

DRIVING PERFORMANCE THROUGH DIVERSITY

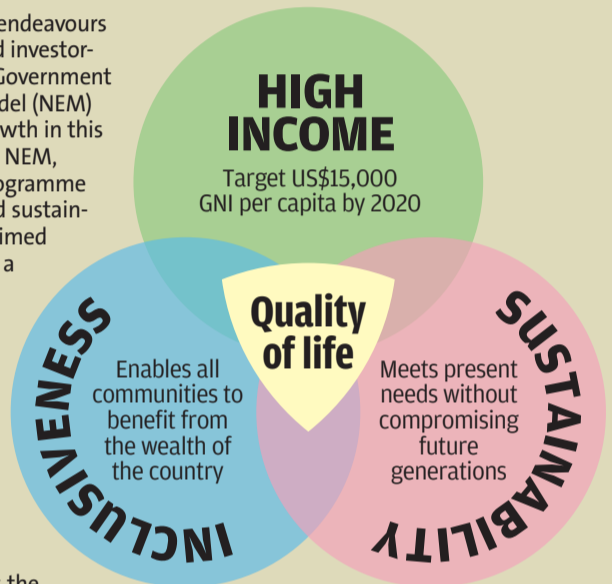
LEVERAGING ON MALAYSIA'S RICH MIX OF GENDER, AGE AND ETHNICITY

MALAYSIA is a country rich with diverse cultures. This has become a significant part of its unique identity and market differentiation.

As the nation endeavours to become more competitive and investor-attractive, in October 2010, the Government launched the New Economic Model (NEM) Malaysia's plan for economic growth in this globalised new world. Under the NEM, the Economic Transformation Programme (ETP) is the focused, inclusive and sustainable implementation roadmap aimed at transforming our country into a high-income nation by the year 2020.

Since its launch, the ETP has undertaken a series of initiatives to accelerate transformation of the country's economy. The need to leverage on Malaysia's diversity has been identified as a key strategy in ensuring our nation sustains its competitive advantage.

To this end, the ETP recognises the necessity of better managing Malaysia's diverse talent pool, and the importance of attracting, retaining, developing and advancing its human capital for a sustainable future. TalentCorp Malaysia was incorporated shortly following the launch of the ETP roadmap to address the talent needs of the ETP.



The New Economic Model involves achieving a developed nation with high income status in a way that is both inclusive and sustainable.

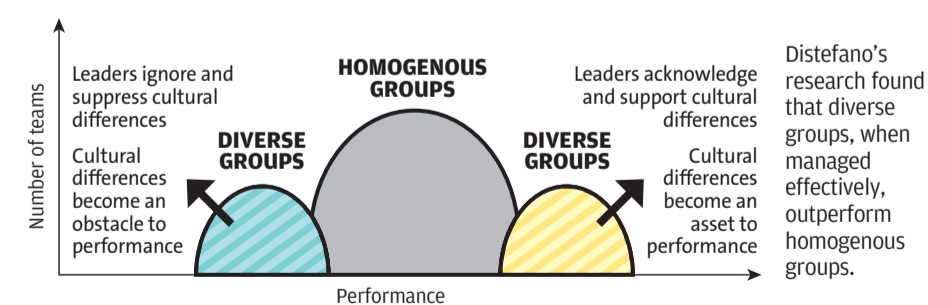
COMPARING THE PERFORMANCE OF HOMOGENOUS AND DIVERSE GROUPS

Various studies on diversity in the workplace illustrate how diversity among employees, if managed well, will drive better business performance. Today's corporations are built around groups that must find answers to

innovative and complicated business issues.

Successful organisations recognise the value of bringing together diverse groups of people who incorporate a variety of backgrounds, ideas, and personalities.

One such study was conducted by Professor Joe Distefano of the International Institute of Management Development (IMD), who found that when well-managed, diversity will drive performance. Despite its obvious challenges, diversity offers multiple opportunities for businesses to become more competitive and successful.



