

Disclosing environmental and sustainability practices and initiatives in the annual reporting process of property investors: Evidence from Malaysia

Ainoriza Mohd Aini¹ & Sarah Sayce²

¹ PhD Student, School of Surveying and Planning, Faculty of Art, Design and Architecture, Kingston University London, Penryhn Road, Kingston upon Thames, KT1 2EE, United Kingdom

² Professor, School of Surveying and Planning, Faculty of Art, Design and Architecture, Kingston University London.

Email: A.mohdaini@kingston.ac.uk

Abstract

Investors around the world are increasingly recognising the importance of embedding environmental, social and governance issues when making property investment decision or sustainable and responsible investment (SRI). The objective of this paper is to examine the implementation of environmental, social practices of property investors in Malaysia as revealed through published company material.

Content analysis is used in this research. Analysis was conducted of potential SRPI (Socially Responsible Property Investment) or ESG (Environmental, Social and Governance) initiatives of all (13) Real Estate Investment Trusts (REITs), together with a selection of property investment companies and key institutional investors using publicly available company literature. The websites and annual reports of these investors from 2007-2009 were examined in order to identify activities, strategies contributing to the progress of sustainable and responsible property investment. The progress made was also compared with progresses made in other countries including UK, USA and Australia.

The study indicates that although some of the Malaysian REITs and property investment companies are beginning to adopt sustainability practices this is less embedded than in other major countries notably Australia. The study also shows that the sustainability agenda is skewed more to notion of corporate philanthropy than environmental issues.

Keyword - Content Analysis, Malaysia, Responsible Property Investment, Sustainability.

¹ The author is also a lecturer at the Department of Estate Management, Faculty of the Built Environment, University of Malaya, Malaysia. Author would like to acknowledge University of Malaya and Ministry of Higher Education for the grant of PhD sponsorships.

1.0 Introduction

Many investors have long-term intentions towards sustainability and increasingly are interested in efforts to avert climate change or improve education in underserved areas are a matter of corporate philanthropy, even where these have no direct relevance to their core investment activities. Behaving responsibly is seen as harming the performance of their investments, a point recently made very clear with the BP oil disaster. Investors around the world have increasingly come to understand that their investment performances depend on their responses to the challenges of an array of sustainability issues. They are recognising the importance of embedding environmental, social and governance issues when making property investment decision or sustainable and responsible investment (SRI).

Pivo and McNamara (2008) first defined sustainable and responsible property investment (SRPI)² as maximizing the positive effects and minimizing the negative effects of property ownership, management and development, on society and the natural environment in a way that is consistent with investor goals and fiduciary responsibilities.

It is imperative to note that the literature surrounding environmental and sustainability initiatives in property investment is concentrated in more mature economies such as United Kingdom, USA, Australia and Canada. There is a contention that integrating sustainability in property investment decision is even urgent priorities in emerging countries. Thus, the study attempts to examine the environmental and sustainability practices of property investment organisations in Malaysia. Studying Malaysia is interesting, given the status as one of the leading developing economies in the world and its unique property market which is considered to be emergent but improving towards a mature level (Chin and Dent, 2005). Malaysia also has a very different economic, social and culture context and a far less extensive literature base in relation to SRPI.

Apart from a study by Newell and Manaf (2008) concerning the significance of sustainability practices by the Malaysian property companies, no other attempt has been made to date to investigate the responsible and sustainability practices and initiatives in property investment organisations in Malaysia. This paper seeks to contribute to the existing literature by reviewing the disclosure of those activities in 13 Real Estate Investment Trusts (REITs), selected property companies involved in property investment and key domestic institutional investors using publicly available company literature. The websites and annual reports of these investors from 2007-2009 were examined not to paint the picture of best practices but rather to identify activities, strategies contributing to the progress of sustainable and responsible property investment. However, it would also be interesting to know which group are leading in not just implementing the sustainability practices but also leading in the disclosures.

More specifically, the objective of this present study is to elicit the answer of the following issues:

- the extent to which disclosure of environmental and sustainability practices and initiatives in the annual reporting process of property investors in Malaysia.
- the current practices contributing to SRPI among property investors in Malaysia;
- the environmental and social issues concern property investors in Malaysia; and
- their actions with regards to their property portfolio.

² In Pivo and McNamara (2005), authors use the term ‘socially responsible property investment’.

