



The  
**Building  
Trust Awards**  
2015





## *The story behind the logo*

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We were inspired by the game JENGA®.

The classic block-stacking, stack-crashing game is one that has players attempting to build a tower that gets taller and taller, while removing blocks from its base. One false move, and the structure crashes to the ground.

The process of building trust is much like this game.

Like JENGA®, it isn't for the faint hearted. It can be a painstaking process and it is certainly a journey. One where every action, good and bad, stacks up. At all times it takes all your different players working together towards a common goal – fitting together the various pieces to form a structure that doesn't falter.



## Foreword

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We were delighted to have you at PwC's inaugural Building Trust Awards ceremony – to recognise and celebrate companies that are making strides to build trust through their communications and interactions with stakeholders.

We were inspired by PwC UK's Building Public Trust Awards – now in their 13<sup>th</sup> year – which set out to build trust through open and accountable corporate reporting. In our Malaysian Awards, we have enhanced that with an element that measures public perception – what customers and investors really think – of Malaysian companies, to give a well rounded view of our Awards finalists' efforts in building trust.

Since its inception, the UK Awards have been held against a backdrop of economic uncertainties and depressed consumer confidence. The sentiments are currently not too different here in Malaysia.

We at PwC feel that we can play a greater role to help encourage a stronger capital market, one that our stakeholders can put their faith in.

We hope that these Awards will give you some food for thought on how to manage and nurture trust, something that is often perceived as intangible and hard to measure.

More importantly, we hope these Awards will spark dialogue and debate, and inspire all of us to put trust at the top of our business agenda.

We would like to thank our panel of judges for their time and commitment in providing their valuable insight and independent opinion in selecting the winners.

We hope you have had an enjoyable evening with us.



**Dato' Mohammad Faiz Azmi**  
Executive Chairman  
PwC Malaysia



**Sridharan Nair**  
Managing Partner  
PwC Malaysia

**30 November 2015**



## Foreword

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These Awards come at an opportune time when there is a real thirst for transparency. Clearly, trust building isn't a unique proposition or challenge for Malaysia alone. At a global level, we are all, in some form or another, still reeling from the effects of the global financial crisis – which showed us how important trust in institutions is, and how easily it can be damaged.

To effectively build trust in institutions and businesses given the current sentiments, the private sector needs to take the lead.

These Awards are a good starting point. They send out a strong message about PwC's commitment in promoting trust as the capital for resilience in the new economy.

As Chief Judge for these Awards, I am pleased to have shared my independent perspectives through the deliberation with my fellow judges.

Regardless of who the winners are, it is evident that trust building is a journey in resilience.

Finally, I look forward to seeing how these Awards will serve as a platform to inspire more best practices around trust and reputation building in Corporate Malaysia.



**Sir David Tweedie**  
Chief Judge  
The Building Trust Awards



## *The Building Trust Awards*

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Recognising and celebrating companies that are making strides to build trust through their communications and interactions with stakeholders



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# *The Building Trust Awards*

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## **Trust: What better time than now?**

The global financial crisis has already shown just how important trust is, and how easily it can be damaged.

In Malaysia, we face the same challenges as the rest of the world. Though unprecedented, the changes that we have gone through in the past year alone - a slower economic growth coupled with the Ringgit depreciation, for example - have raised valid concerns and uncertainties.

No doubt, the public has become wary of the concept of 'trust'. While it has been discussed widely at various forums, within the business circles, the topic of trust is still not at the top of the agenda.

Meanwhile, social networking has made it much easier for people to air their complaints – a trend that will increase as large swathes of the populace become wealthier and better educated. Some consumers may also decide to get their message across by becoming choosier about how they spend their discretionary income.

Rising consumer expectations too are something for businesses to grapple with. Today's consumer increasingly cares about the impact of business on their local communities, and has high expectations around business being conducted in an ethical manner.

### Our PwC purpose

It's no surprise then that demand for greater corporate transparency is rising. In a world that's changing rapidly, businesses need to be more open in sharing not just their practices but the very purpose of their business.

Customers, investors and the community want businesses to tell it as it is.

We at PwC believe we have a role to play in helping to encourage a stronger capital market. After all, that is our purpose: "To build trust in society and solve important problems".