Creating value with diverse teams in global management, Organisational Dynamics by Distefano, Joseph J., Maznevski, Martha L.

Research has shown that diverse groups, when managed effectively, outperform groups of the highest performing individuals in terms of problem-solving. The reasoning behind this is essentially that experts – who tend to share a common set of cognitive 'tools' – provide an excellent but one-sided view of a problem.

In contrast, although the diverse group may have fewer "tools" on average than the individual experts, they make up for this lack by providing different perspectives and experiences, thereby increasing the likelihood of a holistic solution being reached.

DIVERSITY IN THE WORKPLACE: TALENTCORP-PWC SURVEY OF MALAYSIAN LISTED COMPANIES

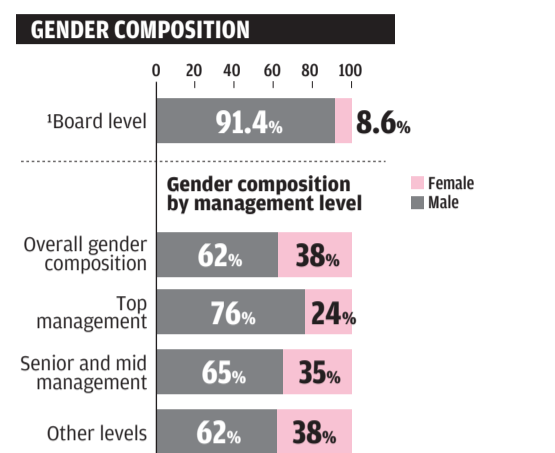
TalentCorp, since its establishment in January 2011, has led several initiatives to advocate diversity and inclusiveness in the workplace and to share best practices from multinationals and leading Malaysian employers.

Among these efforts are measures and incentives to retain women in the workforce by encouraging flexible work arrangements as well as work-life practices.

The recent *TalentCorp – PwC Diversity in the Workplace Survey* of public listed companies indicated an encouraging overall diversity in the areas of gender, age and ethnic mix – with **38% representation of women; 67% aged 40 years old and below**; and an ethnic composition mirroring national population, with **66% of the workforce being Bumiputera**.

However, the same survey suggests diversity at top management could be further improved, given a representation of only **24% women; 18% aged 40 years old and below**; and only **34% Bumiputera**.

Overall workforce composition

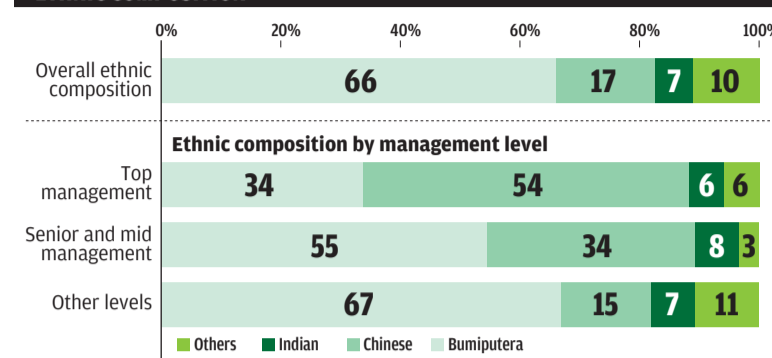


38% of women represent the overall workforce, with 8.6% at Board level and 24% at Top Management level.

TalentCorp – PwC Diversity in the Workplace Survey of public listed companies (September 2013)

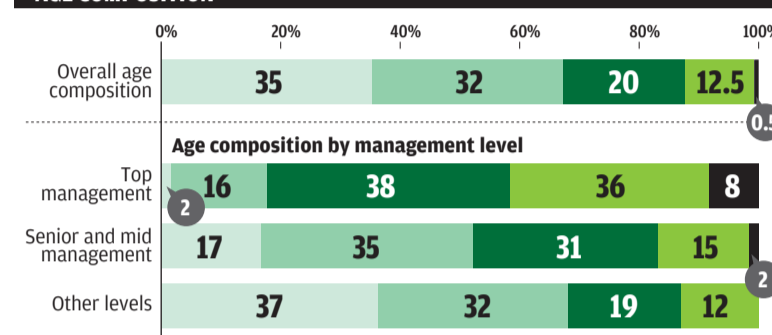
¹Board Level data source: 2013 MSWJ Key Corporate Governance Statistics of PLCs in Malaysia

ETHNIC COMPOSITION



66% of the workforce is Bumiputera with 34% at Top Management.

AGE COMPOSITION



67% of the workforce are 40 years old and below and 18% of Top Management are 40 and below.

“MOVING FORWARD, ALL LISTED COMPANIES WILL BE REQUIRED TO ESTABLISH AND DISCLOSE IN THEIR ANNUAL REPORTS THEIR DIVERSITY POLICIES, COVERING GENDER, ETHNICITY AND AGE FOR BOARD AND MANAGEMENT.”

EMBRACING THE DIVERSITY AND INCLUSION AGENDA

On Apr 9, 2014, Prime Minister Datuk Seri Najib Tun Razak had a dialogue with leaders of the top Malaysian companies by market capitalisation.

At the dialogue, the Prime Minister called upon these corporate captains to ensure better representation and inclusiveness in terms of gender, ethnicity and age in their workforce, especially at top management level.

Moving forward, all listed companies will be required to establish and disclose in their annual reports their diversity policies, covering gender, ethnicity and age for board and management.

Malaysian listed companies are also encouraged to produce sustainability reports, in line with international best practices on reporting which include disclosures on composition of the workforce.

PUBLIC BANK, a top five listed-company by market capitalisation, practises disclosure of its workforce composition on gender, ethnicity and age in its annual report:

ETHNICITY		
Human resource Malaysia	2013	2012
Diversity (%)		
Malay	38.2	38.7
Chinese	54.8	54.2
Indian	6.7	6.8
Others	0.3	0.3

GENDER AND AGE DIVERSITY

Human resource Malaysia	2013	2012
Female (%)	60.2	60.1
Male (%)	39.8	39.9
Women in management (%)	40.1	38.4
Women in top management (%)	42.5	43.0
Age group (%)		
<30	38.0	38.7
30 to <40	33.0	34.2
40 to <50	21.4	20.4
50 and above	7.6	6.7

“I STRONGLY BELIEVE DIVERSITY IS MALAYSIA'S SOURCE OF STRENGTH; MALAYSIA'S MARKET DIFFERENTIATOR. WELL MANAGED, DIVERSITY DRIVES PERFORMANCE. HENCE, LIKE SUSTAINABILITY, DIVERSITY AT WORK IS GOOD FOR BUSINESS AND GOOD FOR THE NATION.”

Prime Minister Datuk Seri Najib Tun Razak.



PARTNER WITH TALENTCORP TO REACH OUT TO A MORE DIVERSE TALENT POOL



Government scholars: Given diversity of scholar pool both in terms of gender and ethnicity, through the Scholarship and Retention (STAR) initiative, TalentCorp facilitates channelling of top Government scholars to serve their bonds with leading listed companies. Government scholars are allowed to serve their bonds to the Government by working at leading private sector companies. For more information, visit: www.talentcorp.com.my/companies/scholarship-talent-attraction-retention-programme-con/



Flexibility at work: flexWorkLife.my is an initiative to introduce and enhance work life practices at the workplace, aimed towards better attracting and retaining women and the younger workforce. Visit the portal for more information: www.flexworklife.my

1. **Get that flexjob:** advertise jobs with flexible and part-time arrangements (at no cost through myStarJob.com)

2. Apply for tax incentives for the following initiatives:
 ● Hire and train women who have returned to the workforce
 ● Implement or enhance flexible work arrangements
 ● Establish a childcare centre or provide allowance for employees with children

3. Share and learn best-practices on flexible work arrangements, work-life benefits and family friendly facilities

WORKLIFE PRACTICES AMONG MALAYSIAN EMPLOYERS



In 2013, the **Sunway Group** began implementing flexible working arrangements such as flexi-hours in order to attract and retain a highly-skilled and diverse workforce, and strengthen its brand as "Employer of Choice". Sunway is expanding its initiatives to include women in leadership programmes.