The nature of the enquiry does not allow an in-depth analysis of the motivation or importance attached to the environmental and sustainability issues considered in property investment decision. Rather the aim of this paper is to provide some preliminary evidence of the progress made by property investors in Malaysia in embracing SRPI and allowing the identification of those property investors seeking to improve their portfolio.

2.0 Sustainable and responsible investment

Responsible investment and sustainability have made significant progress in the property industry. This has seen establishment of groups such as UNEPFI Property Working Group, IIGCC Property Working Group and GRI Real Estate and Construction Supplement to address the world sustainability agenda. Major investors especially in developed countries are actively including sustainability in their operations. Several real estate companies and trust have been listed in indices such as Dow Jones Sustainability World Index. Leading examples are the British Land Plc (UK), Investa Property Group (Australia), Mitsubishi Estate Co. Ltd (Japan). To date, a number of dedicated green or sustainable property funds have been launched especially in United States of America, United Kingdom, Australia as well as Germany. Among of the dedicated sustainable funds are listed in **Table 1**.

Table 1 Dedicated Green or Sustainable Property Funds

Funds	Countries	Focus
Igloo Regeneration Fund	UK	Urban Regeneration
Climate Change Capital Property Fund	UK	Building Upgrading
Bridges Venture Sustainable Property Fund	UK	Regeneration areas and environmentally sustainable buildings
Jonathan Rose Smart Growth Investment Funds	USA	Acquiring and greening existing buildings in walkable, transit-based communities
Hines/Calpers	USA	New sustainable offices construction
Forward Progressive Real Estate Fund (REIT)	USA	Greater weight on sustainable criteria, SRI criteria screening
Australian Ethical Property Trust	Australia	Energy efficient buildings, minimum 5 stars rating
IVG Premium Green Fund	Germany	Sustainable Office buildings

The Malaysian Scenario

As a developing nation, Malaysia faces specific environmental problems such as deforestation which has caused loss of biodiversity, erosion and pollution. Malaysia is also not excluded from confronting the challenges of the growing needs of energy with Malaysia's primary energy consumption from 1971 to 2004 increase by 850% or equivalent to 26% a year and it continues to rise (Boon, 2007). Based on the current economic growth rates, Malaysia Energy Centre projected

that Malaysia would become net importer of energy by between 2010 and 2015 (Chuan, 2004). Energy will then become more expensive and will impact building owners, occupiers and also investors. The majority (90%) of energy consumed by buildings in Malaysia is in the form of electricity (Ahmed, 2008). If these trends continue, buildings will consume almost as much as industry and transport combined.

Against this scenario of rising energy demand, Malaysia is also confronted with the other end of this problem which is the impact of energy related CO₂ emission on climate change. Carbon emissions in Malaysia have increased by 221 percent since 1990, the highest growth rate among the world's top emitters (United Nation Development Programme, 2007). This rapid growth has occurred even though Malaysia ratified the Kyoto Protocol and has taken several initiatives to use renewable energy as well as ways to cut emissions.

Climate change is likely to impact on the Malaysian property in a number of ways. Occupiers of buildings will be more prone to heat stress during the dry period. This could potentially disrupt daily activities inside and outside buildings as well as cause health problems to occupiers. There will be an increased risk of flooding especially in flood prone areas in urban location which will disrupt the city's functioning, threaten human lives and damage properties. The water scarcity issue is also faced by Malaysia (Ng *et al*, 2007). The increasing numbers of new buildings in the big cities will put some pressure over the existing provision of water supply. Water shortages will affect areas with less rainfall, affecting occupiers through water constraints and increased costs.

Apart from awareness of environmental issues, awareness of social issues such as affordable housing needs, fair labour, workers safety and well-being, access for the disabled as well indigenous people rights has been growing for many years in Malaysia. At this point, it is important to understand how property investment communities reacted to these issues and their action against their portfolio. Although they may argue that their current operation do not damage or give negative impact to the environment or responding to the environment or sustainability issue may not bring any benefit to their operations.

