



# NATIONAL OGSE SUSTAINABILITY FRAMEWORK GUIDE (NOS-F GUIDE)



## Disclaimer

This NOS-F Guide was developed by Malaysia Petroleum Resources Corporation (MPRC), and all of the information and content are accurate as of 24 July 2024. It was created in the interest of the OGSE sector based on stakeholders' input and best practices as outlined by widely recognised sustainability standards and frameworks globally and locally. The NOS-F Guide aims to provide Malaysian OGSE companies with guidance on integrating and reporting sustainability. However, its coverage may not be exhaustive. OGSE companies using the NOS-F Guide as a reference are advised to apply necessary and reasonable diligence, including adhering to all relevant laws and regulations that may or may not have been cited in the NOS-F Guide.

MPRC has taken reasonable action to ensure that the content of the NOS-F Guide is accurate as of the publication date. However, this shall not be construed as MPRC's representation or warranty to the accuracy and reliability of the NOS-F Guide.

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## Message from President/CEO of MPRC

I am delighted to share this National OGSE Sustainability-Framework Guide (NOS-F Guide), which marks the conclusion of the trilogy of National OGSE Sustainability (NOS) documents first introduced in 2022. The NOS documents – NOS-Plans, NOS-Roadmap and NOS-F Guide - represent a national effort to demystify sustainability reporting for the OGSE sector, marking the first published reference of its kind catered specifically for the sector.

Much has changed in the sustainability landscape since we first embarked on the national OGSE sustainability programme two years ago. Across the ecosystem, the government, regulators and industry leaders have all come forth to provide policies and frameworks to drive the adoption of environmental, social and governance (ESG) practices and disclosure.

At Malaysia Petroleum Resources Corporation (MPRC), the Ministry of Economy's agency tasked with leading the development of the OGSE sector, we applaud the efforts by all stakeholders to support companies to optimise their resources towards the betterment of institutions, people and the planet.

The NOS-F Guide was specifically developed with the OGSE sector in mind as an easy-to-follow guide to adopt and implement sustainability practices for OGSE companies. With this NOS-F Guide, we look forward to contributing to capability-building for OGSE companies to speed up the adoption and reporting of these practices.

Moving forward, MPRC will collaborate with OGSE companies to support the integration of ESG indicators into their business operations and disclosures. Our aim is to help OGSE companies move beyond theory and actively implement sustainability practices. This will help prepare the sector for stricter regulatory requirements related to ESG disclosure, which are becoming increasingly linked to financing. This will also position the OGSE sector to meet the evolving expectations of international markets where ESG standards are a norm.

I would like to conclude by extending our appreciation to the Ministry of Economy and its Energy Division for the support and guidance throughout the development of the NOS documents, beginning with the first workshops held in 2022. We are grateful to key stakeholders namely PETRONAS, PETROS, SMJ Energy, Malaysian Green Technology and Climate Change Corporation (MGTC), The Malaysian Oil, Gas and Energy Services Council (MOGSC), Malaysia OSV Owners' Association (MOSVA), and Malaysian Oil & Gas Engineering Council (MOGEC) for their input, feedback and participation during this journey.

Additionally, we would like to express our appreciation to Malaysia External Trade Development Corporation (MATRADE), Malaysian Investment Development Authority (MIDA), Bank Negara Malaysia, the Securities Commission, Bursa Malaysia, SMECorp, MATRADE, United Nations Global Compact (UNGC) and Climate Governance Malaysia (CGM) for sharing their expertise and helping ensure we stay aligned with the necessary standards and processes.

We look forward to continuing to work together with all OGSE players in accelerating their transition towards a cleaner and more sustainable future for all.

**Mohd Yazid Ja'afar**  
*President/CEO  
Malaysia Petroleum  
Resources Corporation*









# CHAPTER 1: INTRODUCTION



## Objectives of this Chapter

- To explain the background, development, purpose and objective of the NOS-F Guide.
- To highlight the target users that the NOS-F Guide intends to serve.
- To provide an overview of the sustainability standards, frameworks and requirements that were referenced by the NOS-F Guide.
- To help users navigate and use the NOS-F Guide.







## 1.1 Background and Purpose

### The National Oil and Gas Services and Equipment (OGSE) Industry Blueprint 2021-2030

Recent global and local developments have proven that sustainability is increasingly a business imperative for all companies. Policymakers worldwide have introduced legislations and directives regarding sustainability reporting and decarbonisation, causing a rise in demand for accurate and comprehensive sustainability data from companies. Stakeholders such as clients, lenders, and financiers are also increasingly demanding more sustainability data to make informed business and financial decisions to limit their sustainability-related risks and capture sustainability-related opportunities.



The National Oil and Gas Services and Equipment (OGSE) Industry Blueprint 2021-2030 was launched in April 2021 with a vision to develop a robust, resilient and globally competitive Malaysia OGSE sector that will contribute to the sustainable development of national priorities has identified four (4) strategic thrusts to boost the competencies of the OGSE sector, with sustainability as one of the key strategic pillars.

