



SUSTAINABLE RETAILERS SCORECARD 2019



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FOREWORD

Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC)

The global population on our planet continues to grow steadily, and the collective material needs of this population will place enormous demands on increasingly scarce natural resources. For this reason, we need to identify and implement strategies to restore the delicate balance between preserving the environment and economic growth that will preserve and protect the environment.

Governments and International Organisations have traditionally been responsible for regulating these resources. However, growing awareness among consumers on the importance of sustainability and the environment is prompting the business and industrial community to play a more active role in implementing sustainable principles and practices.

In line with the Sustainable Development Goals (SDGs), the Malaysian government is promoting sustainable development by integrating socio-economic growth with environmental protection. To address one of the most pressing current issues, the plastic waste crisis, MESTECC launched Malaysia's Roadmap towards Zero Single-Use Plastics 2018-2030. The roadmap seeks to change overall behaviour surrounding single-use, petroleum-based plastics, while encouraging the use of non-petroleum based plastic or other alternatives materials.

WWF-Malaysia's publication of the Sustainable Retailers Scorecard 2019 is a bid to benchmark the current level of sustainability in the Malaysian retail market, and urge retailers to adopt more sustainable business approaches. One of the performance indicators in the assessment, sustainable packaging, evaluates retailers' efforts to reduce single-use plastics in their product packaging, choice of materials, and design, and is fully consistent with the Roadmap towards Zero Single-Use Plastics.

The implementation of this Scorecard and the insights provided will facilitate MESTECC's ongoing sustainability efforts and initiatives. Furthermore, the results will continue to enhance consumer awareness on the sustainability of retailers and increase the demand for a greener and more sustainable retail sector.

YB Puan Yeo Bee Yin

Minister of Energy, Science, Technology,
Environment and Climate Change (MESTECC)

WWF-Malaysia

Global consumption is growing at an unprecedented rate, to meet the demands of the growing consumer market. This, in turn, also drives growth in the retail industry. From 2013 to 2018, retail market sales grew from MYR 55.0 billion to MYR 69.1 billion. However, the retail industry is highly resource-intensive, drawing heavily on energy, water and natural reserves.

All of this pushes the pressing need for consumers and producers to be more sustainable in their usage of the planet's resources. Companies can develop new business models using circular economy as their basis, influence and create sustainable supply chains, and shape economies that benefit both nature and people. As an intermediary between manufacturers and consumers, retailers are uniquely placed in mainstream sustainability.

In order to analyse the current state of sustainability in the Malaysian retail market, WWF-Malaysia embarked on a study to evaluate the performance of retailers in Malaysia to produce a Sustainable Retailers Scorecard. The Scorecard is designed to evaluate the environmental performance, sustainability policies, practices, efforts and initiative of the top retailers in the country. As this is the first of its kind for Malaysia, it is hoped that the study will also support the efforts of the Malaysian government in advancing sustainable consumption and production initiatives.

As such, we proudly present this report to you, which details the results and recommendations that can be applied in the retailing industry. We hope that the insights contained in the report will encourage the Malaysian retail industry to explore and embrace greater sustainability practices, as the world moves towards adapting products and processes that can address sustainable development.

Sophia Lim

CEO of WWF-Malaysia

1.0 STUDY BACKGROUND

1.1 About the Study



WWF-Malaysia conducted an inaugural sustainability performance study focusing on the environmental aspects of the retail industry that include fast-moving consumer goods (FMCG), grocery, convenience chain, health and personal in Malaysia.

The Sustainable Retailers Scorecard (SRS) aims to assess the sustainability policies, practices, and initiatives of major retailers in Malaysia. The three overarching objectives for the scorecard are:

“
Sustainable retailing
is the adoption of practices that take **environmental performance** into consideration
”

- 1 To identify and analyse the sustainability policies and/or practices of major retailers in Malaysia in the following 5 key areas:

 **Environmental Policies**

 **Sustainable Sourcing**

 **Green Initiatives and Consumer Approach**

 **Sustainable Packaging**

 **Waste Management**

- 2 To identify gaps, challenges, best practices and highlight recommendations for retailers to contribute to the realisation of the United Nations Sustainable Development Goals (UNSDGs) and global movement towards sustainability.
- 3 To highlight recommendations that enable consumers to positively influence retailers towards improved sustainable practices and recommendations for retailers to contribute to the realisation of the UNSDGs and global movement towards sustainability.

SDGs with Direct Linkages to the Retail Sector in Malaysia



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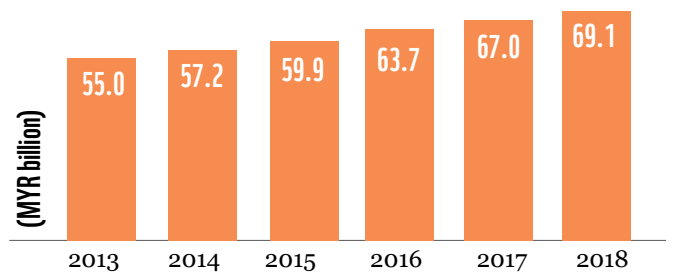
Retailers were asked to complete a survey supplemented with face-to-face interview. We used information that companies provided directly to us or in their annual reports. This Report also contains certain information available in public domain, created and maintained by private and public organisations. The report does not verify all the information, and assumes all companies to be transparent, truthful and accurate in their reporting. If readers spot inconsistencies or errors in the data please bring it to our attention and to the attention of companies themselves. WWF believes that transparency and the ability to scrutinise companies is one of the best ways to ensure they change.

1.2 Overview of the Retail Industry in Malaysia

The retail industry in Malaysia has witnessed a strong growth over the years since the large retail sub-sector was liberalised in 1995, with the Government welcoming large foreign retailers like Carrefour (later acquired by AEON BiG) and Tesco into the local market. From the period of 2013 to 2018, the market size of retail¹ in terms of sales has grown from MYR 55.0 billion to MYR 69.1 billion at a compounded annual growth rate (CAGR) of 4.7%.

Out of these, approximately 25% to 30% of the retail sales value are on food and grocery. Health and personal care items accounted for half of the retail value of food and grocery.

Retail value of grocery, convenience chain and health and personal care in Malaysia from 2013 to 2018



Source: DOSM, Ipsos Analysis

The rapid growth in retail sales was largely contributed by the aggressive development of modern retail by global players like Tesco from the United Kingdom, AEON from Japan and GCH Retail Malaysia, which is the local arm of Hong Kong-based Dairy Farm International Holdings Ltd that owns the local operations of Giant, Cold Storage, Mercato and Jasons Food Hall, as well as the operations of Shop n' Save, Guardian and Wellcome in other Asian countries.

Local players like Mydin, The Store, 99 Speedmart and NSK are actively expanding in the grocery retail market. Apart from groceries, some retailers have an extensive range of offerings which include electrical and electronic items, freshly-prepared ready-to-eat food and food court which all aim to becoming a one-stop shopping destination for families. The same trend is also observed for convenience chain stores. The surge in retail sales was also attributed to Watson's growing presence in Malaysia. In 2019, the health and beauty retailer opened its 500th store in Malaysia (15,000th store worldwide), and plans to add a further 100 stores over the next 3 years².

1.3 Sustainability and the Retail Industry in Malaysia

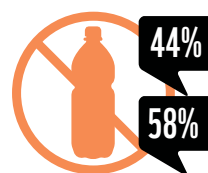
The concepts of sustainability, resource efficiency and social development are increasingly accepted around the world. Governments are working to reduce the economic, environmental and social costs of future growth and development leading to greater adoption of sustainable development principles in recent years.

In Malaysia, multi-national retailers are leading in terms of sustainable retailing practices, often an outcome of top-down directive from respective global headquarters. As for local retailers, participation in sustainable actions is strongly driven by legislations. In line with the Government's call for reduction of single-use plastics, this SRS also assessed the compliance and effort of major retailers in reducing the use of plastic shopping bags and single-use plastics.

Towards zero single-use plastics for a cleaner and healthier environment in Malaysia by 2030

Source: Malaysia's Roadmap Towards Zero Single-Use Plastics 2018-2030

Malaysians' behavior towards zero single-use plastics



44% of Malaysians are aware of Malaysia's Roadmap Towards Zero Single Use Plastics

58% of Malaysians are positive towards using a reusable bag



1 in 5 supports the "no straw by default" practice

Source: Nationwide Survey on Plastics Issue in Malaysia with 1,013 Malaysian (2019) Ipsos

Malaysia's reported recycling rate in 2017 was 24.6%³ which is a commendable improvement from 15.7% in 2015 and 9.7% in 2012⁴. This achievement was contributed by the enforcement of waste separation at source since 2015. Its progress has exceeded the target rate of 22% set for the 11th Malaysian Plan (11MP). The target has since been revised to achieve 30% recycling rate by 2020 as specified in the Mid-term Review of the 11MP⁴. However, this is still far below developed nations like Germany (66%) and Singapore (61%) and other developing Asian country like Taiwan (55%)⁵.

¹ Sales value from retail stores which include provision stores, supermarkets, mini markets, convenience stores, department stores, department stores, supermarkets, hypermarket, news agent, miscellaneous goods store and other retail outlets that sell perfumery, cosmetic and toilet articles, pharmaceuticals, medical and orthopaedic goods as categorised by the Department of Statistics Malaysia (DOSM).

² The Star (2019). "A.S Watson Group opens 15,000th store". Available at <https://www.thestar.com.my/business/business-news/2019/03/27/a-s-watson-group-opens-15000th-store>

³ Mid-term Review of 11th Malaysian Plan.

⁴ National Solid Waste Management Department (2013). Final Report of the Survey on Solid Waste Composition, Characteristics and Existing Practice of Solid Waste Recycling in Malaysia.

⁵ Eunomia (2017). Recycling – who really leads the world? Identifying the world's best municipal waste recyclers.

To strengthen waste management system in the country and to achieve a target of 40% waste diversion from landfill by 2020, the Government of Malaysia has developed *Strategy C1: Intensifying climate change mitigation to reduce GHG emissions and support green growth* in the 11MP, that calls for collaborative actions with a multi-stakeholder approach.

***92%**

of Malaysians are concerned about the use of disposable and non-recyclable products

Source: *An online survey conducted with 19,519 adults aged 16-74 across 27 countries between 22 February to 8 March 2019 (Ipsos)

Actions under 11MP Strategy C1 Related to Retail Sector

- Intensification of reduce, reuse and recycle (3R) programme and enforcement of waste separation at source.
- Reduction in the utilisation of single-use plastics such as plastic bags, food packaging and straws.
- Enforcement of regulation for commercial, industrial and institutional private sector organisations to reduce, reuse and recycle wastes.
- Expansion of financing instruments, which supports waste management, such as extended producer responsibility and take-back system as well as user-pay and polluter-pay principles.

Source: 11th Malaysian Plan

Moving forward, the 12th Malaysian Plan (12MP) 2021-2025 on Shared Prosperity will be built on with three key dimensions i.e. Environmental Sustainability (sustainable production and consumption), Economic Empowerment, and Social Re-Engineering. This is expected to encourage more retailers to step up the game in sustainable practices through various national initiatives.

On the global level, several of the world's largest food retailers and providers have formed a new initiative called the "10x20x30" aimed at engaging their supply chains in fighting food loss and waste in September 2019. AEON and Tesco who have presence in Malaysia, are among the 10 founding members of this initiative. At the local level, these retailers have partly started to implement initiatives for food waste monitoring. However, the adoption and local expansion of further initiatives to achieve the global targets is currently unclear.

76%

of total waste is sent to **landfills**



Source: Ministry of Housing and Local Government

What is



10 of the world's biggest food retailers and providers to engage **20** of their priority suppliers to aim to halve their rates of food loss and waste by **2030**

Source: Champions 12.3 (<https://champions123.org/2019/09/23/release-major-food-retailers-providers-announce-new-food-loss-and-waste-efforts/>)

In December 2018, the Malaysian Government through the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) has launched a charitable initiative called Food Bank Malaysia Program which aims to systematically manage food surplus while easing the access of the less privileged community. To strengthen the ecosystem, the Food Donors Protection Act was passed in 2019 to protect food donors from civil liabilities against any personal injury, disease or death by those who consumed the donated food⁶.

Drivers of sustainable retail practices in Malaysia



Top-down directive from *global headquarters



Compliance to regulation



Exposure to target customers



Substantial cost-savings

Note: *For large global retailers.

Most common commitment of retailers in Malaysia is for UNSDG 12.3 and 12.5

UNSDG 12.3

Reduce food waste



per capita global



UNSDG 12.5

Substantially reduce waste generation



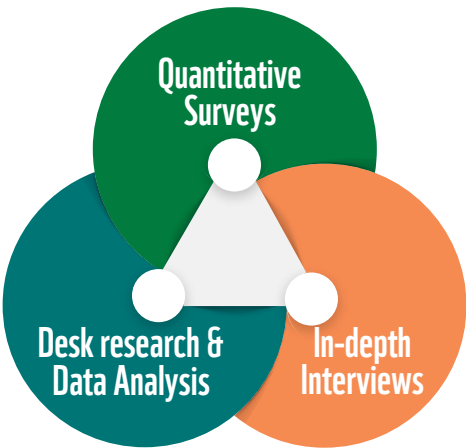
⁶ Food Bank Malaysia (<http://www.foodbankmalaysia.org>)

2.0 METHODOLOGY AND SCOPE



Quantitative Surveys

The key data were collected from major retailers through quantitative surveys. The Sustainable Retailers Scorecard (SRS) invitations and the survey questionnaire were sent to 18 major retailers in Malaysia and 7 retailers responded with duly and partially completed questionnaire. The survey questionnaire was co-designed by WWF-Malaysia and Ipsos Strategy3 in a concise format with questions pertinent to the 5 key parameters assessed in the SRS.



