

IMPLEMENTATION OF ISLAMIC SOCIAL REPORTING IN ISLAMIC BANKS MALAYSIA

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Abstract

The objectives of this study are (1) to measure the extent to which the Islamic Social Reporting (ISR) is practiced by Islamic banks in Malaysia and (2) to examine the ISR aspect which is most widely disclosed in annual reports. This study used ten Islamic banks in Malaysia as the research sample. The data used were secondary data in the form of information about social activities reported in 2015, 2016, and 2017. The analytical method used was content analysis technique and scoring to assess social activities disclosed in annual reports of the research object. The results showed that the average level of disclosure of the ISR of Malaysian Islamic banks was 32.81%, while the theme that had the highest level of disclosure was society with 10.77%..

Keywords: corporate social responsibility, Islamic social reporting, Malaysian Islamic banks.

Abstract

Tujuan dari penelitian ini adalah (1) untuk mengukur sejauh mana Islamic Social Reporting (ISR) dipraktikkan oleh bank-bank Islam di Malaysia dan (2) untuk memeriksa aspek ISR yang paling banyak diungkapkan dalam laporan tahunan. Penelitian ini menggunakan sepuluh bank syariah di Malaysia sebagai sampel penelitian. Data yang digunakan adalah data sekunder dalam bentuk informasi tentang kegiatan sosial yang dilaporkan pada tahun 2015, 2016, dan 2017. Metode analisis yang digunakan adalah teknik analisis isi dan penilaian untuk menilai kegiatan sosial yang diungkapkan dalam laporan tahunan objek penelitian. Hasil penelitian menunjukkan bahwa tingkat rata-rata pengungkapan ISR bank syariah Malaysia adalah 32,81%, sedangkan tema yang memiliki tingkat pengungkapan tertinggi adalah masyarakat dengan 10,77% .

Kata Kunci: tanggung jawab sosial, Islamic Social reporting, bank Islam Malaysia.

JEL: M31

1. Research Background

Islamic banks are banks which in carrying out their operational activities are guided by provisions of the Quran and as Sunnah (Muhammad 2014). Today, the development of Islamic banking in Malaysia is very rapid. According to the Bank Negara Malaysia (BNM) Report 2016, Malaysia has 16 institutions with 2197 office networks. Market share of Malaysia's Islamic banking was 9%, which was the second position after Saudi Arabia (Kuwait Finance House, 2015).

Along with the development of awareness of the role of companies in society, business institutions such as banking institutions are required to carry out their Corporate Social Responsibility (CSR). The greater awareness to implement CSR is evidenced by the increasing number of companies reporting CSR activities in the annual report. CSR is one form of corporate responsibility to improve the quality of people's lives and the environment (Joseph,

2017: 3). The concept of CSR has actually been implemented since the time of the Prophet Muhammad before the emergence of CSR theories introduced by developed countries. The principle of social responsibility in Islamic teachings comes from the Qur'an and hadith which must be obeyed by the Muslims in all aspects of life, including in business.

According to Retno (2012), several theories underlying the implementation of CSR include (1) Milton Freadman's Capitalism Theory; (2) Social Contact Theory; (3) Instrument Theory; (4) Legitimacy Theory; and (5) Stakeholder Theory. According to Capitalism theory, companies may carry out CSR activities as long as they do not conflict with the interests of shareholders and these CSR activities provide benefits for the company. The theory of Social Contacts stated that companies can carry out their business activities if supported by the surrounding community. The company is seen as a social institution that must contribute to its social environment. In addition, Instrument theory utters that CSR can be used as a strategy tool to achieve company goals such as creating a positive image. Moreover, according to the theory of legitimacy, the company carries out CSR activities because of political, social, and economic pressures from outside the company; therefore, the company will carry out CSR to meet the demands of the community. The next theory is a theory of stakeholders, which believes that CSR activities are undertaken to meet the desires and needs of stakeholders. From the aforementioned several theories, it can be concluded that CSR activities not only provide benefits to the community but also to the company, namely creating a positive reputation and the company is better known to the public. Triyuwono (2006: 253) developed the enterprise theory into shariah enterprise theory. According to shariah enterprise, the form of accountability includes accountability to Allah (vertical accountability) and accountability to humans and nature (horizontal accountability).

The growth of Islamic financial institutions (LKS) such as Islamic banks is very rapid, which encourages the desire to report social activities in accordance with Islamic values. This condition encourages the birth of the concept of Islamic Corporate Social Responsibility (I-CSR). Haniffa, 2002 (in Othman 2009) sparked the concept of ISR with five dimensions including finance and investment, product and service, employee, society, and environment. This concept was later developed by Othman, 2009 by adding one more dimension namely corporate governance.

Research on CSR in Malaysian banks has been conducted by several researchers, including Jusoh and Ibrahim (2015) in which the results of this research concluded that more than 50% of respondents agree CSR is an obligation of the institution and program recommended and more than 70% respondents think that Islamic banks must have a special CSR framework. The research conducted by Hartanti 2010 (in Sofyani 2015) explained that the level of CSR disclosure of Islamic banks using the ISR index reached 50%. A study conducted by Rahman, Hasim, and Bakar (2010) at the Bank Islam Malaysia Berhad (BIMB) concluded that the more widely expressed theme was relating to employees, product and service, and community involvement. Another study on the same bank performed by Jusoh and Ibrahim (2016) showed that the CSR activities undertaken by BIMB are not only limited to the donation, sponsorship, and charity but BIMB also allocates zakat on community service programs (community service) and environmental projects.

Based on the description in the previous section, the purpose of this study is (1) to measure the extent to which the Islamic Social Reporting (ISR) is practiced by Islamic banks in Malaysia (2) to examine the ISR aspect which is most widely disclosed in annual reports, among the six themes of disclosure namely finance and investment, product and service, employee, society, environment, and corporate governance.

2. Research Method

2.1. Population and Samples

This study focused on the disclosure of the social activities of Islamic banks in Malaysia. Data used in the form of information about social activities reported in the annual reports obtained from the website of each bank. The research population was 16 Islamic banks. The sampling method used purposive sampling. The criteria used were banks that report social activities in its annual reports in 2015, 2016, and 2017. Based on these criteria, banks that meet the requirements were 10 banks.

Table 1. Research Population

No.	Name	Symbol
1	Affin Islamic Bank Berhad	AFFIN
2	Al Rajhi Banking and Investment Corporation Berhad	ARB
3	Alliance Islamic Bank Berhad	AIBB
4	Am Bank Islamic Berhad	ABIB
5	Asian Finance Bank Berhad	AFBB
6	Islamic Bank Malaysia Berhad	BIMB
7	Bank Muamalat Malaysia Berhad	BMMB
8	CIMB Islamic Bank Berhad	CIMB
9	HSBC Amanah Malaysia Berhad	HSBC
10	Hong Leong Islamic Bank Berhad	HLIBB
11	Kuwait Finance House	KFH
12	Maybank Islamic Bank Berhad	MIBB
13	OCBC Al-Amin Bank Berhad	OCBC
14	Public Islamic Bank Berhad	PIBB
15	RHB Islamic Bank Berhad	RHB
16	Standard Chartered Saadiq	SCS

Source: Annual Report of the Central Bank of Malaysia (BNM), 2016.

Table 2. Research Samples

No.	Name	Symbol
1	Affin Islamic Bank Berhad	AFFIN
2	Al Rajhi Banking and Investment Corporation Berhad	ARB
3	Islamic Bank Malaysia Berhad	BIMB
4	CIMB Islamic Bank Berhad	CIMB
5	Kuwait Finance House	KFH
6	Maybank Islamic Bank Berhad	MIBB
7	OCBC Al-Amin Bank Berhad	OCBC
8	Public Islamic Bank Berhad	PIBB
9	RHB Islamic Bank Berhad	RHB
10	Standard Chartered Saadiq	SCS

Sources: Annual Report of the Central Bank of Malaysia (BNM), 2016

2.2. Type and Source of Data

Data used were secondary data in the form of information on social activities reported in annual reports in 2015, 2016, and 2017. Items of disclosure of social activities refer to the ISR Index developed by Othman and Thani, 2010, as presented in the following table:

Table 3. ISR Disclosure Items

NO	ITEM DISCLOSURE	NO	DISCLOSURE ITEMS
A	Finance and Investments Theme	D	Society Theme
1	Usury Activities	21	Saddaqa / Donation
2	Gharar	22	Waqf
3	Zakat: used method, zakatable amount, beneficiaries	23	Qard Hasan
4	Policy on Late Repayments and Insolvent Clients / Bad Debts written-off	24	Employee Volunteerism
5	Current Value Balance Sheet (CVBS)	25	Education School Adoption Scheme: Scholarship
6	Value Added Statement (VAS)	26	Graduate Employment
B	Product and Service Theme	27	Youth development
7	Green product	28	Underprivileged community
8	Halal status of the product	29	Children care
9	Product safety and quality	30	Charities / Gifts / Social activities
10	Customer Complaints / incidents of non-compliance with regulations and voluntary codes (if any)	31	Sponsoring public health / recreational project / sports / cultural events
C	Employees Theme	E	Environment Theme
12	Education and training / human capital development	33	Endangered wildlife
13	Equal Opportunities	34	Environmental pollution
14	Employee involvement	35	Environmental education
15	Health and safety	36	Environmental products / process related
16	Working environment	37	Environmental audit / independent verification statement / governance
17	Employment of other special interest groups (i.e. Handicapped, ex-convicts, former drug-addicts)	38	Environmental management system / policy.
18	Higher echelons in the company performance their congregational prayers with lower and middle level managers.	F	Corporate Governance Theme
19	Muslim employees are allowed to perform Reviews their obligatory prayers during specific times and fasting during Ramadan on their working day	39	Shariah compliance status.
20	Proper place of worship for the employees.	40	Ownership structure: Number of Muslims shareholders and its shareholdings.
		41	Board structure-Muslim vs. non-Muslim.
		42	Forbidden activities: monopolistic practice, necessary hoarding of goods, price manipulation, fraudulent business practices, gambling.
		43	Anti-corruption policies

Source: Othman and Thani, 2010

2.3. Data Analysis Methods

This study used content analysis techniques and scoring to assess social activities expressed in the annual report of the research object. The annual report of the sample was read carefully to identify the social activities that are disclosed. Every activity reported was given a score of 1 and if not reported was given a score of 0. The maximum score is 100% if all research objects report their social activities. The maximum number of scores on each theme was obtained by comparing the number of disclosure items for each theme with the total

number of disclosure items. The maximum score for each disclosure item is presented in table 4.

Table 4. ISR and Score Items

No.	Theme	Number of Disclosure Items	Maximum Score (%)
1	Finance and Investment	6	13.95
2	Product and Service	4	9.30
3	Employee	10	23.26
4	Society	11	25.58
5	Environment	7	16.28
6	Corporate Governance	5	11.63
	Number of disclosures	43	100

Source: Table 3, processed

3. Result and Discussion

3.1. Disclosure of ISR of Islamic Bank of Malaysia

The initial step in collecting research data was to do a checklist of all ISR disclosure items in each bank that became the study sample. Each item that is disclosed was given a value of 1, whereas if it was not disclosed it was given a value of 0. An example of the results of a checklist for each item disclosure for each bank is presented in the appendix. The next step was to calculate the percentage of disclosure in each theme, for example in theme A, there are 3 items revealed, the value is $3/43 = 6.98\%$, and so on. The score of reporting on social activities of selected Islamic banks, in 2015, 2016, and 2017 are as follows:

Table 5. ISR Disclosure of Malaysian Islamic Banks in 2015

Disclosure Theme	Percentage of Disclosure									
	AFFIN	ARB	BIMB	CIMB	KFH	MIB	OCBC	PIBB	RHB	SCS
Finance and Investment	6.98	9.30	6.98	6.98	4.65	2.33	4.65	6.98	6.98	4.65
Product and Service	2.33	4.65	0	4.65	2.33	2.33	2.33	4.65	4.65	4.65
Employees	0	2.32	18.86	18.60	4.65	2.33	2.33	0	0	0
Society	13.95	11.63	20.93	20.93	4.65	18.6	0	0	0	13.95
Environment	0	0	13.95	9.30	4.65	4.65	0	0	0	4.65
Corporate Governance	2.33	2.33	4.65	4.65	4.65	2.33	2.33	4.65	4.65	4.65
	25.59	30.23	65.37	65.11	25.58	32.57	11.64	16.28	16.28	32.55

Appendix: 1 and 2 processed.

Table 6. ISR Disclosure of Malaysian Islamic Banks in 2016

Disclosure Theme	Percentage of Disclosure									
	AFFIN	ARB	BIMB	CIMB	KFH	MIB	OCBC	PIBB	RHB	SCS
Finance and Investment	6.98	9.30	4.67	6.98	4.65	2.33	4.65	6.98	6.98	4.65
Product and Service	2.33	4.65	6.97	0	2.33	2.33	2.33	4.65	2.33	4.65
Employees	2.33	2.33	4.65	11.62	4.65	2.33	2.33	0	2.33	0
Society	18.6	11.63	20.93	20.93	4.65	18.6	0	0	0	9.30
Environment	11.62	0	13.95	9.30	4.65	4.65	0	0	0	4.65
Corporate Governance	2.33	2.33	4.65	4.65	4.65	2.33	2.33	4.65	2.33	4.65
	44.19	30.24	55.82	53.48	25.58	32.57	11.64	16.28	13.97	27.9

Appendix: 1 and 2 processed

Table 7. ISR Disclosure of Malaysian Islamic Banks in 2017

Disclosure Theme	Percentage of Disclosure									
	AFFIN	ARB	BIMB	CIMB	KFH	MIB	OCBC	PIBB	RHB	SCS
Finance and Investment	6.98	9.30	6.98	6.98	4.65	2.33	4.65	6.98	6.98	4.65
Product and Service	2.33	4.65	9.3	4.65	2.33	2.33	2.33	4.65	2.33	4.65
Employees	2.33	2.33	13.95	18.60	4.65	2.33	2.33	0	2.33	0
Society	13.95	11.63	20.93	20.93	4.65	18.6	0	0	11.62	11.62
Environment	9.3	0	13.95	9.30	4.65	4.65	0	0	6.98	4.65
Corporate Governance	2.33	2.33	4.65	4.65	4.65	2.33	2.33	4.65	2.33	4.65
	37.22	30.24	69.76	65.11	25.58	32.57	11.64	16.28	32.57	30.22

Appendix: 1 and 2 processed

From table 5, it can be seen that in 2015 the disclosure of the ISR of the Islamic Bank of Malaysia Berhad (BIMB) had the highest score of 65.37%; the next was CIMB Islamic Bank Berhad with a score of 65.11%. The lowest rating was OCBC Al Amin Bank Berhad with a score of 11.64%. In 2016 and 2017, ISR disclosure of Islamic banks in Malaysia had the same pattern as the previous year. Bank Islam Malaysia Berhad (BIMB) in 2016 and 2017 had the highest score of 55.82% and 69.76% respectively, while the lowest rating was OCBC Al Amin Bank Berhad with the same score of 11.64%. None of the ten banks that had a score of 100% meaning that there were no banks that carried out their social activities perfectly. Banks that had a score above 50% were only two banks, while the others had a score below 50%. These results indicate that the efforts of Islamic banks in Malaysia in providing information about their social activities to the community were very low.

3.2. Disclosure of ISR of Islamic Bank of Malaysia

The ISR disclosure results based on the theme of disclosure are presented in table 8 and Figure 1. This figure is the average ISR disclosure of the entire study samples. Data from table 6 shows that the average level of the ISR Disclosure of Islamic banks in Malaysia was only 32.81%.

Table 8. Average ISR Disclosure Based on Theme

No	Disclosure Theme	ISR Disclosure			Average (%)
		2015	2016	2017	
A	Finance and Investments	6.05	5.82	6.05	5.97
B	Product and Service	3.26	3, 26	3.96	3.49
C	Employees	4.91	3.26	4.89	4.35
D	Society	10.47	10.46	11.39	10.77
E	Environment	3.72	4.88	5.35	4.65
F	Corporate Governance	3.72	3.49	3.49	3.57
	Total	32.13	31.17	35.13	32.81

Sources: Tables 5, 6 and 7 are processed.

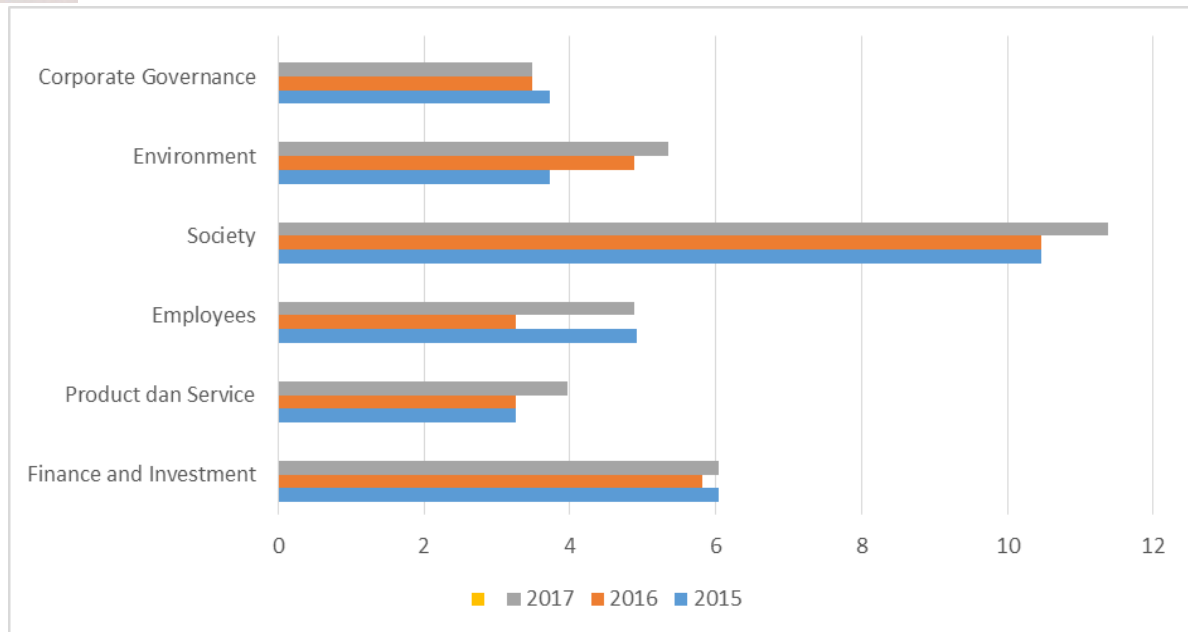


Figure 1. Percentage of ISR disclosure based on Disclosure Themes

In general, the percentage of disclosures based on the theme for the last 3 years has increased. ISR disclosures based on the theme of *product and service* from 2016 to 2017 rose by 0.7%. ISR's disclosures based on society's theme rose by 0.93%, as well as on the environment theme rose by 0.47%. The theme of finance and investment and employees tends to experience fluctuations while the theme of corporate governance tends to decline.

It can be seen from the figure that disclosure of society (community) theme has the highest percentage compared to other themes with 10.47% in 2015, 10.46% in 2016, and 11.39% in 2017. The disclosure theme of society has 11 sub-items disclosures include saddaqaqah, waqf, qard hasan, employee volunteerism, education school: scholarship, graduate employment, youth development, underprivileged community, children care, charities, and sponsorship of public health/recreational project/sport/cultural events.

The disclosure theme of finance and investments consists of riba, gharar, zakat (used method, zakatable amount, and beneficiary), policy on late repayment, current value balance sheet, and value added statement. The percentage of disclosures on this theme was 6.05% in 2015 and 2017 respectively, 5.82% in 2016. Theme of product and service has the lowest score with the average percentage of disclosure for the last three years was 3.57%.

After carrying out its social activities, Islamic banks in Malaysia disclosed in the annual report, however, there is no standard, even though Islamic banks need a specific CSR framework. A study conducted by Jusoh and Ibrahim's (2015) concluded that 76.5% of respondents said Islamic banks must have a special CSR framework. From the figure, it can be seen that there were two banks that revealed all disclosure themes consistently, namely Kuwait Finance House and Maybank Islamic Berhad (MIBB). MIBB and CIMB Islamic Bank Berhad are banks that have a strong commitment to carrying out CSR activities; this is indicated by the ISR disclosure rate above 50% over the three years. The results of this study provide the same conclusions as to the results of previous studies conducted at BIMB. The study at BIMB stated that to prove its commitment BIMB has a special department that handles CSR programs (Jusoh and Ibrahim, 2016).

In the previous section, this research has explained that Islamic banks in Malaysia do more social activities related to the theme of society. The trend of disclosure in the society theme showed an increase. In 2016, the disclosure percentage was 10.46, up to 11.39 in 2017. These results indicate that the awareness of Islamic banks to involve themselves in community

activities is increasingly high. The social activities include giving sodaqoh, providing financing from qardul hasan fund, providing scholarships, carrying out charitable activities, and sponsoring various activities. The results of this study support the research of Othman and Thani, 2010 which took a sample of 56 companies listed on Bursa Malaysia.

The theme of finance and investment had a disclosure rate of 5.97%. This theme includes usury activities, gharar, zakat, policies regarding late payments, current value balance sheet, and value added statement. From this sub-theme, the issue of zakat (amount, method of use, benefits) and policies regarding late payments are more expressed than to other sub-themes.

4. Conclusion

The main objective of this study is to measure the extent to which Islamic banks in Malaysia have practiced ISR in their social activities. The results of the analysis showed that the average level of ISR disclosure was still relatively low at 32.81%. From the six themes of disclosure, society was the theme with the highest level of disclosure, while the one with the lowest level of disclosure was product and service. The limitation of this study was the use of only the annual report to identify and know the practice of disclosing the ISR of Islamic banks in Malaysia and not using other sources of information such as interviews. Therefore, for the next study, it is suggested to use other sources of information as a supplement in order to produce the optimal result.

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APPENDIX

Annex 1. Disclosure Items of ISR

DISCLOSURE ITEMS	AFFIN			ARB			BIMB			CIMB			KFH		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
A FINANCE AND INVESTMENTS THEME															
1 Riba Activities	0	0	0	1	1	1	0	0	0	0	0	0	0	0	0
2 Gharar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Zakat: method used, zakatable amount, beneficiaries	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0
4 Policy on Late Repayments and Insolvent written-off Clients / Bad Debts	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
5 Current Value Balance Sheet (CVBS)	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0
6 Value Added Statement (VAS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B PRODUCT AND SERVICE THEME															
7 Green products	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0
8 Halal status of the product	0	0	0	1	1	1	0	1	1	0	0	0	0	0	0
9 Product safety and quality	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0
10 Customer Complaints / Incidents of non-compliance with regulation and voluntary codes (if any)	1	1	1	1	1	1	0	1	1	1	0	1	1	1	1
C EMPLOYEES THEME															
11 Nature of work: working hours, holidays, other benefits	0	0	0	0	0	0	1	1	1	1	0	1	0	0	0
12 Education and training / human capital development	0	1	1	0	0	0	1	0	1	1	0	1	1	1	1
13 Equal Opportunities	0	0	0	0	0	0	1	1	1	1	1	1	0	0	0
14 Employee involvement	0	0	0	0	0	0	1	0	1	1	1	1	1	1	1

15	Health and safety	0	0	0	0	0	0	1	0	1	1	1	1	0	0	0
16	Working environment	0	0	0	1	1	1	1	0	0	1	1	1	0	0	0
17	Employment of other special interest groups (i.e. Handicapped, ex-convicts, former drug-addicts)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Higher echelons in the company perform their congregational prayers with lower and middle level managers.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Muslim employees are allowed to perform Reviews their obligatory prayers during specific times and fasting during Ramadan on their working day	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Proper place of worship for the employees.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D SOCIETY THEME																
21	Saddaqa / Donation	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
22	Waqf	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Qard Hasan	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
24	Employee Volunteerism	0	1	0	0	0	0	1	1	1	1	1	1	0	0	0
25	Education School Adoption Scheme: Scholarship	0	0	0	0	0	0	1	1	1	1	1	1	0	0	0
26	Graduate Employment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	Youth development	1	1	1	0	0	0	1	1	1	1	1	1	0	0	1
28	Underprivileged community	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1
29	Children care	0	1	0	0	0	0	1	1	1	1	1	1	0	0	1
30	Charities / Gifts / Social activities	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
31	Sponsoring public health / recreational project / sports / cultural events	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
E ENVIRONMENT THEME																
32	Conservation of environment	0	1	1	0	0	0	1	1	1	1	1	1	0	0	0