Which is why we believe it's time to shine a light on companies in Malaysia that are being open and transparent, and that are making attempts to meet their stakeholders' needs.

These inaugural Awards aim to recognise Malaysian companies that are making attempts to build trust as measured through:

- excellence in corporate reporting
- their public perception, according to investors and customers, based on analysis run by our in-house measurement framework and diagnostic tool

Through these Awards, we hope to stimulate dialogue and debate among companies and the public on trust as a business imperative.

And we hope that this will be the start of a journey in trust building, one that businesses in Malaysia can take the lead.



## Meet our judges

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**Sir David Tweedie**  
(Chief Judge)

*Past Chairman of the  
International Accounting Standards  
Board*

*Chairman of the International  
Valuation Standards Council*

Sir David was educated at Edinburgh University (BCom 1966, PhD 1969) and qualified as a Scottish Chartered Accountant in 1972. He has held senior management positions at The Institute of Chartered Accountants of Scotland (ICAS), Thomson McLintock & Co and KPMG. Prior to his appointment as Chairman of the Accounting Standards Board to reform the UK's accounting standards in 1990, Sir David was also Chairman of the UK's Auditing Practices Committee (1986-1990) and the UK's sole representative on the International Auditing Practices Committee (1983-1988).

In 2001, Sir David became the first Chairman of the International Accounting Standards Board (IASB) and CEO of the IASC Foundation. He then became President of ICAS (2012-2013) and Chairman of the International Valuation Standards Council (IVSC) in 2012.

He was knighted in 1994 and has received several awards including The Institute of Chartered Accountants in England and Wales' Founding Societies Centenary Award for 1997, The Chartered Institute of Management Accountants' Award for 1998, and Lifetime Achievement Awards from The International Accounting Bulletin and the Institute of Financial Accountants. Sir David was inducted into the Accounting Hall of Fame in 2013.

Sir David is a Fellow of the Judge Business School at Cambridge University and a visiting Professor of Accounting in the Management School at Edinburgh University. Currently, he chairs the Royal Household Audit Committee for the Sovereign Grant, and the board of trustees of Leuchie House, Scotland's charity giving respite care to those with degenerative diseases.



## Meet our judges

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### **Belinda Gibson**

*Former Deputy Chairman, Australian Securities and Investments Commission*

*Non-Executive Director, Citigroup Pty Limited*

Belinda was Deputy Chairman of the Australian Securities and Investments Commission (ASIC) until May 2013. She joined ASIC as a Commissioner in November 2007 and was appointed Deputy Chairman in May 2010. Belinda also served as a member of the Financial Reporting Council and the Corporations and Markets Advisory Committee. Belinda was responsible for the oversight of Australia's capital markets including the exchange traded markets and broker supervision functions and also corporations.

Currently, she is a non-executive director of Citigroup Pty Limited, Citigroup's Australian bank subsidiary, Chairman of the AMP Customer Advice Review panel, and a trustee of The Australian Museum. She is also a member of the Malaysian Financial Services Professional Board.

Belinda's qualifications include Bachelor of Economics and of Laws from the University of Sydney, and a Masters of Law from the University of Cambridge. She is an adjunct professor with the UNSW Business School at the University of New South Wales.





## Meet our judges

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### **Goh Ching Yin**

*Executive Director, Strategy & Development, Securities Commission Malaysia*

Goh Ching Yin is the Executive Director (Strategy & Development) with the Securities Commission Malaysia (SC). At SC, Goh has been tasked with landmark initiatives such as the second Capital Market Masterplan in 2011, drawing up the Corporate Governance Blueprint and Code of Corporate Governance 2012, and setting up the Audit Oversight Board in 2010 of which he is a Board Member.

He is also the Head of the Continuing Professional Education Advisory Group and represents the SC on the Audit Licensing Committee within the Accountant General's office of the Ministry of Finance.

Goh is a member of the Cluster Working Group on Funding Support for the Biotechnology Industry under the Malaysian Biotechnology Corporation.

He is also a member of the Intellectual Capital Development Committee of National Innovation Agency Malaysia, and the National Cyber Security Advisory Committee.

Goh is currently the Chief Judge for ACCA's MASRA Awards which focuses on the core elements of sustainability reporting.

He has more than 29 years' experience in various leadership and management positions in investment banking, regional business development, strategic consultancy, corporate recovery and insolvency, and auditing. Prior to his appointment at SC, he was the Chief Executive Officer of Southern Investment Bank Berhad. He has also held senior positions in RHB Sakura Merchant Bankers Bhd and Renong Group Bhd. Goh holds an MBA from Cranfield School of Management.



## Meet our judges

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### **Raymond Siva**

*Chief Executive Officer,  
Edelman Indonesia  
(formerly Managing Director,  
Edelman Malaysia)*

Raymond Siva joined Edelman in Kuala Lumpur on 1 July 2010, bringing more than 15 years of experience in journalism and communications. In this time, he has grown Edelman to be the largest PR firm in Malaysia with over 30 staff and providing counsel for many local and multinational clients. He was appointed Chief Executive Officer of Edelman Indonesia from 1 September 2015.

He started his career as a writer for Vision KL, a popular lifestyle magazine, before being appointed Group Editor of World Asia Media, a regional trade publishing house. There, he assumed overall responsibility for the editorial and marketing direction of established regional publications, such as Retail World Asia and Hospitality Asia.

Following the successful launch of three new titles for the group, Raymond left to helm Asian Media Network, a PR consultancy with strong focus on strategic consumer and corporate communications.

Prior to joining Edelman, Raymond was General Manager of a multinational PR firm for over three years, growing the team and building competencies across corporate, consumer, technology and sports marketing public relations.

Between 2005 and 2006, Raymond was Head of Group Corporate Communications, OSK Investment Bank where he was responsible for all its external and internal communications activities in Malaysia, Singapore and Hong Kong.

Raymond has solid experience in media strategy, reputation management, investor relations and editorial process. He holds an LLB from University of London and a Professional Diploma in Public Relations from the Institute of Public Relations Malaysia.

# Awards Methodology



Who qualifies

Public listed companies in Malaysia.

We did not open the Awards up for nomination or submissions, but shortlisted companies from Bursa Malaysia Top 50 PLCs.



**50** companies benchmarked\*

\* These were the Top 50 PLCs on Bursa Malaysia.

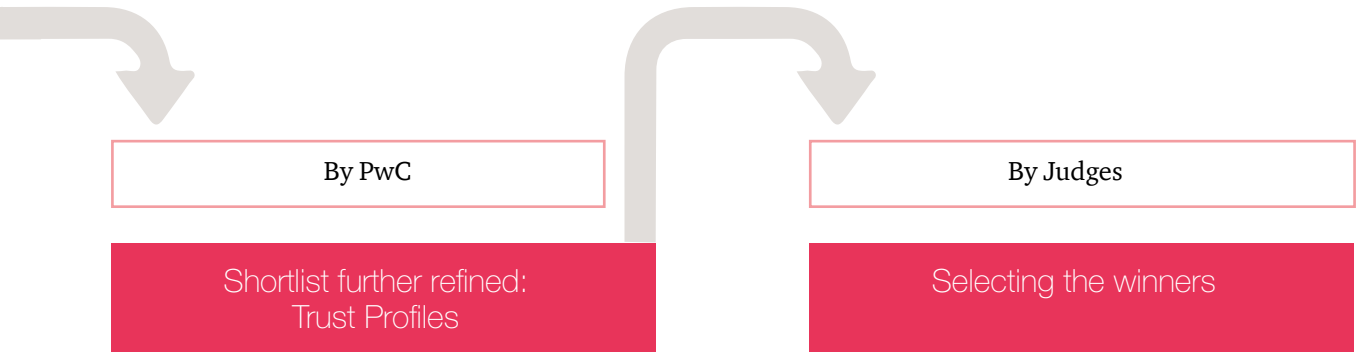
By PwC

Initial shortlist:  
Integrated Reporting <IR>

Annual reports benchmarked against the <IR > Framework using our in-house benchmarking tool. 10 shortlisted PLCs were chosen as finalists.



**10** finalists chosen



Trust Profiles were created for the 10 finalists, using a methodology and framework developed by PwC UK.