In-depth Interviews

Face-to-face in-depth interviews were conducted with the head of corporate communications or marketing of participating retailers to gather qualitative inputs and to seek further validation on the responses from the surveys. This is a crucial step to clear ambiguous inputs and pinpoint required adjustments to the scoring model to ensure the scores are reflective of their current sustainable performance.



Desk research & data analysis

Final analysis was performed on an extensive knowledge management database with collation of quantitative and qualitative data. The scoring model was designed based on the weightage assigned by WWF-Malaysia following the priority for each key parameter in the questionnaire. Exhaustive secondary research from public domains was deployed to compile information of non-participating retailers in order to produce a more inclusive report on the current sustainable retailing ecosystem in Malaysia.

Insights from SRS

- Relative performance of participating retailers in 5 assessed key parameters
- Performance of each participating retailer in assessed key parameters
- Identify common practices, special efforts and out-of-norm expectations

Limitations of SRS

- General performance of the retail industry in Malaysia
- Extent of sustainable initiatives for each category of retailers
- Identification of drivers and barriers of implementation
- Insights outside of scope of questionnaire
- Low participation of retailers

SCOPE OF COVERAGE



Grocery and convenience chain retailers

Hypermarkets:

Tesco, AEON BiG, Mydin, Giant, The Store, NSK

Supermarkets:

AEON, Eonsave, Cold Storage, Jaya Grocer, Village Grocer

Convenience Chain Stores:

MyNews, 7-Eleven, 99 Speedmart, FamilyMart



Health and personal care retailers

Stores specialising in retail sale of perfumery, cosmetics, toiletries, pharmaceuticals, medical and orthopaedic goods:

- CARiNG
- AEON Wellness
- Watsons
- Guardian

3.0 PARAMETERS OF THE SUSTAINABLE RETAILERS SCORECARD (SRS)

Parameters	Description	Key Assessment Criteria
(20%)  Environmental Policies	Commitment to environmental responsibility and social responsibility at the strategic level is key. The incorporation of the concept of sustainable development into the business strategy and establishment of a clear strategic path and action framework ensures the achievement of sustainability goals.	• Presence of environmental policies and framework • Environmental reporting • Commitment to international and national goals
(20%)  Sustainable Sourcing	Nature underpins our health, wealth, food and security. Overexploitation and ever-expanding agriculture are driven by growth in human consumption. Over the past 50 years our Ecological Footprint - a measure of consumption of natural resources - has increased by 190%. Products are transferred to consumers along complex supply chains, which involve interactions between producers, traders and retailers. According to WWF Living Planet Report 2018, supply chains are the link between the driving force of environmental change, the pressures imposed from sourcing and consumption activities, and the resulting impacts such as deforestation and species loss. Responsible Seafood Sourcing The emphasis on assessing the seafood sustainability for retailers is due to several key reasons. The severe decline in local fish stocks and Malaysia being the largest consumer of seafood in Southeast Asia have made it dire to assess how retailers source for this produce. This demands an urgent need for seafood sustainability along the supply chain. Businesses have the advantage to drive seafood sustainability by sourcing and selling seafood responsibly through their engagement with seafood producers, suppliers, and consumers.	• Ingredients / Materials for in-house brands • Ready-to-sell products • Other general products • *Product traceability for fresh produce and seafood products
(25%)  Sustainable Packaging	Malaysia is ranked as 8th among the top ten countries with mismanaged plastic waste in the world. Study estimated that Malaysia had produced 0.94 million tons of mismanaged plastic waste, about half of which are plastic packaging waste⁷. Plastic packaging is mostly single-use, especially in business-to-consumer applications, and a majority of it is discarded the same year it is produced.	• Single-use plastic packaging in general including *food court and ready-to-eat • Packaging design and materials • Supply chain engagement for packaging improvement
(20%)  Waste Management	Despite the government's revelations on the shocking figures of waste generated each year, the recycling rate among Malaysians is still relatively low. According to SWCorp, this was at a mere 28% in 2019⁷. MSW management is constantly challenged by the increasing amount of waste with the limited resources and infrastructures in place and waste separation at source remains a challenge in Malaysia. Food Waste - Globally, retailers are beginning to recognise the financial and reputational value of food waste, whereby grocery retailers represent a huge opportunity to reduce waste. Retailers in Malaysia will also need to report and act on food loss and waste (beyond current donation practices) in order to contribute to climate change and sustainable production. - Producing enough food while limiting our impact on the environment is one of the biggest challenges of our time. Whenever food is wasted, all the resources that went into producing it, are wasted too. "Prevention-first" approach is key in tackling this challenge.	• 3R practices • Waste separation practices • *Food waste management
(15%)  Green Initiatives and Consumer Approach	Consumers increasingly draw a link between their buying power and their impact on critical environmental and social issues, and retailers have the power to guide consumers to make these sustainable choices. Hence, retailers need to adapt and look into better managing the natural capital that underpins their supply chain and the bottom-line benefit of environmental efficiency in their operations.	• Business operations • External partnerships • Communication on environmental causes

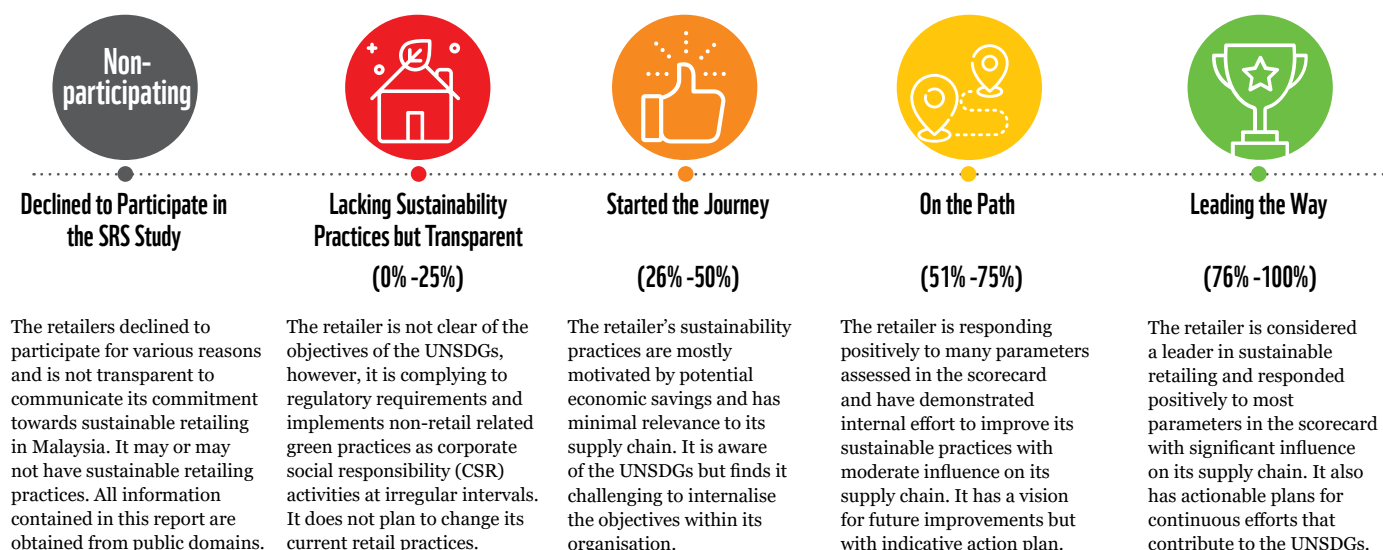
Note: * Assessment excluded for retailers that do not offer products evaluated by this parameter

⁷ Jenna R. Jambeck et al. (2015). Estimation of mismanaged plastic waste in Malaysia in 2010.

⁸ The Star (2019). "Generating more waste than ever". Available at <https://www.thestar.com.my/news/nation/2019/07/30/generating-more-waste-than-ever>

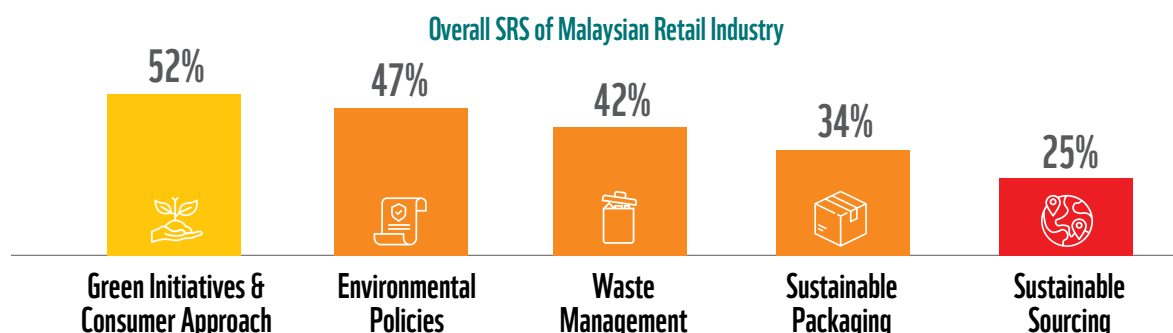
4.0 SUSTAINABLE RETAILERS SCORE (SRS)

What do the scores mean...



4.1 Overall SRS Results of the Malaysian Retail Industry

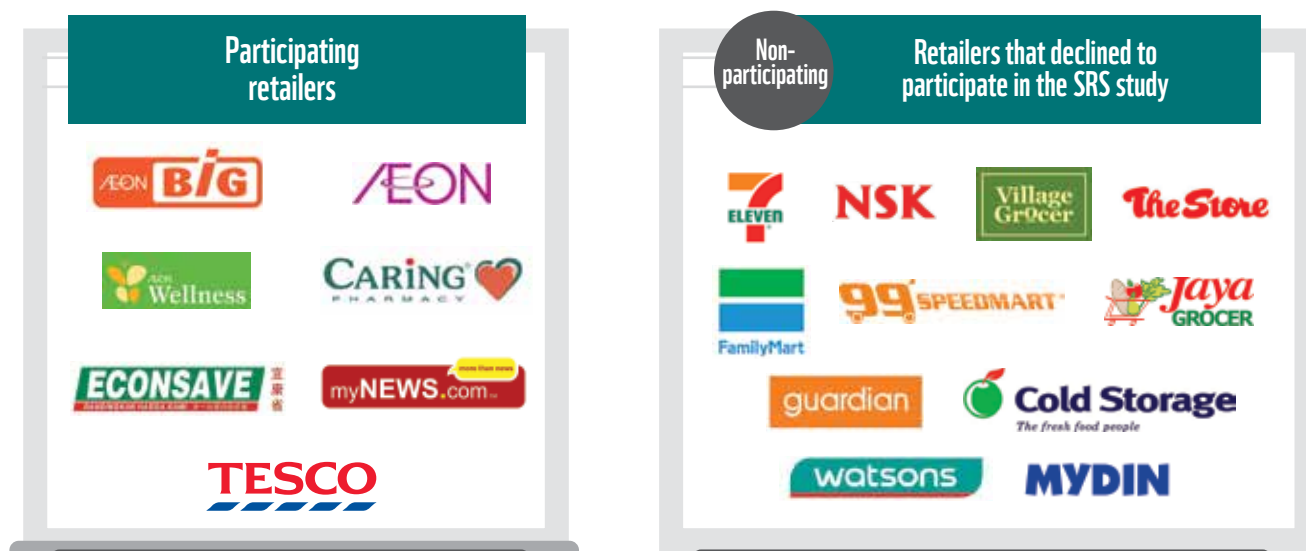
The retail industry in Malaysia is on the path for adoption of sustainable retailing, particularly in creation of awareness among customers. However, much improvement is required on sustainable sourcing.



Note: The SRS was computed based on the quantitative and qualitative inputs from 7 participating major retailers.

A total of 18 retailers in Malaysia were contacted to participate in the SRS study. A total of 7 participated in the study.