33	Endangered wildlife	0	1	1	0	0	0	1	1	1	1	1	1	0	0	0
34	Environmental pollution	0	1	0	0	0	0	1	1	1	0	0	0	0	0	0
35	Environmental education	0	1	1	0	0	0	1	1	1	1	1	1	1	1	1
36	Environmental products / process related	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0
37	Environmental audit / independent verification statement / governance	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
38	Environmental management system / policy	0	1	1	0	0	0	1	1	1	1	1	1	0	0	0
F	CORPORATE GOVERNANCE THEME															
39	Shariah compliance status	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
40	Ownership structure: Number of Muslims shareholders and its shareholdings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	Board structure-Muslims vs. non-Muslims	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Forbidden activities: monopolistic practice, Necessary goods hoarding, price manipulation, fraudulent business practices, gambling	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Anti- corruption policies															

Source: Annual Report Affin Islamic Bank, Al-Rajhi Bank Berhad, Bank Islam Malaysia Berhad, CIMB Islamic Bank Berhad, Kuwait Finance House 2015, 2016, 2017

Appendix 2. Disclosure Items of ISR

DISCLOSURE ITEMS		MIB			OCBC			PIBB			RHB			SCS		
		2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
A	FINANCE AND INVESTMENTS															
	THEME															
1	Riba Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Gharar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Zakat: method used, zakatable amount, beneficiaries	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0
4	Policy on Late Repayments and insolvent Clients / Bad Debts written-off	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1
5	Current Value Balance Sheet (CVBS)	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1
6	Value Added Statement (VAS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B	PRODUCT AND SERVICE THEME															
7	Green products	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
8	Halal status of the product	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0
9	product safety and quality	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
10	Customer Complaints / Incidents of non-compliance with regulation and voluntary codes (if any)	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1
C	EMPLOYEES THEME															
11	Nature of work: working hours, holidays, other benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Education and training / human capital development	1	1	1	1	1	1	0	0	0	1	1	1	0	0	0
13	Equal Opportunities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Employee involvement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Health and safety	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Working environment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

17	Employment of other special interest groups (i.e. Handicapped, ex-convicts, former drug-addicts)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Higher echelons in the company performance their congregational prayers with lower and middle level managers.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Muslim employees are allowed to perform Reviews their obligatory prayers during specific times and fasting during Ramadan on their working day	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Proper place of worship for the employees.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D	SOCIETY THEME															
21	Saddaqa / Donation	1	1	1	0	0	0	0	0	0	0	0	1	1	1	1
22	Waqf	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
23	Qard Hasan	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
24	Employee Volunteerism	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Education School Adoption Scheme: Scholarship	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
26	Graduate Employment	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
27	Youth development	1	1	1	0	0	0	0	0	0	1	0	1	1	0	1
28	Underprivileged community	1	1	1	0	0	0	0	0	0	0	0	1	1	1	1
29	Children care	1	1	1	0	0	0	0	0	0	1	0	1	1	0	0
30	Charities/Gifts/Social activities	1	1	1	0	0	0	0	0	0	1	0	0	1	1	1
31	Sponsoring public health/recreational project/sports/cultural events	1	1	1	0	0	0	0	0	0	1	0	1	0	0	0
E	ENVIRONMENT THEME															
32	Conservation of environment	1	1	1	0	0	0	0	0	0	1	0	1	0	0	0
33	Endangered wildlife	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
34	Environmental pollution	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	Environmental education	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
36	Environmental products/process related	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1

37	Environmental audit/independent verification statement/governance	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
38	Environmental management system/policy	1	1	1	0	0	0	0	0	0	0	0	1	1	1	1
F	CORPORATE GOVERNANCE THEME										0	0	0	0	0	0
39	Shariah compliance status	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
40	Ownership structure: Number of Muslim shareholders and its shareholdings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	Board structure-Muslim vs. non-Muslim	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Forbidden activities: monopolistic practice, hoarding necessary goods, price manipulation, fraudulent business practice, gambling	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43	Anti-corruption policies	1	1	1	0	0	0	1	1	1	0	0	0	1	1	1

Source: Annual Reports of Maybank Islamic Bank Berhad, OCBC Al-Amin Bank Berhad, Public Islamic Bank Berhad, RHB Islamic Bank Berhad, and Standard Chartered Saadiq, 2015, 2016, 2017.