*Sustainability governance*

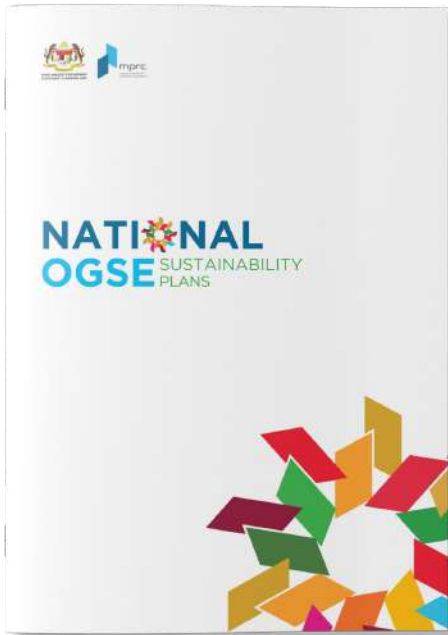
*Materiality assessment*

*Baseline assessment and target setting*

*Performance monitoring*

### NATIONAL OGSE SUSTAINABILITY (NOS) TRILOGY





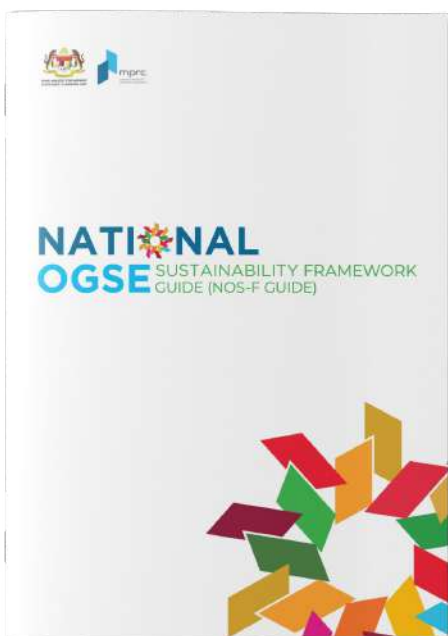
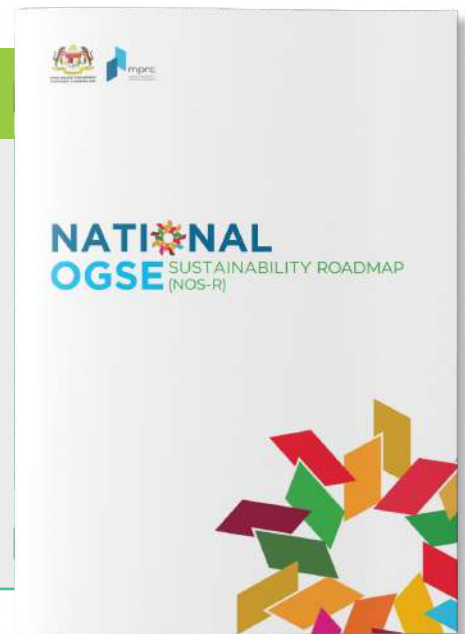
### The National OGSE Sustainability Plans (NOS-P)

To drive sustainable development within the OGSE sector, the National OGSE Sustainability Plans (NOS-P) was released in November 2022, which proposes 11 recommendations for sustainability best practices amongst OGSE companies. Following that, these recommendations from NOS-P served as the basis for the **National OGSE Sustainability Roadmap (NOS-R)**.

### The National OGSE Sustainability Roadmap (NOS-R)

Considering the challenges faced by the OGSE sector in integrating and reporting on sustainability and the direction provided by the various government policies related to sustainability, energy transition and the OGSE sector, such as the National Energy Policy (DTN), the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan (NIMP) 2030, the NOS-R provided OGSE companies with **targeted pathways** to adopt sustainable practices and embark on their reporting journey.

This was achieved through the introduction of 12 Projects categorised under 4 Strategic Initiatives and the OGSE Sustainability Framework, which proposed **13 sustainability topics and 58 unique indicators** that are material to the OGSE sector.



### The National OGSE Sustainability Framework Guide (NOS-F Guide)

Throughout the development of the NOS-P and NOS-R, it was evident that the complex sustainability landscape has presented a considerable challenge for OGSE companies, especially the non-public listed companies (non-PLC) to integrate and report on sustainability. Therefore, a pressing need arose to guide the OGSE sector in transitioning to a more sustainable future. Hence, the National OGSE Sustainability Framework (NOS-F) Guide has been developed for OGSE companies. It provides much-needed **guidance on implementing and embedding sustainability practices within their operations**, enhancing the OGSE companies' sustainability performance and strengthening robust sustainability reporting practices. Coupled with the effects of the successful implementation of the NOS-R projects, the OGSE sector shall see a smooth transition into a more sustainable future.

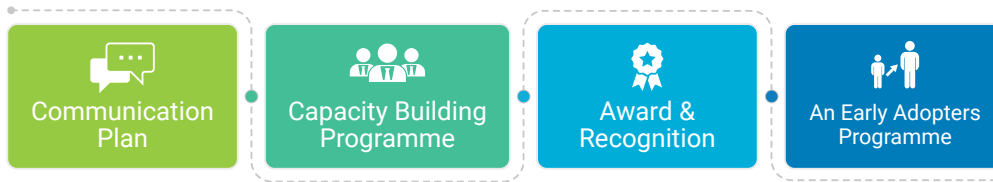
## Unique features & benefits of the NOS-F Guide

In summary, the NOS-F Guide was designed with the OGSE Sector in mind.