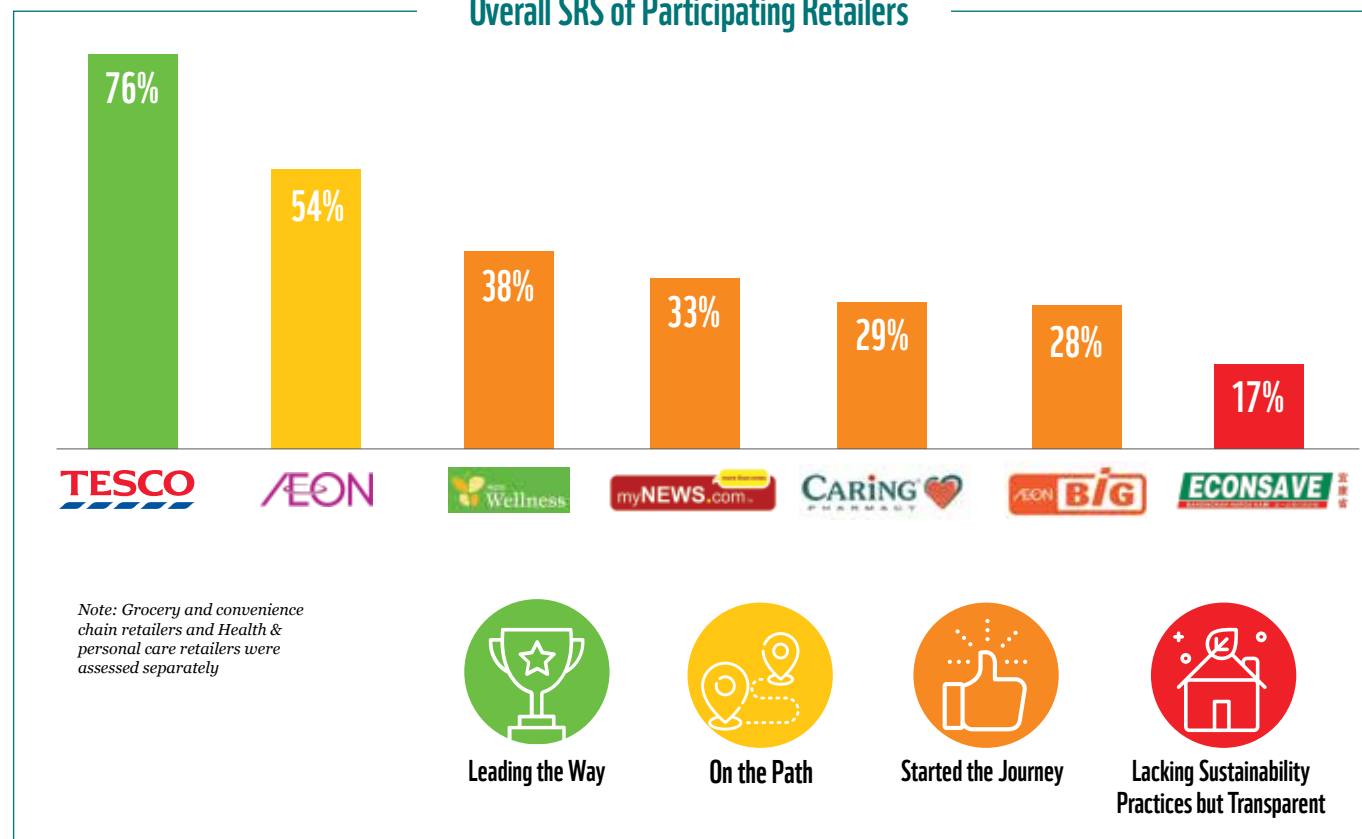
For retailers that declined, their coverage in this report was based on information available in public domains and observation from site visits at stores. More details are provided in Sections 5.2 and 5.4.



4.2 Overall SRS Result of Participating Retailers

Most global retailers have corporate sustainable frameworks developed at their headquarters which are then adopted at the local country-level office. Meanwhile, home-grown retailers abide by local legislations.

Overall SRS of Participating Retailers



Sustainable Retailing Scores of Participating Retailers

(%)	Environmental Policies	Green Initiatives and Consumer Approach	Sustainable Packaging	Sustainable Sourcing	Waste Management
TESCO	95	67	73	67	75
AEON	63	79	32	40	69
Wellness	60	58	36	11	32
myNEWS.com	57	33	48	6	17
CARING PHARMACY	40	45	14	11	41
AEON BIG	15	48	30	21	29
ECONSAVE	3	36	5	17	30

4.3 Environmental Policies

Environmental policies are mostly determined at the global level of multi-national retailers which demonstrate strong commitment to the UNSDGs, contrasting with the absence of it among local retailers.

Performance of Participating Retailers for Environmental Policies



Environmental policies were assessed across key criteria such as presence of environmental framework, environmental reporting and commitments to international and national goals. Tesco Malaysia excelled in other areas such as having commitments towards the UNSDGs. Tesco Malaysia contributes to all 17 UNSDGs but prioritises on Goal 2, 3, 7, 8, 12, 13, 14 and 15.

AEON Wellness has an environmental policy in place that follows the direction of the framework set out by the AEON Group. CARiNG's environmental reporting is in full compliance to the guidelines set by Bursa Malaysia for public listed companies in Malaysia. Overall, most participating retailers have shown support for the government's initiative to reduce single-use plastic through the Malaysia Roadmap towards Zero Single-Use Plastic 2018 – 2030. This includes Eonsave, which despite attained a low score for the Sustainable Packaging category, supports the government initiative on reducing the use of plastic bags at its retail outlets.

Case of a Retailer's Environmental Policy: AEON Malaysia



Source: Shared by AEON CO. Bhd. at interview

4.4 Sustainable Sourcing

Sustainable sourcing among large retailers in Malaysia is focused on food safety, fair trade and decent work along the supply chain and less on the environmental requirements of their suppliers.

Performance of Participating Retailers for Sustainable Sourcing



The assessment on sustainable sourcing covered key areas of concern including ingredients and materials for in-house brands, ready-to-sell products, product display and product traceability. AEON, AEON BiG and Tesco Malaysia are sourcing for some ready-to-sell and in-house products from certified sources such as Forest Stewardship Council (FSC), Roundtable on Sustainable Palm Oil (RSPO) and Marine Stewardship Council (MSC). These certification bodies provide accreditation that is internationally recognised, demonstrating the highest possible standards for sustainable sourcing. AEON, AEON BiG and MyNews clearly display their eco-products and have plans to substitute single-use conventional plastic items sold on shelves with greener alternatives.

Product traceability is the ability for a product to be traced throughout the supply chain back to the point of harvest or origin. Econsave, Tesco, MyNews, CARiNG, Aeon and AEON Big are committed to ensuring that there are internal procedures in place for product traceability. This includes having employees who are specifically trained on sustainable sourcing and having internal systems that are able to verify the authenticity of product information. All of these retailers require suppliers and vendors to provide product traceability records such as country of origin, prior to procurement.

For health and personal care retailers, traceability of raw materials was omitted from the assessment as it is less relevant. Hence, the study focused on materials for in-house brands rather than over-the-counter products, excluding medicines. These retailers were found lacking in adoption of responsible consumption and production as part of its sourcing requirements. While some of their suppliers from developed countries may source raw materials or packaging from certified sources, this however, is not part of the retailers' current sourcing requirements.

4.4.1 Seafood Sustainability of Participating Retailers

AEON and Tesco are on the path in applying sustainable retailing practices for their seafood products. However, the extent of seafood labelling at retail stores is only dependent on the ability of their suppliers to provide.



Note: AEON BiG's score was computed from partially-completed questionnaire for the section on sourcing of seafood.

Fish is the main source of animal protein in Malaysia. Being ranked fifth of the world's biggest fish consumer⁹, Malaysians were eating an average of 56.5kg of seafood a year in 2014¹⁰. Current consumption estimates to topple even Asia's average of 24kg and world's average of 20kg¹¹. For retailers with a seafood section, sustainability is assessed only for fresh seafood items sold over the counter.

Among the participating retailers, only Tesco and AEON have seafood procurement policies and have strict requirement against sourcing for endangered species. Other retailers will not source for endangered species if this information is provided by their suppliers. Most participating retailers were able to provide common names on labels for the fresh seafood products sold in their stores. However, only AEON is aware of the seafood production method (wild caught, type of fishing gear used or farmed/aquaculture). Meanwhile, Tesco received a bonus score for having a system to trace the origin and verify the authenticity of product information for farmed fish.

⁹ Ahmad, N., Wan Mahiyuddin, W., Tengku Mohamad, T., Ling, C., Daud, S., & Hussein, N. et al. (2016). Fish consumption pattern among adults of different ethnics in Peninsular Malaysia. *Food & Nutrition Research*, 60(1), 32697. doi: 10.3402/fnr.v60.32697

¹⁰ Aruna, P. (2014). Malaysians eat more fish than Japanese, reveals study. The Star. Retrieved from <https://www.thestar.com.my/news/nation/2014/06/19/malaysians-eat-more-fish-than-japanese-reveals-study/> (Stats retrieved from InfoFish study)

¹¹ FAO (2018) The State of World Fisheries and Aquaculture 2018 - Meeting the sustainable development goals. Rome.

4.5 Sustainable Packaging

Large retailers are gradually replacing single-use plastic for packaging while smaller retailers do not have plans to impose this requirement onto their suppliers but rather support them on innovations in green product packaging.

Performance of Participating Retailers for Sustainable Packaging



For sustainable packaging, the study assessed the usage of single-use plastic packaging, packaging design and materials, and supply chain engagement. Most retailers were found to have adequate measures for all of these aspects. This is done by introducing reusable packaging ranges and increasing the recyclable contents in the packaging. Tesco Malaysia and AEON BiG are planning to replace plastic packaging with reusable or biodegradable materials and currently are working with suppliers and 3PL (third-party logistics) to reduce, reuse and recycle plastic packaging used throughout the transportation and warehousing process. However, this action is subject to the suitability of materials for specific products, while balancing the cost of packing in order not to drastically pass on the extra cost to their customers.

AEON Wellness and CARiNG are addressing the use of single-use plastic packaging by keeping track of the annual volume of single-use plastic bags and packaging, as well as imposing a MYR 0.20 charge per plastic bag at the counter. AEON Wellness has existing efforts to improve packaging design to optimise usage of materials and engage business action platforms or NGOs to collaborate on efforts relating to single-use plastic pollution. CARiNG currently has no plans on the packaging change, unless the suppliers decide to change on their own accord. Both CARiNG and Eonsave attained relatively low scores for Sustainable Packaging due to a lack of commitment and effort in place within their respective organisations. However, both retailers are transparent in providing information of the current practices within their firms. In general, retailers have no plan to impose requirements onto their suppliers to switch or replace packaging of general products or increase the usage of greener packaging mainly due to cost.

4.6 Green Initiatives and Consumer Approach

Most retailers in Malaysia are proactive in the implementation of green initiatives as a strategy to strengthen company's image by creating positive impact to the society and educate consumers on environmental cause.

Performance of Participating Retailers for Green Initiatives and Consumer Approach



AEON's Think Big "Go Green With Us" Roadshow in 2013 was part of its 3R programme to promote recycling through education and awareness with customers.



Source: aeonretail.com.my (2013)

For green initiatives and consumer approach, the SRS assessed the environmental performance of business operations, external engagements and communication to public on environmental causes. Most grocery and chain store retailers are focusing on reduction of carbon footprint from operations with efforts to conserve energy and reduce waste, as well as manage resources at headquarters, corporate offices and store-level. Tesco Malaysia and AEON are proactive in engaging NGOs in scaling up environmental initiatives. Tesco Malaysia partners with Food Aid Foundation, Kechara Soup Kitchen, World Clean-up Day with Recycle Community Malaysia (RCOMM), International Coastal Clean Up Day with Reef Check Malaysia and Lifeline Clothing. AEON undertakes AEON tree planting programme, Clean & Green School Programme and Bring Your Own Shopping Bag on a long-term basis.

AEON Wellness and CARiNG are committed to energy and water conservation as well as resource management. Both retailers are also active in engaging external community or NGOs on environmental causes like recycling campaigns and carrying out on-going activities to communicate these causes to their consumers.

4.7 Waste Management

Most retailers are currently implementing 3R (reduce, reuse and recycle) at the store-level and some retailers such as Tesco and AEON have gone the extra mile to track the volume of waste by type after separation.

Performance of Participating Retailers for Waste Management



A survey conducted by the Ministry of Housing and Local Government in 2013 found that approximately 68% of all firms in Malaysia practice recycling within their business premises. It was also found that more than 85% of supermarkets, hypermarkets and convenience stores in Malaysia practice recycling in their day to day operations¹².

Waste management SRS assessed the 3R practices, waste separation practices and food waste management among the participating retailers. AEON and Eonsave were found to have implemented 3R practices and allocated collection sites for recyclable items such as bottles, paper, aluminium tins, and carton boxes. Almost all retailers are open to participating in roundtable discussions with key stakeholders to improve the solid waste management system in the country. Tesco Malaysia and AEON have established internal procedures to separate and measure all waste types generated and record the volume for each type of waste. While most retailers participate in food donation programmes, only Tesco Malaysia and AEON BiG have initiatives to divert organic or food waste from ending up in landfills. Retailers do not have policies to divert food waste from landfills. Tesco Malaysia is the first retailer that publishes more detailed food waste data in line with their global directive contributing to the UNSDGs target to reduce 50% of global food waste per capita by 2030.



Food waste management was excluded from the SRS assessment of health and personal care retailers. Although both CARiNG and AEON Wellness have 3R practices implemented in stores, only CARiNG has allocated collection sites for recyclable items in its stores and collaborates with NGOs on these matters and is open to participating in roundtable discussions with key stakeholders to improve solid waste management system in the country. CARiNG also regularly provides training sessions to its employees to practice waste separation in its stores and distribution centres.

While there are initiatives and efforts to handle food wastage, only MyNews currently practice specific prevention strategies to prevent food wastage from sales tracking. Greater effort on customer education, better management of expiration date for food products and working directly with their suppliers to ensure damaged or ugly food products are not disposed, need to be improved. An example of these efforts is Green Hero, a environmental organisation whose goal is to reduce food wastage, has established an online platform that sells surplus food and groceries from food and grocery retailers at discounted rates.

¹² National Solid Waste Management Department (2013). Final Report of the Survey on Solid Waste Composition, Characteristics and Existing Practice of Solid Waste Recycling in Malaysia.

5.0 SUSTAINABILITY EFFORTS OF RETAILERS

5.1 Sustainability Efforts of Participating Grocery and Convenience Chain Retailers

TESCO

Tesco Stores (M) Sdn. Bhd.