Malayan Banking Bhd has introduced Flexible Working Arrangement (FWA) policies on Nov 1, 2013 to offer employees the needed support to manage personal commitments whilst continuing to produce high-quality work. The FWA scope covers a fixed flexible schedule, flextime, telecommuting / flexible work location, reduced hours/converting to part-time employment. Since its inception, 110 applications have been successful.



"TASSEK" Childcare Centre was established in January 2001 as part of the **Securities Commission's** Organisation Transformative Programme, which is committed to increasing employee productivity by allowing work-life balance. The centre continues to generate interest from employees with mothers- to-be registering months in advance for a placement for their baby.



In addition to the market-competitive remuneration and compensation benefits, **Telekom Malaysia Bhd** also supports teleworking and flexible working hours to encourage work-life integration and improve staff retention. Social and recreational facilities are made available to support the lifestyle of its employees. This includes having facilities for its employees such as TM dynamic kids childcare centre, gymnasium and clinics which are among the contributors of its high employee satisfaction and improved retention rate.

LEADING ORGANISATIONS IN MALAYSIA WITH A DIVERSE AND INCLUSIVE WORKFORCE

Many global multinationals focus on Diversity and Inclusiveness as part of their business strategy and set scorecards to track diversity performance.

For many of these global organisations, such as PepsiCo, Kimberly-Clark, HP and IBM, these strategies have

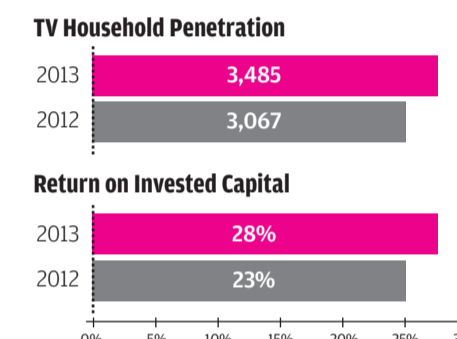
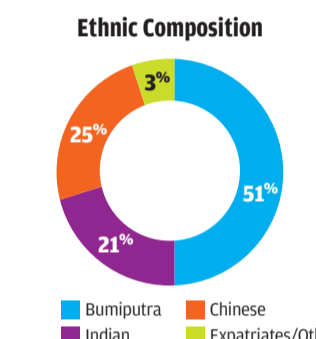
gained success in both increasing revenue and enabling a change of mindset and culture.

Here are some good examples in corporate Malaysia of companies who embrace diversity and have achieved admirable business performances.

ASTRO focuses on building a diverse workforce to attract and retain the best talents in order to drive business performance:

51% of the workforce are women **50%** of employees are between the ages 21 - 30 **Diverse ethnic mix**

Gender Composition							
Gender/ Age Group	<20	21-30	31-40	41-50	>51	Total	%
Female	2	1,254	802	211	20	2,289	51%
Male	2	969	810	334	50	2,165	49%
Grand total	4	2,223	1,612	545	70	4,454	100%
% of age group	0.09%	49.91%	36.19%	12.24%	1.57%		100%



MALAYAN BANKING BHD is focused on fostering a diverse workforce which further strengthens its business performance in a sustainable

53% of the workforce are women
17% of women in Top Management
30 Nationalities and diverse ethnic mix
36 Average age of workforce

(15% B. Boomers, 55% Gen X, 30% Gen Y and Millennials)

Profit After Tax and Minority Interest (PATAMI)			
	2013 (RM bil)	2013 (RM bil)	2008 (RM bil)
Maybank	88.1	MISC	31.6
Public Bank	68.7	Sime Darby	31.2
Tenaga Nasional	64.2	Public Bank	31.2
Axiata Group	58.9	Tenaga Nasional	27.1
CIMB Group	58.9	Maybank	24.9

RM2.93bil (2008) RM6.55bil (2013)