**The NOS-F Guide**

- Develop specifically for the OGSE industry
- Explains how to implement Sustainability Reporting
- Have different pathways based on the readiness and experience
- Provide step-by-step guide for Disclosures & Reporting

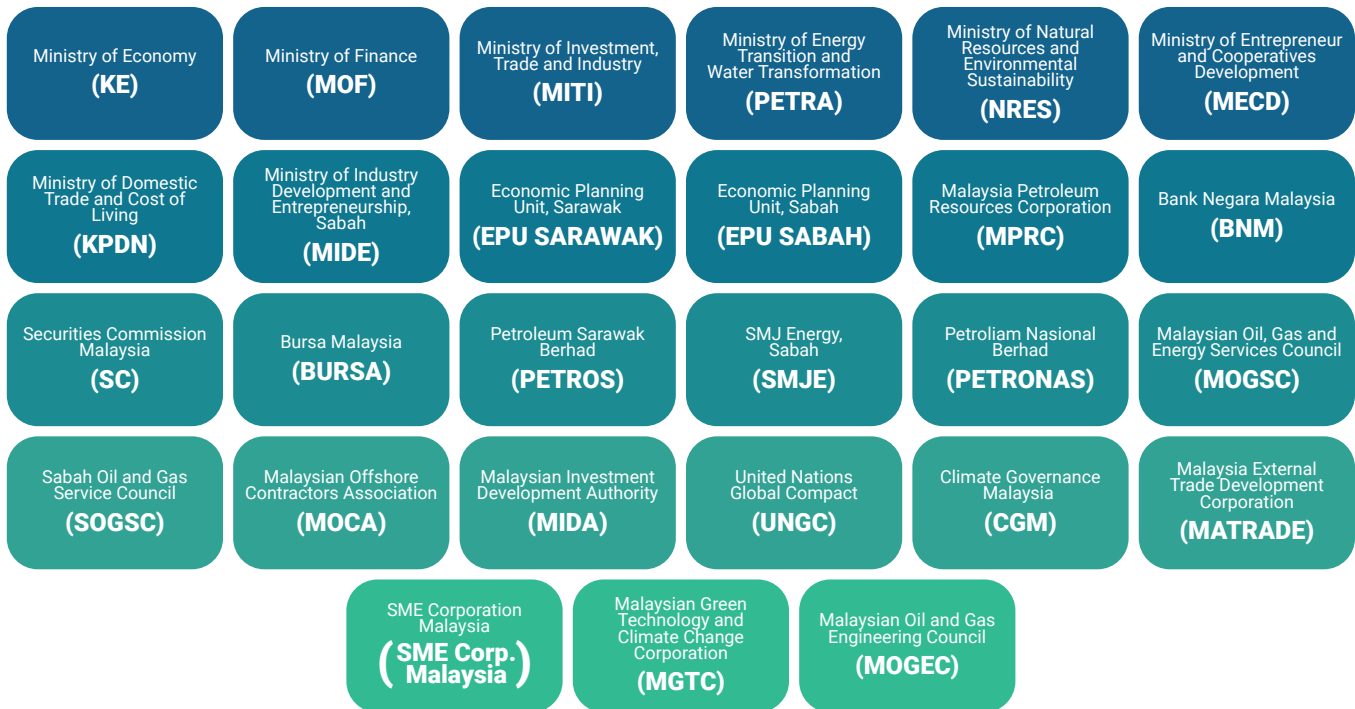
MPRC will further support OGSE companies by providing:



## Development of the NOS-F Guide

The development of the NOS-F Guide is a collaborative effort involving various stakeholders of the OGSE sector, including regulators, OGSE companies, Ministries, and Government Agencies.

The list of stakeholders engaged are as followed:








Through the collaborative efforts of all the stakeholders, the NOS-F Guide will provide OGSE companies with comprehensive pathways and detailed steps that will strengthen the adoption of sustainable practices and assist the OGSE companies in sustainability reporting based on their respective maturity and ambition levels.

## The NOS-F Guide - Introduction

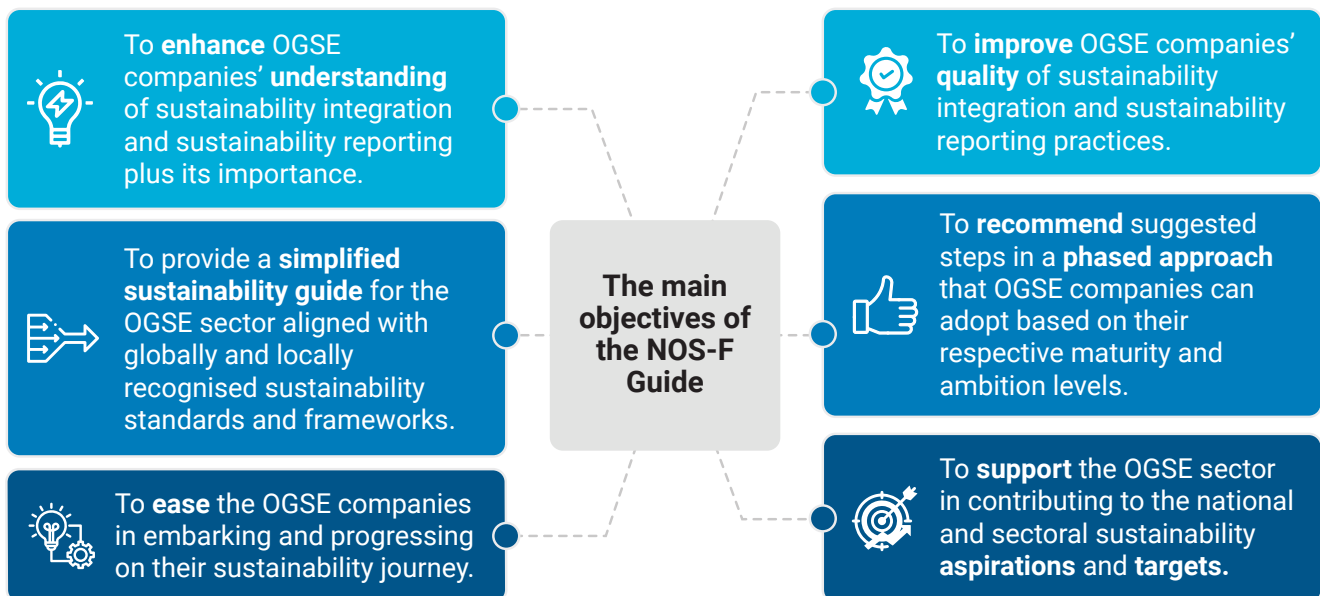
The content of this guide is developed based on the best practices identified from sustainability standards and frameworks, exemplary practices within the oil and gas and OGSE sectors, and stakeholder input. This would enhance the OGSE sector's global competitiveness and secure the license to operate aligned with the evolving global sustainability landscape and Malaysia's sustainability aspirations.