Social Responsibility and Sustainability Reporting

The idea of disclosing or being transparent for something that is beyond normal activities of the companies was made popular by the west and new in developing countries like Malaysia (Amran & Siti-Nabiha, 2009). In the recent years, disclosure of Corporate Social Responsibility (CSR) and sustainability information has been mandated by a number of governments throughout the world including Malaysia. In 2007, The Prime Minister of Malaysia announced that all companies listed on the Malaysia stock exchange would be required to disclose information on CSR activities in their annual financial report. Malaysia's listing rules have been revised to require that listed companies include in the annual report a description of their CSR activities and policies:

Part A. No. 29 “ A description of Corporate Social Responsibility activities practices undertaken by the listed issuer and its subsidiaries or if there are none a statement to that effect”.

As a minimum, public listed companies are required to include a CSR statement in their annual reports, however there is no restriction to the content. At the end of 2007, Bursa Malaysia launched a framework for corporate social responsibility to guide public listed companies in their reporting.

In the light of the above, it is important to understand how property investment communities in Malaysia reacted to these issues and their action against their portfolio by examining the environmental and sustainability disclosure in their annual reporting processes. The next section will discuss in details the methodology in carrying out this study.

3.0 Research Methodology

The research method commonly used to assess organisations social and environmental disclosure is content analysis. Hence, in this present studies, content analysis is used to identify activities, strategies contributing to the progress of sustainable and responsible property investment. Content analysis is a research method that uses a set of procedures to make valid inferences from the text (Weber, 1990; Krippendorff, 2004). It involves codifying qualitative and quantitative information into predefined categories in order to derive to patterns in the presentation and reporting of information (Guthrie, Petty & Yongvanich, 2004).

Public available company literature including annual reports and, if published separately, the standalone CSR reports or sustainability reports have been used for the content analysis in this study. As Gray, Kouhy & Lavers (1995) pointed out the annual report is not only a statutory document but also can be used to construct the social imagery of an organisation. Many researchers have taken the view that companies use the annual report to communicate with stakeholders by featuring what they perceived as important issues and less important issues are absent (See for example Guthrie & Abeysekara, 2006). The type of information included in (and omit from) the annual report is a conscious decision that communicate significant message to stakeholders (Guthrie & Abeysekara, 2006).

Most of the recent annual reports are available on the organization's website. Previous reports (2007-2008) were obtained from the Bursa Malaysia's³ website under the Company Announcement section. Although company websites were also examined, focus was given to the reports as disclosure in other media do not provide permanent evidence of corporate disclosure.

Target Information

A series of company reports were reviewed, and the following analysis was carried out:

- (1) Review of background information relating to the structure, type of properties as well as general organisation mission.
- (2) The extent of environmental and sustainability disclosure
- (3) Reports were studied to obtain any property specific practices contributing to sustainable and responsible property investment which have been implemented or planning to be implemented

Sample

For this study, a total of 27 organisations, comprising 13 Real Estate Investment Trusts (REITS), 9 listed property investment companies holding property for investments and 5 key institutional investors were selected and the Annual Report for the year 2007, 2008 and 2009 and if published annually stand alone CSR or sustainability reports for the same period were used for the analysis.

³ Bursa Malaysia is an exchange holding company approved under Section 15 of the Capital Markets and Services Act 2007. It operates a fully-integrated exchange, offering the complete range of exchange-related services including trading, clearing, settlement and depository services.

Real Estate Investment Trusts

Malaysia is the only Asian country with a history of listed property trusts market which was introduced in 1989. In June 2009, this saw over 13 Real Estate Investment Trusts listed on Bursa Malaysia with market capitalisation of US\$1,313 millions (ULI-PWC, 2009). Malaysia also pioneered the development of Islamic real estate investment trust (REITs) (Osmadi, 2007). All 13 Real Estate Investment Trusts (REITs) in Malaysia including 3 Islamic REITS are assessed. Table 2 list the name of REITS and the type of property in their portfolio. Malaysian Real Estate Investment Trusts hold real estate portfolio which largely focused on office properties in Kuala Lumpur.