SRS: 76%



Year established in Malaysia
2002



Number of outlets
60



Number of employees
8,000



Annual revenue (MYR)
4.4 billion (2018)

Source: Tesco PLC Annual Report and Financial Statements 2018



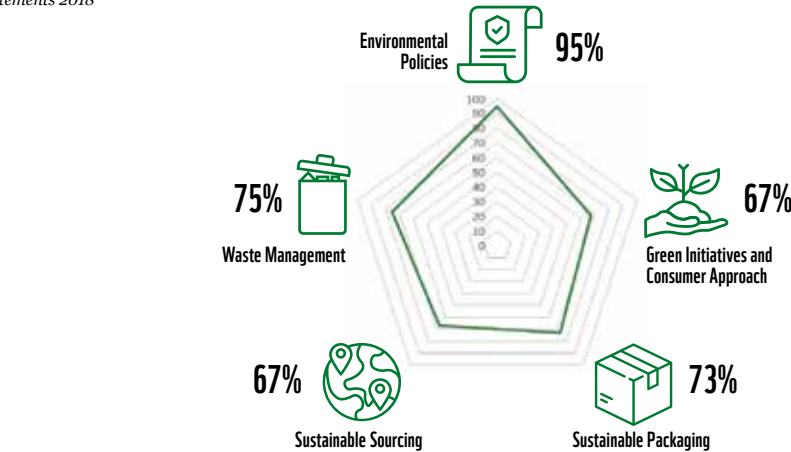
At Tesco, we aim to make a difference, to the social and environmental challenges that matter most to our customers, colleagues, communities through our “Little Helps” Plan where we believe we can make the greatest contribution by focusing on our People, our Product and our Places.



Corporate Services Director,
Tesco Stores (M) Sdn. Bhd.

Company Background

Tesco Stores (M) Sdn Bhd is a joint-venture company between Tesco PLC and Sime Darby Berhad. Tesco PLC is one of the world's largest international retailers with operations in 10 countries, employing over 400,000 people and serving millions of customers every week. In 2013, Tesco Malaysia paved the way to offer online grocery shopping with the launch of its Grocery Home Shopping service, providing greater convenience to customers in the Klang Valley, Penang, Johor Bahru, Melaka, Perak and Negeri Sembilan.



Environmental Policies

The Little Helps Plan, a Tesco global sustainability initiative, helps Tesco Malaysia to address environmental challenges that affect its customers. Tesco Malaysia conducts due diligence on a regular basis to assess suppliers on aspects such as health impact (use of pesticides or harmful ingredients), human rights and environmental impacts.



Sustainable Sourcing

Tesco Malaysia sources materials for some of its in-house and other brands from certified sources such as FSC, RSPO and Rainforest Alliance. The company's own brand of A4 paper is sourced from a Forest Stewardship Council (FSC) certified paper mill.

As part of Tesco Malaysia's procurement criteria, suppliers and vendors are required to provide traceability records for other non-sustainably sourced in-house brands. In terms of labelling, Tesco provides the common name and the location of origin of all fresh produce. Additionally, for organic food, the production method is also provided on the labels.

Tesco Malaysia's general seafood procurement policy allows the company to trace the supply chain for farmed fishes which enables the company to verify the authenticity of information for this produce.

*Tesco Malaysia's
commitment towards
UNSDGs.*



Source: United Nations



84%

of Tesco's Own Brand
products RSPO-certified

Tesco Malaysia plans to achieve the remaining 16% with RSPO credit purchase an on-going effort towards 100% certified. RSPO aims to promote the growth and use of sustainable oil palm products through credible global standards.



Sustainable Packaging

Tesco Malaysia launched the Unforgettable Bags campaign in 2018 as an effort to reduce the usage of single-use plastic bags. Customers are rewarded with a rebate of MYR 0.20 for every usage of these bags, leading to a reuse rate of 55% as at February 2019. Tesco has been able to reduce the usage of single use plastic bags by some 21 million year-on-year on the back of its ongoing reusable bags campaign. Besides that, Tesco Malaysia aims for all its own brand packaging to be fully recyclable by 2025. Currently, Tesco is still monitoring efforts on this.



Waste Management

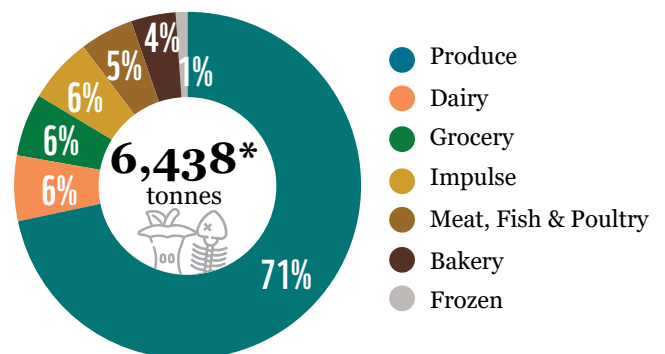
Tesco Malaysia begun collaborating with Food Aid Foundation and Kechara Soup Kitchen back in 2016 to donate unsold but edible fruits, vegetables and bakery surplus daily. Since then it has donated 4.8 million meals made of unsold but edible food.

The retailer is the first retailer in Malaysia to publish food waste data to increase transparency and communication outreach on the company's effort in food waste reduction. In 2018/19, 415 kilotonnes of food sold by Tesco Malaysia generated 7 kilotonnes of surplus (not sold to customers) while total food waste (food not safe for human consumption) was 6 kilotonnes, equivalent to 1.55% of sales.

Every day low price campaign on poultry and seafood throughout the year has also resulted in higher sales and lower wastes for meat, fish and poultry category. Furthermore, the retailer has improved product packaging to reduce damage for fresh produce, pre-packed chicken and selected leafy vegetables.

Tesco Malaysia currently separates plastic and cardboard at its distribution centers. It also runs a fabric recycling effort at all its stores.

Total food waste unfit for human consumption, 2018/19



* all 6,438 tonnes of food waste unfit for consumption are sent to landfill



Green Initiatives and Consumer Approach

Within its headquarters Tesco Malaysia provides food containers, reusable bags, cutlery and refillable drinking water bottles for its staff to reduce usage of single-use plastics. However, no other information on green initiatives and consumer approach aside from its Unforgettable Bags campaign, was provided by Tesco.



Year established in Malaysia
1984



Number of outlets
62



Number of employees
9,492 (2018)



Annual revenue (MYR)
4.4 billion (2018)

Source: AEON Co. (M) Bhd. Annual Report 2018, In-depth interview



We educate children through school engagements to develop a sense of love for the environment from a young age.



Corporate Social
Responsibility Manager,
AEON CO. (M) BHD.

Company Background

AEON CO. (M) BHD. is part of the Japanese retail group, AEON Co. Ltd. (formerly known as JUSCO), which was set up in 1984 as a response to the Malaysian Government's invitation to AEON Japan. The company operates shopping centres, branded as AEON Mall, as well as supermarkets within its departmental stores which are known as AEON or AEON MaxValu. AEON supermarkets house food courts which offer ready-to-eat food items and also have its own in-house brand known as TopValu.



Environmental Policies

AEON adopted its Sustainability Principle from its predecessor, Jusco Co. Ltd. which was established in 1969 with the statement of “**Contribute to the local community through business**”. The company supports the UNSDGs by internalising relevant goals within its organisation in Japan and its businesses around the world.

AEON's Mission to Realise a Sustainable Society through Business with Environmental and Social Initiatives

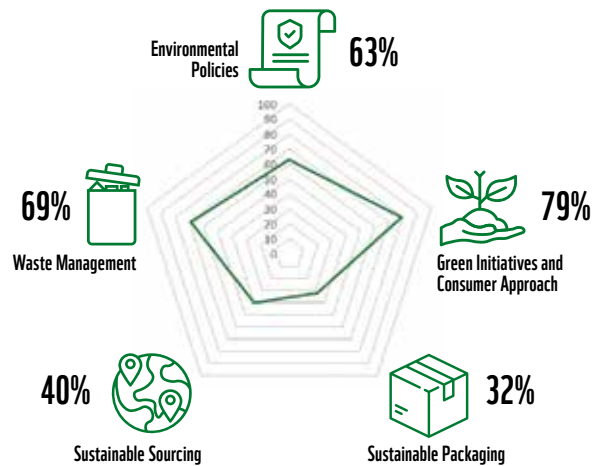
Business

- Supermarket business
- Health and wellness business
- General merchandise store business
- Shared function companies, etc.
- International business
- Services and specialty store business
- Financial services business
- Shopping mall development business

Environment and Society

- Realisation of a decarbonised society
- Conservation of biodiversity
- Better use of resources
- Create products and stores that meet society's expectations
- Implementation of fair business practices based on respect for human rights
- Collaborating with Communities

Source: Shared by AEON CO. (M) Bhd. at interview



Sustainable Sourcing

AEON sources ingredients for some in-house brands as well as products from other brands from certified sources such as the FSC, MSC and Rainforest Alliance. Recently, AEON implemented a supplier's code of conduct which set a cut-off year of 2025 for suppliers to be compliant with requirements on sustainable sourcing.

As part of AEON's seafood procurement policy, the company keeps a record of product information including species name and seafood production method where possible. The company also provides labelling for selected fresh seafood sold in its stores. These labels contain the common names of the fish species and the location of origin.

Since 2012, AEON started sourcing seafood from the GST Group which later joined WWF-Malaysia's Aquaculture Improvement Project (AIP) beginning 2014.



Sustainable seafood products at AEON supermarkets.

Sustainable Packaging

In conjunction with the "No Plastic Bag Day Every Saturday" campaign, customers requesting for plastic bags on Saturday were charged MYR 0.20. The proceeds go to the AEON Green Fund, established in 2011 to support AEON's environmental initiatives.

By 2025, AEON plans to phase out the sale of single-use conventional plastic items and to increase the recyclability and recycled content in its packaging. Additionally by 2025, the company aims to reduce single-use plastic cutlery and packaging in its ready-to-eat section by 20%.

In 2018, AEON's Administration Department enhanced its standard operating procedure (SOP) to manage the operation of wet and dry waste disposal



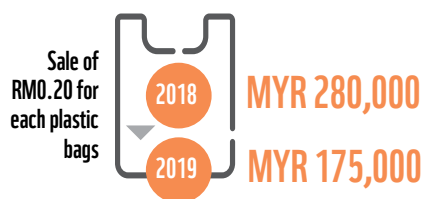
85,050
recyclable items
collected since 2008

Waste Management

AEON also established the Community Recycling Centre (CRC), a service for customers to trade in recyclable items.

The AEON Community Food Share programme was launched in collaboration with Kechara Soup Kitchen to distribute unsold consumable food to welfare homes on a daily basis. AEON is actively monitoring this programme but was unable to share any further information on how much food is distributed on a daily basis.

Apart from this, AEON currently does not have any further waste prevention or diversion strategies.



Savings in electricity and emission reduction in 2018



13,226 MWh



MYR 4.8 million



7,406 tonnes

Green Initiatives and Consumer Approach

AEON has fitted LED lighting at its shopping malls, stores and headquarters to improve energy efficiency. In 2013, the AEON Environmental Foundation initiated a project to install solar panels in 10 schools to raise awareness on energy conservation.

AEON works together with the Ministry of Education to instil the Group's 4Ps principle into the school syllabus. The 4Ps principle emphasises on the importance of people, planet and peace before profit.



Year established in Malaysia
2012



Number of outlets
22



Number of employees
2,300

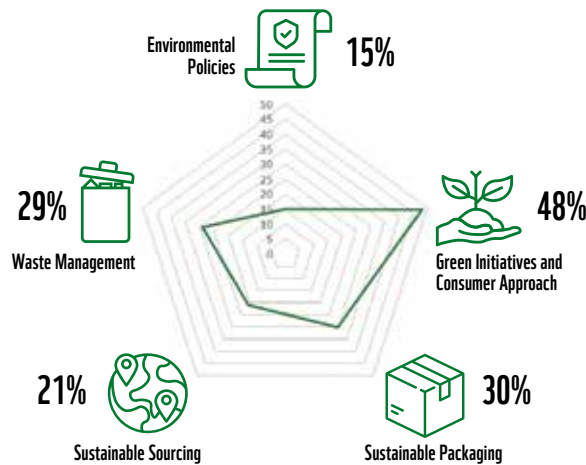


Annual revenue (MYR)
1.5 billion (2017)

Source: In-depth Interview, Industry reports

Company Background

AEON BiG (M) Sdn. Bhd. or generally known as AEON BiG is a wholly owned subsidiary of AEON Group through share ownership by AEON Co. Ltd. and AEON South East Asia Sdn. Bhd. Prior to the acquisition by AEON Group in 2012, AEON BiG stores were formerly known as Carrefour, a French hypermarket brand which established its business in Malaysia since 1994. AEON BiG operates food courts within its hypermarkets and also offers its own in-house brands known as BiG Value and Living Choice.



Environmental Policies

The corporate social responsibility (CSR) division of AEON BiG, AEON BiG Heart, aims to improve the life of the community through five pillars; Environment, Community, Humanitarian, Educational and Health Awareness. The hypermarket chain supports the Malaysia Roadmap towards Zero Single-Use Plastic 2018-2030. The company has environmental policies in place within the organization but does not have environmental reporting as a standard business practice. AEON BiG currently has an internal environmental programme called “Clean & Green”, which focuses on improving environmental efforts on waste management and resource conservation. These efforts are carried out in both its headquarters and its stores nationwide.