The NOS-F Guide represents the important first step for the OGSE companies in contributing to:

National Target	Operational Target
 Malaysia's Nationally Determined Contribution (NDC) of 45% carbon intensity reduction against GD by 2030.  Energy sector target of 32% GHG emissions reduction by 2050.  The national aspiration to be a Net Zero Nation as early as 2050.	It is also the crucial driving force to achieve the National OGSE Industry Blueprint's sustainability-related targets of having :  <b>Sustainability Reporting:</b> 100% of OGSE PLCs, 75% of OGSE MTCs and 50% of OGSE SMEs to report on sustainability by 2030 (Base year: 2022)  <b>Sustainability Indices Listing:</b> 50% increase in the number of OGSE PLCs that are listed on the FTSE4Good Bursa Malaysia (F4GBM) Index by 2030 (2023: 6 OGSE PLCs currently listed on the F4GBM Index).

## 1.2 Objectives

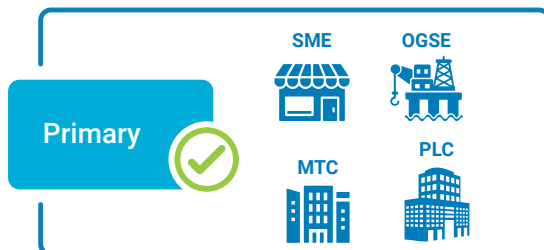
The main objectives of the NOS-F Guide





## 1.3 Intended Users of The Guide

### Primary and Secondary users of the NOS-F Guide



The NOS-F Guide is primarily intended for use by OGSE MTCs and SMEs in navigating the challenges of implementing and reporting on sustainability while enhancing sustainability performance and practices within operations.

OGSE PLCs, on the other hand, may be more advanced in their sustainability journeys and can promote the use of the NOS-F Guide in their value chains to encourage sustainability integration and reporting in the OGSE sector.

For OGSE PLCs, the main reference will be  Sustainability Reporting Guide (3rd Edition)



The Guide also serves non-OGSE companies, institutional investors with OGSE portfolios, and financial institutions as secondary users. Although the OGSE Framework may not apply to non-OGSE companies, the Guide can help them integrate sustainability into their operations, such as:

<i>Sustainability governance</i>	<i>Materiality assessment</i>
<i>Baseline assessment and target setting</i>	<i>Performance monitoring</i>

Institutional investors and financial institutions can integrate the OGSE Sustainability Framework into their due diligence and decision-making for responsible investing and ESG performance.

### The NOS-F Guide is a Sustainability Guide for the OGSE industry

The **NOS-F Guide is not a compulsory standard** that OGSE companies must adhere to. It was developed to specifically support OGSE companies in their sustainability journey, whereby companies can also progress at their own pace based on their maturity and ambition level.

Alignment with the Guide's OGSE Sustainability Framework will also allow outstanding OGSE companies to receive recognition and awards for their sustainability reporting efforts through the OGSE Sustainability Award, as mentioned within NOS-R.

## 1.4 Sustainability Standards, Frameworks and Requirements Referenced

### Main Standards, Frameworks and Requirements references used in the NOS-F Guide

The NOS-F Guide references various local and global standards, frameworks and requirements, as found below, to capture the best sustainability reporting practices. The standards and frameworks were selected based on the extent of their usage globally and locally and their applicability to the OGSE sector's PLCs, MTCs and SMEs. However, full adherence to the Guide does not necessarily indicate alignment with the standards or frameworks referenced. Instead, it is a starting point for OGSE companies in their sustainability reporting journey. It is recommended that OGSE companies explore the complete standards and frameworks to strengthen their sustainability reporting with a more robust set of indicators.

	Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
	Simplified ESG Disclosure Guide (SEDG)
	i-ESG Framework
	Global Reporting Initiative (GRI) Standards
	Task Force on Climate-Related Financial Disclosures (TCFD)
	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information IFRS S2 Climate-related Disclosures
	GHG Protocol

## 1.5 Navigating The NOS-F Guide

### Structure of the NOS-F Guide

The NOS-F Guide has 10 chapters that collectively guide users in integrating and reporting on sustainability for their respective companies. Although the 10 chapters have been ordered to present the most appropriate order for the sustainability reporting process, users are free to navigate the NOS-F Guide chapters in any order they deem fit for the purpose of their company.

Chapters 1 - 2	Introductory chapters to help users understand the NOS-F Guide's development and better appreciate its purpose and objectives. The introductory chapters will also help users navigate the NOS-F Guide. The main content of the NOS-F Guide explains the various components of sustainability integration and reporting.
Chapters 3 - 7	Each chapter addresses one of the five phases of the sustainability reporting process. It provides explanations, best practices, case studies, and detailed pathways in a phased approach, where applicable, to help users understand the topic and take the necessary steps to progress in their sustainability journey.
Chapters 8	This section highlights the key areas that users should consider for capacity building throughout the sustainability journey in order to progress further. Users will also be directed to the various available capacity-building options and platforms.
Appendix	Provide users with a with tools, templates, ogse sustainability framework guidance and a glossary.

### Tiering Guidance and Pathways

Where appropriate, the NOS-F Guide will provide users with **3 different pathways** in a phased approach to guide users with clear steps based on the company's maturity and ambition levels. The 3 pathways are known as:



Users can determine the pathway the company should follow based on the description that best describes the company. It is important to note that the tiering guidance should serve only as a reference, and users should progress based on the company's maturity and ambition levels.