Table 2 Malaysian Real Estate Investment Trust studied

<i>REITS</i>	<i>Portfolio</i>
Amfirst REIT	Office
Hektar REIT	Shopping Complex
Amanah Raya REIT	Private Colleges, Warehouse, Factory
UOA REIT	Office
Starhill REIT	Shopping Complex, Hotels
Atrium REIT	Office & warehouses
Quill Capital Trust	Office, Commercial (Incl. Hypermarket)
Tower REIT	Office
Axis REIT *	Commercial, Office, Warehouse
KPJ Al-Aqar REIT *	Private Hospitals
Al-Hadharah Boustead REIT *	Plantations
Amanah Harta Tanah PNB	Office, Shop Offices,
Amanah Harta Tanah PNB 2	Office, Commercial Buildings

Source: Companies' annual reports from various years (2007-2009)

**Islamic REITs*

Listed Property Companies holding property for investment

For the purpose of this study only property companies involved with long-term property investment, as opposed to development or trading, have been selected for this study. Only very few listed property companies in Malaysia are involved with property investment (Ting, 2002; Shakir & Hamzah, 2008), indicating the immature state of the industry. This is because new entrants into the market are more focussed on property development. The companies selected are based on study by Ting (2002) and a few more identified by author is shown in Table 3.

Table 3 Property Companies holding property for investment

<i>Property Companies</i>	<i>Portfolio</i>
Selangor Property Berhad	Retail, Office, Hotel
IGB Corporation Berhad	Retail, Office
Asia Pacific Land Berhad (AP Land)	Office, Retail, hotel
Lien Hoe Berhad	Retail, Office
Selangor Dredging Berhad	Office
UDA Holdings Berhad	Retail
KLCC Properties Holdings Berhad	Office, Hotel, Retail

Goldis Berhad	Office, Hotel
Malaysia Resources Corporation Berhad (MRCB)	Office, Shopping Complex, Retail, Residential & Industrial

Source: Ting, 2002; Companies' annual reports from various years (2007-2009)

Domestic Institutional Investors

The five largest public institutional investors as shown in Table 4 were selected for this study. Collectively their shareholdings account for 70% of the total institutional holdings in the firm listed on the Bursa's Main Board (Abdul-Wahab, How & Verhoeven, 2007). The largest domestic institutional investor in Malaysia is the Employees Provident Fund with asset under management of US\$98,286 millions. In 2007, the Malaysian government announced that the Malaysia Employee Provident Fund will strive to invest in companies with good social responsibility practices. It would be interesting to see the progress EPF and other public institutional investors made concerning property specific sustainable and responsible activities.

Table 4 Key domestic institutional investors in Malaysia

<i>Institutional Investors</i>	<i>Type of Investors</i>
Employee Provident Fund (EPF)	Pension fund for all employees
Permodalan Nasional Berhad (PNB)	Unit trust
Lembaga Tabung Angkatan Tentera	Superannuation fund for armed forces
Lembaga Tabung Haji	Saving for pilgrimage (Muslims Only)
Social Security Organisation (<i>Pertubuhan Keselamatan Sosial</i>) (SOCSO)	Insurance Scheme for all working in public and private sector.

4.0 Findings & Discussion

4.1 Amount of CSR or sustainability and environmental disclosure

Based on the analysis of the companies' annual report, a summary of CSR or sustainability disclosure was prepared as shown in Table 5. Despite the requirement by Bursa Malaysia for all listed companies to disclose a CSR statement based on the guidelines provided effective from 2007, astoundingly only 6 REITS have special CSR section or statement in their annual reports (i.e. Axis, Al-Hadharah, Quill Capita, Amfirst REITs, Starhills, Hektar). None of the REITs have separate standalone 'sustainability report'.

The amount of sentences CSR or sustainability disclosures was measured by the number of sentences as suggested by Nik Ahmad *et al* (2003). The number of sentences in CSR section ranges from as low as 2 to 22 per company.

Although there are 13 REITS in Malaysia, no single one makes sustainability an explicit goal.

Table 5 CSR or sustainability reports

No of companies studied	No of companies having separate CSR/sustainability report	No of companies having CSR or sustainability statement /section in annual report

Real estate investment trust	13	0	6
Property Companies (doing property investment)	9	1	9
Key institutional investors	5	0	5

All of the property companies studied used separate sections in their annual report to discuss their CSR or sustainability initiatives. The number of sentences in CSR section ranges from as low as 2 to 80 per company. Malaysia Resources Corporation Berhad (MRCB) is the only property investment company studied that has published an extensive standalone “Environmental and Social Report”, on top of the separate CSR section in their annual report. MRCB is among a few companies in Malaysia that produce annual ‘environmental and social report’ / sustainability reports in accordance with the Global Reporting Initiatives’ G3 Guidelines. MRCB was also the winner for the “Environmental Performance Report” and “Special mention –Assurance Approach” at the ACCA Malaysia Sustainability Reporting Awards 2009.