Sustainable Sourcing

AEON BiG does not source materials and ingredients from certified sources for its in-house products.

Due to the fact that AEON BiG has its own warehouse and transportation system, the hypermarket chain opts to procure fresh produce directly from farmers to ensure quality control. All suppliers must adhere to its supplier code of conduct.

The company currently keeps a supply of plastic bags at its store even though it encourages its customers to bring their own bags. This is mostly due to the fact that there are customers who forget to bring their own bags. However, in the future, the company plans to substitute these plastic bags with non-conventional plastic materials made out of environmental-friendly materials, but with no time-bound commitment.



Sustainable products on display at AEON BiG.



Sustainable Packaging



50,000
plastic bags
sold per month



MYR 10,000
collected
per month from charges

AEON BiG has begun switching conventional plastic bags to bio-plastic and providing carton boxes to customers at stores. The hypermarket chain also utilises reusable plastic containers instead of single-use plastics for some of its in-house ready-to-eat food products. However, AEON BiG does not have any specific targets for reducing plastic use, switching to recyclable materials, improving packaging designs, and increase recycled content in its packaging.

AEON BiG implemented the “No Plastic Bag Day” campaign, charging MYR 0.20 for each plastic bag request. This policy was gradually introduced at all outlets across the whole country. According to AEON BiG, this campaign is being observed within its outlets nationwide.



Waste Management

In 2018, AEON BiG reduced ready-to-eat food wastage by 40% whilst maintaining sales by monitoring the consumption level of 20 bestsellers from its ready-to-eat section. This helped the hypermarket to conserve at a material level and also acts as a control to avoid procuring excess stock.

AEON BiG works with Kechara Soup Kitchen and MyKasih to reduce food wastage. The retailer also plans to address food waste by utilising it as a resource instead of discarding it. AEON BiG records the volume for each type of product and the amount of waste it generates overall. However, the firm does not have any separation or measurement schemes for the types of waste for each specific store or distribution center.

In an effort to reduce paper waste, AEON BiG has reduced the number of pages in its catalogues. However, the retailer currently has no plans to use FSC certified paper or catalogue printing.



3,000
recyclable bags
distributed



40%
food wastage reduction from
Ready-To-Eat section



Environmental causes are communicated in-store.



Green Initiatives and Consumer Approach

Energy-saving and paper-saving metrics are adopted at the head office to monitor consumption levels of each department. AEON BiG actively raises awareness on paper-saving by educating customers on the importance of these measures through in-store billboards and advertisements that are available across all of its stores.

The environmental awareness that AEON BiG emphasizes on are reducing paper usage, plastic bag usage and food wastage.



Year established in Malaysia
1996



Number of outlets
More than 500



Number of employees
2,000



Annual revenue (MYR)
0.4 billion (2018)

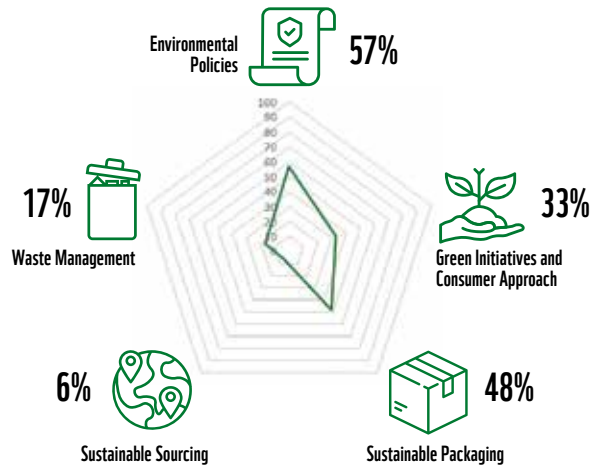
Source: In-depth Interview



MyNews is always on the lookout for more energy-efficient machineries and devices in our efforts to conserve the environment.



Head of Risk Management and Internal Control,
MyNews Holdings Bhd.



Company Background

MyNews Holdings Bhd. or MyNews was founded by Dang Tai Luk in 1996 and operates myNEWS.com which has evolved from a single traditional newsstand to one of the largest homegrown retail convenience chains in Malaysia. Besides that, MyNews also operates under brands such as newsplus, MAGBIT and THE FRONT PAGE. The company is collaborating with WHSmith news to operate book retailing stores in airports throughout Malaysia including a food and beverage outlet named Bison Café.



Environmental Policies

At MyNews, the Risk and Internal Control Department which oversees the environmental policies and is responsible for the company's environmental reporting. While there are indicative measures of environmental initiatives by MyNews, the company has not made environmental policies at the forefront of business planning with any particular strategy in place or goals to meet.



Sustainable Sourcing

For non-sustainably sourced in-house brands, MyNews requires suppliers or vendors to provide traceability records as part of the company's procurement criteria.

MyNews implements a group procurement policy where suppliers are evaluated on an annual basis. The main criteria for procuring sustainable sources include product fit, cost-effectiveness and environmental impact.

Environmental efforts practised by MyNews



Recycling project



Energy conservation



"No plastic bag" campaign

Source: MyNews



Sustainable Packaging

MyNews supports the “no plastic bags” campaign by the Government as plastic bags and straws are no longer provided to customers free of charge, except upon request basis where RM0.20 is charged for each plastic bag. Customers are also encouraged to reuse their tote bags during purchase.

However, starting 2020, the company will gradually phase out conventional plastic bags by distributing only biodegradable bags upon customer’s request. In addition, there are also efforts by the convenience chain to reduce plastic cutlery and packaging for its ready-to-eat section. MyNews has also started using paper bags for its delivery service, MyNews Dash, as a part of its effort to reduce the use of plastic bags.

In terms of packaging, MyNews intends to improve on packaging design to optimise the usage of materials and plans to replace plastic packaging with paper packaging wherever plausible. However, with no time-bound target.

MyNews currently does not have any policies on requirements for FSC certified paper materials to be used for packaging. The company also plans to work together with suppliers to reduce, reuse and recycle plastic packaging throughout its transportation process.



500,000

plastic bags
(biodegradable and
conventional)
distributed out of
5 million monthly
transactions in 2018



Proceeds from
sale of plastic bags
are used to
**restock
biodegradable
bags**



By 2020, MyNews
plans to replace
conventional plastic
bags with
**biodegradable
bags**



Waste Management

MyNews has implemented 3Rs practices and allocated collection sites for recyclable items in its stores. However, the collection sites are only available at its headquarters and its distribution centres. The types of materials that are recycled include carton box and plastic. Besides that, the company reduced the issuance of paper receipts at its outlets by providing alternative methods through the use of mobile application and e-wallet payment systems, where digital receipts are generated instead. While the use of digital payments currently encompasses 14% of all transactions at MyNews, customers are not aware of the primary benefits of reducing paper usage when using digital transactions at MyNews.

MyNews practises a waste segregation approach to separate expired food from dry products for environmental-friendly disposal. The company is currently exploring collaborations with approved recycling companies to process the expired food into animal feed or organic fertiliser.

The convenience chain collects sales data from its outlets and identifies the average sales performance of each outlet using data analysis. The analysis is used to estimate the supply of food to each outlet where only surplus of 10% to 20% will be delivered to each outlet to minimise food wastage.

Additionally, this practice will also decrease environmental impact by optimising production levels and reducing the amount of carbon dioxide emission of delivery trucks. To further reduce food waste, most of the food supplied by third party are on a returnable basis to suppliers. However, MyNews is not interfering with what the suppliers do with the excess food that is returned.



Green Initiatives and Consumer Approach

All MyNews outlets are designed to use LED lighting, which consumes less energy. Hand-dryers are available in washrooms to reduce the usage of paper towels. Besides that, paper wastage is avoided in the office by encouraging employees to print only when necessary, which in turn also reduces the electricity used to operate the printers. Apart from this, MyNews currently does not have any other green initiatives or consumer focused environmental efforts.



Year established in Malaysia
1993



Number of outlets
73



Number of employees
6,000



Annual revenue (MYR)
1.1 billion (2018)

Source: Statutory filing to Companies Commission of Malaysia



The management team actively engages and educates employees on waste prevention and recycling practices.



General Manager,
Eonsave Cash & Carry Sdn. Bhd.

Company Background

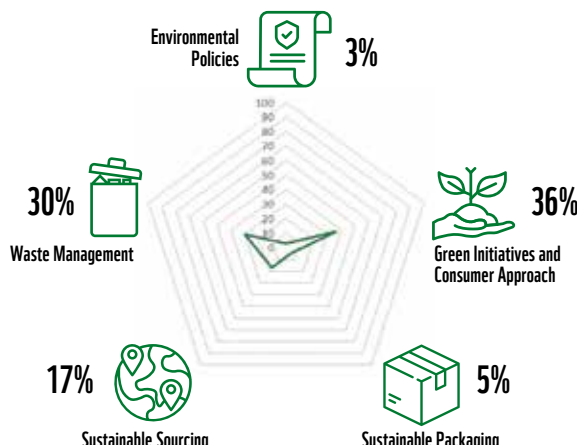
Eonsave Cash & Carry Sdn. Bhd. or commonly known as Eonsave, is a Malaysian family-run retail brand founded by Lai Poh Tian. The family first opened a wooden sundry shop in 1941 before launching their first supermarket in 1955. Eonsave offers a wide variety of products in its stores including food, home essentials and electronic items. The company has its own in-house brands known as Eonsave Value, Eonsave Choice and Eonsave Bayiku.



Annual average of
2.5 million
plastic bags requested
by customers



Annual average of
MYR 500,000
collected from plastic
bag charges



Environmental Policies

Eonsave currently does not have environmental policies in place. The company currently does not have any commitments towards the UNSDGs.



Sustainable Sourcing



Eonsave focuses on ensuring their product manufacturing and packaging process are in full compliance. Eonsave does not source materials and ingredients from certified sources for its in-house products. The company's criteria for its seafood procurement policy places a strong emphasis on the freshness of the seafood and does not source any endangered species with their product range mainly consisting of common seafood items. To ensure that the firm is not sourcing any endangered species, Eonsave are actively informed by their suppliers on the types of seafood that are procured by the stores.

Fresh produce at Eonsave outlets are properly labeled to provide customers with information such as country of origin, production method and pesticide use. Seafood items meanwhile, are also labeled with the common name of seafood produce and the country of origin.



Sustainable Packaging

As a grocery retailer, Eonsave supports the government's initiative to make every Saturday a "No Plastic Bag Day". Customers are encouraged to bring their own reusable bags and are charged a pollution fee of MYR 0.20 upon each request for a plastic bag to incentivise this sustainable practice.

Eonsave keeps a record of the annual volume of single-use plastic bags sold and charges its customers MYR 0.20 for each plastic bag requested. Since 2018, all Eonsave supermarket outlets in the state of Johor discontinued the sale of polystyrene and conventional food or plastic wraps.

The company plans to gradually change the use of plastic with the recommended biodegradable packaging materials and increase the availability of reusable bags for their customers¹³. However, no specific targets or timeline were disclosed.

¹³ The Star (2017) 'Eco-friendly move gets support', 28 Dec. Available at <https://www.thestar.com.my/metro/metro-news/2017/12/28/eco-friendly-move-gets-support>.



Waste Management

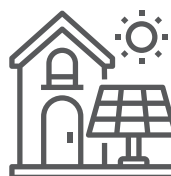
In 2018, Eonsave collaborated with the Taiwan Buddhist Tzu Chi Foundation Malaysia to set up an educational recycling centre on the premises of the hypermarket. However, this practice is only observed at their Taman Klang Utama premise.

Adopting a green concept, volunteers created a storage place by using a reclaimed shipping container with silver roofing and fence made from recycled aluminium foil packaging. Eonsave currently does not have any ways of measuring or tracking food waste within their stores and does not have any policies or company strategy that would address this.

Opening ceremony of Tzu Chi recycling centre.



Source: Tzu Chi Foundation Malaysia



Installed
solar panel
at Senai outlet, Johor to
improve energy efficiency



Energy conservation
practices include
switching off lighting
and air-conditioning
when work area is not
in use



Green Initiatives and Consumer Approach

The company aims to champion environmental causes such as the removal of single-use plastic by conducting public awareness campaigns, encouraging its customers to replace single-use plastic bags and distributing reusable shopping bags during festive seasons. Apart from this, Eonsave currently does not have any other green initiatives or consumer focused environmental efforts.

5.2 Sustainability Efforts of Non-participating and Convenience Chain Retailers

Non-participating

Retailer 1

GCH Retail (M) Sdn. Bhd.



Year established in Malaysia
1944 (Giant) | 1963 (Cold Storage)



Number of outlets
84 (Giant) | 11 (Cold Storage)



Annual revenue (MYR)
4.6 billion (2017)

Source: Industry reports



Company Background

GCH Retail (M) Sdn. Bhd., a subsidiary of Dairy Farm International Holdings Ltd, a member of the Jardine Matheson Group, operates the hypermarket chain Giant and supermarket chain Cold Storage in Malaysia. Giant was founded in 1944 as a small grocery store before expanding with the opening of the Teng Minimarket Centre in 1974. Cold Storage offers its own brands such as Aqua Bliss and Red Peak and has own café, The Meeting Place, which provides a ready-to-eat section with a variety of freshly baked foods and brewed beverages.



Waste Management

In the fight against food wastage, Giant collaborated with the Food Aid Foundation in 2018 to launch the expansion of their Food Surplus Programme to Kelantan¹⁴. Food Aid Foundation is a non-governmental establishment that collects halal edible excess food from its programme partners and then redistribute them to the needy. There was no further information on how much excess food is being redistributed for the programme, nor whether food waste is tracked or addressed beyond donating.