The table below provides users with suggested descriptions of a company that fits in each pathway.

	Basic	Intermediate	Advanced
PLCs	<ul style="list-style-type: none"> <li>• My company has just started its sustainability reporting journey.</li> <li>• My company is in the first year of its sustainability reporting journey.</li> <li>• My company is looking at complying with Bursa Malaysia's sustainability reporting requirements only.</li> </ul>	<ul style="list-style-type: none"> <li>• My company has been on the sustainability reporting journey for 2 to 3 years.</li> <li>• My company is considering to access preferred funding/ attracting new investors.</li> <li>• My company is considering to engage in exporting activities.</li> <li>• My company's stakeholders have been requesting for sustainability data and information.</li> <li>• My company is considering to publish its sustainability report with reference to sustainability standards and frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>• My company has been on the sustainability reporting journey for more than 3 years.</li> <li>• My company is facing increased pressure from stakeholders to provide sustainability data and information.</li> <li>• My company has sizeable exporting activities.</li> <li>• My company is considering to publish its sustainability report with reference to sustainability standards and frameworks.</li> <li>• My company is considering to obtain sustainability ratings.</li> </ul>

	Basic	Intermediate	Advanced
Non-PLCs & SMEs	<ul style="list-style-type: none"> <li>• My company has not OR has just started its sustainability reporting journey.</li> <li>• My company is in the first year of its sustainability reporting journey.</li> <li>• My company is looking at complying with SEDG's sustainability reporting recommendations only.</li> </ul>	<ul style="list-style-type: none"> <li>• My company has been on the sustainability reporting journey for 2 to 3 years.</li> <li>• My company is considering to access preferred funding/ attracting new investors.</li> <li>• My company is considering to engage in exporting activities.</li> <li>• My company's stakeholders have been requesting for sustainability data and information.</li> <li>• My company is considering to publish its sustainability report with reference to sustainability standards and frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>• Items 1 - 4 for Advanced PLCs (see above) is applicable to my company's sustainability reporting journey.</li> <li>• My company is considering to be listed on the ACE/Main Market.</li> </ul>

## CHAPTER 2: FIVE PHASES OF SUSTAINABILITY REPORTING



### Objectives of this Chapter

- To educate users on the current sustainability reporting landscape globally and locally, and the business implications of it.
- To explain the importance of sustainability integration and sustainability reporting.
- To outline the overall process of sustainability reporting.








## 2.1 The Global and Local Sustainability Reporting Landscape

### Frameworks, Standards and Ratings

The global sustainability reporting landscape is supported by various frameworks, standards, and raters used voluntarily by companies to report on material ESG impacts. Increasingly stock exchanges and finance ministries are making them mandatory. While all aim to enhance transparency, these frameworks, standards, and ratings offer different levels of guidance and detail.

<p><b>Sustainability frameworks</b></p> <p>Provide an overview of the report structure and ESG topics to be addressed.</p>	
<p><b>Standards</b></p> <p>Provide companies a reference to detailed metrics and indicators for sustainability reporting.</p>	
<p><b>Ratings</b></p> <p>Prominent ratings in the global landscape include FTSE Russell, Sustainalytics, Ecovadis, MSCI and S&amp;P Global ESG, among others.</p>	

Note: The example of sustainability frameworks, standards and raters listed above are non-exhaustive.

It is important to note that frameworks, standards, and ratings can be country and/or sector-specific, aiding in more comprehensive and specific disclosures based on geographical and sectoral risks.

*For example, the GRI Standards aim to release 40 sector-specific standards, while the Sustainability Accounting Standards Board (SASB) consists of over 70 sector-specific standards with disclosure topics and related metrics.*

Geographically, the common practice among countries is to introduce their requirements on sustainability reporting, typically guided by or aligned to a recognised framework and/or standard but enhanced to suit the needs of companies and stakeholders within that region. For instance, the European Union (EU) adopted the European Sustainability Reporting Standards (ESRS), aligned with the GRI Standards and IFRS, to ensure interoperability.





### Recent Developments and Trends in the Global Sustainability Reporting Landscape

Due to sustainability's ever-evolving nature, the global reporting landscape regularly undergoes changes and developments. The most notable developments include:

- The GRI Standards sector-specific standards
- The EU's Corporate Sustainability Reporting Directive (CSRD)
- The introduction of IFRS

	<p>In 2019, the Global Sustainability Standards Board (GSSB) introduced the GRI Sector Programme to develop standards for 40 sectors, starting with those with the highest impact, as it recognised that different sectors may have different impacts.</p>
	<p>In 2021 and 2022, the Sector Standards for Oil and Gas (GRI 11), Coal (GRI 12), and Agriculture, Aquaculture, and Fishing (GRI 13) were released for the public's use.</p> <p>In 2024, the Sector Standard for Mining (GRI 14) was released.</p>

These releases will be followed by standards for Financial Services, Textiles, and Apparel by 2025 and 2026, respectively. The efforts to develop sectoral standards at a wide scale illustrate the shift from a 'one-size fits all' approach to reporting to a more specific and comprehensive reporting style and identifying impacts, allowing for more meaningful disclosures. It is important to note that SASB has also developed over 70 sector standards. However, they are more investor-oriented, while the GRI Standards can be used by a wider range of stakeholders.

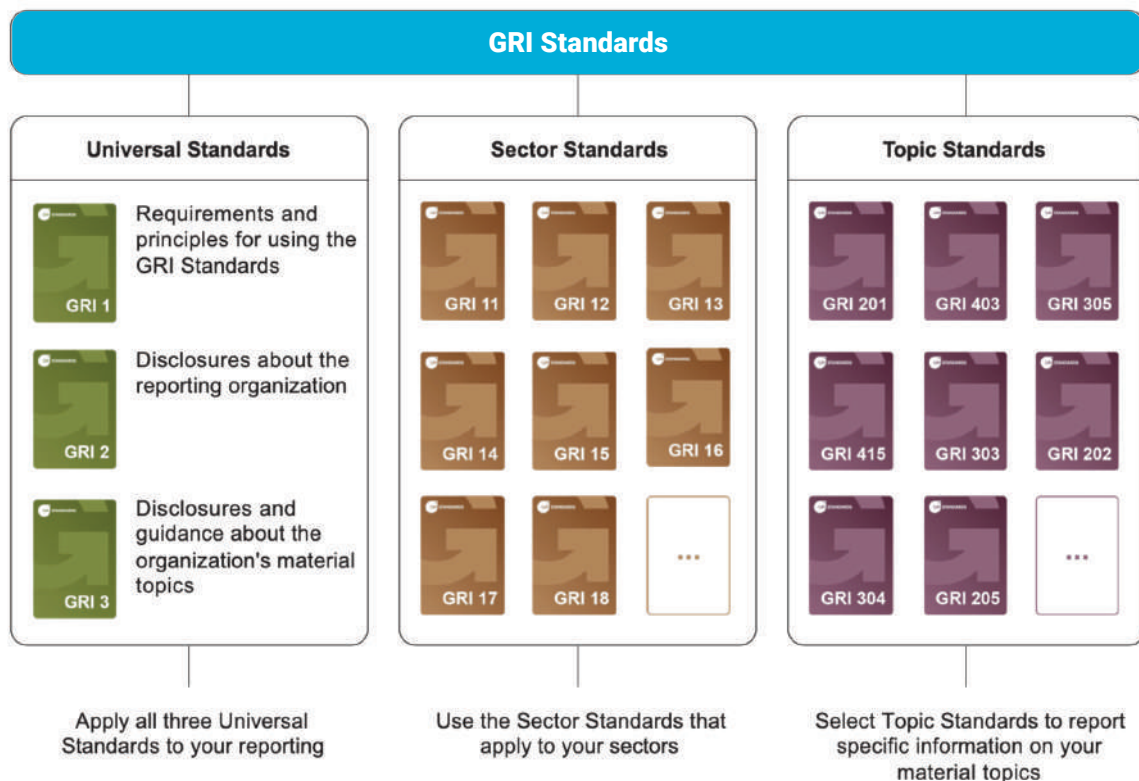
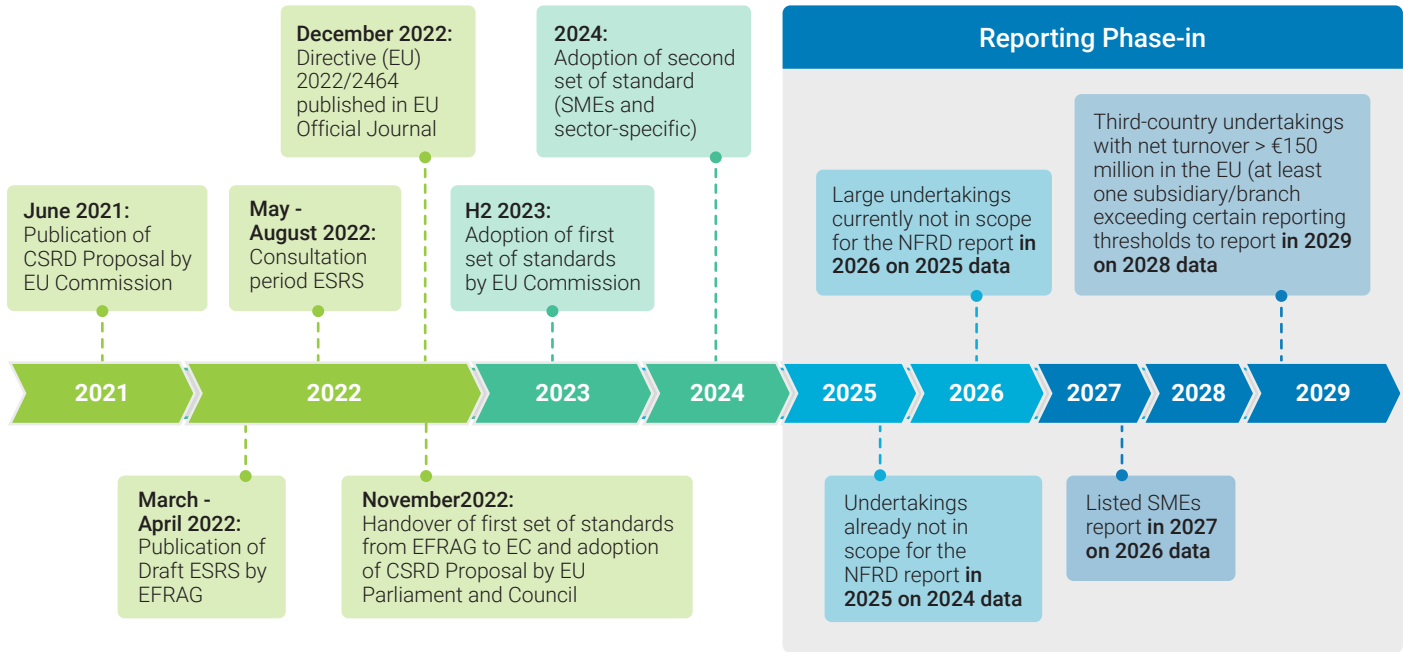