All of the key institutional investors in this study have special section on CSR in their annual report.

4.2 Disclosure of sustainable and responsible investment practices

The purpose of the study is to uncover sustainable and responsible practices amongst property investment organisations in Malaysia. One way of doing this is by examining the annual reports of property investment organisations as social responsibility disclosure is presumed to be an indication of genuine commitment to social responsibility (Amran & Siti-Nabiha, 2009). As such the annual reports were assessed against the 10 elements of Responsible Property Investment by UNEPFI (2007) which is displayed in Table 6. Additionally, any other forms of good practices including corporate philanthropy were also examined.

Table 6 Elements of RPI

- **Energy conservation**
 - conservation, retrofitting, green power generation and purchasing, energy-efficient design
- **Environmental protection**
 - water conservation, solid waste recycling, habitat protection
- **Voluntary certification**
 - green building certification, certified sustainable wood finishes
- **Public transport oriented developments**
 - transit oriented development, walkable communities, mixed-use development
- **Urban revitalization and adaptability**
 - infill development, flexible interiors, brownfield redevelopment
- **Health and safety**
 - site security, avoidance of natural hazards, first aid readiness
- **Worker well being**
 - plazas, childcare on premises, indoor environmental quality, barrier-free design
- **Corporate citizenship**
 - regulatory compliances, sustainable disclosure and reporting, independent boards, adoption of voluntary codes of ethical conduct, stakeholder engagement
- **Social equity and community development**
 - fair labour practices, affordable/social housing, community hiring and training
- **Local citizenship**

- | |
|--|
| - quality design, minimum neighbourhood impacts, considerate construction, community outreach historic preservation, no undue influence on local governments |
|--|

Source: UNEPFI (2007)

4.2.1 Overview of the findings

The findings of this content analysis highlight some interesting insights into the responsible and investment practice amongst property investment organisations in Malaysia. It appears from the study that these organisations are beginning to disclose energy efficiency, environmental protection, voluntary certification, health and safety, worker's well being. No evidence of public transport oriented developments or urban revitalization initiatives were found in any of the annual reports. Interestingly, majority of the companies studied involved in some forms of corporate philanthropic activities. Table 7 and 8 summarised the sustainable and responsible initiatives disclosed in the annual reports of property investment organisations in Malaysia and will be further discussed in the next sub-sections.

4.2.1 Energy conservation

While energy conservation is first priority for many investors worldwide, only a handful of property investment organisations in Malaysia engaged in this issue. Among all Malaysian REITs studied, only Tower REIT and Quill Capita Trust have included their initiatives to conserve energy, as shown by the following statement in their annual reports:

"The focus of these initiatives is to further improve the overall environment and services to tenants as well as to improve the efficiency in energy consumption" (Tower REIT, 2009)

"...we endeavor to reduce our own energy usage and carbon footprint." (Quill Capita Trust, 2009)

Out of 9 listed property investment companies investigated, 4 companies including Selangor Dredging Berhad, KLCC Property Holdings Berhad Goldis Berhad and MRCB included energy conservation initiatives in their annual reports.

Examples of statement by KLCC Property Holdings Berhad:

"... the Group had embarked on an overall energy conservation initiatives such as reducing the operating hours of air-conditioning systems, discreet switching off of the office lighting during lunch time and 50% reduction in lighting levels for non-essential areas and external lighting at the PETRONAS Twin Towers. Energy wastage prevention programs had been implemented via the installation of motion sensor save mode for escalators, motion sensors for enclosed rooms in offices, timers for water boilers and strict enforcement of extra air-conditioning and lighting request procedures. (KLCC Property Holdings Bhd, 2009)

Only Goldis Berhad, owner of G Tower is known to have implemented 'Green Leases' which includes encouraging tenant to reduce energy usage.

4.2.2 Environmental protection

The same property investment companies that are addressing energy conservation are also the most proactive in environmental protection initiatives such as waste recycling. This is shown in their annual reports as follows:

“QCM strives to manage QCT’s operations in a manner which reduces waste and consumption of resources. The Manager continues with the practice of reduction in paper usage and recycling initiatives” (Quill Capita Annual Report, 2009).

“Scheduled waste disposal, recycling and chemical management programs are some of the environmental conservation promotion implemented by the Group year round”. (KLCC Property Holdings Berhad Annual Report, 2009).

4.2.3 Voluntary certification – Sustainable or Green Buildings Certification

Sustainable and green building certifications have been argued to have a number of benefits including the contention that they provide a powerful way to communicate the sustainability commitment levels of organisations operation (Jantzi Sustainalytics (2010). Malaysia’s own green building rating system, Green Buildings Index (GBI) was recently launched in April 2009. GBI was developed by Pertubuhan Arkitek Malaysia (PAM) and the Association of Consulting Engineers Malaysia (ACEM). The development of Green Building Index specifically to be implemented in Malaysia have been discussed elsewhere (see for example Darus *et al*, 2009).

Despite this, no single REITS or key institutional investors declare that they owned buildings certified with green building certification or mentioned any plan to apply for sustainable or green buildings certifications.

Listed property investment companies however are showing a better effort in voluntary certification. Goldis Berhad for example has one of its buildings certified with BCA Greenmark Gold by BCA GeenMark Scheme Singapore. MRCB has adopted LEED certification for its Kuala Lumpur Sentral project and Green Mark Scheme for its office. Only MRCB explicitly mentioned about strategy to implement green building certifications i.e. The Leadership in Energy and Environmental Design (LEED) and BCA Green Mark Scheme. Further commitment towards green buildings is further displayed by the The Board of Directors of MRCB. The Board has issued a directive that all future projects be obtained either LEEDS, GreenMark Scheme or Malaysia’s Green Buildings Index certifications.⁴ To date, only MRCB has adopted the GRI reporting standard and explicitly explain their effort on constructing or enquiring sustainable building certifications.

⁴ MRCB (2008) Environmental & Social Reporting 2008.

Table 7 Disclosure of sustainable and responsible practices or initiatives in annual reports of Malaysian Real Estate Investment Trusts (REITs)

	(A) Energy conservation	(B) Environmental protection	(C) Voluntary certification	(D) Public transport oriented developments	(E) Urban revitalization and adaptability	(F) Health and safety	(G) Worker well being	(H) Corporate citizenship	(I) Social equity and community development	(J) Local citizenship	Corporate Philanthropy
Amfirst	x	x	x	x	x	x	X	x	x	x	x
Amanah Harta Tanah PNB (AHPNB)	x	x	x	x	x	x	X	x	x	x	x
Amanah Harta Tanah PNB (AHPNB 2)	x	x	x	x	x	x	X	x	x	x	x
Hektar REIT	x	x	x	x	x			x	○	x	○
Amanah Raya	x	x	x	x	x	x	X	x	x	x	x
UOA	x	x	x	x	x	x	X	x	x	x	x
Axis*	x	x	x	x	x	x	X	x	x	x	○
Starhill REIT	x	x	x	x	x	x	X	x	x	x	○
Atrium REIT	x	x	x	x	x	x	X	x	x	x	x
Quill Qapita Trust	○	○	x	x	x	x	X	x	x	x	○
Tower REIT	○	x	x	x	x	x	X	x	x	x	○
AL-Aqar REIT*	x	x	x	x	x	x	X	x	x	x	x
AL-Hadharah Boustead*	n/a	x	n/a	x	x	x	X	x	x	x	○

Notes: ○=Included in the report x=Not included in the report/not examples found N/A= not applicable – do not have buildings in the portfolio

* denotes Islamic REITS

NOTE we discussed adding totals to this table- I think it would help.

Table 8 Disclosure of sustainable and responsible practices or initiatives in annual reports of listed property investment companies in Malaysia

	(A) Energy conservation	(B) Environmental protection	(C) Voluntary certification	(D) Public transport oriented developments	(E) Urban revitalization and adaptability	(F) Health and safety	(G) Worker well being	(H) Corporate citizenship	(I) Social equity and community development	(J) Local citizenship	Corporate Philanthropy
Selangor Property Berhad	x	x	X	x	x	x	x	x	x	x	○
IGB Corporation Berhad	x	x	X	x	x	x	x	x	x	x	○
Asia Pacific Land Berhad (AP Land)	x	x	X	x	x	x	○	x	x	x	○
Lien Hoe	x	x	X	x	x	x	x	x	x	x	○
Selangor Dredging Berhad	○	○	X	x	x	x	○	x	x	○	○
UDA Holdings	x	x	X	x	x	x	x	x	x	x	○
KLCC Properties Holdings Berhad	○	○	X	x	x	○	x	x	○	○	○
Goldis Berhad	○	○	○	x	x	x	x	x	x	x	○
Malaysia Resources Corporation Berhad (MRCB)	○	○	○	x	x	○	○	○	○	○	○

Notes: ○=Included in the report x=Not included in the report/not examples found

4.2.4 Health & Safety

Only MRCB Berhad and KLCC Property Holdings Berhad explicitly mentioned their commitment to create a conducive and safe workplace for its employees and contractors.

4.2.5 Local citizenship

An example of good local citizenship is shown by KLCC Property Holdings and Selangor Dredging by contributing to the cost and other resources towards creating and upkeep recreational facilities and landscaping.

4.3 Others - Corporate Philanthropy

Given the legal environment it was not surprising to discover that majority of the property investment organisations are involved in some form of corporate philanthropy. The primary forms of corporate philanthropy listed are cash donations given directly to charities, and services or the use of facilities or managerial expertise. A few organisations such as the Employee Provident Fund offer scholarships to bright students and industrial placement training.

Not only that these companies took the advantage of reporting corporate philanthropy activities to enhance their corporate image (Zulkifli & Amran, 2006), they choose to report on corporate philanthropic activities because they are quantifiable and easier to implement and to report (Mohd Yusof, 2008). In 2007, the Malaysian Government announced the increase of tax deduction for companies from a limit of 5 per cent to 7 per cent of the company's aggregate income (Amran, Ling & Sofri, 2007). Tax deductibility of donations undeniably attracted these organisations to be involved in philanthropic activities.

4.4 Discussion

This study reveals that the level environmental and sustainability disclosure is deplorably low across the property investment sector. Although Bursa Malaysia has developed a reporting framework for companies to follow, it appears that this is not providing an effective tool for market penetration and it is suggested that what the sector needs may be more sector specific guidelines. The study also indicates that although some of the Malaysian REITs and property investment companies are beginning to adopt sustainability practices this is less embedded than in other developed countries. In contrast with research by Pivo (2008) which revealed the three top criteria for investors in developed countries was energy efficiency, public transport, daylight and natural ventilation, Malaysia is having a different agenda in sustainability. The initial conclusion is that sustainability agenda in the property sector is skewed more to notion of corporate philanthropy than environmental issues.

5.0 Conclusion

Ethical issues and sustainability have taken on increased importance for property industry in Malaysia. This paper aimed at giving a general idea of the progress made by property investors in disclosing their sustainability and environmental practices in annual reports. As the CSR

reporting in Malaysia is now mandatory, property investors have begun to disclose their responsible and sustainable activities in the annual reporting process. Based on this study, it can be concluded that level of RPI activities among property investment companies in Malaysia is extremely low. However, a number of property investors in Malaysia are now taking the initiative to disclose their activities. The study shows that the sustainability agenda is skewed more to notion of corporate philanthropy than environmental issues, which is in fairly sharp contrast to the approach of many developed countries where the property agenda has been dominated by 'green' concerns rather than social aspects of sustainability. This findings suggested two possibilities; whether investors in Malaysia has been very slow in adopting ESG initiatives or (is this suggesting that Malaysia sustainability agenda is lagging behind/ trying to catch up or is it moving toward different direction than that of developed countries? It also suggests a still undeveloped awareness of major factors such as climate change.

Whilst there are outstanding examples of leaders among the property investors, the discussion needs to be extended to wider property investment communities (including insurance companies etc). Research can be replicated with a bigger sample size to allow the application of some statistical tests to determined differences in progress made between property investor types. To add to the findings to the present study, surveys or interviews of companies can be conducted with companies who are considered leaders in the environmental and sustainability initiatives as well investors which are lagging behind to elicit their view

REFERENCES

- Abdul Wahab, E.A., How, J.C.Y. and Verhoeven, P. (2007). The impact of the Malaysia Code of Corporate Governance: Compliance, Institutional Investors and Stock Performance. *Journal of Contemporary Accounting & Economics*, 3 (2).
- Ahmed, A. Z. (2008). Integrating Sustainable Energy in Buildings: A Case Study in Malaysia. In *FAU Conference*. Copenhagen.
- Amran, A. and Siti Nabiha, A.K. (2009). Corporate social reporting in Malaysia: a case of mimicking the west or succumbing to local pressure. *Social Responsibility Journal*, 5(3), pp. 358-375.
- Amran, A., Ling L.L. Sofri, Y. (2007). A study of corporate philanthropic traits among major Malaysian corporations. *Social Responsibility Journal*, 3(4), pp. 21-30.
- Boon, S. C. (2007). Creating the climate for change. *Corporate Responsibility: Promoting responsible business - Raising the Bar*, pp. 6-8.
- Chin, H. and Dent, P. (2005). An analysis of the level of maturity in South East Asian property markets. *Pacific Rim Property Research Journal*, 11(4), pp. 355-372.
- Gray, R. Kouhy, R. and Lavers, S. (1995). Methodological themes: constructing a research database of social and environmental reporting by UK companies. *Accounting, Auditing & Accountability Journal*, 8(2), pp. 78-101.
- Guthrie, J. & Abeysekera, I. (2006). Content analysis of social, environmental reporting: What is new?. *Journal of Human Resources Costing & Accounting*, 10(2), pp. 114-126.
- Guthrie, J., Petty, R. and Yongvanich, K. (2004). Using content analysis as a research method to inquire into intellectual capital reporting. *Journal of Intellectual Capital*, 5 (2), pp. 282-293.
- Jantzi-Sustainalytics (2010). *Canadian Commercial Real Estate Sustainability Performance Report*. Ontario: Jantzi-Sustainalytics.
- Krippendorff, K. (2004). *Content Analysis*. Thousand Oaks, CA: Sage.

- Mohd Yusof, N. Y. (2008) CSR Framework for Public Companies: A Strategy in Addressing Gender Concerns. In *Seminar on Corporate Social Responsibility in Malaysia: Wither Gender Equality?* 10 April 2008, Penang, Malaysia.
- Neuendorf, K. (2002). *The Content Analysis Guidebook*. Thousand Oaks, CA: Sage.
- Newell, G., and Manaf, Z. (2008). The Significance of Sustainability Practices by the Malaysian Property Sector. *Local Economy* , 23 (3), pp. 152-167.
- Nik Ahmad, N.N., Sulaiman, M. and Siswantoro, D. (2003). Corporate Social Responsibility Disclosure in Malaysia: An Analysis of Annual Reports of KLSE Listed Companies. *IJUM Journal of Economics and Management*, 11 (1), pp.1- 37.
- Osmadi, A. (2007). REITS: A new property dimension to islamic finance. In *Pacific Rim Real Estate Society Conference*. Fremantle, Western Australia.
- Pivo, G. (2008). Responsible property investment criteria developed using the Delphi Method. *Building Research & Information*, 36 (1), pp.20-36.
- Pivo, G., and McNamara, P. (2008). Sustainable and Responsibke Property Investing. In C. Krosinsky, and N. Robins (Eds.), *Sustainable Investing: The Art of Long Term Performance* (pp. 117-127). London: Earthscan.
- Shakir, R., and Hamzah, H. (2008). Characteristics of Malaysian Listed Property Companies. *International Real Estate Research Symposium*. Kuala Lumpur.
- Ting, K. H. (2002). Listed Property Companies in Malaysia: A Comparative Performance Analysis. In *Seventh Annual Pacific Rim Real Estate Society Conference*, Christchurch.
- Urban Land Institute (ULI)– Pricewaterhouse Copper LLP (2009) *Emerging trends in Real Estate Asia Pacific 2010*. Washington DC: ULI-the Urban Land Institute.
- United Nation Development Programme. (2007). *Human Development Report 2007/2008: Fighting Climate Change, Human Solidarity in a divided world*. New York: Palgrave Macmillan.
- UNEPFI. (2007). *Responsible Property Investing : What The Leaders Are Doing*. Geneve: UNEPFI.
- Weber, R. P. (1990). *Basic Content Analysis* (2nd Ed. ed.). Newbury Park, CA: Sage.
- Zulkifli, N. and Amran, A. (2006). Realising corporate social responsibility in Malaysia: a view from the accounting profession. *Journal of Corporate Citizenship*, 24, pp. 101-114.