

TOOLKIT: Stakeholder Engagement

3rd Edition

DISCLAIMER:

This Toolkit: Stakeholder Engagement ("Toolkit") is issued by Bursa Malaysia Securities Berhad to, among others, assist listed issuers in preparing the Sustainability Statement as required under the Listing Requirements of Bursa Malaysia Securities Berhad [paragraph 9.45(2) and paragraph (29), Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9) and paragraph (30) of Appendix 9C of the ACE Market Listing Requirements (supplemented by Guidance Note 11)].

While this Toolkit is intended to provide the relevant information and guidance for listed issuers to prepare their Sustainability Statement, it may not be exhaustive in its coverage. Listed issuers must exercise discernment and diligence when using this Toolkit. All applicable laws, regulations and existing Listing Requirements of Bursa Malaysia Securities Berhad should be referred to in conjunction with this Toolkit.

Although care has been taken to present current and pertinent information in this Toolkit, Bursa Malaysia Securities Berhad does not make any representation or warranty, whether implied or expressed, as to the accuracy, completeness or reliability of the contents of this Toolkit.

In no event shall Bursa Malaysia Securities Berhad be liable for any decisions made on the basis of the information in this Toolkit or any other claim, howsoever arising, out of or in relation to this Toolkit. Bursa Malaysia Securities shall under no circumstances be liable for any type of damages including but not limited to, direct, indirect, special, consequential, incidental, or punitive damages whatsoever or any lost profits or lost opportunities.

All rights reserved. The Bursa Malaysia name and logo are registered trademarks.

TABLE OF CONTENTS

1. Purpose	2
2. Background	2
Stage 1: Engagement Strategy and Planning	4
Step 1.1 Identifying stakeholders	6
Step 1.2 Stakeholder mapping	8
Step 1.3 Determining engagement objectives and risks	10
Step 1.4 Identifying sustainability issues and EES impacts	11
Stage 2: Communicating and Engaging	13
Step 2.1 Profiling stakeholders	14
Step 2.2 Determining the engagement approach	16
Step 2.3 Preparing to engage with stakeholders	18
Step 2.4 Engagement	21
Stage 3: Monitoring and Responding	25
Step 3.1 Internalise and communicate findings	26
Step 3.2 Monitor progress of implementation	26
Step 3.3 Methods of communicating results to stakeholders	27
3. Mapping to the Materiality Assessment Process	30
Additional Resources	33

1. Purpose

The purpose of this Toolkit is to provide further guidance to listed issuers ("companies") on how to perform stakeholder engagements to determine economic, environmental and social ("EES") risks and opportunities ("sustainability matters") that are material to them. Apart from stakeholder engagements undertaken as part of a company's materiality assessment process, the Toolkit can also be used to support continual engagements for general business purposes.

This Toolkit should be read in conjunction with Bursa Malaysia's Sustainability Reporting Guide ("Guide"), including the definitions provided in the Guide.

2. Background

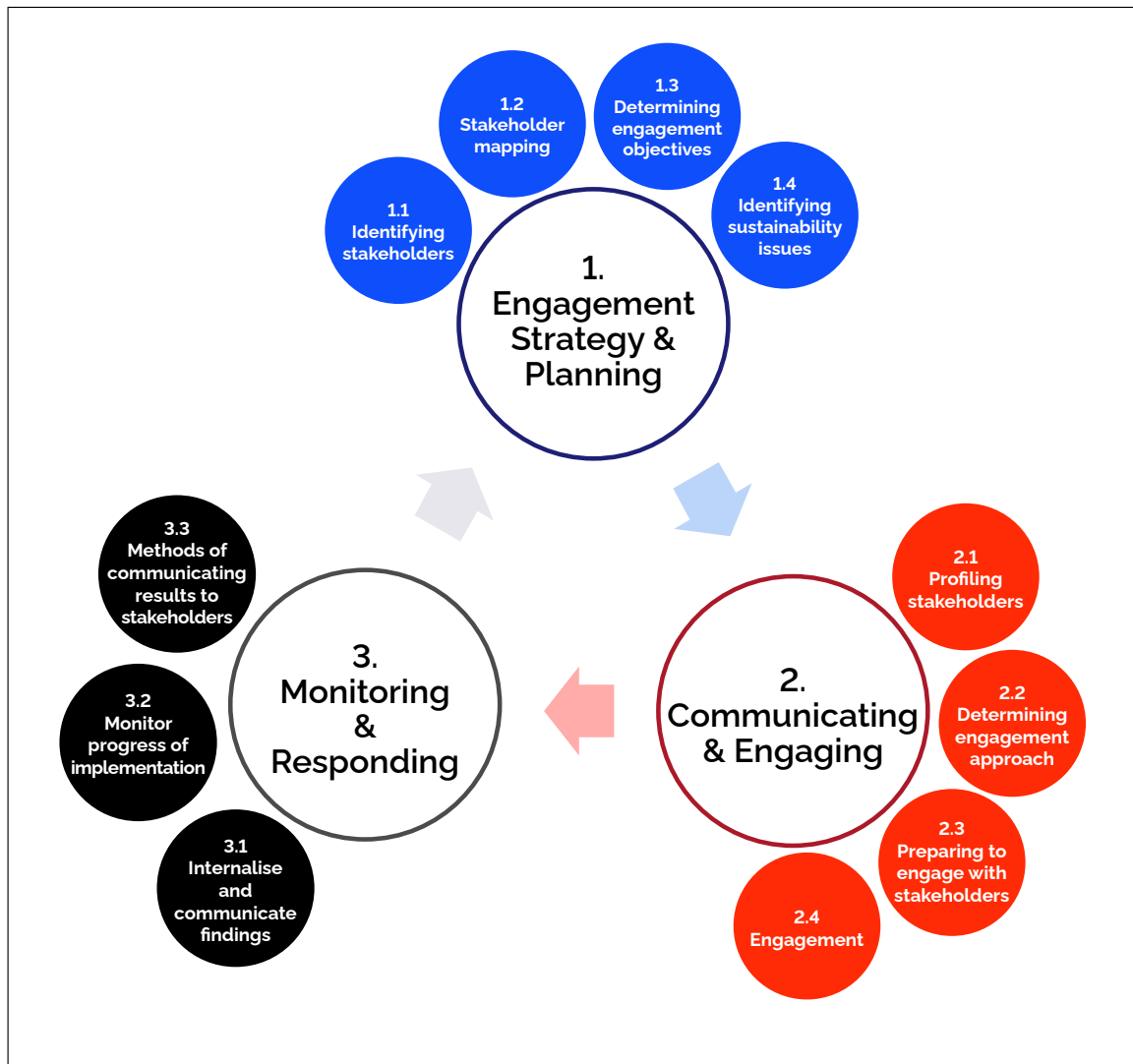
Stakeholders play an important role in relation to a company, either as advocates, sponsors, partners or agents of change. Engagements with stakeholders focuses on inclusiveness, responsiveness and building a continuous relationship between the company and its stakeholders. It should involve any party that is impacted by the company's business practices (directly or indirectly) or who can influence the company and its decisions. Examples of stakeholders include shareholders, community, employees, customers, suppliers, regulators and the government (more details on identifying stakeholders are provided in Stage 1 of this Toolkit).

Stakeholder engagement is driven by enhanced understanding among businesses of the value derived from effective and continuous engagement. It also takes into account the growing levels of awareness, interest and sophistication amongst many stakeholder groups in how companies manage their business and the EES impacts of their operations. In addition, companies are also increasingly cognisant of the reputational risks faced by poor relationships with their stakeholders. Companies that recognise the potential in stakeholder dialogues at an early stage and follow a step-by-step process are better positioned to mould the strategic direction as well as achieve operational excellence for their businesses.

[The rest of the page has been intentionally left blank.]

From the above, it is imperative for all companies to establish a robust stakeholder engagement process. Generally, the process involves 3 main stages, as depicted in Figure 1 below:

Figure 1: Stakeholder engagement process



STAGE 1: ENGAGEMENT STRATEGY AND PLANNING

Objectives

Stage 1 looks at setting the overall strategy for engagement and identifying the relevant stakeholders that underpin the company's stakeholder engagement approach. This stage is crucial to ensure strategic alignment with business objectives to ensure that interests converge to fulfil the company's needs. Engagement strategy and planning also helps a company to identify key stakeholders which will, in turn, help in identifying sustainability issues and prioritising sustainability matters that are material.

Drivers of stakeholder engagement

Stakeholder engagement is very often driven by a set of internal and external drivers. These drivers may prompt a company to begin an engagement with certain stakeholders or to re-evaluate engagement strategies and relook at engagement plans to ensure that these new expectations are met. Below are some examples of drivers for stakeholder engagement.

- **Changing societal expectations on the role of business** – society in general now looks to business to be part of the solution in addressing social and environmental issues;
- **Development of new technologies** – advancements in telecommunications and increase in accessibility to information, are driving more informed stakeholders who now have the knowledge to be part of the debate for all issues including sustainability issues;
- **Increase in public scrutiny** – companies are increasingly subjected to intense inspection and enquiry into their operations, particularly by non-governmental organisations;
- **New legislation or government requirements** – for example, the European Union's Carbon Border Adjustment Mechanism ("CBAM") and the mandating of reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") across a number of jurisdictions; and
- **Significant events** - for example, natural disasters that affect business activities or large industrial incidents (e.g. BP Gulf Mexico Oil Spill or the Tangerang fireworks disaster) or media exposés relating to business operations (e.g. SHEIN's controversy with cheap labour and its environmental footprint).

STAGE **1** **2** **3**

CASE STUDY 1



Malayan
Banking Berhad
("Maybank")

**Drivers for stakeholder engagement**

In Maybank's Sustainability Report 2021, Maybank identified contributions towards decarbonisation via energy saving initiatives. Maybank disclosed that engagements have been conducted with property teams across operating sites which led to costing analyses and assessments for energy saving initiatives and measures to reduce operational carbon emissions. Based on the engagements conducted with its property teams, Maybank was able to identify and implement energy-saving measures in Malaysia and Singapore, with plans to implement additional measures in other countries of operations.

Energy-Saving Initiatives

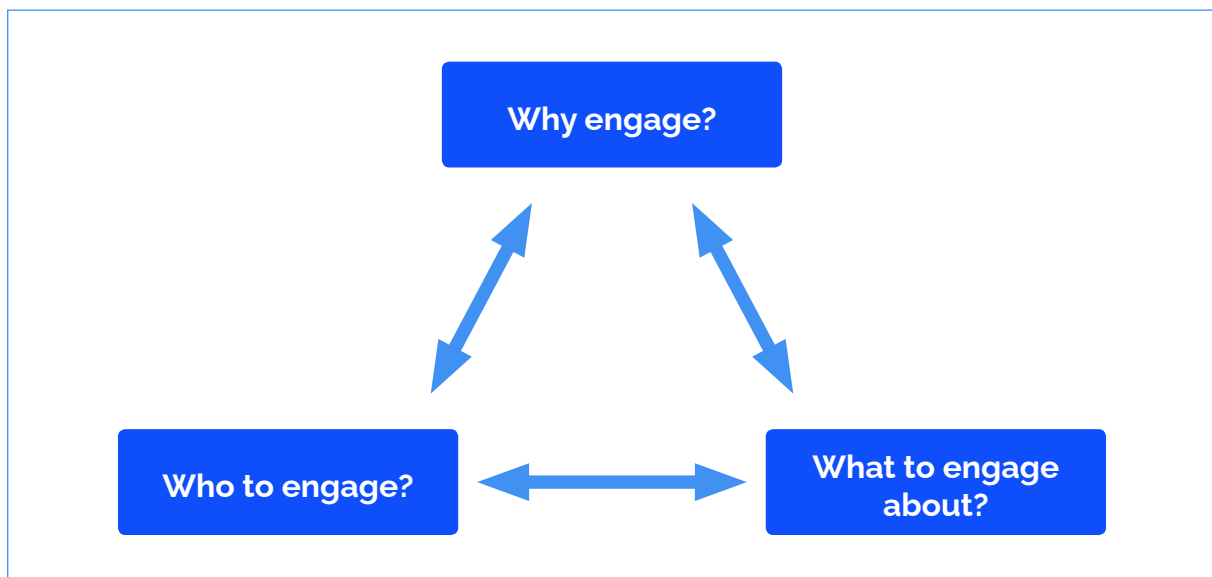
We recognise that in order to effectively and efficiently decarbonise the wider economy, there is a pressing need to lower the energy intensity of our operations. As such, we are embarking on ambitious energy-saving initiatives across the Group. Electricity consumption contributes most to our operational GHG emissions and hence, if Maybank intends to effectively manage our carbon footprint, it is imperative that we manage our energy usage.

In 2021, we also engaged property teams across our countries of operation to conduct a thorough assessment and costing analysis for our premises, in an effort to identify the initiatives that need to be undertaken to reduce our operational GHG emissions and realise our carbon neutral ambition. We have begun to implement energy-saving measures in Malaysia as well as selected sites in Singapore; we are planning to commence the implementation of energy-saving projects across premises in our other countries of operation.

Source: Maybank Sustainability Report 2021

Stage 1 recommends a company to approach stakeholder engagement strategically by considering the following questions. Please note that the sequence of the questioning is interchangeable as long as all the elements are addressed (as illustrated in Figure 2).

Figure 2: Considerations to determine purpose of stakeholder engagement



STAGE **1** **2** **3**

Addressing the three questions will allow a company to attend to operational issues as well as assist in setting the strategic direction of the company. Figure 3 below illustrates example sequences of the three questions.

Figure 3: Example sequences

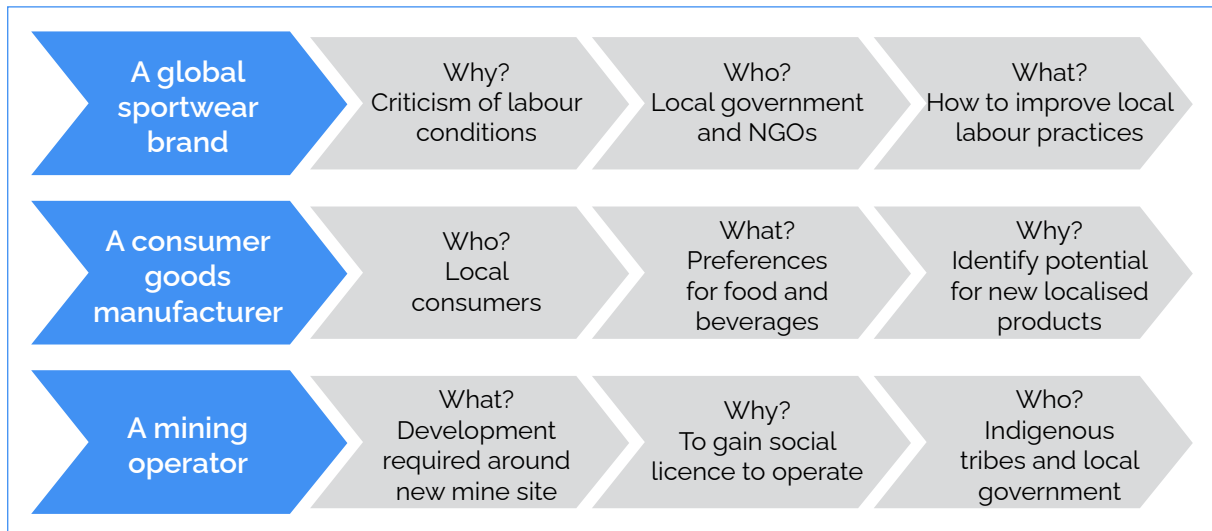
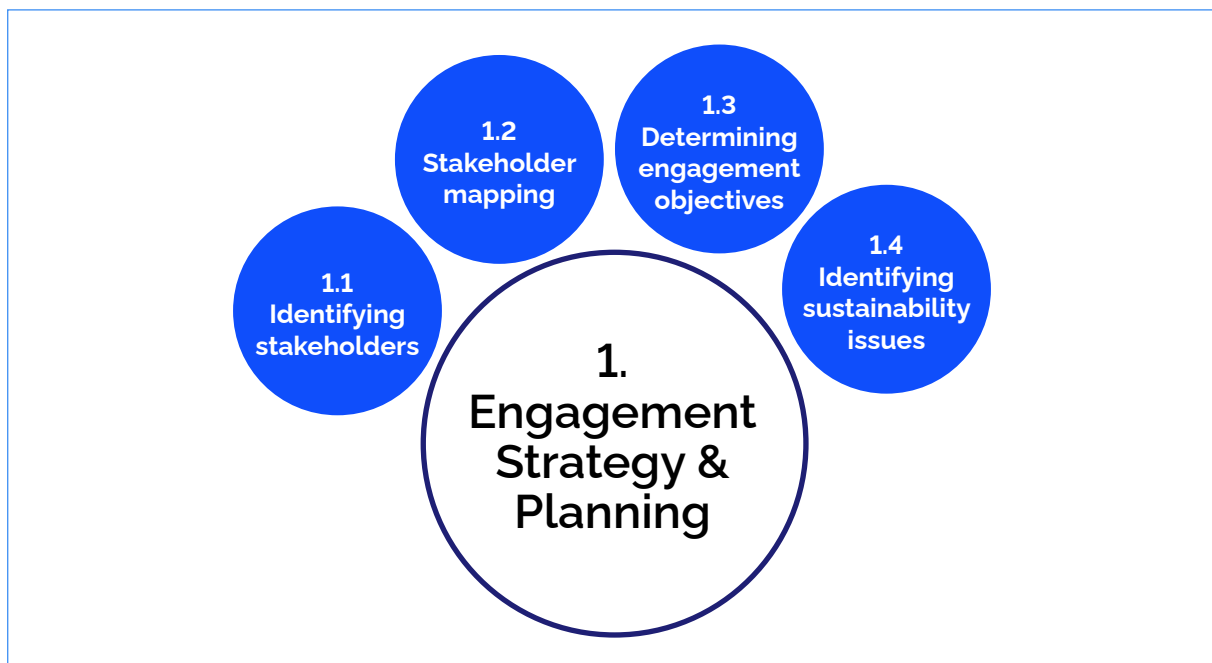


Figure 4: Stage 1 of stakeholder engagement



Step 1.1 Identifying stakeholders

There is no uniform list of stakeholders for all companies. Depending on the nature of business, a company may have a diverse range of stakeholders with different levels of influence or interest in the company. Over time, the list remains fluid to adapt to changes in the internal (e.g. changes to business strategy) and external environments (e.g. legislative changes). Although not exhaustive, the following provides an example of a list of stakeholders that may be relevant to a company:

STAGE **1** **2** **3**

Internal stakeholders	External stakeholders
<ul style="list-style-type: none"> • Employees • Board of directors 	<ul style="list-style-type: none"> • Investors/financiers • Non-governmental organisations ("NGOs") • Government • Media • Industry peers • Academics & the scientific community • Local communities/society • Customers • Suppliers

Internal and external stakeholders can be identified based on the following considerations:

- Does the company have a legal obligation towards the stakeholder?
- Does the company have any financial or operational responsibility that involves the stakeholder? (e.g. through contracts, codes of practice, etc.)
- What is the magnitude of influence that the stakeholder holds? Does it affect the company's ability to meet its goals and objectives? This encompasses those with formal decision-making powers and those with an informal influence.
- What is the physical proximity of these stakeholders to the company? Do they live or operate within close range to the location of the company's operations?
- How often does the company engage with these stakeholders?
- What is the state or extent of dependencies of these stakeholders? Does the company depend on them for supplies, for example? Do they depend on the company for work or for products and services?
- Who does the stakeholder represent? E.g. local community heads, trade union representatives, regulatory body liaisons, etc.

It is worth noting that the loudest voices or heaviest campaigners may not necessarily be the key stakeholders. A company should consider adding more low-key stakeholders who are impacted or may be potentially affected by the company to ensure all valuable feedback is captured.

A company should begin by determining a list of stakeholders which includes all parties who have an interest relevant to the company's activities, products and services and business strategy or is impacted by its operations today or into the future. The company also needs to take into consideration learnings, if any, from its past and present engagements and ensure there is diversity in the list of stakeholders. The process must also leave room for revisions or improvements upon obtaining feedback from stakeholders.

CASE STUDY 2



Coca-Cola
Europacific
Partners plc
("CCEP")

**Stakeholder selection**

This example highlights CCEP's disclosure on their basis for stakeholder selection and stakeholder inclusiveness in their Integrated Report 2021:

Basis for Stakeholder Selection: *"We identify our key stakeholder groups as those with significant interactions with our business model and that we impact in the course of our business operations. We detail about how our business interacts with our stakeholders, and the impacts of these interactions, throughout this Integrated Report."*

Stakeholder Inclusiveness: *"When taking decisions of strategic importance, we endeavour to balance the interests of all our stakeholders in ways that are compatible with CCEP's long-term, sustainable growth. Throughout the year, CCEP has engaged with stakeholders across all areas of the business. The Board strives to gain stakeholder perspectives to inform its decision making through direct engagement, where feasible, as well as through regular communication with senior management."*

Source: Coca-Cola Europacific Partners plc 2021 Integrated Report and Form 20-F

Step 1.2 Stakeholder mapping

Once all stakeholders with relevant needs and expectations (i.e. those that the company intends to or, would be expected to, address) have been identified, the company can begin to map them in a way that addresses their concerns. Stakeholder mapping is a collaborative process and should include multiple perspectives when developing a list of key stakeholders. This means gathering personnel from management as well as from various departments (e.g. procurement, safety, engineering, finance, etc.) to participate in the process.

For example, the list of relevant stakeholders can be categorised into groups, which can be further broken down into sub-groups, based on their specific informational needs or focus areas (e.g. government and regulatory authorities require compliance-based information relating to the company's environmental and social risks).

The table below provides an example of how stakeholders can be categorised into groups and sub-groups and each group's focus area(s).

STAGE 1 2 3

Group	Sub-group	Focus areas
Employees	<ul style="list-style-type: none"> • Management • Permanent hires • Contract staff • Cleaning staff • Security guards 	<ul style="list-style-type: none"> • Career development and ongoing communication • Occupational safety and health • Job security • Employment terms and conditions
Government / Regulatory Authorities	<ul style="list-style-type: none"> • Health and Safety Department • Department of Environment • Labour Relations Department 	<ul style="list-style-type: none"> • Legal compliance
Media	<ul style="list-style-type: none"> • Social media • Newspapers (printed and online) 	<ul style="list-style-type: none"> • Continuous and meaningful communications • Avoidance of bad publicity
Community	<ul style="list-style-type: none"> • Local surrounding community • Local government • Local charities 	<ul style="list-style-type: none"> • Community investment, development and impact • Liaison with community groups
Industrial peers	<ul style="list-style-type: none"> • Trade associations • Roundtables 	<ul style="list-style-type: none"> • Industry stewardship
Customers	<ul style="list-style-type: none"> • Consumers • Distributors 	<ul style="list-style-type: none"> • Products/services transparency • Useful products/services

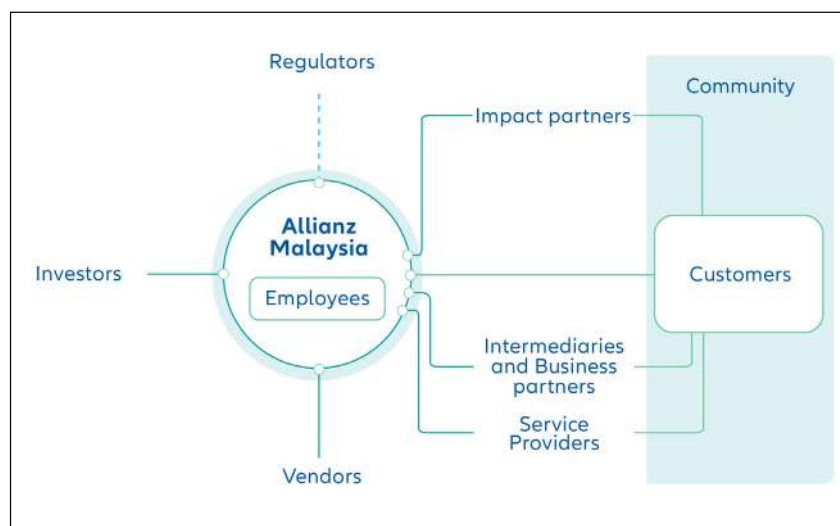
CASE STUDY 3



Allianz
Malaysia
Berhad
("Allianz
Malaysia")

**Stakeholder mapping**

Allianz Malaysia maps out its stakeholders' relationship with the company in its Annual Report 2021.



"Investors are the providers of financial capital to Allianz Malaysia. Regulators and industry peers contribute to shaping the operating environment. Our employees are important drivers of our business, while we engage the services of vendors to support our operations. Service providers, intermediaries, and business partners assist us in reaching out to and delivering our promise to our customers, while our impact partners help to deliver our community initiatives to society and the planet."

Source: Allianz Malaysia Berhad Annual Report 2021

STAGE **1** **2** **3****Step 1.3 Determining engagement objectives and risks**

Engagement objectives provide good guidance to companies in relation to their engagement approach and also provide a means by which to gauge the success of their exercise.

A company is encouraged to define its engagement objectives, in line with the company's strategic objectives. Examples of specific engagement objectives may include:

- as part of the company's materiality assessment process, to identify and prioritise its material sustainability matters;
- securing a license to operate in a certain region;
- increasing customer satisfaction;
- minimising the company's negative environmental and social impacts; or
- identifying new opportunities for business.

It is also useful to identify, assess and address the various risks arising from undertaking stakeholder engagement. This would allow the company to make better decisions, anticipate potential negative outcomes, focus on areas of opportunity and maintain positive relationships.

Stakeholder Risks	Organisational Risks
<ul style="list-style-type: none"> • Unwillingness to engage • Participation fatigue • Creating expectations of change that the company is unwilling or unable to fulfil • Lack of balance between weak and strong stakeholders • Disruptive stakeholders • Uninformed stakeholders • Disempowered stakeholders • Technical barriers in case of online engagement processes • Conflict between participating stakeholders 	<ul style="list-style-type: none"> • Damage to reputation • Waste of time and financial resources • Loss of control of issues • Not meeting companies' expectations • Strong criticism • Creation of conflicts of interest • Internal disagreement on way forward • Non-compliance with legal and internal policies and standards

Source: Adapted from AA1000 Stakeholder Engagement Standard (AA1000SES), AccountAbility, 2015

STAGE **1** **2** **3**

The example below shows how a company is responding to its strategic objective of maintaining its social license to operate in a specific geographical area.

Questions and Responses:

- **What are my engagement objectives?**

Maintaining a social license to operate is key to our business success without which it will affect our access to key natural resources that are pertinent to our operation. In light of recent increased number of complaints and allegations related to our operation's impact on the biodiversity in Area X from the local community, we recognise that there is a need to engage with the community as well as relevant government authorities to better understand their concerns and expectations relating to the sustainability matter (i.e. loss of biodiversity), as part of our engagement objectives to maintain our social license to operate in Area X.

- **What are the levels of influence over and from stakeholders relating to these objectives?**

The local community and government have a strong influence in determining our continued presence in Area X. Close rapport with the community and government enables us to access key natural resources for our production as well as maintain our social license to operate in the area. Our operations in that area has also had a positive impact on the local economy i.e. through new jobs generated.

- **What are the desired outcomes from engagement with these stakeholders? How is success measured?**

No resistance or alternatively voiced support from the surrounding community on our operations in Area X as well as stronger trust of the government authorities, especially enforcement officers (in the form of reduced number of inspections).

- **What are the risks faced by the company if they do not engage or have poor engagement?**

Losing the license to operate in Area X.

Step 1.4 Identifying sustainability issues and EES impacts

Through the process of determining engagement objectives and risks as described in the previous section, a company can also begin to identify its sustainability issues and EES impacts.

The identified sustainability issues and EES impacts (both actual and potential) provides the company with better insights over which issues are most relevant to each of its stakeholder groups and also helps inform the specific engagement approach required subsequently with each group.

STAGE **1** **2** **3**

The need for a company to revisit its stakeholder engagement strategy

Ensuring that the four steps (as detailed above) are executed well, is crucial as they form the foundation of an effective stakeholder engagement strategy. A company's stakeholder engagement strategy should be robust yet flexible and be frequently reviewed by the company especially when weaknesses are uncovered or when it fails to meet pre-set objectives. Some signs that point toward the need to revisit the company's stakeholder engagement strategies are:

- The company has no stakeholder mapping, tiering or profiling of information;
- Stakeholders are only limited to those with direct financial interest (e.g. customers and shareholders);
- Stakeholders are rarely, if ever, consulted on company's actions or decisions;
- Dialogue with stakeholders mostly takes place during damage control or in light of negative media exposure;
- Online coverage is mostly negative; and
- Unclear board of directors or executive accountabilities for stakeholder management.

[The rest of the page has been intentionally left blank.]

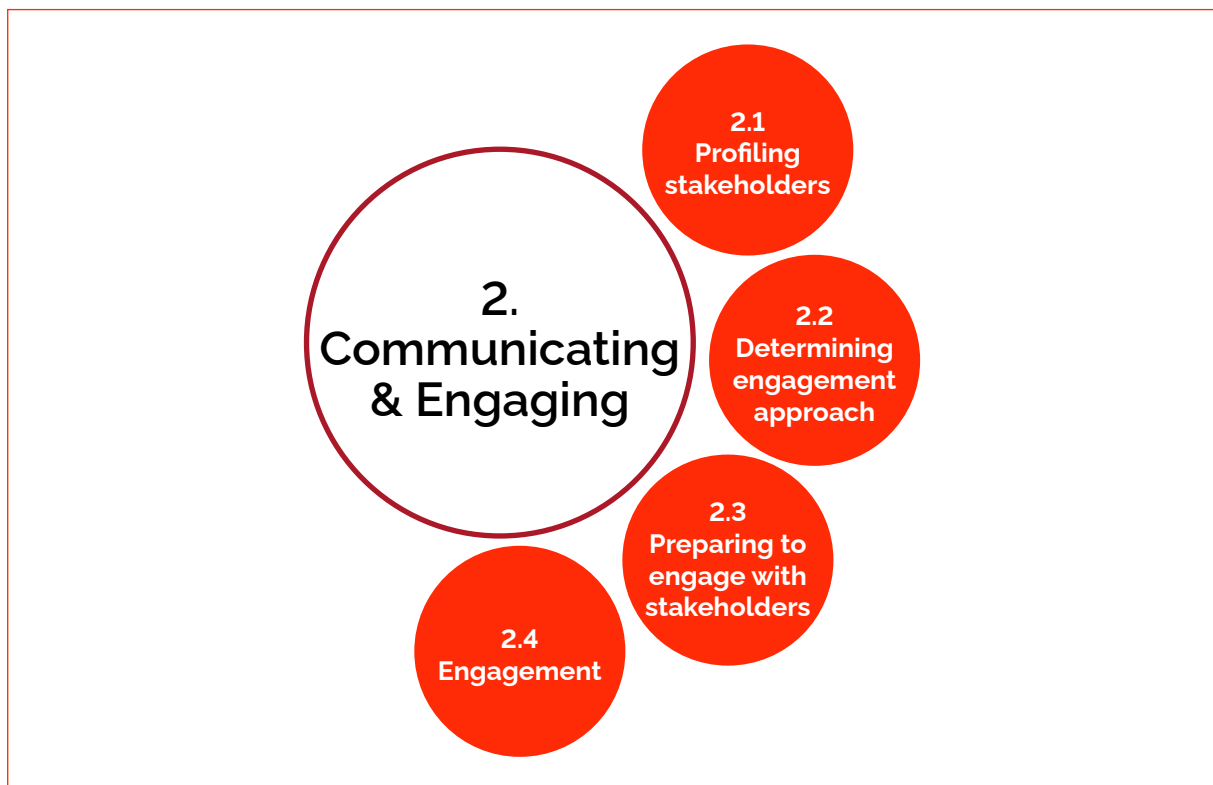
STAGE 1 2 3

STAGE 2: COMMUNICATING AND ENGAGING

Objectives

The aim of **Stage 2** is to facilitate the design and execution of a stakeholder engagement approach which meets stakeholder expectations as well as organisational objectives.

Figure 5: Stage 2 of stakeholder engagement



Step 2.1 Profiling stakeholders

Stakeholder profiling differs from stakeholder identification as described earlier in **Step 1.1**. Stakeholder identification involves creating a comprehensive list of relevant stakeholders that bear influence on or are impacted by the company. Stakeholder profiling, on the other hand, enables the company to go one step further by appraising the characteristics, behaviour and attitudes of these stakeholders in efforts to develop a better understanding of their needs and expectations.

For the stakeholder engagement process to work, a company should have a clear understanding of who the company's stakeholders are and the most effective ways to engage with each stakeholder group to ensure achievement of its engagement objectives.

Profiling stakeholders helps a company to:

- understand its stakeholders' requirements, priorities, general communication styles and their relative influence over the business activities that are relevant to them;
- decide on the best approach to communicate any change to the business arising from material sustainability matters and the implications (both positive and negative) of the change;
- gain key information about each stakeholder group, which allows the company to proactively manage their needs and expectations, which in turn facilitates greater support and acceptance of changes to its business and/or impacts of its business activities; and
- identify gaps in the company's knowledge and understanding of its stakeholders (e.g. change of interest of the stakeholders) and uncover possible ways to close these gaps.

Many well-established companies have put in place a stakeholder profiling process and this is a practice that other companies should work towards as they grow in sophistication in identifying, understanding and engaging with their stakeholders. Companies which are new to the process may choose to do a simple profiling exercise and progressively work towards developing a more comprehensive profile for their stakeholders. The resulting stakeholder profiles should provide the company with preliminary information on, among others, their stakeholders' preferred methods of communication.

Stakeholder Profile Template

The following template has been extracted from AA1000's *The Practitioner's Handbook on Stakeholder Engagement, Volume 2* as a point of reference for a company to construct its own stakeholder profile form.

STAGE **1** **2** **3**

Stakeholder Profile		Last updated:
Stakeholder group:		
Primary subject / issue of engagement with this group		
Stakeholder objective		
Preferred level of engagement with this group		
Stakeholder group representative		
Specific representative / representing organisation		
Internal contact person		
Stakeholder's general view on the EES impact or issue		
Expectations towards the organisation regarding the EES impact or issue		
Engagement history and current highest level of and approaches to engagement	[fill in if you are already engaging]	
Stakeholders' usual or preferred highest level of and approaches to engagement		
Stakeholders' sources of funding		
Relationships / conflicts with other stakeholders		
Knowledge of the issue	<input type="checkbox"/> Leading Opinion <input type="checkbox"/> Good Knowledge <input type="checkbox"/> Medium Knowledge <input type="checkbox"/> Lacking Knowledge <input type="checkbox"/> No Knowledge Give details:	
Influence or perceived influence	<input type="checkbox"/> High Influence <input type="checkbox"/> Limited Influence <input type="checkbox"/> Low Influence <input type="checkbox"/> No Influence Give details: <input type="checkbox"/> Conflict between perceived and actual influence Give details:	
Willingness to engage	<input type="checkbox"/> Willing <input type="checkbox"/> Moderately interested but friendly <input type="checkbox"/> Uninterested <input type="checkbox"/> Hostile	
Actual and /or potential impacts of stakeholder on business - associated risks and opportunities	Positive impacts/ opportunities: Negative impacts/ risks	
Scales at which they operate	<input type="checkbox"/> Global <input type="checkbox"/> Regional <input type="checkbox"/> National <input type="checkbox"/> Subnational <input type="checkbox"/> Local Give details:	
Cultural issues to consider (if any)		
Practical issues to consider (e.g. the stakeholder's ability to engage given resources, staff, etc.)		
Is it necessary to engage with this stakeholder?		
Other comments		

Step 2.2 Determining the engagement approach

Once stakeholders have been profiled, the next step is to determine the engagement approach for each stakeholder group.

In the context of identifying material sustainability matters, a company could start by evaluating the current state of affairs for sustainability matters and EES impacts that have been identified by the company (refer to **Step 1.3: Determining engagement objectives and risks**) and consider the following:

- Are these sustainability matters and/or EES impacts already being managed and monitored within the company?
- What systems or management approaches are in place currently, to address these sustainability matters and/or EES impacts?
- Has the company decided on a change in business strategy driven by these sustainability matters/ EES impacts or their associated material sustainability matters?

Depending on the current state of affairs, each sustainability matter/EES impact can be assigned an engagement level that is deemed fit. An example, as provided by AA1000 and UNEP's stakeholder engagement manual is detailed below:

Level of engagement	Description
No engagement	No engagement on an issue.
Exploratory	Ad-hoc engagement with stakeholders when opportunities or challenges arise: focused on learning and exploring the issue and often dependent on individual commitment.
Developing	Good quality engagement processes with some thought to design and stakeholder needs, but management systems are patchy, the impact of engagements to actual operational decision-making is unclear, and there are no clearly established performance objectives addressing the issue.
Embedded	High quality engagement processes feed into operational decision making and are embedded in core management processes. Engagement is systematised to ensure that the issue is adequately addressed.
Strategic	High quality engagement embedded in management and governance processes and linked to business strategy. Issues are addressed in-depth, often with the objective of systemic change and on a global and local level.

Source: SRA, UNEP, AccountAbility, 'The Stakeholder Engagement Manual, Volume 2: The Practitioner's Handbook on Stakeholder Management', p.52, 2005

STAGE **1** **2** **3**

In determining the best engagement approach, a company should work with personnel involved in stakeholder management (e.g. procurement manager, customer and investor relations, etc.) and leverage their knowledge to help determine if the engagement approaches being considered to address a sustainability matter/EES impact are appropriate.

The company should bring about awareness on engagement practices with these personnel by asking if the current approach to engaging with stakeholders sufficiently addresses the sustainability matters and EES impacts and determine if the level of engagement needs to be changed.

Generally, the approach may range from simple forms of engagement like communication to advanced forms of engagement like partnerships. Before selecting an engagement approach, a company should take into account several considerations. Amongst the items to be considered when determining the engagement approach are:

- The engagement objectives (covered in **Step 1.1**);
- The importance of the stakeholders to the company (facilitated via a stakeholder prioritisation approach); and
- Current state of affairs and how the needs of these stakeholders are currently being addressed.

The table below looks at the different types of approaches that a company may engage in.

Partnership	Dialogue	Consultation	Other Communication
<ul style="list-style-type: none"> • Joint-venture agreements • Local community projects • Multi-stakeholder enterprises 	<ul style="list-style-type: none"> • Grievance mechanism • Advisory boards • Multi stakeholder sessions 	<ul style="list-style-type: none"> • Focus groups • Questionnaires/ surveys • Internal assessments • Online feedback form/ survey 	<ul style="list-style-type: none"> • Annual report • Town hall sessions • Employee training • Corporate website • Press release • Press conference • Company brochures • Internal circulars/ bulletins • Toolbox sessions • Internal committee meetings • Conferences/ summits • Company tours

STAGE **1** **2** **3**

The table below is a sample of an engagement approach that has been adopted by a company in the telecommunications sector.

Stakeholder Group	Engagement approach	Frequency	Engagement focus/ objectives
Customers	<ul style="list-style-type: none"> Customer satisfaction survey 	Annually	On affordability and accessibility of network
Employees	<ul style="list-style-type: none"> Town hall meetings Employee satisfaction survey 	Annually/ Quarterly	Career progression, employee development needs
Suppliers	<ul style="list-style-type: none"> Code of Ethics Request for Proposal Supplier Evaluations 	Ongoing	Sound payment practices and vendor performance
Regulators	<ul style="list-style-type: none"> Compliance with stock exchange requirements 	Ongoing	Pricing and information needs
Community	<ul style="list-style-type: none"> Community development programmes 	Ongoing	Social requirements and specific feedback on programmes
Media	<ul style="list-style-type: none"> Press releases Conferences Interviews Advertising 	Annually/ quarterly	New developments for public knowledge/ promotion
Non-governmental organisations	<ul style="list-style-type: none"> Face-to-face meetings Joint-events 	Ongoing	Biodiversity and other environmental concerns

Step 2.3 Preparing to engage with stakeholders

Prior to stakeholder engagement, a company should ensure that it has the capacity for engagement or takes steps to increase its existing capacity. The stakeholder engagement process usually involves personnel across a variety of functions, hence development of engagement skills should extend beyond that of a single department such as the investor relations department to other departments such as procurement, human resources and operation managers. This is because the other departments also interact with the company's various stakeholder groups. There is no generic set of skills required for stakeholder engagement as the approaches taken are usually diverse in nature.

However, basic skills (as indicated in Figure 6 below) can be instilled through training. In addition to building a strong skills and knowledge base within the company, credibility is also important in earning the trust of stakeholders and in establishing acceptance and support for the company's response to material sustainability matters identified.

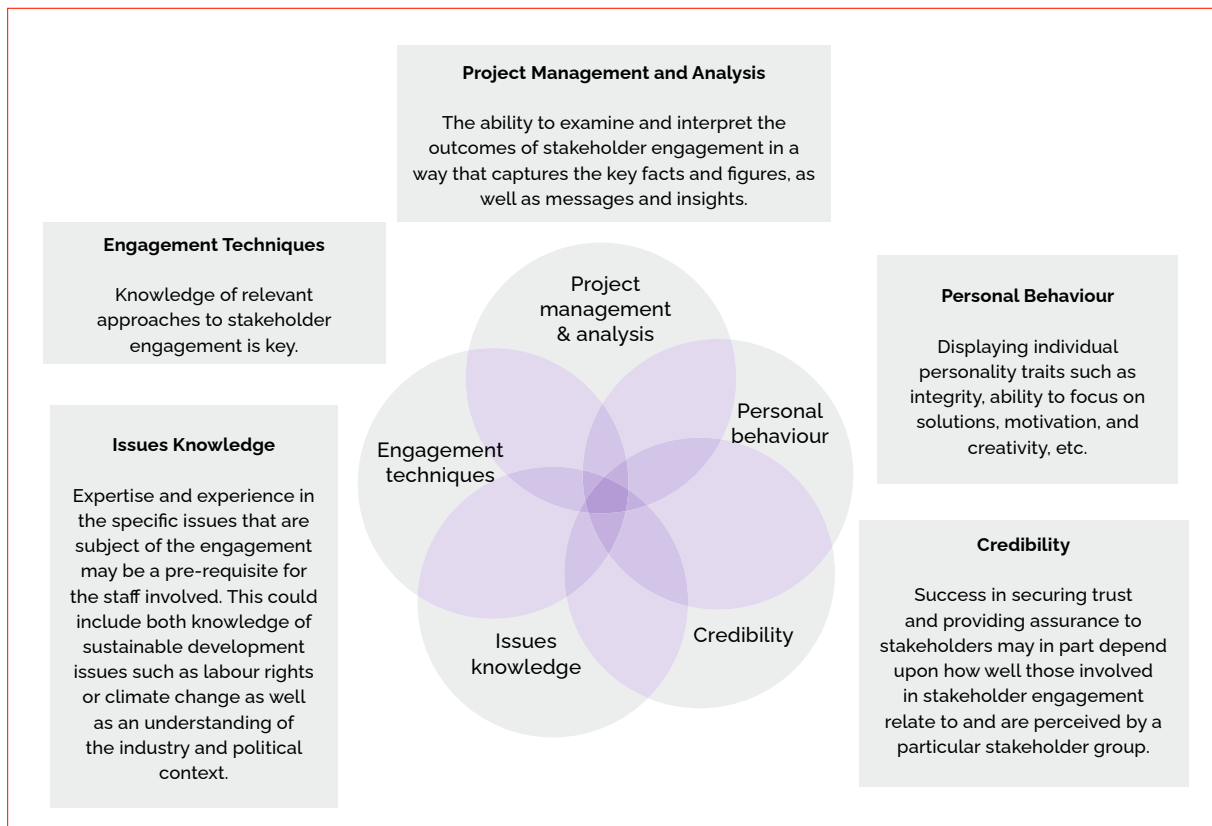
Figure 6: Skills and characteristics essential for stakeholder engagement

Figure 6 above illustrates the skills and characteristics map as shown in *The Stakeholder Engagement Manual, Volume 2: The Practitioner's Handbook on Stakeholder Management*. These are the essential characteristics that a company should exhibit in order to have successful engagement. To move beyond that, the company may also incorporate 'key enablers' to increase its ability to respond to EES impacts or specific material sustainability matters more effectively. Examples are provided in table on the next page.

[The rest of the page has been intentionally left blank.]

STAGE **1** **2** **3**

The table below shows key enablers for effective management of material sustainability matters.

Policies or measures surrounding the sustainability matter	Management commitment	Performance indicators/ measurements regarding the sustainability matter	Clear assignment of internal responsibility to competent individuals
A company could develop its sustainability policies and measures based on consultation with relevant stakeholders to ensure that the policies or procedures are realistic and meet the needs of the stakeholders.	A company could engage with its senior management to ensure that they are aware of the resource needs, policy and measures required for managing and reporting material EES impacts or sustainability matters and are able to see linkages between sustainability and the company's strategic objectives.	Stakeholder dialogues can be used by a company as a base to develop indicators and targets to measure the effectiveness of its management of its EES impacts and its material sustainability matters.	Personnel assigned to interact with stakeholders and address their needs and concerns on behalf of the company are equipped with necessary skills and personal characteristics suited to the position. This refers to individuals who are not only in close and frequent contact with external stakeholders (e.g. procurement officers or investor relations personnel) but also those who bear influence over internal stakeholders (e.g. line managers).

Once a company has taken steps to address capacity issues and is working progressively to manage engagement challenges, it may proceed to the following engagement step. This engagement step entails devising a process that promotes equitable stakeholder participation with regards to addressing the company's material sustainability matters.

STAGE **1** **2** **3****Step 2.4 Engagement**

By applying information from the previous stages, a company can select the approach or a combination of approaches to disseminate information effectively to its stakeholders and capture all relevant feedback from them. This may involve informing the stakeholders about certain events or directly involving them in parts of the company's decision-making processes.

It is essential that during the stakeholder engagement sessions, any new EES impact or sustainability matter raised by stakeholders are given due consideration and where appropriate, considered in light of existing significant EES impacts or material sustainability matters. Where necessary, existing prioritised EES impacts or material sustainability matters should be revised.

Documentation of the engagement process or sessions is important as the records can be used:

- for managing the company's post-engagement process, including addressing stakeholders' concerns and reporting the outcomes back to them;
- as inputs for the company's strategy development; and
- for future reference and communication with the company's stakeholders.

Practical help - Best Practice Rules for Engagement with Stakeholders

- Assign roles and responsibilities for all in attendance but do not impose beliefs or motives onto the participants;
- Create a safe space for more passive stakeholders to speak and be heard;
- Steer the conversation to focus on the issues at hand. However, additional issues should not be brushed off but could possibly be discussed in future engagements;
- Allow the speakers to express their opinions fully; and
- Maintain a tension-free environment during the engagement process.

CASE STUDY 4



Nestlé®

Nestlé
(Malaysia)
Berhad
("Nestlé")**Communicating and engaging**

Nestlé engages with those who are impacted by its business and continuously work to build, strengthen and maintain strong relationships with its consumers, shareholders and stakeholders. Below is the disclosure of the results of their engagement and the engagement outcomes, which is evident through Nestlé's response. Nestlé disclosed their stakeholder concerns, gathered during their engagement sessions, in their Nestlé in Society Report 2021.

Nestlé explained their stance on stakeholder engagement in the report:

"We actively work to build robust and long-lasting relationships with our stakeholders, facilitating open two-way communication between ourselves and our employees, consumers, shareholders and suppliers, as well as the broader network of individuals and entities whom our business affects and is affected by. This includes the Government and relevant authorities, non-governmental organisations (NGOs), industry and trade associations, and academia. Our commitment to fostering strong relationships has enabled us to better understand stakeholders' concerns and collate thoughtful insights about the issues that are material to our business; this in turn allows us to tailor our strategy, approach and business practices to better respond to stakeholders' concerns and expectations."

Active engagement with our stakeholders was of particular importance throughout 2021, given the challenges and uncertainties brought about by the COVID-19 pandemic. As far as possible, we adapted our engagement efforts in order to remain connected with our stakeholders throughout this trying period, leveraging online communication platforms, as well as conducting in-person activities with adherence to stringent COVID-19 health and safety procedures."

Stakeholder concerns:

"Given the high level of importance placed by our stakeholders on Waste Management, in 2021, we have continued to deliver on our commitment to maintaining zero waste to landfill status for our Malaysian factories. Additionally, we continue to promote the transition to a more circular economy via our efforts to reduce virgin plastic usage, as well as increase the recyclability of our product packaging. Beyond this, we have expanded and enhanced our recycling programmes in 2021, recognising the importance of community engagement for effective waste management."

Nestlé's actions:

"In 2020, we partnered with the Petaling Jaya City Council (MBPJ), KPT Recycle Sdn. Bhd. and Tetra Pak (Malaysia) Sdn. Bhd. to launch a kerbside recycling collection programme in Ara Damansara and Bandar Sri Damansara, reaching 8,300 households. This pilot programme saw a participation rate of 60% within the first six months, successfully collecting over 190 tonnes of recyclable waste. Following the success of this pilot, in March 2021, we expanded the programme to additional townships in Petaling Jaya, namely Kota Damansara, Mutiara Damansara, Tropicana, Damansara Indah, Aman Suria and Taman Bukit Mayang Emas. Since its launch in October 2020, the programme has reached eight townships in Petaling Jaya, benefitting over 20,000 households. With a participation rate of close to 80%, we have collected over 1,200 tonnes of recyclables as of December 2021."

We also expanded our programme to Subang Jaya, through partnership with the Subang Jaya City Council (MBSJ). Kicking-off in October 2021, the first phase of the programme began with Zone 1 and Zone 4 in Subang Jaya, before expanding to households in Zone 3 and 6 by the end of the year. In total, our Subang Jaya collection efforts have reached 8,500 households – witnessing a 35% participation rate – and collected 47.6 tonnes of recyclables since the start of the programme."

Source: Nestlé (Malaysia) Berhad Society Report 2021

CASE STUDY 5



Tenaga Nasional
Bhd
("TNB")

Stakeholder inclusion

TNB announced its Sustainability Pathway 2050 (SP2050) plan to establish its sustainability commitments which includes its pledge to ensure revenue from coal generation plants does not exceed 25% of its total revenue, amongst other things.

Below is an excerpt from TNB's 2021 Integrated Annual Report where it highlights stakeholders' inclusion in its SP2050 plan.

"SP2050 was shaped through an iterative process that involved multiple strategic internal and external stakeholder engagements with our leadership team and Board of Directors, employees and unions, investors, and government, amongst others. The stakeholder engagements discussed the many challenges we will undoubtedly face to decarbonise from our current coal-dependent business model and strategies that we will deploy to achieve our net zero aspiration."

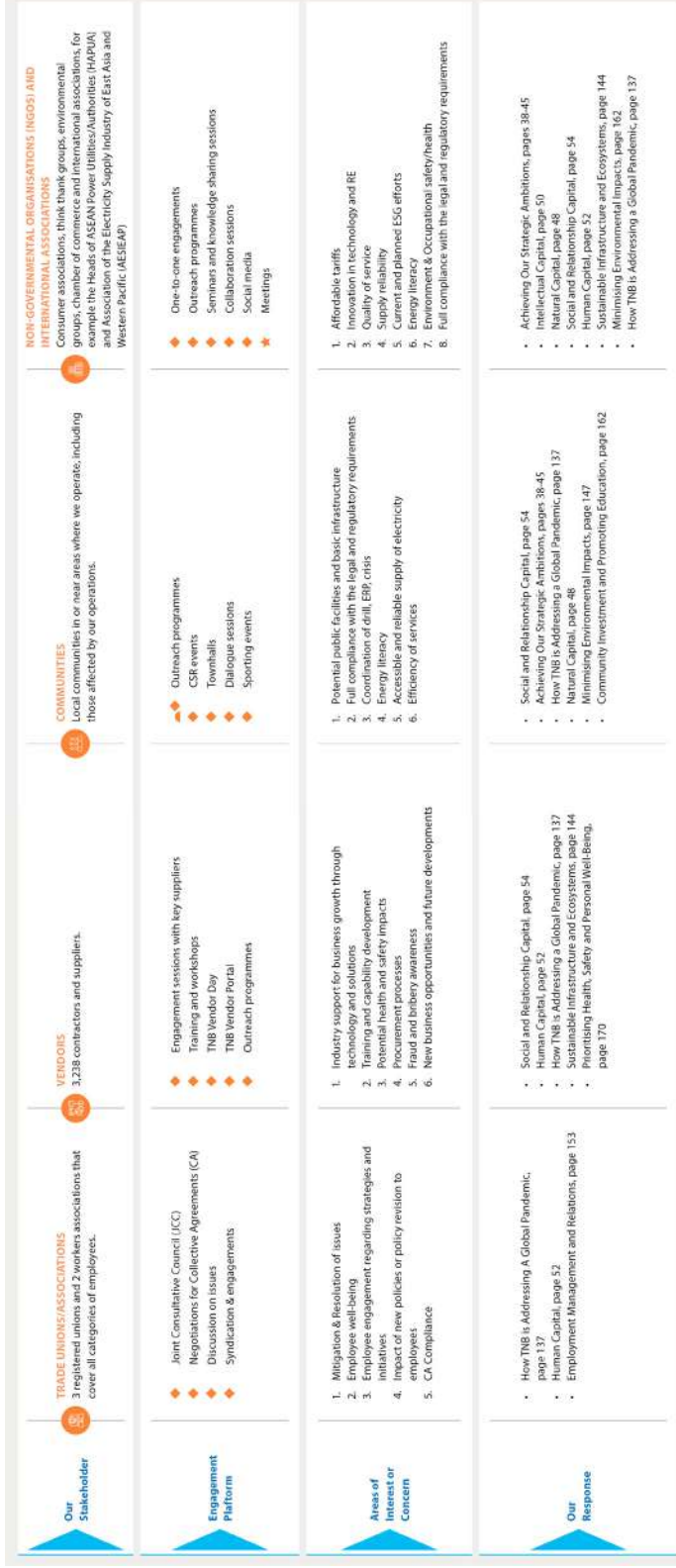


Source: Tenaga Nasional Berhad Integrated Annual Report 2021





Stakeholder inclusion (cont'd)



Source: Tenaga Nasional Berhad Integrated Annual Report 2021

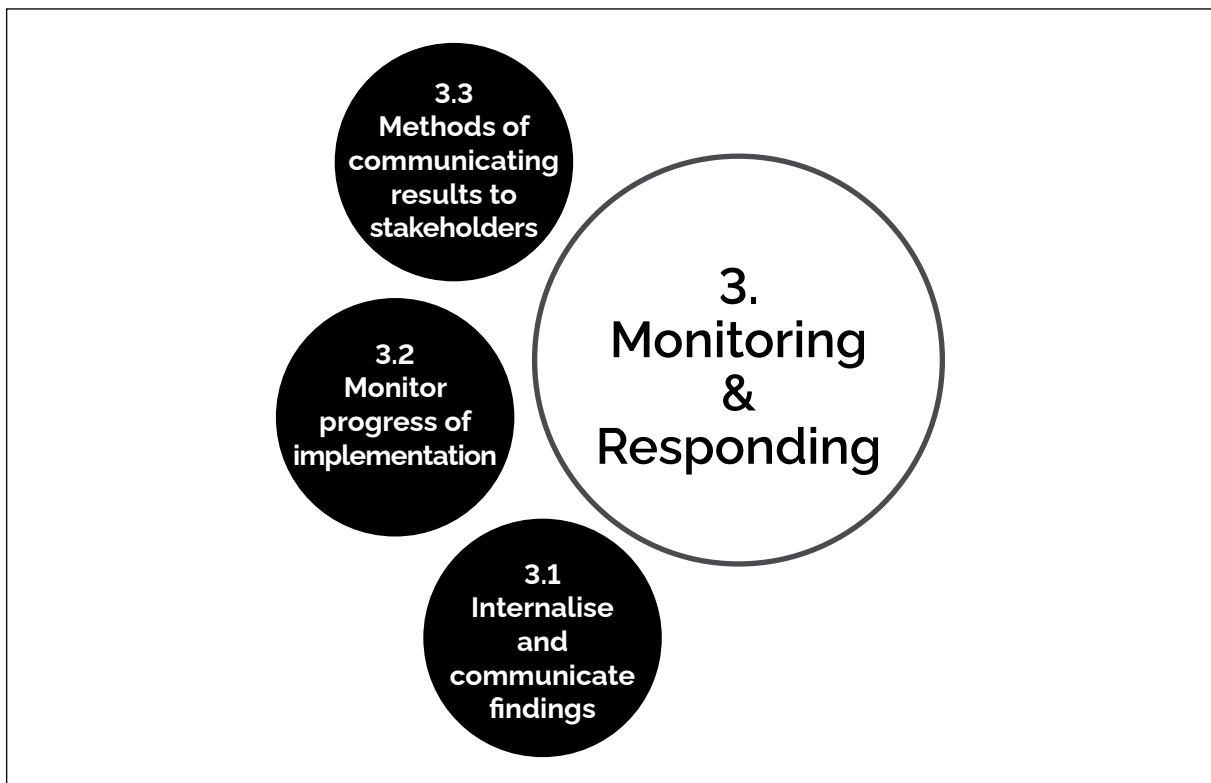
STAGE **1** **2** **3**

STAGE 3: MONITORING AND RESPONDING

Objectives

The aim of this Stage is to translate learnings, insights and agreements gathered from the stakeholder engagements undertaken into action, and to ensure that stakeholders are made aware of, as well as understand the reasons that underpin the actions taken.

Figure 7: Stage 3 of stakeholder engagement



STAGE **1** **2** **3****Step 3.1 Internalise and communicate findings**

In order to follow through with the engagement outcomes, a company should translate the commitments, perspectives and needs of its stakeholders into action plans. Nurturing the relationship with stakeholders is crucial. This requires a company to provide timely feedback on action plans to its stakeholders.

A company should develop an action plan or response for its EES impacts and material sustainability matters, especially aspects that are raised or covered by key stakeholder groups engaged. This includes defining roles and responsibilities of different departments or personnel for implementing the action plan, setting targets and milestones, and developing a timeline for realisation. The company needs to engage with the relevant internal parties to gain their buy-in or concurrence on the action plan before communicating it back to the relevant stakeholders and also executing the plan. Generally, communication with stakeholders can take place at any time the company considers to be appropriate depending on the urgency and the responsiveness of the stakeholders.

Step 3.2 Monitor progress of implementation

When executing the action plans, a company should consider using a matrix to monitor the engagement outcomes and implementation progress. An example is provided below:

Engagement Objective	Outcomes/ Results	Strategic & Operational Implications	Owner / Decision Maker	Smart Target	Internal Responsibility for Monitoring and Reporting	Deadline
Identify and prioritise material sustainability matters	List of prioritised stakeholder concerns	Determine material sustainability matters Design and implement measures to manage material sustainability matters	Board of Directors	N/A	Various	Ongoing
Increase market share	Introduce a wider variety of products	Perform market survey and R&D	Sales and Marketing Department	Increase sales of product line by 20%	CEO Head of Sales and Marketing	Q4, 202X

STAGE **1** **2** **3**

Engagement Objective	Outcomes/ Results	Strategic & Operational Implications	Owner / Decision Maker	Smart Target	Internal Responsibility for Monitoring and Reporting	Deadline
Reduce product packaging footprint	Smarter product packaging are welcomed by both customers and suppliers	Increase recyclable materials content in packaging Innovate packaging design for carton to be re-useable	Product Design Department (to work with packaging supplier)	Reduce packaging size by at least 10% Increase composition of recyclable materials content to 30%	Head of Product Design	Q4, 202X

Step 3.3 Methods of communicating results to stakeholders

As mentioned earlier, a company should keep its stakeholders informed of updates on the implementation of the relevant action plans. There are various ways in which stakeholders can be informed/engaged including:

- One-on-one conversations;
- Quarterly updates in newsletters; and
- Incorporating progress reports into the company's regular reporting activities (e.g. annual reports/ Sustainability Statements).

Ceres's Turning Point Report 2018

Ceres's Turning Point Report in 2018 saw that out of more than 600 of the largest U.S. companies, only 9% conduct ongoing stakeholder engagement across a diversity of platforms, including during the materiality assessment process and via traditional investor events. This high level of engagement is positively correlated to higher performance. Among these companies, 100% are working to reduce GHG emissions, 98% have corporate commitments to improve diversity, and 79% are committed to protecting the human rights of employees — significantly outperforming their peers.

CASE STUDY 6











Farm Fresh Berhad
("Farm Fresh")



Stakeholder engagement table

The following example illustrates how the different needs and expectations from different stakeholder groups can be captured. This example shows the different engagement methods used, the quality of engagement in terms of the relationship between Farm Fresh and each stakeholder, key concerns of each stakeholder, and how Farm Fresh addresses the stakeholders' expectations:

	How We Engage	Key Concerns	How We Address Their Expectations
 Customers Quality of Engagement: 	<ul style="list-style-type: none"> Our corporate website Our social media channels Customer surveys and focus groups Face-to-face interactions at roadshows and other on-ground marketing events 	<ul style="list-style-type: none"> Healthy and nutritious products that are safe to consume Products which cater to their dietary restrictions and preferences Being a socially and environmentally responsible organisation 	<ul style="list-style-type: none"> Ensuring our products are free from preservatives, artificial colourings and flavourings, and other foreign substances Introducing alternative milk products such as our organic A2 milk, kurma milk, lactose-free varieties and plant-based milk Ensuring all our production facilities continue to adhere to GMP and HACCP food safety and quality principles Continuing to invest in community and environmental initiatives
 Distributors Quality of Engagement: 	<ul style="list-style-type: none"> Periodic visits and assessments Distributor training courses Face-to-face interactions and calls Circulars and periodic e-mail communication 	<ul style="list-style-type: none"> Large format & on-trade retailers Full and updated information on our products Clarity on distribution area and product resale price <p>Stockists and dealers under our home dealer programme:</p> <ul style="list-style-type: none"> Full and updated information on our products Clarity on distribution area and product resale price Support in business development and sales 	<ul style="list-style-type: none"> Clear and open communication on products, resale prices and distributor regulations Penetrating the rural school and canteen market, thereby opening new sales opportunities within our home dealer programme Our Farm Fresh Mart, which connects interested buyers directly to our home dealers and agents
 Employees Quality of Engagement: 	<ul style="list-style-type: none"> Regular employee townhalls Training courses Team-building events Employee appraisals Circulars and periodic e-mail communication 	<ul style="list-style-type: none"> A safe and respectful working and environment and culture Maintaining a robust approach to anti-bribery and anti-corruption Fair opportunities for career advancement and growth Clarity and inclusion on company initiatives and growth plans 	<ul style="list-style-type: none"> Handling employee complaints through clear and open communication Our Code of Conduct and Business Ethics and Whistle Blowing Policy, with an external party to be engaged to operate an independent hotline, thereby ensuring confidentiality and providing additional confidence to parties who wish to lodge a report Training courses curated to deliver role-specific knowledge and professional development Our Employee Share Option Scheme (ESOS), which rewards employee performance and promotes staff retention Maintaining high standards in occupational health and safety
 Governments & Regulators Quality of Engagement: 	<ul style="list-style-type: none"> Periodic e-mail communication Face-to-face interactions and calls Seminars, training sessions and dialogues On-site inspections and audits Our Integrated Annual Report 	<ul style="list-style-type: none"> Operating in compliance with all local, state and federal laws and regulations Contributing to community and environmental initiatives that support national development Providing sustainable, long-term job opportunities to local communities 	<ul style="list-style-type: none"> Clear and open communication on all policies and practices Swiftly addressing any instances of non-compliance Continuing to invest in community and environmental initiatives, many of which are in collaboration with government departments Continuing to support local communities through preferential hiring practices Supporting the Malaysian economy through income taxes and foreign currency receipts

Source: Farm Fresh Berhad Annual Report 2022



Farm Fresh Berhad
("Farm Fresh")



Stakeholder engagement table (cont'd)

	How We Engage	Key Concerns	How We Address Their Expectations
<p>Investors & Shareholders</p> <p>Quality of Engagement: </p> <p> Quality of Engagement: </p> <p>No existing relationship</p> <p>Relationship established, but much work to be done to improve quality of relationship</p> <p>Relationship established, value-generating connection, but with some room for improvement</p>	<ul style="list-style-type: none"> Periodic e-mail communication Periodic investor briefings One-on-one meetings Site visits Our quarterly financial result briefings and our Annual General Meeting Our Integrated Annual Report 	<ul style="list-style-type: none"> Delivering sustainable and profitable long-term growth Safeguarding against any reputational damage from non-compliance, food safety issues and other issues 	<ul style="list-style-type: none"> Maintaining timely and transparent disclosure of our performance Maintaining open dialogue with major investors via one-on-one meetings Maintaining our high standards in governance and our stringent internal controls Continuing to invest in community and environmental initiatives
<p>Local Communities</p> <p>Quality of Engagement: </p> <p> Quality of Engagement: </p> <p>Good-quality, mutually beneficial relationship, with some room for improvement</p> <p>Strong relationship of mutual benefit</p>	<ul style="list-style-type: none"> Community initiatives and outreach programmes Face-to-face interactions and calls Periodic visits to local communities 	<ul style="list-style-type: none"> Providing sustainable, long-term job and income opportunities to local citizens Helping to drive local community development through appropriate initiatives Ensuring that our farms and processing facilities minimise negative impacts on the environment 	<ul style="list-style-type: none"> Creating job opportunities in rural areas near our farms and processing facilities, with preference given to hiring locals, including indigenous populations Providing income-generation opportunities to micro-entrepreneurs through our home dealer programme Transferring knowledge to local farmers through mentorship and access to technical support Launching internship programmes in collaboration with local universities Funding scholarships for students from indigenous populations through the Farm Fresh Scholarship Programme Maintaining sustainable farming practices that minimise waste discharge from our farms
<p>Suppliers</p> <p>Quality of Engagement: </p> <p> Quality of Engagement: </p>	<ul style="list-style-type: none"> Periodic supplier visits and assessments Face-to-face interactions and calls Ongoing e-mail communication 	<ul style="list-style-type: none"> Maintaining a fair and robust procurement system Maintaining a robust approach to anti-bribery and anti-corruption Supporting the local Malaysian business ecosystem 	<ul style="list-style-type: none"> Our comprehensive Code of Conduct and Business Ethics and Whistle Blowing Policy Maintaining a policy of hiring local suppliers wherever possible

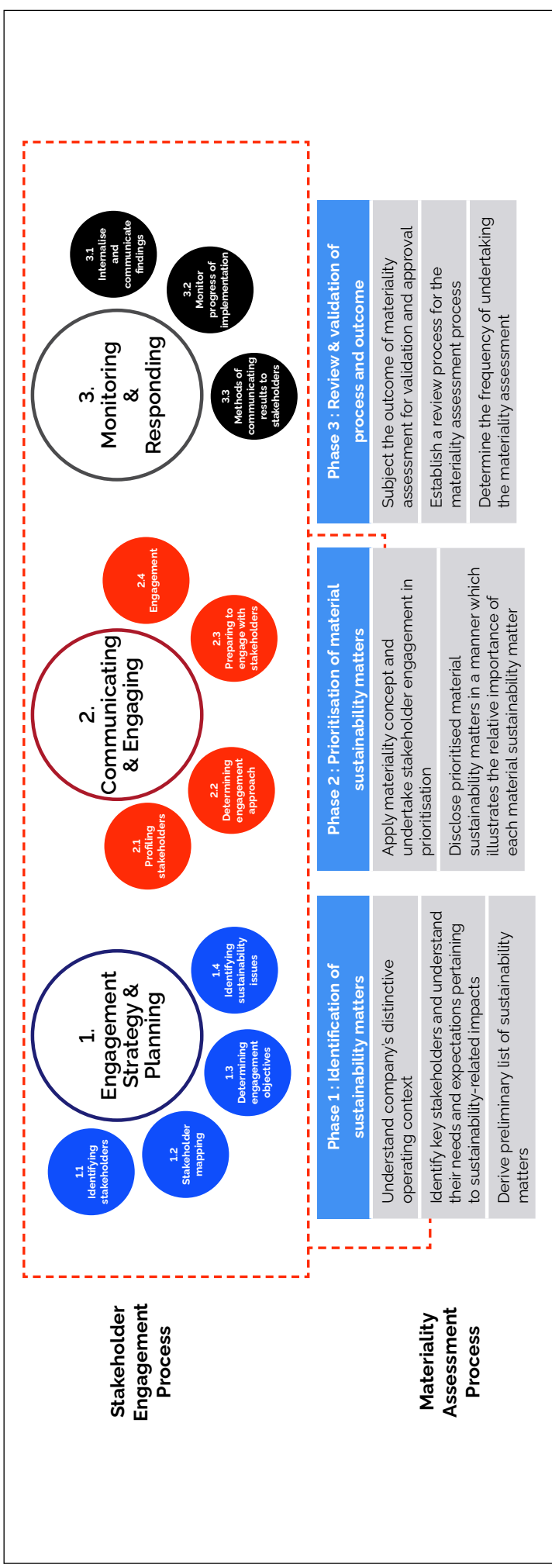
Source: Farm Fresh Berhad Annual Report 2022

3. Mapping to the Materiality Assessment Process

Stakeholder engagement forms a key component of the materiality assessment process as it facilitates the identification and prioritisation of a company's material sustainability matters. The results of the stakeholder engagement exercise can be used in multiple ways, from informing the company's sustainability reporting and communication strategies to refining the company's strategic planning, operational management and capital investment decisions. A company may opt to determine its material sustainability matters through an informal internal review but this approach lacks comprehensiveness as it does not capitalise on the full value that an effective stakeholder engagement exercise brings to both process and outcome.

From the above, the stakeholder engagement process explained earlier in this toolkit can be mapped to the materiality assessment process as shown in Figure 8 below.

Figure 8: Stakeholder engagement within the Materiality Assessment Process





Lotte Chemical
Titan Holding
Berhad ("Lotte")

Stakeholder engagement in the materiality assessment process

Lotte engages with its key stakeholders to obtain their feedback and perceptions on sustainability matters relevant to the company. The disclosure of its stakeholder engagement process, as well as its materiality assessment is as set out below:

General stakeholder engagement which is typically used to facilitate the identification of sustainability matters

Stakeholders	Other Method of Engagement	Key Topics & Concerns Raised	Our Responses	Benefits to Stakeholders
Board of Directors Why is this stakeholder important to LCT? <ul style="list-style-type: none">Make overall decisionsProvide oversight of business operations as a strategic partnerResponsible for financial control and business direction	<ul style="list-style-type: none">Board MeetingAnnual Extraordinary General Meeting	<ul style="list-style-type: none">Company's financial performanceValue of both manufacturing and non-manufacturing efficiencyHealth, safety and environmental compliance	<ul style="list-style-type: none">Active discussions during Board meetings and the Annual General Meeting	<ul style="list-style-type: none">Financial and non-financial management and improve efficiencyEnhancement of stakeholders' expectations and communications to create value
Employees Why is this stakeholder important to LCT? <ul style="list-style-type: none">Communicate with our customersPerform day-to-day tasksPossess knowledge and insights into customers based on their own experience with customers	<ul style="list-style-type: none">Employee Engagement SurveyJoint Consultative Committee (JCC) & PortalInternal Training Programmes and ForumsEmployees' events and annual gatheringsEmployees' incentives and rewardsGrievance channel	<ul style="list-style-type: none">Training and development programmes and team membersRecognition in terms of competitive and fair manufacturing efficiencyHealth and safety at workplaceOverall development of business	<ul style="list-style-type: none">Conducted training programmes focusing on leadershipReviewed employees with competitive awards and incentive package	<ul style="list-style-type: none">Enhancement of their technical and personal skillsCareer advancementJob satisfaction and inclusive environment





Stakeholders	Other Method of Engagement	Key Topics & Concerns Raised	Our Responses	Benefits to Stakeholders
Customers Why is this stakeholder important to LCT? <ul style="list-style-type: none">End user within the value chainEnd user within the business	<ul style="list-style-type: none">Site visitsCustomer Satisfaction Survey	<ul style="list-style-type: none">Product pricing and qualityCustomer service and managementProduct governance and complianceData management and cybersecurity	<ul style="list-style-type: none">Maintained the relationship through partnershipsLeveraged on our products and services	<ul style="list-style-type: none">Competitive pricing within the marketNew product innovation
Suppliers Why is this stakeholder important to LCT? <ul style="list-style-type: none">Provides supplies and services within operational activities	<ul style="list-style-type: none">Training ProgrammeQuestionnairesCOVID-19 AssessmentSupplier Performance EvaluationEmail communication	<ul style="list-style-type: none">Encouraging LCT to ensure timely deliveryHealth and safetyProduct quality and managementCorporate governance and regulatory complianceEmployee engagement and welfare	<ul style="list-style-type: none">Engaged our regular meetings, events, training and phone calls	<ul style="list-style-type: none">Matters and issues raised were solved within the time periodMinimised discussion and supply chain
Regulators Why is this stakeholder important to LCT? <ul style="list-style-type: none">Enforce laws and regulations	<ul style="list-style-type: none">Public Dialogues and ConferencesOnline feedback on the proposed laws and amendmentsSeminars and training organised by the relevant authoritiesMessenger application for prompt and periodic reportingIn-house programme training, information to staff and health, safety and environment	<ul style="list-style-type: none">LCT to observe and adhere to all rules and regulations that are voluntary to follow and community developmentPublic awareness and engagement	<ul style="list-style-type: none">Kept abreast of the latest updates on the changes in regulatory landscape	<ul style="list-style-type: none">Compliance with rules and regulations relevant to the industry
Industry Associations Why is this stakeholder important to LCT? <ul style="list-style-type: none">Conducts industry conferences with industry experts	<ul style="list-style-type: none">Training Programmes and Conferences	<ul style="list-style-type: none">Promoting knowledge sharing within the local and international communityWelfare managementEnergy management	<ul style="list-style-type: none">Participated in various discussions, forums and seminars to ensure the exchange and knowledge for the advancement of the petrochemical industry	<ul style="list-style-type: none">Engaging and insightful communication partners with industry players

Stakeholders	Other Method of Engagement	Key Topics & Concerns Raised	Our Responses	Benefits to Stakeholders
Local Communities Why is this stakeholder important to LCT? <ul style="list-style-type: none">Supports LCT's business through employment and social license to operate	<ul style="list-style-type: none">Corporate Social Responsibility (CSR) Programmes	<ul style="list-style-type: none">Health and safety of local communities	<ul style="list-style-type: none">Provided assistance through job opportunities and implementation of programmes and initiatives to improve air quality	<ul style="list-style-type: none">Improvement on the social and economic conditionsJob opportunities
Investors Why is this stakeholder important to LCT? <ul style="list-style-type: none">Plays a vital role in the investment of the CompanyProvides capital through business	<ul style="list-style-type: none">Investor Relations' Meeting and RoadshowsAnnual Extraordinary General Meeting	<ul style="list-style-type: none">Financial and non-financial performanceHealth, safety and environmentalOpportunities and development of business	<ul style="list-style-type: none">Maintained and furthered our operational performance and explored growth opportunities and expansionInvestment in business development	<ul style="list-style-type: none">Increased shareholder engagement and continuous improvement for long-term value creation
Research Analysts Why is this stakeholder important to LCT? <ul style="list-style-type: none">Analysing the financial and non-financial performance of businesses and industries	<ul style="list-style-type: none">Investor Relations' Meeting and RoadshowsAnnual Extraordinary General Meeting	<ul style="list-style-type: none">Business DevelopmentManagement (i.e. carbon management)Diversity and inclusion	<ul style="list-style-type: none">Making strategic decisions (e.g. expansion plans, expanding operations into new markets, diversifying products)Advancing the economic and social value and industryEnhancing the reputation of the organisation	<ul style="list-style-type: none">Meet the expectations of stakeholdersContinue to advance the economic and social value and industry



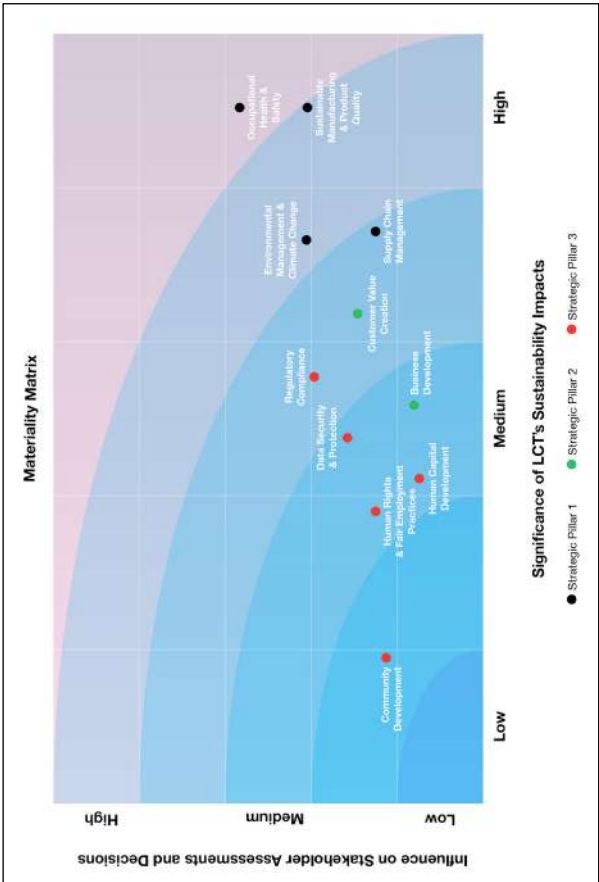


Stakeholder engagement in the materiality assessment process (cont'd)

Our Materiality Assessment Approach and Processes	
 Step 1: Review Existing Sustainability Matters	<p>To ensure that our sustainability matters are still relevant, we review them by taking into account both internal and external factors such as our business strategies, business risks, stakeholder expectations, as well as other emerging issues relevant in the industry and international standards.</p> <p>This year, we have reviewed our 11 sustainability matters and confirmed that they remain relevant to our business operations.</p>
 Step 2: Sustainability Impact Assessment	<p>Our sustainability matters are prioritised through the adoption of our ERM's assessment parameters which enabled the assessment of the magnitude of impact based on the likelihood of occurrence and consequence. The impacts were evaluated for each sustainability matter on our financial, human, environment, product quality, reputation and regulatory impacts across a specific time frame.</p>
 Step 3: Stakeholder Engagement	<p>We expanded the scope of our stakeholder engagements by including external stakeholder groups to obtain their feedback on the sustainability matters. Including stakeholder views is essential to having a more comprehensive view of our sustainability matters prioritisation. Therefore, we conducted engagements with them in order to gauge their feedback. This year, we utilised online platforms to engage with our key stakeholder groups.</p> <p>Our key stakeholder groups with a high level of influence and dependence are the Board, employees, major customers, major suppliers, local communities, industry associations, regulators, investors and research analysts.</p>
 Step 4: Approval from the Management	<p>Once the results of this process have been tabulated, we presented the outcome of the materiality assessment to the Sustainability Working Group, President & CEO and the Board for deliberation and approval.</p>

Stakeholder engagement for prioritisation of material sustainability matters

Source: Lotte Chemical Titan Holding Berhad Integrated Annual Report 2021





Additional Resources

The following are supplementary resources for this Toolkit:

1. AA1000 Stakeholder Engagement Standard (AA1000SES), AccountAbility, 2015
https://www.accountability.org/static/940dc017198458fed647f73ad5d47a95/aa1000ses_2015.pdf
2. From Words to Actions, The Stakeholder Engagement Manual Volume 1: The Guide to Practitioners' Perspectives on Stakeholder Engagement, AccountAbility and UNEP, 2005
<http://www.mas-business.com/docs/Vol%201%20Stakeholder%20Engagement%20Practitioners%20Perspectives.pdf>
3. From Words to Actions, The Stakeholder Engagement Manual Volume 2: The Practitioner's Handbook on Stakeholder Engagement, AccountAbility and UNEP, 2005
<https://stakeholderresearch.com/wp-content/uploads/sra-2005-words-to-action-stakeholder-engagement-02.pdf>

[The rest of this page has been intentionally left blank.]