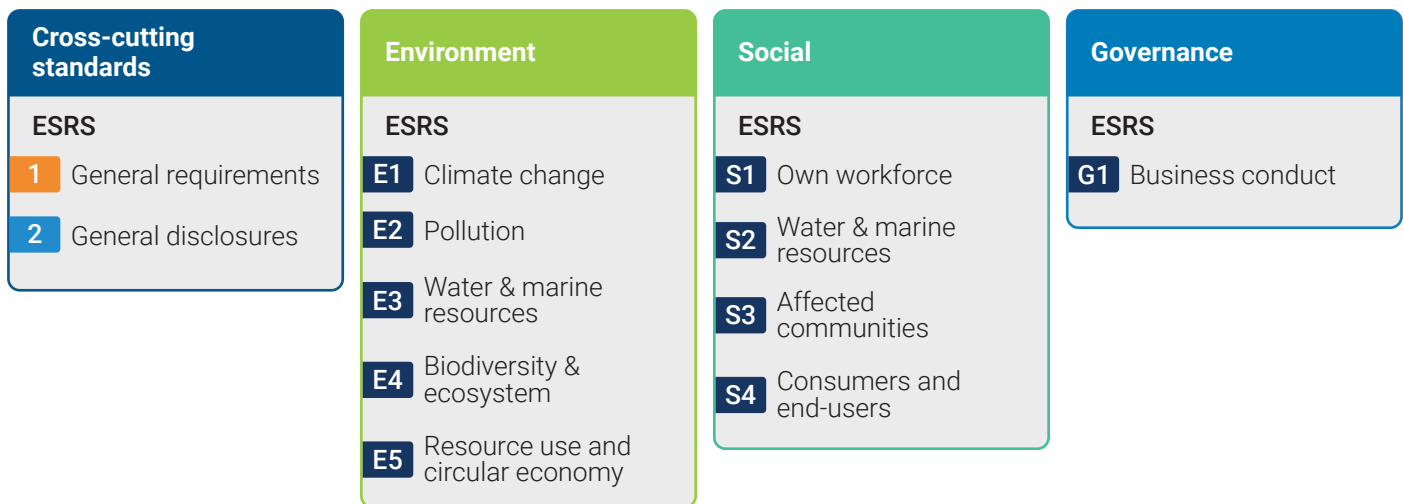
Illustration above taken from the GRI 1: Foundation 2021 Document



- The EU Non-Financial Reporting Directive (NFRD)
- ‘Large Undertaking’ EU companies and groups
- Companies with securities listed on EU-regulated markets including SMEs
- Non-EU companies with a net turnover of more than EUR 150 million in the EU with at least one subsidiary or branch with revenue exceeding EUR 40 million



The CSRD will use the ESRS as a standard for sustainability reporting, consisting of mandatory general requirements and disclosures, and topic-specific disclosures that are mandatory if determined as material. The introduction of CSRD highlights significant changes to the reporting landscape, including the shift from voluntary to mandatory reporting, extension of reporting beyond borders, and more detailed and deliberate disclosures.



■ Guidance     
 ■ Mandatory regardless of materiality assessment     
 ■ Mandatory if material. Include requirements mandatory by EU laws or CSRD

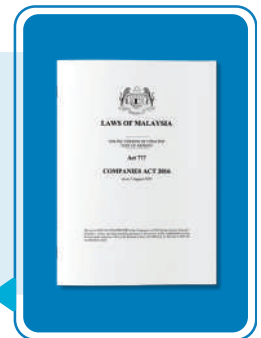
## The Local Sustainability Reporting Landscape

The local reporting landscape has significantly changed since the CSR Reporting Framework was first introduced in 2006. The introduction of various mandatory requirements and voluntary guidelines begins the shift from the CSR Framework towards a more comprehensive reporting of all ESG impacts.



The most notable requirements include Bursa Malaysia's **Sustainability Reporting Guide**

The **Companies Act 2016**, which promoted the use of CSR or sustainability disclosures as a business review report