## Integrated Reporting – A new business language

The Integrated Reporting <IR> Framework that was released in December 2013 proposes a more holistic style of reporting that aims to:

1. Support better informed decision-making beyond just financials. This is done by having a view of the full range of factors that materially affect an organisation's ability to create business value.
2. Deepen the understanding of connectivity across the business.
3. Reconcile the long and the short term strategic objectives, and align internal and external reporting.

Early this year, we benchmarked annual reports of the Top 50 listed entities in Malaysia, as at 31 May 2015, against the <IR> Framework.

Our assessment focused on the quality of the information companies presented in their annual reports and how well that information was integrated and linked together.

### *Assessment criteria*

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Annual reports<sup>1</sup> were assessed against the Integrated Reporting <IR> Framework, focusing on these criteria:

#### **1. Content**

A holistic balance of content was assessed using the required content elements of the <IR> Framework. These are:

- Organisation overview and external environment
- Strategy and resource allocation
- Business model
- Governance
- Opportunities and risks
- Performance
- Outlook

#### **2. Guiding principles**

Demonstration of the guiding principles of the <IR> Framework, which are:

- Strategic focus and future orientation
- Connectivity between content elements
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

#### **3. Quality**

Looking beyond 'boilerplate' reporting (e.g. governance and risk) and the mere existence of content to assess its quality, e.g. a forward looking narrative supported by quantified data, benchmarking and key performance indicators.

<sup>1</sup> The financial year-ends of the annual reports benchmarked ranged from 31 March 2014 - 31 January 2015





## Selecting our 10 finalists

From our benchmarking analysis we allocated scores to each of the 50 companies allowing us to then select the 10 finalists.

What was clear was that the front runners were companies that have been early adopters of Integrated Reporting.

### What stood out?

Some of the key observations from the benchmarking analysis of our 10 finalists include:

- Clear disclosure of key strategic priorities
- Clearly identified and quantified KPIs
- Creating shared value embedded into the business model and key business objectives
- A Corporate Governance section that provides more than boilerplate terms of reference

It is clear that the vast majority of public listed companies in Malaysia still treat corporate reporting as a compliance exercise. The good news is that there is an opportunity for those companies that take this on, to stand out from the crowd in their communications to their investors.

## What's next for companies in Malaysia?

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Many organisations are finding that a fundamental change in reporting requires much more than a focus on the end report. It requires a deeper understanding of all the building blocks of the business value creation process.

It is our belief that for companies to achieve a distinctive level of connectivity, a fundamental internal change is required, in the form of integrated thinking and management information.

At PwC we have developed a roadmap which identifies three fundamental foundations that should underpin an organisation's efforts towards Integrated Reporting:

### Materiality analysis

Understanding material issues for your business based on investors' and other stakeholders' input.

### Value creation

Understanding how your organisation creates value for all its major stakeholders.

### Impact evaluation

Monitoring the indicators that capture the impact of your strategy and operations, and using them to report your value creation story to investors and other stakeholders.

## Trust profiles – Understanding public perception

Trust is the lens through which customers and investors identify with an organisation’s culture and assess its ability to deliver against its strategic goals. Where annual reports explain an organisation’s view of the world, trust profiles explain the world’s view of the organisation. Together, they give a more rounded understanding of an organisation.

A high degree of trust is why:

- New customers will try an organisation and old customers will return
- Investors will want to purchase an organisation’s equity

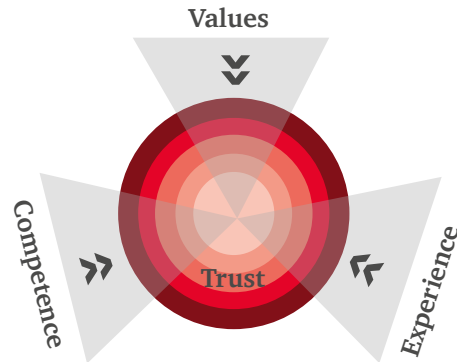
### Developing trust profiles

Together with PwC UK, Trust Profiles were developed for each of the 10 finalists<sup>2</sup>.

These Trust Profiles show how their customers and investors perceive them to be performing from *conversations* gathered through publicly available digital data – news sites, investor forums, blogs, social media like Facebook and Twitter.

The Trust Profiles measured how customers and investors of the 10 finalists felt, in three different areas of trust which are part of PwC’s Trustworthy Organisation Model.

### PwC’s Trustworthy Organisation Model



|                  |   |
|------------------|---|
| Competence trust | Does the organisation do what it says it will do?<br>One-off, transactional relationship.           |
| Experience trust | Does it do what it says it will do consistently over time?<br>Iterative relationship over time.     |
| Values trust     | Do the organisation and its stakeholders share the same beliefs? Does not vary, remains consistent. |

## Attributes of trust

Underpinning each type of trust (whether it is *Competence Trust*, or *Experience Trust*, or *Values Trust*), are different trust drivers. These are explained in the table below:

| Trust type        | Data     | Trust driver         | Definition  |
|-------------------|----------|----------------------|---|
| <b>Competence</b> | Customer | Delivers promise     | is about delivering on the promise of an organisation, for example, in terms of products or services to customers             |
|                   | Customer | Understands benefits | is about the extent to which the stakeholder understands how the organisation benefits them and the public                    |
|                   | Investor | Transparency         | is about the perceived accuracy and truth of the organisation's marketing   |
|                   | Investor | Reliability          | is about being able to rely on the organisation to do what it says it will do   |
| <b>Experience</b> | Both     | Responsiveness       | is about whether the organisation listens to what its stakeholders say and makes improvements accordingly                     |
|                   | Customer | Individualisation    | is about the stakeholder's perception that the organisation treats them as an individual                                      |
|                   | Investor | Expertise            | is about the extent to which the stakeholder perceives the organisation to be shaping the sector                              |
| <b>Values</b>     | Both     | Understands my needs | is about whether the stakeholder feels the organisation is reacting to the stakeholder's self-defined needs                   |
|                   | Customer | Sociability          | is about the extent to which the organisation is perceived to care about the impact its activities make on society as a whole |
|                   | Investor | Vision               | is about the stakeholder's perception of what kind of business the organisation is trying to be                               |

## What did the Trust Profiles of our 10 finalists show?

Each Trust Profile was then analysed in comparison to :

- an overall Building Trust Awards Index (which is the average score of all 10 finalists' trust types)
- an industry average (loosely categorised into 3 groups amongst the 10 finalists)

We gathered close to 100,000 pieces of relevant data from digital conversations about our 10 finalists. Relevant data would mean conversation that matches the trust drivers, and excludes any information generated by the company itself such as news releases.

To ensure an accurate and robust analysis of all the relevant conversations, care was taken to ensure we coded representative samples of the conversations, according to four criteria:

- for each of the 12 months across the period January – December 2014
- according to where the conversation took place (i.e. channel)
- according to the relevant stakeholder e.g. customer conversation is different from investor conversation so has different trust drivers. However, despite different drivers, the trust types remain constant, allowing for comparability
- according to the relevant industry conversations - the same driver (for example, 'Delivers promise') can have a subtly different meaning depending on whether the company in question has a business-to-business (B2B) or a business-to-consumer (B2C) model

The results were shared with our panel of independent Judges at the Judges Meeting on 22 September 2015.

### Key findings from our 10 finalists' trust profiles:

1. Companies had stronger trust profiles with their investors than customers.
2. Different organisations have different trust profiles according to their business model. For example, B2C organisations have stronger trust with their customers than their investors whereas B2B organisations have stronger trust with their investors than their customers.
3. As these 10 companies are all large public listed companies at the top end of Bursa Malaysia in terms of market capitalisation, it isn't surprising that they have put a lot of effort into engaging with their investors (whether it is through their reporting or their Investor Relations activities). The fact that many of the 10 finalists are in regulated industries has also helped improve their profile with investors.
4. There is a lot of opportunity to further engage customers. According to our research, consumer trust is primarily driven by *Competence Trust* so we would expect most of our B2C finalists to do best in this particular area. However, it is interesting to note that depending on the industry our finalists are in, their profile with customers varied.

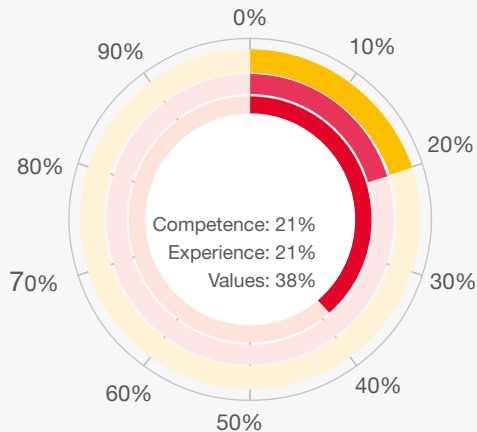
## Understanding the Trust Profiles

It's important to note that there is no absolute or single score assigned to each company's trust profile. This is because when you scrutinise the make-up of the trust profiles, you will realise that there are individual trust drivers for each Trust type, and it's important to note how a company performs for each of these rather than averaging them out to a single score.

Also, there is more to the trust profiles than just the scores. Each of the company's profiles may differ: depending on whether they are a B2B or B2C company; perhaps because their investors are more interested in certain aspects of the company's business over others; or even depending on where the company has chosen to focus (e.g. in delivering great products, but with less of an emphasis on customer experience).

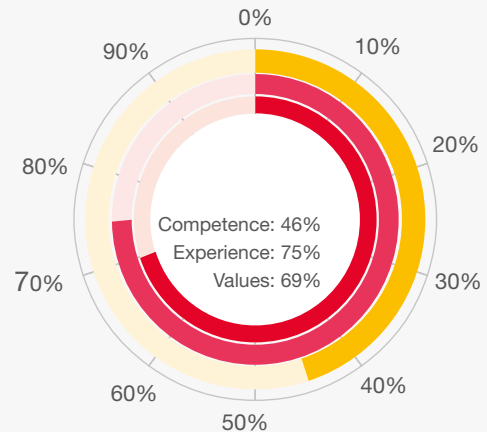
*Building Trust Awards Malaysia Index\**

Customer data



*Building Trust Awards Malaysia Index\**

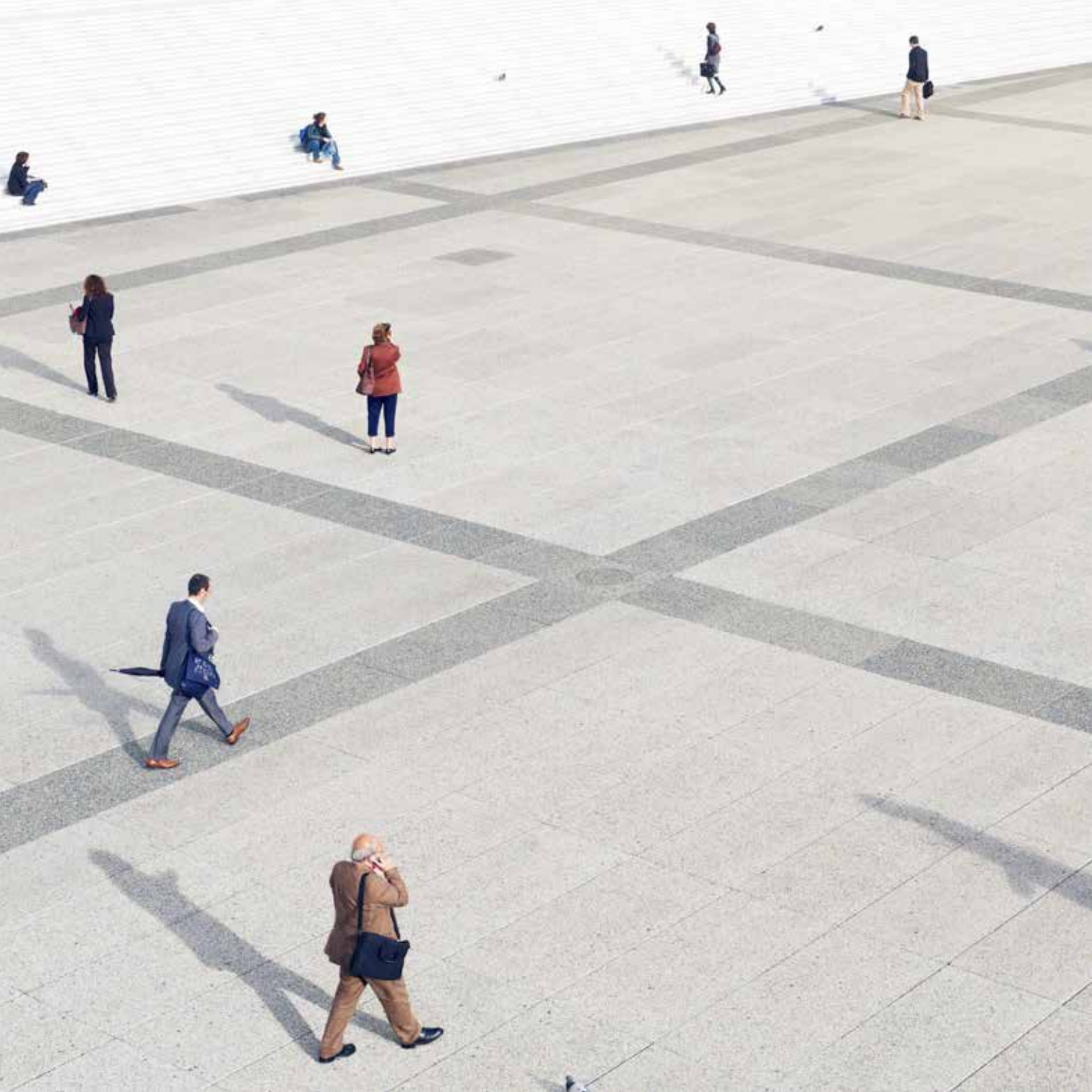
Investor data



\*The Building Trust Awards Malaysia Index is calculated as the total average score among all 10 finalists

Competence trust  
Experience trust

Values trust



## Hear from our Judges

At the Judges Meeting on 22 September 2015 our Judges deliberated on the findings from our Integrated Reporting benchmarking together with the Trust Profiles and selected the winners.

Here are a few quotes from the meeting.

### **What does building trust for business mean to you?**

Trust is the essence of business, in the same way as in professional accounting. If there is no trust in what you're doing, then no one wants to employ you. If you are a customer, you want to trust that the product you're going to get is appropriate; if you're an investor, you want to be able to trust that the accounts and the transparency of the company and its values are appropriate.

– Sir David Tweedie

### **On how confident they were on coming to a consensus**

I think that with the team we've got, we'll have some pretty interesting debates. There are some big issues there, but I'm pretty certain we will come up with a consensus.

– Sir David Tweedie

Well, there are a lot of smart brains in that room, and I suppose a necessary difference of opinion. But I think we'll come to a consensus based on the data available. It's quite clear cut – for me at least. And I look forward to a good debate. – Raymond Siva

### **On what they foresee as being the most difficult aspect to get an agreement on**

The difficulties are going to be how you make a measure of trust, based on social media and access to extraneous data, and whether you've got a big enough sample to line everyone up. – Belinda Gibson

### **Were there any common attributes that you observed in all the finalists?**

Nothing particularly strikes me. Everyone's making a great effort to talk more. However, those that focus on materiality and with much fewer pages in their annual reports give a better outcome for the reader.

– Belinda Gibson

### **What made the winning company the strongest candidate?**

It was tough. We had quite a difficult job trying to choose. Some companies were better on Integrated Reporting, some had a slightly better score on the Trust Profiles, but on balance we felt the winning companies measured best across the two. But it was close – it was very, very close to pick the winner. – Sir David Tweedie





# ***The Building Trust Awards***

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Finalists & Winners



## 10 Finalists

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Astro Malaysia  
Holdings  
Berhad



British American  
Tobacco (M)  
Berhad



CIMB Group  
Holdings  
Berhad



DiGi.com  
Berhad



Felda Global  
Ventures  
Holdings  
Berhad



Malayan Banking  
Berhad



Nestlé (M)  
Berhad



Public Bank  
Berhad



Developing  
Sustainable Futures

Sime Darby  
Berhad



Telekom  
Malaysia  
Berhad



**WINNER**  
**2015**

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**Malayan Banking Berhad**



**RUNNER-UP**  
**2015**

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**Nestlé (M) Berhad**



**RUNNER-UP**  
**2015**

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**Sime Darby Berhad**



# Contacts

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## Integrated Reporting



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## Trust Profiles



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