Green Initiatives and Consumer Approach

During the Ramadan festive period in 2019, Giant continued an on-going collaboration with TV Al-Hijrah to distribute 20,000 containers of porridge to 10 locations around the country¹⁵. In a separate partnership, the company joined forces with Nestle Malaysia to set up product donation bins at 39 Giant hypermarkets to collect Nestle products for 10 charity homes. This partnership ran for the entire month of June in 2019 as a one off campaign.



Environmental Policies



Sustainable Sourcing



Sustainable Packaging

There was no available information found on environmental policies, sustainable sourcing and sustainable packaging for GCH Retail (M) Sdn. Bhd.

¹⁴ MAXIT (2018) 'Giant leading the fight against food wastage'. Available at <http://www.maxit.my/2018/11/giant-leading-the-fight-against-food-wastage/>

¹⁵ The Star (2019) 'Big-hearted gesture for the poor', 13 Jun. Available at <https://www.thestar.com.my/metro/metro-news/2019/06/13/bighearted-gesture-for-the-poor>

Non-participating

Retailer 2

7-Eleven Malaysia Holdings Bhd.



Year established in Malaysia
1984



Number of outlets
2,357



Number of employees
13,070 (2018)



Annual revenue (MYR)
2.2 billion (2018)

Source: 7-Eleven Malaysia Holdings Bhd. Annual Report 2018



Company Background

7-Eleven Malaysia Holdings Bhd. or 7-Eleven was founded by J.C. Thompson in 1927 and started as an ice vendor known as the Southland Ice Company. The 7-Eleven brand name came about in 1946 to reflect the extended business hours – 7 a.m. until 11 p.m., seven days a week. 7-Eleven Malaysia Holdings Bhd. is the owner of 7-Eleven stores in Malaysia and carries proprietary products such as Slurpee, ANDA and 7-Select as well as halal-certified ready-to-eat food through 7-Eleven Bakery & Fresh Food.



Environmental Policies

7-Eleven has developed a three-pronged strategy for sustainability which involves: Empowering Customers (strengthening green consumerism), Leading by Example (reducing energy consumption and greenhouse gas emissions) and Working with Others (building sustainable partnerships with NGOs). 7-Eleven has embedded elements of 6 United Nation Sustainable Development Goals (UNSDGs) into its sustainability initiatives.

7-Eleven's commitment towards United Nations Sustainable Development Goals (UNSDGs).

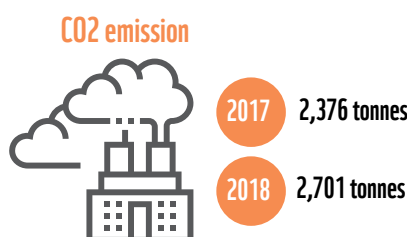


Source: United Nations



Waste Management

7-Eleven actively prevents the vicious cycle of sourcing non-renewables and keeps track of its environmental impacts by monitoring the amount of waste recycled, which include old corrugated carton, plastics and mixed plastics. However, the company currently does not have any actions in place to reduce and manage food wastage.



Green Initiatives and Consumer Approach

7-Eleven has reduced its carbon footprint by implementing the Cross Dock Delivery System in 2016 and introducing larger haul trucks, which vastly improves the efficiency of its transportation process. The amount of carbon dioxide emitted relative to the number of trips taken has decreased from previous years to an average amount of 0.25 tonnes per trip in 2018.

Since switching from halogen bulbs for energy-efficient LED lights, 7-Eleven's measurement of energy consumption levels recorded a total 16% reduction in energy use for all chain stores. In 2015, the convenience chain took a further step to implement energy-saving devices on equipment such as chillers and air-conditioners.



A total of
16%
of energy reduction
for all chain stores
from 2015-2017



Slurpee Machines

Previous Model
16.9kWh per day
New Model
13.3kWh per day



Sustainable Sourcing



Sustainable Packaging

There was no available information on sustainable sourcing and sustainable packaging for 7-Eleven.



Year established in Malaysia
2016



Number of outlets
109 (March 2019)



Number of employees
1,582 (March 2019)

Source: QL Resources Berhad 2019 Annual Report, HLIB Research



Company Background

FamilyMart is a Japanese-owned convenience store chain established in 1973. In Malaysia, FamilyMart is a subsidiary of QL Resources Bhd., a public-listed company, whose main business activities include integrated livestock farming (ILF), marine product manufacturing (MPM) and palm oil activities (POA). It is also one of the fastest growing chain stores in Malaysia that opened 90 outlets in the span of three years (April 2016 to March 2019). It is known for its adoption of the konbini concept to provide convenience in particular with ready-to-eat food.



Environmental Policies

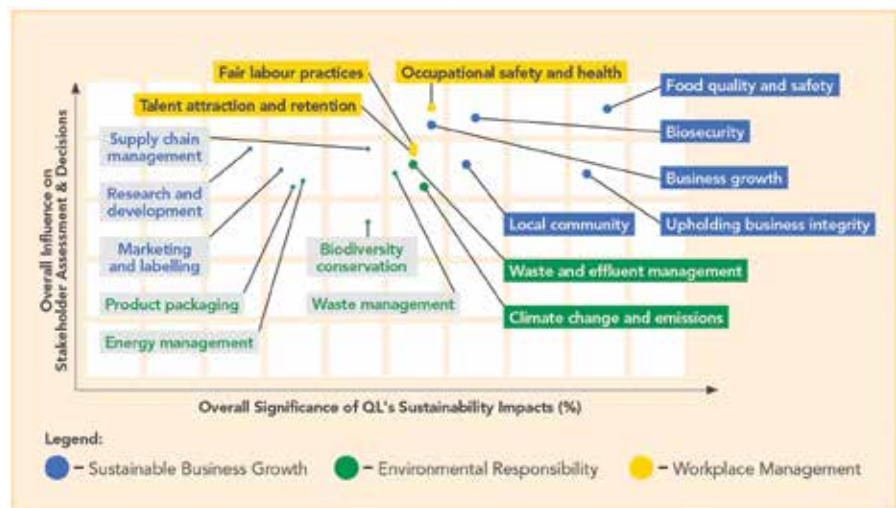
QL Resources Bhd. has a dedicated Sustainability Project Team headed by the Executive Chairman and Heads of Business Units and Business Functions. The company also established the Sustainability Reporting Working Group (SRW) to further strengthen the reporting process. Since FamilyMart declined to participate in this SRS study, it is unclear if FamilyMart's operation and management follows QL Resources' corporate sustainability policy.



Sustainable Sourcing

QL Resources is also a member of the Roundtable of Sustainable Palm Oil (RSPO) in the growers and processors categories. There was no information on whether FamilyMart is sourcing sustainably, whether as a part of policies or for their products in the store.

QL Resources Materiality Matrix



Source: QL Resources Berhad 2019 Annual Report



Stakeholder Engagement Priority Groups

- Investors and shareholders
- Management
- Employees
- Customers
- Vendors, suppliers, fisheries and smallholders
- Regulators
- Community
- Media



Green Initiatives and Consumer Approach

In QL Resources' 2019 annual report, it is found that the company developed the methodology and channels to proactively consult, interact and partner their stakeholders. Their outreach effort to their customers, community and media communicate the company's policy and actions on Business strategy and business growth, Food quality and safety, Indirect economic contribution, Regulatory compliance, Environmental management and Workplace management.



Waste Management



Sustainable Packaging

There was no available information on sustainable packaging and waste management for Family Mart.

Non-participating

Retailer 4

Village Grocer (B) Sdn. Bhd.

Year established in Malaysia
2004Number of outlets
19Annual revenue (MYR)
0.2 billion (2017)

Source: Industry reports



Company Background

Village Grocer (B) Sdn. Bhd. is a subsidiary of The Food Purveyor Sdn. Bhd., which also comprises Ben's Independent Grocer Sdn. Bhd. and Pasaraya OTK Sdn. Bhd. The company's history dates back to the 1950s with the opening of a small neighbourhood grocery store before the inaugural Village Grocer store opened in 2004. Village Grocer is a premium supermarket that offers a choice selection of produce with certain fresh produce and specialty goods flown in daily from all over the world.



Sustainable Sourcing

Village Grocer sources a range of sustainably farmed fresh produce including lettuce, cauliflower and aloe vera from local producers such as Zenxin Agri-Organic Food, which provides organic produce that are grown without chemical fertilisers and pesticides, and is certified by the National Association for Sustainable Agriculture Australia (NASAA).



Sustainably sourced produce at Village Grocer supermarkets.

There are currently no efforts found for sustainable seafood sourcing by the company. There was no information on Village Grocer's commitment to purchase from certified sources.



Green Initiatives and Consumer Approach

Village Grocer's "Bring Your Own Bag" campaign utilises its customer loyalty app "BITES" to encourage its shoppers to use eco-friendly bags, defined as bags made from environmental-friendly and recyclable materials. Apart from this, there was no further information on whether the company has any other green initiatives or consumer focused environmental initiatives.



Environmental Policies



Sustainable Packaging



Waste Management

There was no available information on environmental policies, sustainable packaging and waste management for Village Grocer.

Non-participating

Retailer 5

Jaya Grocer Holdings Sdn. Bhd.

Year established in Malaysia
2007Number of outlets
27Annual revenue (MYR)
0.6 billion (2017)

Source: Industry reports



Company Background

Jaya Grocer Holdings Sdn. Bhd., subsidiary of Trendcell Sdn. Bhd., is a premium grocery store chain in Malaysia established in 2007 by Teng Yew Huat. Jaya Grocer is the first supermarket to offer the 'Grocerant' experience, where customers select fresh produce from the shelves to be freshly cooked and served at the in-store dining area. The company carries imported food products from America, Europe and Australia and has an in-house bakery, The Baker's Son.



Sustainable Sourcing

At a segregated section within the fresh produce part of the supermarket, customers can purchase a range of fresh produce including capsicum, wheat grass and other vegetables from local producers such as Agri Village System, which has a quality assurance standard to meet safety and traceability commitments. There is currently no efforts found for sustainable seafood sourcing by the company and sourcing from other certified sources.



Green Initiatives and Consumer Approach

In an initiative to raise awareness on plastic pollution, Jaya Grocer conducted the "Zero Waste Shopping" campaign to promote its eco-friendly house products such as reusable mesh bag and metal straw to encourage its customers to avoid using plastic bottles, cups and bags. Apart from this, there was no further information on whether the company has any other green initiatives or consumer focused environmental initiatives.



Environmental Policies



Sustainable Packaging



Waste Management

There was no available information on environmental policies, sustainable packaging and waste management for Jaya Grocer Holdings Sdn. Bhd.



Year established in Malaysia
1957



Number of outlets
74



Number of employees
6,000



Annual revenue (MYR)
2.9 billion (2017)

Source: In-depth Interview

MYDIN

Company Background

Mydin Mohamed Holdings Bhd. or generally known as MYDIN is a retail and wholesale company comprising of hypermarket, supermarket, emporium (Mydin Mall), convenience shop (MyMart), franchise store (Mydin Mart), bazaar, premium store (SAM's Groceria) and premium restaurant. MYDIN acquired its first supermarket in 1997 and operates its business based on 'Halal' concepts, transitioning from its prior focus in the non-food sector with products including household and hard-line items.



Environmental Policies

There was no available information on environmental policies for MYDIN.



Sustainable Sourcing

MYDIN sources from sustainable farming and procures fresh produce from local producers that are grown without the use of pesticide or fertilisers. Although the range of these produce is currently small, the retailer hopes to expand its chain of suppliers in the future. There was no information on MYDIN's commitment to procure from certified sources or on sustainable seafood sourcing.



Sustainable Packaging

MYDIN supports the government's initiative to reduce plastic bag and plays its role by imposing a MYR 0.20 charge on each request for a plastic bag at the counter. Besides that, the retailer also provides its own brand of recyclable and biodegradable bags in an effort to reduce the usage of single-use plastic bags among consumers.



Waste Management

MYDIN works with food banks such as Kechara Soup Kitchen to donate food items including cakes, fruits and vegetables to homeless and urban poor. When the initiative to reduce plastics bags was first launched, MYDIN supplied carton boxes to promote the use of recyclable materials to carry groceries and other items. This practice has been discontinued as its customers are more aware of the local regulation to ban plastic shopping bags and began to bring their own reusable shopping bags instead. There was no additional information available on MYDIN's practices on food waste management and waste separation.



Green Initiatives and Consumer Approach

MYDIN communicates its initiatives such as the reduction of plastic bag usage through in-store posters and social media platforms. The retailer has also installed LED lighting at some of its stores to improve the energy efficiency of its business operations.

Mydin Mall Manjoi in Ipoh is expected to save up to MYR 3.24 million in electricity consumption with the installation of a solar rooftop photovoltaic (PV) under an agreement with Tenaga National Bhd (TNB), which claimed the 324 kilowatt-peak (kWp) solar rooftop photovoltaic is expected to generate the electricity savings within the project's 25-year duration¹⁶. No publicly available information was found on consumer focused green initiatives that are established by MYDIN.

¹⁶ The Star (2019) 'Mydin Mall Manjoi to save RM3.24m in power bills with solar PV, 19 Sep. Available at <https://www.thestar.com.my/business/business-news/2019/09/19/mydin-mall-manjoi-to-save-rm324m-in-power-bills-with-solar-pv>

Non-participating

Retailer 7

The Store (M) Sdn. Bhd.



Year established in Malaysia
1968



Number of outlets
49



Annual revenue (MYR)
0.8 billion (2016)

Source: Industry reports

Company Background

The Store (M) Sdn. Bhd. or The Store is a hypermarket chain owned by The Store Corporation Bhd., which also operates Pacific Hypermarket and Departmental Store and Milimewa Superstores through its subsidiary companies. The Store offers a range of products comprising of fresh produce, electrical appliances, apparels, household items and cosmetics and also sells house brands such as Caremate, Institute and Lentino.



EP



SS



SP



GICA



WM

There was no available information on environmental policies, sustainable packaging, sustainable sourcing, waste management and green initiatives and consumer approach for The Store.

Non-participating

Retailer 8

99 Speed Mart Sdn. Bhd.



Year established in Malaysia
1987



Number of outlets
1478



Annual revenue (MYR)
3.4 billion (2018)

Source: BERNAMA, Industry reports

Company Background

99 Speed Mart Sdn. Bhd. is a chain of mini-markets founded by Lee Thiam Wah back in 1987 in the form of a traditional “mom and pop” sundry mart. The first store baring the name “Pasar Mini 99” was opened in 1992, in line with the company’s vision of building an integrated chain of mini-marts. Amidst growing popularity, “99 Speedmart” was launched in 2000 with the company’s focus on delivering value and convenience to meet consumers’ needs for groceries. There was no information on whether 99 Speedmart is sourcing sustainably, whether as a part of policies or for their products in the store.



Sustainable Packaging

In 2017, 99 Speedmart donated MYR 500,000 collected from plastic bag charges, to the Klang Municipal Council (MPK)¹⁷. However, there was no information on whether the company is actively trying to reduce plastic bag use.



Waste Management

99 Speedmart is among the strategic partners working with the Ministry of Domestic Trade and Consumer Affairs to donate surplus food through the Malaysian Food Bank programme¹⁸.



EP



SS



GICA

There was no available information on environmental policies, sustainable sourcing and green initiatives and consumer approach for 99 Speedmart.

Non-participating

Retailer 9

NSK Trade City Sdn. Bhd.



Year established in Malaysia
1985



Number of outlets
17



Annual revenue (MYR)
1.1 billion (2016)

Source: Industry reports

Company Background

NSK Trade City Sdn. Bhd. or better known as New Seng Kee (NSK) is a retail and wholesale business started by the Lim family in 1985. Starting from a small kiosk, NSK opened their first retail store six years later in 1991. The company combined their retail and wholesale businesses in 2003 with the opening of NSK Selayang outlet. NSK provides consumers with a variety of groceries and household items as well as its own house brand of rice, canned food, drinks and detergent. There was no information on whether NSK is sourcing sustainably, whether as a part of their policies or for products in the store.



Waste Management

NSK participates in the Food Bank Malaysia Programme. Despite being a participant of this programme, there was no data published by NSK on how much food aid is distributed for the programme. There was also no additional information available on NSK’s practices on food waste management and waste separation.



EP



SS



SP



GICA

There was no publicly available information on environmental policies, sustainable packaging, sustainable sourcing and green initiatives and consumer approach for NSK.

¹⁷ The Star (2017) ‘99 Speedmart gives MPK RM550k from 20-sen plastic bag charges’, 27 Apr. Available at <https://www.thestar.com.my/metro/community/2017/04/27/99-speedmart-gives-mpk-rm550k-from-20-sen-plastic-bag-charges>

¹⁸ Free Malaysia Today (2018) ‘835,000kg food collected in trial programme to stop wastage’, 25 Oct. Available at <https://www.freemalaysiatoday.com/category/nation/2018/10/25/835000kg-food-collected-in-trial-programme-to-stop-wastage/>

5.3 Sustainability Efforts of Participating Health and Personal Care Retailers



CARiNG Pharmacy Bhd.

SRS: 29%



Year established in Malaysia
1994



Number of outlets
123



Number of employees
1,100



Annual revenue (MYR)
0.5 billion (2017)

Source: In-depth interview



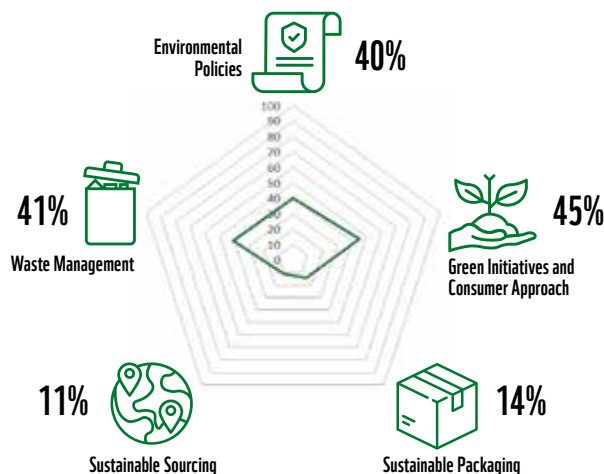
We recognise the importance of fulfilling our CSR to improve the health and wellbeing of the communities we serve.



Marketing Director,
CARiNG Pharmacy Bhd.

Company Background

CARiNG Pharmacy Bhd. or CARiNG primarily operates a chain of community pharmacies under the brand of 'CARiNG' in Malaysia which was established in 1994 by 5 pharmacists from Universiti Sains Malaysia (USM). CARiNG Pharmacy offers pharmacist service 12 hours a day, 7 days a week by providing counselling services, free blood pressure checks and other health checks with a minimal fee. Its product portfolio consists mainly of pharmaceutical products, personal care products, medical devices as well as health food and confectioneries.



Environmental Policies

CARiNG has a dedicated section on environmental reporting under "Sustainability and Corporate Responsibility Report" in its annual report. In support of the Malaysia Roadmap towards Zero Single-Use Plastics 2018-2030, CARiNG implements a plastic-reduction policy.



Sustainable Sourcing

Enshrined in CARiNG's Code of Conduct (COC) is the company's obligation to conduct due diligence in dealing with new suppliers. CARiNG created the Listing Committee which screens and conducts background checks on all products and ensure suppliers are well informed of the Group's ethical practices. CARiNG has currently no practices or policies to source sustainably.



Sustainable Packaging

CARiNG keeps track of the annual volume of single-use plastic bags and plastic packaging used in operations. The company plans to replace plastic packaging with paper packaging or other biodegradable materials in the future.

Since 2008, CARiNG has worked towards reducing single-use plastic bags by offering instant cash rebates of MYR 0.20 to customers who do not request for plastic bags.



More than
60,000
reusable bags
distributed



400,000
plastic bags
sold in 2018



MYR 80,000
collected
from charges in 2018



Waste Management

As part of CARiNG's "Go Green Initiative", collection areas were allocated at warehouses and retail stores for recyclable items. Carton boxes and metal racks are also reused for packaging and merchandise displays. CARiNG also sends paper materials and plastic bottles to the Tzu Chi Recycling Centre.

CARiNG employees are trained on waste separation at their stores. Furthermore, CARiNG has cut the quantity of sales brochures and reuse display materials instead of one-off usage.

According to the retailer, it is keen to explore an initiative on "safe medication disposal". A simple survey conducted by CARiNG found that households are getting rid of unwanted, unfinished, or expired medicine by disposing them into the trash, flushing them down toilets or sinks, throwing them into the drain, or burning them in open spaces. These inappropriate disposal methods are harmful to the environment and increase the risk of contaminating water sources.



Green Initiatives and Consumer Approach

CARiNG aims to minimise the amount of consumed energy at the head office and across all outlets to reduce the carbon footprint of their business operations. Since 2004, new outlets have been fitted with LED lighting and a further RM 120,000 was invested to replace T5 fluorescent lighting at existing outlets.

CARiNG is currently carrying out efforts to fit all its outlets with LED lighting, energy-saving refrigerators and air-conditioning with inverter technology. It also participated in the Earth Hour campaign, where all outlets' internal signage and 30% of the down lights were switched off during the campaign. However, at the end of 2019, the firm has not established the current progress of this initiative but is still actively monitoring the efforts. There are currently no consumer focused environmental initiatives that are established by CARiNG for all of its outlets.



AEON Wellness

SRS: 38%



Year established in Malaysia
2013



Number of outlets
68

Source: Industry reports

Company Background

AEON Wellness is a subsidiary company of the AEON Group, a leading integrated Japanese retailer, and is an essential component of AEON CO. (M) BHD. in Malaysia. The Wellness project started in 2006 through the opening of its first store inside AEON supermarket before becoming an independent business division in 2013. The all-inclusive pharmacy offers an extensive selection of health and beauty products as well as professional consultation services through a dedicated team of in-store pharmacists and beauty advisors.



Environmental Policies

The AEON Sustainability Principle aims to realise a sustainable society with stakeholders based on the company's basic principle of "pursuing peace, respecting humanity and contributing to local communities, centered on customers". Please refer to page 11 for AEON Group's environmental policy which generally applies to AEON Wellness.



Sustainable Packaging

In support of the "No Plastic Bag Day Every Saturday" campaign, customers are charged MYR 0.20 for each plastic bag. The funds collected are then channelled to the AEON Green Fund, established in 2011 to support AEON's environmental initiatives. AEON Wellness has plans to phase out the sale of single-use conventional plastic items and increase the recyclability and recycled content in its packaging in the coming few years. However, the company has not committed to any particular timeline on when these efforts will take place.



Green Initiatives and Consumer Approach

The retailer has fitted LED lighting at its stores to improve energy efficiency. There are currently no consumer-focused environmental initiatives that are established by AEON Wellness for all of its outlets.



Environmental Policies
60%

32%
Waste Management

11%
Sustainable Sourcing

58%
Green Initiatives and Consumer Approach

36%
Sustainable Packaging



Waste Management

We could not find any actions or policies in place for AEON Wellness on waste management.

5.4 Sustainability Efforts of Non-participating Health and Personal Care Retailers

Non-participating

Retailer 10

Watsons Personal Care Stores Sdn. Bhd.



Year established in Malaysia
1994



Number of outlets
519



Number of employees
2,000 (2014)



Annual revenue (MYR)
0.9 billion (2015)

Source: Industry Reports



Company Background

Watsons Personal Care Stores Sdn. Bhd. or more frequently known in Malaysia by its trading name, Watsons, is part of the Hong Kong based A.S. Watson Group, a member of CK Hutchison Holdings, which is primarily engaged in the personal care business. Watsons offers a wide range of pharmaceutical products, cosmetics, personal care items, medical devices as well as health food and supplements. It also provides pharmacist service in selected stores and carries a large range of in-house products which include body care, skin care as well as health supplements.



Environmental Policies

There was no information on any environmental policies for Watsons Personal Care Stores Sdn. Bhd.



Sustainable Packaging

The company has a Sustainable Packaging Guideline to support internal development teams and suppliers in reducing the amount of packaging used in its house brand products.

Ahead of legislations, Watsons has banned the use of microplastic for rinse-off Watsons Brand Personal Care products since 2014. In a follow-up to their initial commitment, Watsons Malaysia decided to extend the ban to all rinse-off cosmetics and personal care products containing microplastics and have discontinued the sales of such products since 2016.



Waste Management

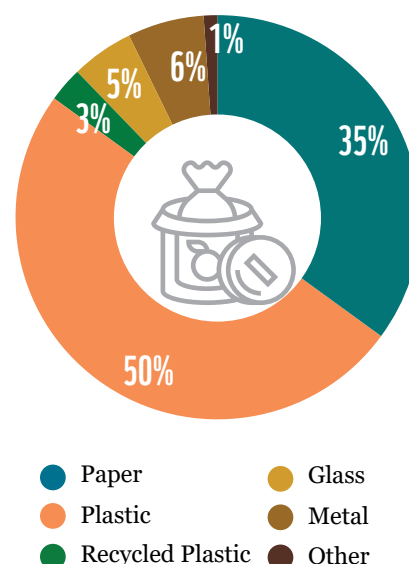
There was no publicly available information found on efforts or policies found to indicate the company is committed to waste management.



Green Initiatives and Consumer Approach

Watsons appoints Energy Champions among its staff to ensure its Energy Management Programme goals are achieved in the markets it operates by reducing energy consumption, exploring sustainable energy sources and increasing staff awareness. Every new store or major store renovation is required to use LED lights whilst older stores are gradually transitioning to LED lights as well to avoid unnecessary wastage. There was no information on whether Watsons is sourcing sustainably, whether as a part of their policies or for their products in the store. There are currently no consumer focused environmental initiatives that are established by Watsons for all of its outlets.

Packaging Waste Split by Material Type



Source: A.S. Watson Group – CSR Report 2017



Retailer 11

Guardian Health and Beauty Sdn. Bhd.



Year established in Malaysia
1967



Number of outlets
439



Annual revenue (MYR)
1.1 billion (2017)

Source: Industry reports



Company Background

Guardian Health and Beauty Sdn. Bhd. or more regularly known as Guardian is part of Dairy Farm International Holdings Ltd, a member of the Jardine Matheson Group. The major Pan-Asian retailer operates health and beauty stores under the brand of 'Guardian' in Southeast Asia and 'Mannings' in other regions of Asia. Guardian stores have been established in Malaysia since 1967 and offer a variety of pharmaceutical as well as health and beauty products with trained pharmacists on hand to give professional consultation to its customers.



Environmental Policies

There was no information on any environmental policies for Guardian Health and Beauty Sdn. Bhd.



Sustainable Packaging

Guardian participates in the nationwide government initiative, No Plastic Bag Day campaign, in which MYR 0.20 is charged for each plastic bag requested.



Green Initiatives and Consumer Approach

There was no efforts or policies found to indicate the company is committed to green initiatives.

There was no information on whether Guardian is sourcing sustainably, whether as a part of their policies or for their products in the store. There are currently no consumer-focused environmental initiatives that are established by Guardian for all of its outlets.



Waste Management

We could not find any actions or policies in place for Guardian Health and Beauty Sdn. Bhd. on waste management.

6.0 ISSUES AND CHALLENGES

3 key issues and other challenges in the Malaysian retail industry

Key Stakeholders



Retailers



Suppliers/ Vendors



Consumers



Government



Certification bodies

1. Inconsistent adoption of sustainable retailing and environmental certifications



- Local retailers do not have total control on the production supply chain. For example, packaging design and materials of non-own brand products are determined by the manufacturers, not retailers.

- Absence of leadership and direction in matters pertaining to sustainability leading to lack of monitoring or progress tracking of sustainable sourcing policies and time-bound targets.

- Lack of commitment for sustainable retail practices due to no demand or pressure from consumers.



- Compliance reporting is deemed too complex by smaller suppliers and a hassle to keep proper records as required by certifications.

- In particular, retailers with traceability requirements for wild-caught seafood have difficulty in retrieving data on the production methods.

2. Cost consideration is prioritised over responsible production and certification



- Retailers are not imposing certification requirements to supplier for fear of having to absorb the compliance costs or having to pass the costs to consumers.



- Consumers in Malaysia are supportive of sustainable practices but they are unwilling to pay more for certified products, if quality of sustainability certified and non-certified products are the same.



- Suppliers and manufacturers are not motivated to have their products certified due to misconception of certification as an expensive marketing tool.

3. Lack of Public Awareness



- Misconception between sustainably-sourced and organic products, leading to perception that sustainably-sourced products are expensive.
- Inadequate outreach and visibility efforts by certification bodies to communicate the value of their principles to consumers.



- Green outreach campaigns from retailers are mostly short term and reward-based, lacking relatability to consumers for long-term appreciation.



- Absence of nationwide promotion on responsible consumption and production (SDG12).

7.0 RECOMMENDATIONS AND BEST PRACTICES

7.1 Recommendations

01

Creation of a practical standard guideline on sustainable retailing for Malaysian retail industry



Suggestions

- Currently, there are various environmental and sustainable certifications worldwide. Improvement on education and awareness on certifications adaptable to local context is needed to create greater clarity and increase participation of suppliers and retailers to implement sustainable practices through these certifications.
- Implementing too many certifications at any one time will contribute to management fatigue and high management cost. Hence, a standard sustainable retailing guideline will facilitate better decision-making and streamlining monitoring process that is universally accepted.
- Stakeholders shall develop standard guidelines for sustainable sourcing in Malaysia with core principles that are simple, concise, tangible and impactful that can be adopted from certification bodies such as RSPO and FSC.
- The guideline should also be updated periodically in accordance to industry achievement and adoptability by retailers.

Indicative Key Stakeholders

- Malaysia Retailers Association (MRA)
- Ministry of Domestic Trade and Consumers Affairs (KPDNHEP)
- Ministry of Energy, Science, Technology, Environment & Climate Change (MESTECC)
- Center for Sustainable Value Networks (CSVN)

WWF highly recommends more data transparency in general that will allow retailers to benchmark their performance with their peers and across the industry not just to demonstrate transparency for consumers, but also to improve their performance.

Proposed Low-hanging Indicators to Kick-start Sustainable Retailing

Supply Chain Performance



- Product environmental standards in sourcing and procurement guidelines.
- Lifecycle assessment information provided by suppliers.
- Reduction of single-use plastics in product packaging.
- Substitution and removal of non-recyclable packaging.
- Product labelling for groceries, seafood and other F&B products to meet regulatory requirement.

Waste Management



- Reduce the generation of waste and ensure frequent tracking of waste generation.
- Waste separation at source.
- Initiative to prevent waste going into landfills i.e. on-site composting of organic waste, etc.
- Estimation of product order quantity to match forecasted demand.

Consumer Outreach



- Placement of awareness posters in shopping premises.
- Transparent on frequency of information updates.
- Engagement activities to educate consumers on sustainable consumption and production.
- Annual reporting of sustainability performance and transparency of sustainability commitment.

Transport and Logistics Performance



Other Low-hanging Indicators Not Assessed in This Scorecard

- Fuel consumption in transportation of goods.
- Greenhouse gas emission from movement of goods.
- Reduction in number of trips made by trucks to deliver goods with improvement in logistics management.

Energy & Utilities Consumption



- Energy consumption in office and stores.
- Refrigerant leakages.
- Water usage.
- Fuel used for generators.

Source: European Union, Ipsos Analysis

02

Link value-creation to adoption of sustainable retailing



Suggestions

- Increase public access to sustainable reports with success stories related to business case on adoption of sustainable consumption and production.
- Government to provide recognition to retailers who achieve improvements in sustainability performance and excels in supply chain management.
- To encourage adoption of sustainability certifications by suppliers and retailers, certification bodies to communicate with them the value in terms of tangible impacts such as increase in store footfall, sales revenue, social media followers, etc.

Indicative Key Stakeholders

- WWF-Malaysia
- Malaysia Retailers Association (MRA)
- Ministry of Domestic Trade and Consumers Affairs (KPDNHEP)
- Ministry of Energy, Science, Technology, Environment & Climate Change (MESTECC)
- Certification scheme owners i.e. FSC, RSPO, etc.
- Consumer Associations

Risk Mitigation

01

02

Resource Management

Trust from Stakeholders

03

04

Business Growth

Potential Benefits from Adoption of Sustainable Retailing

- Risk of in compliance of regulatory requirements can be significantly minimised.
- Occurrence and impact of operation disruption due to climate change can be mitigated.
- Efficient use of internal and external resources to ensure sustainable supply .
- Cost-saving from systematic monitoring to identify problematic areas and quick response to address them.
- Disclosure of environmental performance efforts and improvement earns trust and creates stronger connection with stakeholders.
- Creation of assurance that products and services are meeting high standards.
- With optimised risk mitigation framework, resource management strategy and strong trust from stakeholders, business will experience growth in sales and profitability.

03

Increase consumer awareness and education on sustainable consumption



Suggestions

- Intensify stakeholder engagements by certification bodies to educate the public on the impact of their certifications.
- Embed topics on climate change and lifecycle assessment in school curriculum to inculcate the behavior of responsible consumption among school children.
- Nationwide collaboration among key stakeholders such as the Government, sustainability experts, educators, NGOs and media to organise large-scale event in conjunction with World Sustainability Day in October to enhance awareness.
- Trade and industry associations to include sustainability as one of its mandates for its members to ensure the industry can grow and prosper.

Indicative Key Stakeholders

- WWF-Malaysia
- Malaysia Retailers Association (MRA)
- Ministry of Education
- Certification scheme owners i.e. FSC, RSPO, etc.

7.2 International Best Practices

What the retailers outside of Malaysia are doing and initiatives Malaysian retailers can consider to adopt



- Publishing data on food waste as a way of promoting transparency in the industry which also helps the retailers to identify hotspots which can be further developed into actionable measures.
- Implementing a traffic-light approach towards the classification of materials to help external stakeholders identify potential harmful materials and understand the direction that sustainable retailing is heading towards.
- Stop selling products containing micro beads and switch plastics stem cotton buds to paper.
- Committing to reducing all plastic packaging type to one single polymer material, which will help customers recycle the material without any confusion.

Tesco Preferred Materials/Formats

Exit (poor for recycling and/or potentially harmful)	Hold (until infrastructure and/or scientific developments take place)	Preferred (easily recycled, can have high recycled content)
Materials that Tesco will remove by the end of 2019 (or by April 2019 for Tesco Partners, excluding black plastics)	Materials that Tesco will either investigate alternatives for, or use only where required	Materials Tesco will continue to use and use as replacements for the Red List
1. PVC & Polystyrene 2. PVdC 3. Acrylic (for food applications) 4. PLA, Polylactic acid 5. Industrial compostable 6. Polycarbonate 7. Rigid Water soluble plastics 8. Expanded/Foamed Polymers 9. Black Plastics, all dark coloured plastics that are non-detectable in recycling plants. For all suppliers the deadline for exiting black plastic is the end of 2019	1. Home compostable, E.g. Cellulose, Mater-bi & Natureflex 2. Complex laminates/multi-layer films 3. OPP, Oriented polypropylene 4. Acrylic (for bathroom products) 5. PP, Polypropylene (for certain food applications) 6. New materials	1. Sustainably sourced Wood, Board, Paper & Glassine 2. Glass 3. PET, Polyethylene terephthalate 4. PE, Polyethylene (preferred material for flexible film) 5. HDPE & LDPE 6. PP, Polypropylene (non-food) 7. Steel & Aluminium

Source: Tesco PLC



- Reduction of greenhouse gas emissions through a three-pronged approach; stores, products and logistics and hand-in-hand with customers.
- Clear target of sustainable procurement.
- Reduction of food waste by building food resource circulation models nationwide.
- Collaboration with vendors for development of world's first fishery improvement project to increase sustainability of eel sourcing.
- Display labels on fresh produce from farms that have acquired internationally recognised certifications.

Sustainable Procurement Goals for 2020



- For the private brand, aiming for 100% implementation of the Global Food Safety Initiatives (GFSI) based Good Agricultural Practice (GAP).
- Aiming to increase the sales ratio of organic products to 5% of the total agricultural products.
- For the private brand, aiming for 100% implementation of the GFSI-based Food Safety Management System (FSMS) of the GAP.
- Aiming for 100% acquisition of MSC/ASC Chain of Custody (CoC) certification by AEON's consolidated subsidiaries operating general merchandise stores of supermarkets.
- Providing sustainability-proven private brand products in all major fish species.
- Aiming for 100% use of sustainability-certified (by FSC or equivalent) materials for the private brand in the major product categories.
- Aiming for 100% use of sustainability-certified (by RSPO or equivalent) materials for the private brand.

Source: AEON CO. (M) Bhd.

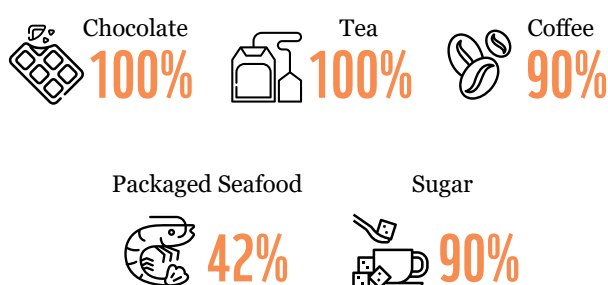


- Develop waste sorting and recovery at stores by working with partners on the implementation of innovative solutions such as joint collection rounds.
- Optimising packaging, by adapting shapes, reducing size, weight and colours, and using vegetable-based inks where possible (included in the eco-design process).
- Supporting the development of responsible aquaculture practices through the promotion of best practices (limiting industrial fishing, banning the use of antibiotics, and practising GMO-free fishing where applicable).
- Development of the share of segregated palm oil with traceability for sustainability through the supply chain, starting with the refiner.



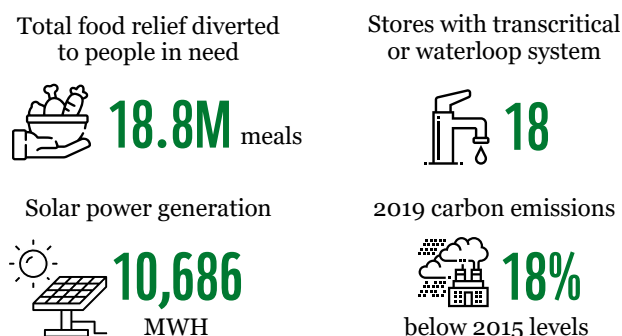
- Identify and divert surplus food away from landfill and towards food rescue for hunger relief, donations to local farmers for animal feed or commercial organic recycling for composting.
- Adopt recycling labels which gives customers better guidance on which components of the packaging is recyclable.
- Replace plastic packaging from bakery items with a reclaimed and rapidly renewable sugarcane pulp product which is certified home compostable and is also recyclable.
- Develop blockchain-enabled food tracking platform, OpenSC, which tracks individual products from origin to consumer with the aim of helping businesses and consumers avoid illegal, environmentally detrimental or unethical products, while also improving supply chain accountability and transparency.

Sustainably sourced own brand commodities



Source: Woolworth Group

Current sustainable performance



7.3 What Can Consumers Do

What can consumers do?



- 🔔 Use this Scorecard to see how well the retailers you buy from are doing on sustainable practices.
- 🔔 Acknowledge those retailers for starting to make a difference and being transparent.
- 🔔 Demand that those that are falling behind and non-transparent retailers to do more.
- 🔔 Look for the sustainability certification logos on the products you buy and demand for sustainable products.

Here are the certifications endorsed by WWF-Malaysia you can look out for:



For farmed seafood



For wild-caught seafood



For forest products



For palm oil and its value-added products

WWF IN SHORT

+5000

WWF has over
5,000 staff
worldwide

+100

WWF is in over
100 countries, on
5 continents



1961

WWF was founded
in 1961

+5M

WWF has over
5 million supporters



Working to sustain the natural
world for the benefit of people
and wildlife.

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