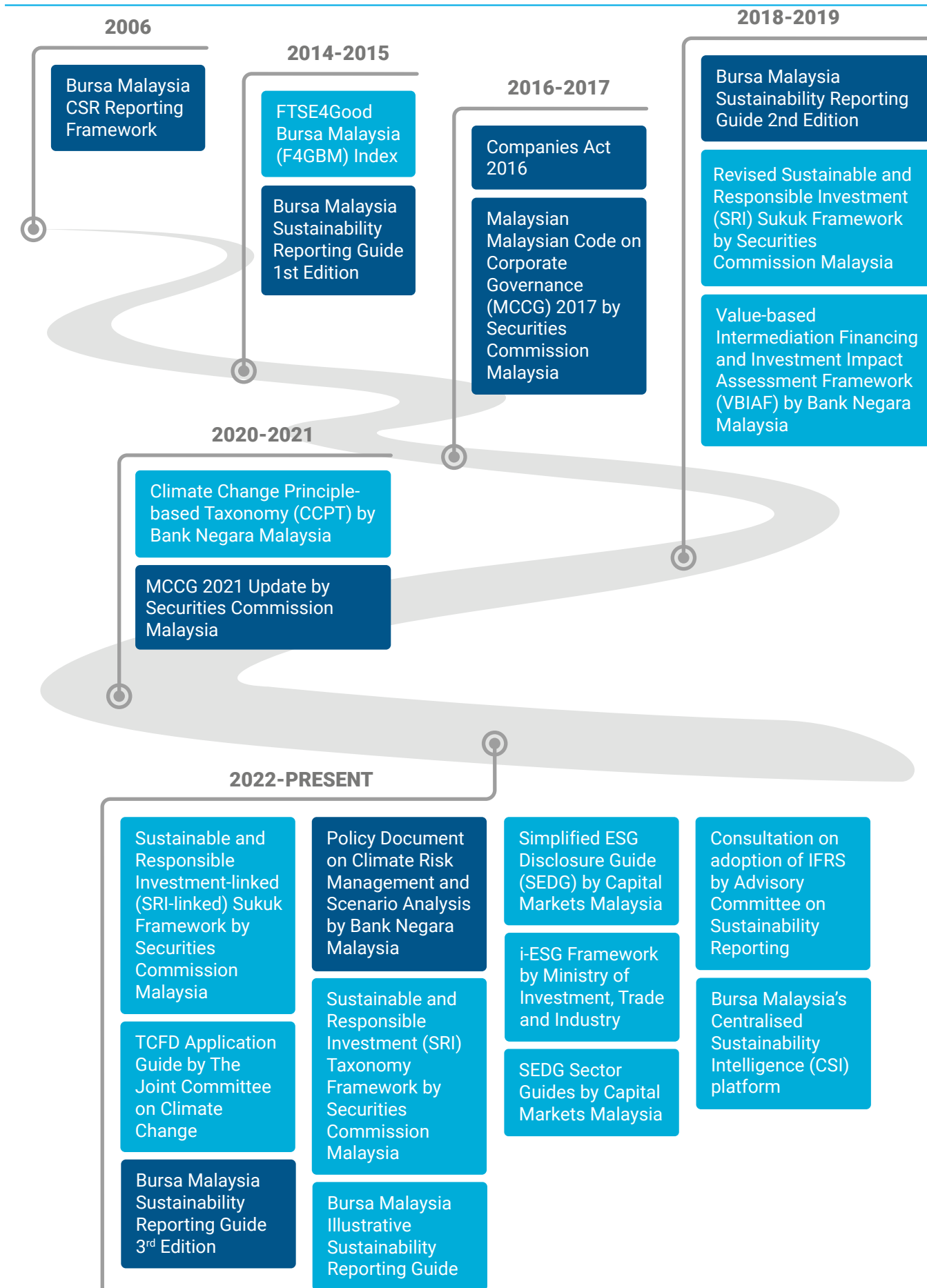


The **Malaysian Code on Corporate Governance (MCCG) 2017**, where large companies were encouraged to adopt Integrated Reporting

The **MCCG 2021 update** which introduced best practices to strengthen board oversight and integration of sustainability considerations in strategy and operations



Bank Negara's **Policy Document on Climate Risk Management and Scenario Analysis** which sets out principles and requirements on climate risk management and scenario analysis for financial institutions.



## Recent Developments and Trends in the Local Sustainability Reporting Landscape

While reporting within Malaysia has very much been focused on public-listed companies and financial institutions, in recent years, it is seeing a push for wider voluntary value chain reporting through the likes of the **Simplified ESG Disclosure Guide (SEDG)**, aimed at SMEs, the **i-ESG Framework**, aimed for the manufacturing sector with particular emphasis on SMEs, and the **National OGSE Sustainability Plans and Roadmap (NOS-P and NOS-R)**, focusing on OGSE SMEs. Bursa Malaysia's Central Sustainability Intelligence (CSI) platform further demonstrates this trend, which encourages companies to adopt a single platform for data collection and allows the wider supply chain to interact with the platform by providing relevant data. This illustrates the drive beyond reporting for PLCs and the heightened interest in sector-specific risks and impacts, which is in line with global trends.



The most recent development in this aspect would be the SEDG's sector guidance for 5 sectors, including agriculture, construction and real estate, energy, manufacturing, and transport and storage.

Following the release of Bursa Malaysia's Sustainability Reporting Guide 3rd Edition, which included enhanced disclosure requirements, the proposed adoption of the ISSB standards is one of the most important developments for the mandatory reporting landscape. In 2023, the Advisory Committee on Sustainability Reporting (ACSR) was established to identify enablers that will facilitate the implementation of the ISSB Standards, followed by a public consultation paper released in 2024. The consultation paper sought feedback on key issues including scope and timing for implementation, the transition reliefs required, and issues related to assurance for sustainability disclosures. This move aligns with the global and regional push to use the ISSB Standards.





## Business Implications

The sustainability reporting landscape globally and locally has seen significant developments over the years, with a push for reporting beyond CSR, convergence and interoperability initiatives of reporting frameworks and standards, integration of financial and non-financial reporting, drive for mandatory disclosures, reporting for the wider value chain, and the importance of sector-specific risks and impacts.

Companies, especially SMEs, are expected to face many challenges in this evolving sustainability reporting landscape. Companies will find it difficult to meet not only local reporting requirements but global reporting requirements as well. The complex sustainability landscape will require companies to invest resources such as time, effort, human capital and money to understand and build capacity in sustainability-related financial disclosures.

Nonetheless, OGSE companies must begin with their sustainability reporting as sustainability transitions from being a **“good-to-have”** to a **“license-to-operate”** in the foreseeable future. A comprehensive sustainability report will ensure that OGSE companies remain competitive and futureproof as new sustainability reporting requirements arise either from policymakers or clients. Beginning the journey today will give OGSE companies sufficient time and space to take small steps and make progress towards meeting possible future requirements and stakeholder expectations. Moreover, the NOS-F Guide is specifically designed to assist OGSE SMEs and MTCs navigate through this sustainability reporting journey with simplified guidance.



## 2.2 Overview of the 5 Phases of Sustainability Reporting

### The 5 Phases of Sustainability Reporting

A good sustainability reporting process generally consists of 5 phases, namely:

Each of the 5 phases of sustainability reporting will be discussed in the following chapters with recommended steps to implement them. