activities in its annual reports. Appendix 9C, Part A (29) of the Listing Requirements states that PLCs are required to make “A description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are none, a statement to that effect”.25

Bursa Malaysia also launched its Business Sustainability Program in 2010 to highlight the need for listed companies to integrate sustainability elements into their business strategies. This programme guides directors of listed companies to adopt good sustainability practices as well as help them understand that sustainability trends can affect specific industries.

Currently, Bursa Malaysia is looking at launching an Environmental, Social and Governance (ESG) Index for PLCs, which may be introduced sometime in 2013. This ESG Index is expected to increase the number of listed companies who conform to good corporate practices, which in turn will attract Socially Responsible Investment (SRI) funds. Bursa Malaysia believes in allowing markets to thrive while maintaining investors’ protection and as a result, Malaysia was ranked 4th among 142 countries for its commitment towards investors’ protection by the World Economic Forum.26

A recent survey by CSR Asia revealed that out of 100 Malaysian listed companies, only 18 produced sustainability reports in 2010/2011. Bursa Malaysia has taken the lead as a regulator and a listed entity to publish its inaugural sustainability report in 2011 in order to propel more PLCs to follow suit.

Bursa Malaysia has been responsible for a variety

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22 Ibid. page 14
23 Ibid. page 12
of sustainability initiatives, one of which sponsored 36 children from 3 orphanages for a financial literacy programme called MoneyWise Camp. The initiatives volunteers also help strengthen Bursa Malaysia’s connection with the community through activities such as Bursa Malaysia’s reading programme, involving 30 children aged 6 to 12 from poor families at the HOPE Worldwide Centre. Bursa Malaysia also facilitated a School Entrepreneurship Workshop for 50 students from SMK Batu Laut, which is one of their two adopted schools.

Through Bursa Malaysia’s charitable arm, Yayasan Bursa Malaysia, they have been able to provide assistance to targeted groups in need. For example, through its school adoption programs, Bursa Malaysia provides financial assistance and support to rural school children.

The employee volunteers are also involved in regular trips to help orphanages and homes for the underprivileged. Bursa Malaysia provides scholarships and internship programs to undergraduate students to help further their education.

Box 2: Government-linked Companies Transformation Programme (GLCT)

The Putrajaya Committee for GLC High Performance (PCG) was formed in 2005. Their goal is to enable the transformation of GLCs to compete with domestic peer businesses by 2015. GLCs make up a significant part of the Malaysian economy. According to data published by the PCG in April 2011, there are 19 GLCs that capitalise RM353bn of the market.

The PCG has multiple stakeholders and including five Government-linked Investment Companies (GLICs) with roles as active shareholders to exert pressure on the economic performance of the GLCs. The Transformation Management Office at Khazanah Nasional Berhad acts as the Secretariat of the PCG and is chaired by the Minister of Finance II. The PCG developed ten initiatives; one among them clarifies social obligations, referred to as the Silver Book. “The Silver Book – Achieving Value through Social Responsibility” was published in 2006 and outlines how to make “sustainable benefits to society as part of making a business competitive over the longer term”.

The framework for how GLCs will make their contributions to society include guidelines on choosing activities, setting financial targets, measuring impact and reporting. GLCs are required to provide a report to the PCG and GLICs on the scope and spending of their contributions to society and are encouraged to adopt the GRI standards; however less stringent reporting guidelines are available for less mature companies.

The Silver Book outlines that GLCs should develop a Contributions to Society policy based on three elements and aligned with the business’s overall strategy. First, a GLC should choose a core area of contribution to society defined as:

- Human rights
- Employee welfare
- Customer service
- Supplier relationship
- Environmental protection
- Community involvement
- Ethical business behaviour

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28 Ibid.
Khazanah Nasional Bhd

Khazanah is the Government of Malaysia’s strategic investment fund, namely a GLIC. As trustees to the nation’s commercial assets, its role is to promote economic growth and make strategic investments on behalf of the Government, which contributes toward nation-building. It is the key agency mandated to drive shareholder value creation, efficiency gains and enhance corporate governance in GLCs.

Khazanah’s vision is to enhance CR principles by delivering sustainable value through; strategic investments, human and social capital development, and the protection of the natural environment. All CR initiatives are designed to work towards Khazanah’s CR vision.

Table 1 shows several of Khazanah’s Education Programmes.

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>FORM OF SUPPORT</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yayasan Amir</strong></td>
<td>Provides educational services to 10 Trust schools in Johor and Sarawak, at both primary and secondary level, across urban and rural areas, with varying base performance levels (January 2011)</td>
<td>Although these schools maintain its public status, Khazanah aims to look at how improvements can be made</td>
</tr>
<tr>
<td><strong>Yayasan Khazanah</strong></td>
<td>Awards scholarships to students with exceptional intelligence and accomplishments to attend premier universities around the world or in Malaysia</td>
<td>This is Khazanah’s method in grooming the next generation to become future leaders of Malaysia</td>
</tr>
<tr>
<td><strong>Support of CADS Enhancement Centre</strong></td>
<td>Assists children with learning difficulties such as dyslexia, Asperger’s syndrome and mild autism</td>
<td>This programme is Khazanah’s initiative to support children with such difficulties as the normal school system is unable to cater effectively to this group</td>
</tr>
<tr>
<td><strong>Support Teach for Malaysia (TFM)</strong></td>
<td>Since 2010, has provided early-stage support for TFM and as the programme begins to define the measures of success for transformational teaching, explores various alumni initiatives to drive systemic long-term changes and recruits 70 outstanding Malaysians for the 2013 Fellowship</td>
<td>This programme supports an organisation that seeks to end educational inequity and to address the reality that family background and circumstances play a role in a child’s education and eventually effects life outcomes</td>
</tr>
</tbody>
</table>

Table 1: Khazanah Nasional Berhad’s Education Initiatives

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30 Data about Khazanah was extracted from its CR Report 2011 and figures may have changed since the publication of the report
32 Our vision is to enhance Corporate Responsibility (CR) principles by delivering sustainable value through our strategic investments, human and social capital development and protection of the natural environment.
34 Ibid. page 18
35 Ibid. page 27
36 Ibid. page 35
In addition to education programmes, Khazanah is also involved in initiatives that are linked to the protection and care of children. For example, OrphanCARE is an NGO that seeks to reduce the number of children in orphanages and to provide baby hatches to respond to the increasing cases of abandoned babies in the last couple of years. It also supports Yayasan Chow Kit (YCK) a 24 hour crisis and drop-in centre that provides meals, activities, therapy and educational programmes for underprivileged children in Chow Kit.37

Voice of the Children (VoC) is an advocacy based organisation that highlights issues affecting children. Voice of the Children (VoC) gained Khazanah’s assistance through a programme grant fund that was used to hold a series of legal trainings on children’s rights in collaboration with lawyers, magistrates, prosecutors and pupils-in-chamber to build the capacity of stakeholders in child protection in the legal system.38

Other Government-linked Companies CSR Activities

As of June 2011, 222 schools were adopted under the PINTAR programme by both GLCs and non-GLCs (CIMB Foundation, Tenaga National Berhad, Bursa Malaysia, Media Prima, Theta Edge, Sarawak Plantations Bhd., Weida Berhad, Tas Offshore, Teluk Datar Resorts Sdn. Bhd etc.) reaching over 110,000 students. Outside of PINTAR, Maybank has a home adoption programme benefiting and focusing on orphans, abused children, the physically challenged and children involved in crime.40

The PCG Programme Progress Review 2011 states; “Concurrent to the pursuit for growth and a higher level of performance, GLICs and GLCs have directly and indirectly benefited their key stakeholders such as employees, customers, suppliers and the society at large.

37 Ibid. page 37
38 Ibid. page 36
This has been achieved through various human capital development initiatives to increase employee value propositions; enhance delivery and quality of products and services (G20 have won numerous awards in this regard); vendor development programmes; and contributions to society through Programmes such as PINTAR, SEJAHTERA and GEMs”.

It is possible that GLCs have many other CSR initiatives, but these activities are still focused on philanthropy. The 10MP calls for GLCs to integrate and implement CSR policies and in-line with this, GLCs must understand that CSR is not solely focused on cash-giving. There is potential for further integration and implementation of CSR ideologies in the way that GLCs conduct their businesses.

The Silver Book framework identifies areas of contribution to society such as human rights (including the right to education) and employee welfare that are more impactful for children. Furthermore, it encourages GLCs to assess societal concerns for the industry and invest in areas that can impact sustainability. Government-linked companies (GLCs) have embraced the Silver Book resulting in the design and implementation of many policies that benefit children, some of which are mentioned above. The effort made by GLCs directly contributes and shapes the current CSR climate in Malaysia.

**Companies Commission of Malaysia**

The Companies Commission of Malaysia also known as Suruhanjaya Syarikat Malaysia (SSM), under the purview of the Ministry of Domestic Trade, Co-operatives & Consumerism, is a statutory body that regulates companies and businesses in Malaysia. This allows SSM to leverage on its linkage and network capacity as the Ministry is responsible for all domestic trade activities. With these strategic linkages, SSM is in a good position to drive the culture of Corporate Responsibility (CR) among businesses in Malaysia. According to its database, as of 31 October 2012, there are a total of 1,006,499 companies and 4,906,017 businesses (sole proprietorships and partnerships) registered with SSM. According to the statistics issued by SME Corp Malaysia, SMEs make up 99.2% of the businesses in Malaysia. In table 2 small and medium enterprises (SMEs) are defined.

<table>
<thead>
<tr>
<th>MICRO-ENTERPRISE</th>
<th>SMALL ENTERPRISE</th>
<th>MEDIUM ENTERPRISE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing, Manufacturing-Related Services and Agro-based industries</strong></td>
<td>Sales turnover of less than RM250,000 OR full time employees less than 5</td>
<td>Sales turnover between RM250,000 and less than RM10 million OR full time employees between 5 and 50</td>
</tr>
<tr>
<td><strong>Services, Primary Agriculture and Information &amp; Communication Technology (ICT)</strong></td>
<td>Sales turnover of less than RM200,000 OR full time employees less than 5</td>
<td>Sales turnover between RM200,000 and less than RM1 million OR full time employees between 5 and 19</td>
</tr>
</tbody>
</table>

**Table 2: Definition of Small and Medium Enterprises**

41 GLC Transformation Programme, Progress Review 2011, April 2011, page 10
The initiative to promote CR is also parallel to SSM’s function under subsection 17(d) of the Companies Commission of Malaysia Act 200143; SSM views CR as a subset of corporate governance and is mandated to play its role in this area.

The Companies Commission of Malaysia (SSM) launched its Corporate Responsibility Agenda (CR Agenda) on 30 June 2009, which aims to instil CR into the corporate culture of Malaysian businesses and to promote good corporate governance. In addition to the CR Agenda, SSM’s emphasis on CR is further to its Second Strategic Direction Plan 2010-2014 where a total of 4 out of 54 major projects under the Plan is related to CR.44 In order to achieve its goals, SSM has taken on several CR projects, namely:

- Corporate Responsibility (CR) Seminar Series to increase awareness and to give information on how businesses can move towards sustainability and corporate governance. All active companies on its registry are invited and through evaluation forms filled out by participants, SSM can gauge the current level of understanding.

- Collaborative work with the Universiti Kebangsaan Malaysia (UKM) to conduct CR research and develop a CR framework to promote to the business community. The results are currently being analysed45 and once complete, will shed more light on Malaysia’s CR climate.

- The Companies Commission of Malaysia (SSM) plans to develop a CR Matching initiative which may take the form of a database that facilitates the interaction of NGOs in need of resources, and businesses searching for opportunities to contribute to society.

- The Companies Commission of Malaysia (SSM) aims to promote and create public awareness about CR through strategic partnerships and collaborations.

Through an official partnership with UNICEF Malaysia (since 2010) SSM is at the progressive stage of implementing its CR Agenda. SSM published 2 child-friendly Best Business Practice Circulars (BBPC) to highlight relevant tips to implement child-friendly CR. The BBPC 1/2010: “Establishment of Child Care Centre at the Work Place by Corporate and Business Employers” and BBPC 2/2011: “Establishing a Conducive Working Environment for Women: Nursing Mothers Programme at the Work Place”, are both collaborative efforts of SSM and UNICEF Malaysia. Both BBPCs have circulated among the companies on the SSM’s registry and act as a promotion tool to increase awareness.

Further to setting their own CR Agenda, SSM has called on the corporate world to go beyond philanthropy and embrace CR as a core business value to achieve business sustainability.

43 “The function of the Commission shall be to encourage and promote proper conduct among directors, secretaries, managers and other officers of a corporation, and self-regulation by corporations, companies, businesses, industry groups, and professional bodies in the corporate sector in order to ensure that all corporate and business activities are conducted in accordance with established norms of good corporate governance”.


45 As of 18 June 2012
**United Nations Global Compact**

Consumers and investors in both the domestic and international arenas are demanding that corporations meet high standards of social and environmental care. This requires firms to be socially responsible by behaving ethically, managing the well-being of their employees and their impact on the environment and society.

Launched in July 2000, the UN Global Compact (UNGC) is a platform for businesses to develop, implement and disclose responsible and sustainable corporate policies and principles. Companies sign up to the UNGC by committing to align their operations and strategies with 10 universally accepted Principles in the areas of human rights, labour, environment and anti-corruption as shown in Table 3.

<table>
<thead>
<tr>
<th><strong>HUMAN RIGHTS</strong></th>
<th><strong>LABOUR</strong></th>
<th><strong>ENVIRONMENT</strong></th>
<th><strong>ANTI-CORRUPTION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Businesses should support and respect the protection of internationally proclaimed human rights</td>
<td>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</td>
<td>Businesses should support a precautionary approach to environmental challenges</td>
<td>Businesses should work against corruption in all its forms, including extortion and bribery</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make sure that they are not complicit in human rights abuses.</td>
<td>The elimination of all forms of forced and compulsory labour</td>
<td>Undertake initiatives to promote greater environmental responsibility</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The effective abolition of child labour</td>
<td>The elimination of discrimination in respect of employment and occupation</td>
<td>Encourage the development and diffusion of environmentally friendly technologies</td>
<td></td>
</tr>
</tbody>
</table>

*Table 3: Principles of the United Nations Global Compact*
The 10 Principles are based on the UN Protect, Respect and Remedy Framework. The 10 Principles promote the conduct of responsible business, which will assist companies to ultimately achieve corporate sustainability. As of July 2012, a total of 71 businesses from Malaysia, mainly comprising of SMEs, have signed up to the UNGC and are members of the Global Compact Network Malaysia (GCLN-MY).

The GCLN-MY encourages businesses to sign up to the Principles by emphasizing that responsible business practices can unlock value, increase competitiveness, enhance reputations, and increase brand and stakeholder value for business excellence and corporate sustainability. Businesses should be aware that investors prefer firms that are committed to socially responsible corporate behaviour, which can lead to superior returns for the company and also meet investors’ concerns and interests.

According to GCLN-MY, SMEs form the majority of GCLN-MY members due to their business status as a part of the global supply chain. Many of their clients are multi-national corporations (MNCs) who are practicing CSR and therefore, wish to work with suppliers who are practitioners as well. Global Compact Network Malaysia (GCLN-MY) targets SMEs because many MNCs, GLCs and PLCs are already aware of CSR and are also practising it to a certain extent.

Unlike many voluntary guidelines, the UNGC has its own enforcement mechanism. Although participation is voluntary, compliance is not. It is a firm condition of membership that a company provides demonstrable evidence that the company is practising the 10 Principles. Members must submit an annual Communication in Progress (COP) report to UNGC that shows progress has been made. Non-compliance can result in expulsion.

Although issues concerning children are not covered expressly by the Principles (other than Principle 5), it is GCLN-MY’s opinion that practising the 10 Principles will benefit children as they are part of the community and a chain in the workforce as well.

**Roundtable for Sustainable Palm Oil**

As a result of increasing pressure on environmental issues related to the growth of palm oil, the Roundtable for Sustainable Palm Oil (RSPO) was formed in 2004. The RSPO is a non-profit organization and membership-based organisation with representation from oil palm, growers, palm oil processors and traders, consumer goods manufacturers, environmental NGOs, social NGOs, banks, investors and retailers.

The RSPO’s vision is to promote the growth and use of sustainable palm oil. To achieve this, they developed and launched the RSPO Principles and Criteria (P&C) for Certified Sustainable Palm Oil in 2007, which outlines a set of criteria and indicators that must be met by palm oil mills and plantations. In 2008, the Malaysian stakeholders drafted the National Interpretation (MY-NI) of the P&C, which customizes the criteria and indicators to the laws of the country with the recognition that it cannot be less stringent than the overall P&C. Since drafting the MY-NI, an addition to comprise smallholder indicators was approved by the RSPO in November 2010. To receive certification, a mill in Malaysia must meet RSPO P&C, MY-NI and the requirements of the RSPO certification system (2007).

Palm oil companies based in Malaysia strive to achieve RSPO certification for the many benefits that come with certification. Based on a study jointly conducted by the World Wildlife Fund (WWF), the CDC, a UK government-owned development finance institution and the Netherlands Development Finance Company (FMO), a Dutch development bank in March 2012, “Profitability and Sustainability in Palm Oil Production: Analysis of Incremental Financial

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46 [http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle1.html](http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle1.html)
Costs and Benefits of RSPO Compliance\(^{48}\), many companies have found that the quest to sustainability has indeed been profitable. Participating growers reported a range of benefits in the area of Operations, Community Relations, Staff and Labour, Revenues and Market Access and Access to Capital, some expected and some unexpected.

The criteria in the RSPO P&C and MY-NI address many issues, such as transparency, compliance with laws and regulations, use of best practices in agriculture, environmental responsibility and conservation and responsible consideration of employees and communities.

Principle 4 specifically states that women who are confirmed pregnant or breast-feeding are not allowed to work with pesticides (Criterion 4.6.6).

And Principle 6, “Responsible consideration of employees and of individuals and communities by growers and millers” does have criteria that aim to protect the welfare of children. Plantations must document that workers meet the minimum age of 16 (Criterion 6.7). Companies must demonstrate to the Certification Bodies (CB) that this criterion is being implemented.

In addition under Criterion 6.5, it is also compulsory for “growers and millers to provide adequate housing, water supplies, medical, educational and welfare amenities to national standard or above, where no such public facilities are available or accessible.”

In terms of Malaysian law, mills must meet the standards listed in the Worker’s Minimum Standard of Housing and Amenities Act 1990 (Act 446). This act sets minimum standards for housing, but does not actually require plantations to supply it. Furthermore, this criterion does not apply to smallholders and requires minor compliance. If there are more than 10 dependents under the age of four living on the plantation, the Director General of Labour can order a plantation to provide a nursery as well as “a supply of milk in sufficient quantity and of good quality, and play equipment” (Article 10).

The RSPO has a Complaints System to handle and address any official complaints made against RSPO members.\(^{49}\) This avenue will allow complaints if an RSPO member company does not comply with child labour or any other relevant child-related issues.

Although large investments are being made in CSR by palm oil companies and the government supports the RSPO certification process, the tangible advantages or improvements in the area of child protection has yet to be clearly quantified. However, RSPO is currently undergoing its first review of its Principles & Criteria. This is an opportunity for UNICEF Malaysia to engage with RSPO by providing comments in child-related matters.

**Corporate Social Responsibility Initiatives by Palm Oil Companies**

Public data indicates that some plantation companies are investing in education for children of plantation workers (see Table 4). Although data shows support of education, there are still gaps as the numbers do not reflect the levels of schooling offered, the quality of education or whether it is recognized, or the number of children not in school.

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50 Borneochildaid.org, company websites
Humana Child Aid Society, an NGO in Sabah, has partnered many palm oil companies to provide approximately 10,000 children with 120 learning centres to give access to a place of learning, however, it indicates that it is only reaching a fraction of the children in need.51 Furthermore, a large percentage are children of migrant workers without birth certificates and must pay to attend the public schools, if they are accessible.

51 Humana Child Aid Society Assessment Study 2012, UNICEF Malaysia
CORPORATE SOCIAL RESPONSIBILITY INITIATIVES BY PRIVATE SECTOR COMPANIES

DiGi started practising CR in 2005. Originally, its focus was on a strong community outreach programme that covered different topics but has since evolved into a business-integrated approach to remain sustainable. Its CR approach is aligned to Telenor Group’s CR Strategy, Bursa Malaysia’s CSR Framework, the UNGC Principles and “Malaysia’s national aspirations to extend the benefits of telecommunications and the internet to all Malaysians”.

Digi engages interactively with its employees because 24% of the workforce is comprised of employees below 30 years of age. According to the company, Digi employees are extremely receptive to company CR initiatives as they see it as part of who they are and what they do. Moreover, prior to joining DiGi, many employees were already aware of and attracted by its CR approach.

DiGi had two key community outreach projects for 2012 and one is centred on children. The ‘DiGi CyberSafe Programme’ is a “proactive initiative to raise awareness and engage various communities on the subject”. This programme is conducted in schools and community centres and aims to engage students, parents and teachers by providing them with the “necessary resources and assistance to stay safe in the online world”. This is a joint effort between DiGi, CyberSecurity Malaysia, Childline and the Ministry of Education. This programme has reached about 280 schools and 14 community broadband centres in rural areas. DiGi aims to reach 220 schools and 7000 parents and children in 2012 alone.

DiGi is of the opinion that cyber-safety is extremely crucial as accessibility to the internet no longer has any age barriers. As technological devices continue to become more affordable, the number of children who become regular users will continue to increase. These devices are sometimes used as pseudo-baby sitters but many of them do not have the appropriate filters for children.

Parents are also a target audience of this programme as they are often unaware of the dangers of the internet. DiGi believes that the real world is no longer separate from the virtual world and as a company who aims to put internet accessibility into the hands of everyone; it is DiGi’s responsibility to bring awareness to internet dangers. Education about these dangers will eventually protect children, as once the dangers are known it can be managed.

DiGi partners with a social enterprise called eHomemakers who manages a network of NGOs and homeworkers. Due to the high cost of phone calls and inaccessibility to the internet in rural areas, short message service (SMS) is used as a tool by eHomemakers to communicate work opportunities to the homeworkers. Many of these homeworkers are single mothers and people from underprivileged backgrounds. DiGi sponsors 30,000 SMSes a month as it sees it as an opportunity to use its expertise in mobile communication to empower communities.

Maternity and paternity leave is another child-focused initiative at DiGi. Mothers are given 2 months of maternity leave with the option to extend for another 2 months whilst fathers are given 5 calendar days off. DiGi also has a remote working policy called Work@ where employees are allowed to work anywhere. This is particularly beneficial for employees that may need to attend to their children at home.

DiGi understands that the evolution from community engagement and philanthropy to CSR and finally to sustainability was necessary as this is the only way it can ensure its business continues to operate. Its stakeholders are now more confident in its business and so are its shareholders who will reap the benefits from a sustainable company.

52 Telenor Group is one of the world’s major mobile operators with close to 150 million mobile subscriptions. It has mobile operations in 11 markets (including Malaysia) and in additionally 18 markets through its ownership in VimpelCom Ltd.
In 2008, CSR became a global buzz word and following the trend, UMW took up CSR as a brand exercise and created a CR unit within the company. UMW’s CSR policy aims to cover the workplace, marketplace, community and the environment.

With the encouragement of UMW, the new CR unit heavily promoted volunteerism among its employees. The response of employees was extremely favourable and in 2011 alone, their volunteers clocked a total of 3000 hours of community service.

UMW was the first Malaysian PLC to be awarded an A (+) grade by the GRI for its CSR Report 2007. This was part of the company’s rebranding exercise to see what has been achieved so far and what more can be done.

UMW supports the PINTAR programme where UMW has adopted primary schools since 2007. It provides these schools with the funds to provide tuition classes, motivational programmes for students and parents, as well as vitamins to promote good health. UMW’s commitment in the PINTAR programme has reached 22 schools and 9000 children since it began and is the first company to adopt vernacular and Orang Asli schools. Their most recent child-focused initiative partners with the State Education Department of Selangor, where UMW organises motivational clinics for PMR students. There are 104 students in the Shah Alam area that have benefitted from the PMR clinics.

UMW’s child-focused CSR also covers employees’ children, by providing them with medical and dental benefits, education subsidies and academic excellence awards. UMW favours and targets education within their CR unit as they believe that communities are shaped through education. Although UMW is not involved in the healthcare business, healthcare has become one of their target areas due to their large operations in rural Sabah and Sarawak. Currently, one of UMW’s main CSR projects is working with MERCY Malaysia to...
provide mobile clinics in these areas. This stems from their desire to be responsible in an area which contributes substantially to UMW’s profits.

“We were informed that a pregnant woman from a rural village has to start walking to town for medical assistance in her sixth month of pregnancy. The journey takes two days. Once she delivers her baby, she will walk another two days back to her home”, says Akhbar Puteh, Manager of CR at UMW.

The company strives to bring medical assistance to those who have no access due to their geographical status and this programme benefits many rural children.

UMW believes that as a PLC its company belongs to the shareholders, who are people from the community. UMW has been entrusted to do business with capital belonging to others so must be responsible, and give back more than just dividends. UMW strongly believes that it is their duty to contribute to a harmonious society.

UMW’s CSR policy and initiatives are continuously evolving and have become increasingly important to the running of the business. UMW aims to achieve sustainability but it understands that this is a time-consuming process. The company is always open to new opportunities to develop its CSR programme.

**Sime Darby Bhd.**

Sime Darby’s CSR initiatives focus on four core areas: 1) environment; 2) community; 3) education and; 4) sports. Each division of their business has CSR personnel and they are supported by Group CSR, which was created in 2008. Sime Darby also established Yayasan Sime Darby, which handles philanthropic giving on behalf of the company. Sime Darby was the first company in Malaysia to develop its own Child Protection Policy. The programme was launched in March 2010 as part of its long-term commitment to address the issues of child safety, protection, abuse and well-being. Phase 2 of the programme began with various workshops and engagements involving decision makers, senior management, employees, estate workers and others. The workshops aimed to raise awareness on child protection issues within the company as well as to empower employees with the knowledge to become effective child protectors outside the workplace.

The Group is looking to review its current processes to ensure the protection and safety of children in all its business activities and facilities. A handbook to provide guidelines and reporting structures relevant to business operations throughout the Group is also in progress. This is being implemented through a strategic partnership with Childline Malaysia, who provides the expertise to create the right modules and execution.

Sime Darby is also committed to reinforce community and Government efforts to protect and fulfil children’s rights through various other collaborations and programmes. To address the immediate needs of children, a series of School Holiday Camps was held to educate, engage and empower employee children on issues surrounding personal safety, safety in the environment and sexual reproductive health.

Sime Darby also organised the Children for Child Protection Forum and Exhibition to address children’s rights, which was held in November 2012 in collaboration with Childline Malaysia, UNICEF and Ministry of Women, Family and Community Development.

Sime Darby does not employ children of minor age as per labour regulations in countries in which it operates. However, the company realises that,
as a large diversified business, there are times when complete and close monitoring at the supply chain level may not be possible. In the event where gaps are discovered, the company directly addresses the issues but does not call for punitive measures. In these instances the Child Protection Policy is applied. The Child Protection Policy is the company’s proactive effort as a PLC to address issues over and above what it is required to do.

Sime Darby has an on-site child-care centre to help make the workplace a family-friendly environment (the centre is located at their headquarters in Kuala Lumpur). At the centre there are currently about 40-60 children under the age of 4 who are provided with meals and toys, and employees pay a subsidised rate for placing their children here. The centre also acts as a transit stop for school-going children after school hours. There are plans for child-care centres to be set up in Sime Darby’s other offices.

Although Sime Darby’s business does not engage directly with children, it is aware that it indirectly impacts the lives of children, especially those who live on its palm oil plantations. Sime Darby looks after the welfare of the children of its employees, regardless of nationality. It collaborates with the Humana Child Aid Society to initiate learning centres for plantation children who are unable to obtain access to education. Sime Darby has set up 11 learning centres and has reached 1,499 students in its plantations in Sabah.

As a company that exists in over 22 countries, Sime Darby understands that it is extremely important to create shared value with the communities it works in. Its child-friendly CSR initiatives extend to countries like China, Indonesia and Thailand where the company gives out study scholarships to students. In Liberia, it was responsible for rehabilitating 15 school buildings as well as building new schools and facilities for the children of their employees. In Australia, Sime Darby Industrial carries out programmes to provide

64 http://www.simedarby.com/csr/Menu/Our-Focus/Education/Project-Initiatives/Humana-Programme.aspx
65 As of June 2012
vocational training to indigenous community students; they can achieve a Certificate in Resources and Infrastructure Work Preparation, a Forklift license, and a Working at Heights ticket.67

The company sees value in practising CSR and particularly because of their global presence and nature, Sime Darby strives to mould its CSR policy to achieve long-term value, and believes that good CSR gives it the license to operate and promote sustainable business making.

Value of Reporting

In an effort to instil CSR culture into business, the Malaysian Government requires all PLCs disclose their CSR activities in their annual report to the Securities Commission (SC)68, starting in 2007. This new requirement affects over 1,000 companies in Malaysia. Bursa Malaysia published a reporting framework for PLCs, which outlines potential CSR initiatives in the categories of environment, community, marketplace and workplace. The guidelines are flexible and require minimum disclosure to understand whether a company undertook CSR activities or not. The overall goal of the regulatory authority is “to raise the awareness of CSR and encourage PLCs to integrate the practice of CSR as part of the way they work and think”.69

During the interviews conducted for the purpose of this document, the following information and issues were raised on the topic of reporting.

The value of reporting lies with disclosure; when a company reports what has been achieved it also helps them to address areas of improvement.

Tracking company performance can help identify concrete next steps. Reporting can assist companies to address issues and plan future CSR initiatives.

To add value to the report, companies can use a benchmark. There are various local and international reporting guidelines that companies can apply to their respective CSR work for example, Bursa Malaysia’s reporting framework and the GRI. The level of transparency attached to its reports can also add value to a company’s CSR report. Company reporting should be clear and provide a fair reflection of its CSR initiatives.

Reports can also act as a communication tool between companies and their stakeholders or potential shareholders, who may want to know what a company is doing in terms of CSR. By documenting the company’s CSR work the report can be used as an internal communication tool so that employees understand the CSR practices of the company. It can also act as guidelines for other companies who wish to gain a deeper insight on CSR. Such reports could set the tone for the Malaysian business environment.

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68 Established on 1 March 1993 under the Securities Commission Act 1993, the SC is a self-funding statutory body with investigative and enforcement powers. It reports to the Minister of Finance and its accounts are tabled in Parliament annually. Underpinning its functions i.e. Supervising exchanges, clearing houses and central depositories; Registering authority for prospectuses of corporations other than unlisted recreational clubs; Approving authority for corporate bond issues; Regulating all matters relating to securities and futures contracts; Regulating the take-over and mergers of companies; Regulating all matters relating to unit trust schemes; Licensing and supervising all licensed persons; Encouraging self-regulation; and Ensuring proper conduct of market institutions and licensed persons; is the SC’s ultimate responsibility of protecting the investor. Apart from discharging its regulatory functions, the SC is also obliged by statute to encourage and promote the development of the securities and futures markets in Malaysia.

69 Tan Sri Nor Mohamed Yakcop, Minister of Finance II, Speech: “Launch of Bursa Malaysia’s CSR Framework for PLCs in Conjunction with the Rate Race 2006”
Reporting Requirements

The top 20 PLCs have a much stronger grasp of CSR (Table 5 shows the CSR reporting requirements for companies in Malaysia). In 2008, CSR Asia conducted a comprehensive analysis of the 20 largest PLCs in Hong Kong, Malaysia, Singapore and Thailand. Each company was given a score based on 62 indicators including: company codes and policies, CSR communications, marketplace and supply chain, human resource policies, environmental performance and community development. In their final report, “The State of CSR Disclosure in Asia”, Malaysia ranked second – ahead of Singapore and Thailand. Malaysian companies scored an aggregate 28.9%, much lower than companies listed in Hong Kong (41.8%), and still far from the top of the range which is 100%. In Table 6, a snap shot of the reporting practice categorised by workplace, marketplace, community and environment.

The current reporting limitations range from work-life balance for employees to supporting sustainable community development.

<table>
<thead>
<tr>
<th>TYPE OF COMPANIES</th>
<th>REGULATORY BODY</th>
<th>REGULATORY BODY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public-listed Companies (PLCs)</td>
<td>Bursa Malaysia and Securities Commission Malaysia</td>
<td>All PLCs are required to disclose their CSR activities according to the Listing Requirements (Appendix 9c, Part A (29))</td>
</tr>
<tr>
<td>Government-Linked Companies (GLCs)</td>
<td>Putrajaya Committee on GLC High Performance (PCG)</td>
<td>No reporting requirements</td>
</tr>
<tr>
<td>Small and Medium Enterprises (SMEs)</td>
<td>Companies Commission Malaysia (SSM)</td>
<td>No reporting requirements</td>
</tr>
</tbody>
</table>

Table 5: Reporting Requirements Based on Types of Companies

<table>
<thead>
<tr>
<th>CSR ELEMENT</th>
<th>LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace</td>
<td>• Only a few companies had policies such as flexible work hours, childcare, diversity training</td>
</tr>
<tr>
<td></td>
<td>• Obvious discrimination based on HIV status</td>
</tr>
<tr>
<td>Marketplace</td>
<td>• Product/service responsibility were poorly understood</td>
</tr>
<tr>
<td></td>
<td>• Less than half of the companies were conducting initiatives in their supply chain</td>
</tr>
<tr>
<td>Community</td>
<td>• Not strategic, mostly philanthropic</td>
</tr>
<tr>
<td></td>
<td>• Few companies align community investment to MDGs or Malaysia development goals</td>
</tr>
<tr>
<td>Environment</td>
<td>• Almost 25% of companies reported no data</td>
</tr>
</tbody>
</table>

Table 6: Malaysian PLC CSR Reporting Limitations

In March 2010, the ACCA published its “Sustainability Reporting: The Rise of the Report and the Regulator”, and stated that the number of companies producing sustainability reports have increased dramatically since 2006. The ACCA attributes this upsurge to government and regulatory involvement along with growing awareness amongst local media and civil society of the role of the private sector in sustainability issues. The Report shows that Malaysia has the highest number of reports among the ASEAN nations, with 49 companies producing an overall of 97 Sustainability Reports in the past 8 years.71

Whilst there are companies who are moving in the right direction with CSR and actively producing CSR reports, the aggregate reviews show deep gaps in knowledge of CSR components and how they can be applied. Additional capacity building is necessary to educate corporations on how to; integrate CSR into the business beyond philanthropy, align efforts with the national development goals and create workplaces that are child-friendly. Table 7 shows examples from varies countries on how mandatory and voluntary reporting encourages companies to practice responsible business and CSR. Only when this has been achieved, will integration of CSR into business operations for the PLCs be met.

<table>
<thead>
<tr>
<th>Country</th>
<th>Mandatory Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>• UK listed companies are required to report in the form of a Business Review, on social and community issues “to the extent necessary for an understanding of the development, performance or position of the company’s business”</td>
</tr>
<tr>
<td></td>
<td>• The Companies Act 2006 requires a director, in his duty of promoting a company’s success, to take into consideration the impact of his company’s operations on the community and the environment</td>
</tr>
<tr>
<td></td>
<td>• The All Party Parliamentary Group on International Corporate Responsibility: Business, Human Rights and the Environment was set up in December 2010 to; examine CR, raise awareness on issues surrounding business, human rights and the environment, amongst Parliamentarians and as a forum for debate on CSR of MNCs that operate across national boundaries</td>
</tr>
<tr>
<td>Australia</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>• The finance and securities industry requires the ASIC guidelines to be followed if a claim is made in a Product Disclosure Statement that ethical, social or environmental considerations, or labour standards, are taken into account by the investor when selecting, retaining or realizing the investment</td>
</tr>
<tr>
<td></td>
<td>• The Australian Government launched the National Action Plan for Education for Sustainability in April 2009 to equip all Australians with the knowledge and skills required to live sustainably</td>
</tr>
<tr>
<td>Singapore</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>• Listed companies under the Singapore Exchange are encouraged to produce sustainability reports and the Singapore Exchange provides its member companies with a guide entitled “Guide to Sustainability Reporting for Listed Companies” issued in June 2011</td>
</tr>
<tr>
<td>France</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>• The Les Nouvelles Regulations Economiques 2001 is an amended French law that contains mandatory corporate disclosure for all listed companies on social and environmental issues in their annual reports and accounts. It encompasses three main criterions namely, human resources, community and labour standards</td>
</tr>
</tbody>
</table>

Table 7: Comparison of Reporting Requirements in Other Countries

INCENTIVES
Tax Incentives

In light of the growing importance of CSR in Malaysia and the Government’s support of this notion, tax incentives have been provided for companies who practice CSR. The tax incentives cover a variety of actions, such as the setting up child-care facilities, contribution to the community and setting up library services. In addition, the Government has set up fiscal incentives at national levels where funds have been specifically allocated for activities that benefit children (more detail on the incentives can be found in the Income Tax Act 1967 and are presented in Table 8). The efforts of local companies who practice CSR do not go unacknowledged or unrecognised as the Government awards these companies through the Prime Minister’s CSR Award.

The Malaysian Government hopes that providing tax incentives will increase CSR initiatives in the country.

<table>
<thead>
<tr>
<th>INITIATIVES</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHILD CARE CENTRE FACILITIES</strong></td>
<td>S 34 (6) (i) of the Income Tax Act, 1967 allows for a single tax deduction</td>
</tr>
<tr>
<td>A company that provides an area for child care facilities for young children which enable parents to bring their children to work. Facilities include a room equipped with children’s books, toys, adult supervision for young children and time for employees to visit their children at work, will qualify for a single tax deduction for the amount spent on the child care facility. This includes expenditure incurred for the provision and maintenance of child care.</td>
<td></td>
</tr>
<tr>
<td><strong>SCHOOLS AND LEARNING CENTRES FOR CHILDREN WITH LEARNING DISABILITIES</strong></td>
<td>PU (A) 247/2008 Income Tax (Exemption) (No. 5) Order 2008 allows for tax exemption</td>
</tr>
<tr>
<td>Setting-up and managing a school for children with learning disabilities catered for children of school-going age who require extra help and attention to address their disabilities. Managing such a non-profit oriented school will enable the company to qualify for a tax exemption</td>
<td></td>
</tr>
<tr>
<td><strong>LIBRARY SERVICES</strong></td>
<td>S 34 (6) (g) and S 44 (8) of the Income Tax Act, 1967</td>
</tr>
<tr>
<td>Contribution on provision of library facilities that are accessible to the public or libraries of schools and institutions of higher learning</td>
<td></td>
</tr>
<tr>
<td><strong>CONTRIBUTION TO THE COMMUNITY</strong></td>
<td>S 34 (6) (h) of the Income Tax Act, 1967</td>
</tr>
<tr>
<td>Expenditure incurred for the provision of services, public amenities and contribution to a charity or community project pertaining to education, health, housing, infrastructure, ICT, conservation or preservation of the environment and enhancement of income of the poor as approved by the Minister of Finance</td>
<td></td>
</tr>
<tr>
<td><strong>STUDENT SCHOLARSHIPS</strong></td>
<td>S 34 (6) (i) of the Income Tax Act, 1967</td>
</tr>
<tr>
<td>Expenditure incurred in the provision of a scholarship to a student</td>
<td></td>
</tr>
<tr>
<td><strong>PROVISIONS FOR DISABLED PERSONS</strong></td>
<td>S 44 (9) of the Income Tax Act, 1967</td>
</tr>
<tr>
<td>Gifts of money or contributions in kind (the value to be determined by the relevant local authority) made by him in the basis year for that year for the provision of facilities in public places that benefit disabled persons</td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Tax-related Incentives for Child-friendly CSR Initiatives
Fiscal Incentives

The Malaysian Government demonstrates increasing support of CSR through its fiscal policies. A review and analysis of the budget speeches from 2007 to 2013 reflects the Government’s growing recognition that private sector contribution can be used to reach national development goals (the fiscal incentives provided in the 2007 to 2013 Budgets can be found in Appendix 3).

Although the Government’s fiscal support of CSR is a positive development, most of the incentives occur in community investment, which is only one component of CSR.

Awards and Recognition

In the 2007 Budget Speech, the Prime Minister announced that private sector contributions to the community would be recognized and awarded through the Prime Minister’s CSR Awards Sponsorship. CSR awards given by the top level of Government is a significant recognition of the impact that the business sector can have on the community. The Prime Minister states that the awards are also a means to instil CSR into corporate culture, “We want to make responsibility for the community part and parcel of our nation’s corporate culture”.

The Prime Minister’s CSR awards are managed by the Ministry of Women, Family and Community Development and were awarded in 2007, 2009, 2010 and 2011. Entrants are judged on; the impact of their programmes on the target beneficiaries, the programme’s sustainability, and documentation of the initiative. Awards given include categories in:

- Community and Social Welfare
- Culture and Heritage
- Education
- Environment
- Small Company CSR
- Best CSR/Workplace Practices
- Empowerment of Women (new category for 2009)
- Special Award – Media Reporting
- Best Overall CSR Programme
- Family Friendly Workplaces (new category for 2011)
- Outstanding Opportunities for People with Disabilities (new category for 2011)

In 2007, “Best overall CSR programme” was awarded to DiGi. DiGi’s responsible business practices included reducing the hierarchy of their organisational structure and providing equal benefits for all levels of staff and management. The company has strong corporate governance and has implemented codes of conduct. In support of work-life balance, DiGi provides mothers with the option to extend maternity leave for another 60 days at half pay and provides a room for breast pumping.

CIMB looks after the interest of their employees in terms of medical and hospitalisation benefits that extend to children of employees as well as providing paternity leave and expenses and scholarships for children. This earned them an honourable mention in the “Best CSR/Workplace Practices” category in 2009.

An honourable mention in “Community and Social Welfare” was awarded to Mulpha International in 2009. Its CSR initiative, Arts for Health, began towards the end 2006 involving children diagnosed with cancer at the Selayang Hospital. The idea was to provide a creative and engaging outlet to children who are terminally ill, to get their minds off their pain and perhaps also to release some positive energy. Within two years, the programme spread to Kajang Hospital, Hospital Universiti Kebangsaan Malaysia and University Malaysia Medical Centre; and in 2009 it was further extended to Hospital Kuala Lumpur and Hospital Sungai Buloh. In all, more than 400 hospitalised children were involved in the programme in 2009.
children have benefitted from 10 programmes run throughout the year.

Telekom Malaysia™ took home the award for “Best Workplace Practices” in 2010 by ensuring good work-life balance. Telekom Malaysia put a variety of programmes in place for their employees including flexi-hours, teleworking schemes and childcare centres. TM also has an Employee Assistance Program to assist employees to manage, overcome and avoid family problems that can impede their performance and productivity.

The “Education” category was won by MEASAT Broadcast Network Systems in 2010. Its Kampus ASTRO Project brings 14 international and local educational channels to 10,000 schools throughout Malaysia and reaches 5.3 million students, including those living in remote areas. In addition, it reaches 100,000 students from over 500 schools through Kampus Astro on Wheels.

IBM Malaysia Sdn Bhd was the first ever company to take home the award for “Family Friendly Workplaces”, which is the latest addition to the award categories. The Overall Winners of the Award in 2011 went to General Electric whose 600 female staff, make up about 47% of its workforce. These employees enjoy three months of fully-paid maternity leave and are also encouraged to work flexible hours.

The Prime Minister’s Awards provide CSR with essential visibility to the private sector. The awards are structured in such a way that not only large companies are recognized, but small companies and media organizations are also taken into account. Although the award categories are well-rounded and reflect a diverse range on community impact, the only category concerning children is “Family Friendly Workplaces”. Child-friendly CSR could be driven further if children were featured more strongly by establishing a child-friendly category in the awards.
MOVING CHILD-FRIENDLY CORPORATE SOCIAL RESPONSIBILITY FORWARD
Challenges

This section is derived from the views and opinions expressed by those who were interviewed.

Within the national context and the understanding of CSR, there are various challenges in moving child-friendly CSR forward. The view that CSR is a financial burden may hinder a company from implementing CSR, as companies do not wish to incur any additional expense. Companies need to understand that the practise of CSR does not require huge costs.

Although CSR is generally perceived by many as a “Western concept”, the values of charity and contributing back to the community are essential practices of Malaysian society. These are the foundations that provide entry points for investment by businesses to ensure sustainability and relevance in the national and international markets.

The mind-set of consumers is also a factor that may impede the growth of CSR in Malaysia. The purchasing behaviour of consumers is not always based on whether a company is corporately responsible and such buying habits may not demonstrate to companies the necessity to practise CSR.

The mind-set of investors may be another challenge as they may not be concerned with whether a company is socially responsible. Usually, yielding the highest profits and returns is the main priority when deciding which company to work with.

For some companies, if their business does not deal directly with children, they feel that there is no need to implement child-friendly CSR. Children make up one third of the global population and businesses will inevitably interact with the parents and caretakers of children who are also employees and stakeholders of the business. Businesses will also interact with the communities in which children grow and develop.

There are companies who may not deal directly with children but who want to practise child-friendly CSR, and they may lack the knowledge and expertise on issues concerning children. Companies should know that there are CSR agencies, NGOs and other organisations that can help guide and partner with them.

For companies with global operations, it may be a challenge to consolidate CSR efforts as local needs and values need to be taken into account in each country. This is similar for companies who have diversified businesses where it is involved in various sectors/industries. It may be difficult for such a company to implement a one size fits all CSR programme as the individuality of each sector and industry must be considered.

What can Businesses do to move CSR forward?

In practice, the Government of Malaysia has contributed to the positive CSR environment in the country. Their advocacy is evidenced by; the tax incentives provided, the increase in fiscal policy initiatives, the publication of the Silver Book and the Prime Minister’s CSR awards. As a whole, the resources and activities undertaken by the government are moving in the right direction. However, there is still room for improvement in achieving results for children.

United Nations Children’s Fund (UNICEF) Malaysia is capable of bringing positive change for children through advocating for child-friendly business practices in; Malaysia’s next development plan, the Silver Book guidelines, SSM’s CR approach, Bursa’s framework and the like. The CRBP can also act as a tool to promote CSR and to assist companies with their CSR strategies to incorporate its 10 Principles. Child-friendly business practices should consider including elements of child rights into the framework of CSR.

The four components of CSR areas below comprise of some of the proposed practices that companies may wish to incorporate into their CSR
policies and plans. Some of the suggestions are derived from the UNICEF CSR Workbook73(*):

At the workplace businesses should:
- Respect child labour laws and the minimum working age
- Encourage a family-friendly work environment and policies
- Respect the rights of employees who are parents or caregivers and promote the concept of work-life balance*
- Support a mother-friendly work environment by respecting a mother’s right to breastfeed by providing the time and location needed to express milk*
- Ensure children of workers have access to learning centres and other facilities, especially those businesses who operate in remote locations
- Create non-discrimination policies that include pregnant women, as well as employees and customers with HIV/AIDS
- Champion the rights of children by engaging with its business partners and suppliers to adopt child-friendly business practices*
- Protect any children who may be on the business premises*

At the marketplace businesses should:
- Market products for children in ways that are not harmful to their well-being
- Ensure products produced for children are safe and non-toxic
- Work with their suppliers to ensure they also embrace child-friendly business practices
- Ensure that advertising, sales, promotion and marketing techniques do not adversely affect the rights of children*

In the community businesses should:
- Support community projects that benefit children, especially the most vulnerable and marginalised *
- Consult children when developing child-friendly initiatives*
- Give long-term sustainable solutions to address the needs of children*
- Demonstrate support for children during a humanitarian emergency*

In regards to the environment businesses should:
- Ensure their operations do not expose children to toxic chemicals and pollution
- Respect and protect the environment as the future home of children*

Other recommendations on how to move child-friendly CSR forward based on interviews conducted with representatives of companies and organisations are listed below.

In order to move child-friendly CSR forward, a multi-pronged approach is required. A combination of stakeholder and shareholder pressure, government policies and business ethics are key factors to move child-friendly CSR forward.

The Next Development Plan

While the 10MP uses CSR intermittently, it can be referred to as a source of inspiration for businesses to develop CSR initiatives. The next plan should articulate strategies in the areas where businesses can contribute to CSR. In order to promote child-friendly business practices in Malaysia, consider the following are examples:

- **Support for breastfeeding:** the next development plan should require businesses to provide the time from work and lactation rooms necessary for mothers who breastfeed.
- **HIV/AIDS awareness:** businesses should be required to develop non-discrimination policies, education for employees and access to healthcare.

73 http://www.unicef.org/csr/335.htm
HOW TO MOVE CHILD-FRIENDLY CSR FORWARD

1. Companies should view CSR as an avenue to achieve an advantage through reputation, a chance to increase the value of company shares, an opportunity for growth and, a way to retain employees who want to work for responsible businesses.

2. For businesses to fully understand how CSR can benefit, not only the community, but also the company, CSR has to be promoted from a business angle. It may be more effective to promote CSR to a company from a dollars and cents viewpoint. For example, companies who want to be a part of the global supply chain can be made aware that many foreign investors from USA and Europe want to work with companies in Asia who practise CSR.

3. CSR should be business integrated and closely tied in with the nature of a company’s operations. It can be integrated into the company structure, processes, role of employers and employees and infrastructure. This can be achieved by aligning CSR into a company’s objectives and functions.

4. When practising CSR, companies should consider its expertise and build CSR on it. For example, a bank can offer financial literacy programs that will benefit the children as well as the bank; once children reach maturity they become financially literate customers.

5. Consumers in the community will create demand for products and services and as a result, companies will have to be sensitive to meet these needs. Businesses must also understand that consumers are becoming increasingly aware of CSR and may wish to buy from a corporately responsible company.

6. There are many CSR areas that a company can address and there must be basic understanding of what is needed and what the issues are on the ground. It is important for a company to look at who, where and how its business will impact the wider community. A valuable CSR policy does not only look at children in the community but also at the children of its employees.

7. A top down approach is necessary where commitment by top management and board members are key factors that can help push CSR forward. Corporate Social Responsibility has to become a priority in a company’s boardroom agenda. In addition, for CSR to be truly accepted and actively implemented, commitment from all levels is necessary.

8. When encouraging companies to practise CSR the local social and cultural context should be taken into account, which would help Malaysian companies to be more receptive.

9. Another way to move CSR forward is to promote CSR from the very beginning for example, business schools and universities can include CSR as a component to their syllabus from an educational perspective. Grooming future CEOs and the workforce will benefit the growth of CSR.

10. A company’s CSR direction may need to develop and adapt in order to contribute to children in a positive manner, Corporate Social Responsibility is a dynamic process that needs to follow with changing time and needs.
• **Access to education**: businesses with operations in plantations and other remote locations should be required to facilitate access to education for children of workers.

• **Disability**: to ensure that needs for disabled persons are met.

### Government-linked Companies

Current GLCs investments focus on improving products for customers, providing training to the labour force, introducing merit-based procurement processes and investing in the community. UNICEF Malaysia can increase the child-focus contributions to society by promoting a child-friendly business practice framework through various GLC initiatives.

### Companies Commission of Malaysia (SSM)

Currently, the SSM’s CR Agenda does not highlight any specific child-focused initiatives. However, there are significant opportunities for UNICEF Malaysia to influence the CR Agenda to bring greater visibility to child-friendly business practices.

Areas of opportunities are as follows:

• Promote child-friendly business practices in capacity building efforts.
  o Continue the development of Best Business Practice Circulars on child-friendly business practices in the workplace, community, marketplace and environment.
  o Convene seminars and include child-friendly business practices in training programs.
  o Encourage the inclusion of child-friendly business practice research topics through the UKM/SSM partnership.

• Support the inclusion of child-friendly business practices in an annual reporting framework.
  o SSM plans to include a provision that will encourage non-financial reporting, including CR initiatives. SSM will establish a ranking system to recognise companies who adhere to this voluntary requirement, and it will be reflected in the new Companies Bill.⁷⁴

### Bursa Malaysia

PLCs can be role models for leading practices in CSR, so it is vital that PLCs implement child-friendly business practices. United Nations Children’s Fund (UNICEF) has positively influenced the incorporation of indicators related to children in the criteria in CSR indices in the UK and Brazil.

Currently, there is no specified framework for reporting other than to report on the four areas of environment, marketplace, workplace and community. United Nations Children’s Fund (UNICEF) Malaysia should take this opportunity to engage with Bursa Malaysia and ensure that the future ESG Index will include a child-friendly business practice framework. One of the criteria should emphasize the child-friendly CSR gaps seen in the current reporting practices and policy environment.

### Roundtable for Sustainable Palm Oil

The United Nations Children’s Fund (UNICEF) Malaysia should address this gap by influencing the certification inclusion criteria and effect positive CSR investment for children in the plantations. Potential areas where UNICEF Malaysia can engage with RSPO can include the following:

• Initiate discussions with key stakeholders in the palm oil industry.
  o Increase awareness of children’s issues among the Ministry of Plantations and Industries, Malaysian Palm Oil Association and plantation owners and managers.
  o Conduct discussions and garner support with major purchasers of palm oil who are known for their commitments to responsible business practices.

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⁷⁴ Sole proprietorships and partnerships are not required to do annual reporting.
• Create a child-friendly CSR advisory council or working group to engage stakeholders in the palm oil industry to give innovative solutions ensuring sustainable results for children.
  o Provide a forum to discuss children’s issues in education as well as birth registration.
  o Create innovative solutions for access to education, for example developing child-friendly education kits similar to the initiative in UNICEF India and, encouraging smallholder plantations to group together to form collective learning centres.
  o Ensure implementation, sustainability and on-going monitoring of CSR initiatives in the plantation sector.

CONCLUSION

This review of CSR policies and practices in Malaysia has shown that there is strong involvement from multiple parties (the government, Bursa Malaysia and SSM), to raise awareness and encourage companies to include CSR as a part of business operations. In recent years, the Malaysian Government has actively engaged the business community to increase the profile of CSR. Their continuous efforts have managed to address some areas related to children such as education and poverty alleviation however, there are still areas where the rights of children need to be examined and this can only be achieved if the government has greater cooperation from the private sector.

According to the Energy, Green Technology and Water Minister, Datuk Seri Peter Chin, less than 10% of Malaysian companies adopted a CSR agenda. At the CSR Sustainability Summit 2011, he said “Most of the rest already know how important this CSR is, but still they didn’t make it as a business practice”. In essence, most companies understand the importance of CSR but are not practicing the idea. The drive for child-friendly CSR will take time.

Malaysian companies need to; develop and implement a CSR policy and agenda, identify the return of investment that can be brought about by child-friendly CSR initiatives and lastly and, turn CSR policies and agendas into sustainable results for children.

Introducing and implementing child-friendly business practices can increase visibility of how businesses can positively impact the lives of the children who are connected to their business value chain in various capacities. Companies, irrespective of their size and nature of operations, need to be aware that they can significantly contribute to children’s lives if they embed CSR into their structure and policies. We must dispell the notion that only large companies can make a real and measurable impact.

United Nations Children’s Fund (UNICEF) Malaysia will take a multi-pronged approach to advocate for child-friendly business practices. United Nations Children’s Fund (UNICEF) Malaysia will; engage the Government to advocate for a policy change that includes child-friendly CSR, engage the corporate sector to encourage positive change in attitudes towards child-friendly CSR, and hopes to ensure that the Malaysian Government’s vision to create a caring and economically just society by 2020 includes children’s rights.

The key to achieving these goals is to advocate for a concerted and collaborative effort by all parties; Government, private sector, NGOs and society at large. These parties must work together to continue to move towards deeper integration of child-friendly CSR in the community, workplace, marketplace and environment. Shifting targets to these four areas will help achieve positive results and significantly impact children’s rights in Malaysia.

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REFERENCES


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UNICEF Malaysia Flour Fortification Review, 2008
Worker’s Minimum Standard of Housing and Amenities Act 1990 (Act 446)
Appendix 1: How to Engage the Business Community

Based on interviews with UNICEF staff around the world, the approach to corporate engagement should include the following steps.

1. **REVIEW:**
   UNICEF Malaysia should review programmatic goals and ascertain where there are gaps in resources, such as people, technology and influence. UNICEF Malaysia should also determine the areas where the government needs help or where private sector participation is lacking.

2. **EVALUATE:**
   The Country Office should evaluate whether engagement will focus on a specific industry or general engagement of a business association. Some questions to ask in this regard include:
   - Does a particular industry have the potential to strongly impact the lives of children?
     For example, the plantation industries or the tobacco industry
   - Does the business association have a strong history of CSR support?
   - Does a particular industry have resources that you can leverage?

3. **INITIATE:**
   Once the business sectors have been selected, conduct meetings with key business leaders as soon as possible. Key business leaders will vary by issue and industry. For example, in the palm oil industry, key purchasers in a supply chain such as Unilever and the Body Shop have a strong commitment to CSR. In relation to HIV/AIDS awareness, Standard Chartered Bank is a key business leader. Ask the business representatives how they think they can contribute to address UNICEF programmatic goals, given the gaps that have been identified.

4. **ARTICULATE:**
   Develop a value proposition for businesses to join to unite for children. Corporations need to be shown how they can make an impact through the strategic integration of CSR throughout the entire value chain. UNICEF Malaysia should help businesses understand how societal issues impact the business environment at a high level.

5. **CONNECT:**
   Engage businesses and create opportunities for dialog through partnerships, innovation for children, community investment and resource mobilization.
Appendix 2: List of CSR Influencers

**GOVERNMENT**

- Bursa Malaysia
- Companies Commission of Malaysia (SSM)
- Economic Planning Unit
- Khazanah Nasional Bhd
- Malaysian Palm Oil Association
- Minister of Plantation and Industries and Commodities
- Putrajaya Committee on GLC High Performance
- Securities Commission

**PRIVATE SECTOR**

- Private Sector Association of Chartered Certified Accountants
- American Malaysia Chamber of Commerce
- CSR Asia
- EU Malaysia Chamber of Commerce and Industry
- Business Council for Sustainability and Responsibility
- Malaysian International Chamber of Commerce and Industry
- OWW Consulting
- Roundtable for Sustainable Palm Oil
Appendix 3: CSR initiatives Reflected in the 2007-2013 Budget Reports

2007 Budget
• Created annual CSR reporting requirement for PLCs.
• Stated that EPF and KWFP will give favourable consideration to PLCs with good CSR practices in their investment decisions.
• Increased ceiling for tax deductions on charitable contributions from 5 to 7% of aggregate income.
• Introduced the Anugerah CSR Perdana Menteri (Prime Minister’s CSR Awards) to recognize business sector contribution to CSR.

2008 Budget
• Established CSR fund to jointly fund projects implemented by the private sector to benefit low-income Malaysians with initial funding of RM50 million. Projects will include home repair and creating employment opportunities.
• Implemented a tax deduction on private sector investments that provides significant benefits to the local community, such as playgrounds and overhead bridges.
• Expanded the annual reporting requirements for PLCs to include diversity statistics.
• Created permanent secretariat for PINTAR and extended program to private companies.

2009 Budget
• Encouraged private sector investment in the Program Amal Jariah, which repairs rundown homes for the hard-core poor nationwide, by creating a matching grant programme.
• Proposed an increase to the ceiling on tax deductions for contributions to charitable organizations from 7% to 10% of aggregate income.
• Expressed its full support of the palm oil plantations’ pursuit of RSPO certification.

Established the RSPO Fund with an allocation of RM50 million to support plantations in the certification process and activities “such as upgrading of schools in plantations, as well as implementing conservation programmes”. (paragraph 60) The budget allocation is being managed by the Ministry of Plantation Industries and Commodities.
• Created a 10% tax deduction on the cost of developing on-site childcare centres. In recognition that cost and access are problems for early childhood education, government agencies will be given a grant of RM80, 000 to renovate childcare centres. The YAB Prime Minister Razak stated, “I would like to urge the private sector to fulfil their corporate social responsibility by providing child care facilities at the work place for their employees.”76 For the private sector, a 10% tax deduction on the cost of developing a childcare centre was created.

2010 Budget
• The private sector and GLCs were reminded not to neglect their social responsibilities in their quest for profits. In line with this, 1MB established a CSR fund totalling RM100 million to finance community activities (paragraph 33).
• An allocation of RM30 billion for primary and secondary education benefited 5.5 million students nationwide. The allocation includes emoluments, student assistance and scholarship programme, construction of 80 new schools, 1,100 additional blocks and 347 school replacement projects. RM1.1 billion was provided to refurbish and upgrade schools nationwide, especially in Sabah and Sarawak (paragraph 60).
• Incorporating pre-school education as part of the mainstream national education system in order to increase participation rate of children between 5-6 years in Government and private pre-schools from 67% to 87% by 2012 (paragraph 62).

76 Prime Minister’s Office of Malaysia, Speech: “Opening address at Malaysian International ECEC Conference on ‘Developing Human Capital Begins with Children’”
• RM32 million was allocated to increase literacy and numeracy rates by implementing a programme targeting all Year 1 school children (paragraph 64).

• 50,000 hard-core poor households registered with eKasih and 4,000 Orang Asli households was given assistance (paragraph 110. “The Government will implement programmes to assist the poor and vulnerable in order to reduce the poverty rate from 3.6% in 2007 to 2.8% in 2010” (paragraph 111).

• RM48 million was allocated to implement urban poverty eradication programmes (paragraph 113).

• RM14.8 billion was allocated to manage, build and upgrade hospitals and clinics (paragraph 118).

• The allowance rate increased from RM50 to RM150 a month for disabled children enrolled in NGO-organised special school. An allocation of RM3.3 million was provided and almost 4,400 disabled children received the benefit (paragraph 120).

2011 Budget
• The Government further intensified PPP initiatives to enhance private sector involvement in economic activities. They allocated RM1 billion to fund PPP projects including a Women and Children’s Hospital in Kuala Lumpur (paragraph 18).

• In order to nurture children with good values and knowledge, the Government increased pre-school enrolment rate, the target was to reach 72% by end-2011 through an additional 1,700 classes, strengthening the curriculum and appointing 800 pre-school graduate teachers (paragraph 58).

• RM111 million was allocated for PERMATA programmes that included the construction of the second phase of Sekolah PERMATA Pintar School Complexes, 32 PERMATA Children Centres (PAPN) and financing the operations of 52 completed PAPNs as well as continuing PERMATA Pintar, Seni, Insan and Remaja programmes (paragraph 59).

• The Government regards every child regardless of race as a national asset and a future leader and thus allocated RM250 million for development expenditure to religious schools, Chinese-type schools, Tamil national schools, missionary schools and Government-assisted schools nationwide (paragraph 60).

• Provided and re-branded 40 1Malaysia TASKA, managed by the Department of Social Welfare to assist women to obtain quality childcare and early education for their children (paragraph 75).

• Allowed flexibility to self-determine fully paid maternity leave, not exceeding 90 days from the current 60 days in order to improve the maternity leave facility for female civil servants (paragraph 76).

• Allocated RM121 million to children’s assistance programme to enable them to receive quality childcare and early education. This benefitted 97,000 children (paragraph 81).

• CSR was highlighted by the Government as important to the implementation of community projects. Khazanah Nasional in collaboration with the Ministry of Education established 10 Trust Schools which was managed more professionally to ensure quality education. In addition to the normal Government allocation, these schools received contributions from Khazanah Nasional (paragraph 103).

• 1MBD provided RM20 million to the 1Malaysia Youth Fund and these funds were used to implement 1Malaysia Mobile Clinics (paragraph 105).

2012 Budget
• Allocated RM13.6 billion to the social sector and this included education and training, health, welfare, housing and community development (paragraph 14).

• Allocated an additional RM2.5 billion to the public-private partnerships Facilitation Fund which was set up under the 10MP (paragraph 21).

• RM50.2 billion was allocated to the education sector with RM1.9 billion out of the amount for
the Ministry of Education to spend on; national schools, national-type Chinese and Tamil schools, mission schools and Government-assisted religious schools (paragraph 41).

- RM1billion was provided for a special fund for the construction, improvement and maintenance of schools, particularly to cater for the immediate needs of schools (paragraph 42).

- The Government abolished payment from primary and secondary school children who were in the past, paying for co-curriculum, internal test papers, Malaysian Schools Sports Council fees and insurance payment. A sum of RM150million was allocated to support this abolishment (paragraph 43).

- To promote the health of mother and child, a hospital for women and children will be constructed in Kuala Lumpur through PPP, which will cost of RM700million (paragraph 100).

- Schooling assistance of RM100 will be given to all primary and secondary students from Year 1 to Form 5 nationwide. This assistance is aimed at reducing schooling expenses and is expected to benefit 5.3million students which involves an allocation of RM530million (paragraph 112).

2013 Budget

- A total of RM11.1billion is allocated to the social sector which includes education and training, health, welfare, housing and community development (paragraph 13).

- The Government launched the Malaysia Education Blueprint 2013-2025 to ensure that the national education system is capable of optimising the potential of each Malaysian child (paragraph 58).

- A sum of RM38.7billion is allocated to the Ministry of Education for operating and development expenditure (paragraph 59).

- RM500million will be allocated to enhance teaching skills in core subjects such as Bahasa Malaysia, English, Science and Mathematics through the Higher Order Thinking Skills approach and this includes the establishment of an Education Delivery Unit to monitor and evaluate the effectiveness of the transformation plan (paragraph 60).

- Allocated an additional RM1billion to the Special Fund for Building, Improvement and Maintenance of Schools set up in 2012 (paragraph 61).

- Allocated RM1.2billion to pre-school education to Jabatan Kemajuan Masyarakat, MOE, PERMATA and Department of National Unity and Integration. An addition of RM380million was allocated to the MOE for the placement of kindergarten teachers (paragraph 61).

- A launch grant of RM10, 000 will be given to assist operators of Early Childhood Care and Education (ECCE) private centres in opening new high quality pre-schools. This is estimated to assist 1, 000 new private ECCE centres (paragraph 63).

- A double deduction on the allowance or subsidies provided to employees and expenses for the maintenance of childcare centres will be given to employers (paragraph 63).

- Income tax exemption for 5 years and industrial building allowance at the rate of 10% a year will be given to operators of pre-school and private childcare centres (paragraph 63).

- Income tax exemption for 5 years and industrial building allowance at the rate of 10% a year will be given to operators of private pre-schools (paragraph 63).

- The Government will implement a pilot project for TASKA OKU in six categories of disabled children i.e. down syndrome, autism, blind and partially sighted, hearing and speaking disabilities, physical disability and learning difficulties (paragraph 64).

- RM1.2billion will be allocated to the Ministry of Women, Family and Community Development to assist programmes which include children (paragraph 110).

- The Government pledges continuous support to primary and secondary school students, especially those from low-income families, by allocating RM2.6billion to include per capita
grant, hostel meal assistance programme, Food Supplement Programme (RMT), purchase of text books and assistance for payment of additional school fees (paragraph 149).

- The Government announced Schooling Assistance of RM100 in the 2012 Budget and plans to do the same in 2013 (paragraph 150).

- The Government announced its hope for the private sector, corporate bodies and GLCs to play a bigger role in the development and the well-being of the rakyat through CSR (paragraph 157).

- Felda will spend RM100million a year on education, skills training programmes and scholarships for 5,000 new generation children from which 30% or 2,000 people are children outside of the Felda scheme (paragraph 157).

- The 1Malaysian Development Berhad Trust will allocate RM300million to provide educational grants and financial assistance to build *rumah arau* pre-school students in the interior of Sarawak, 1Malaysia Mobile Clinic and repair houses for the poor and needy (paragraph 157).

- GLICs and GLCs will allocate about RM500million for CSR in community development, scholarships, education, sports and environment (paragraph 157).
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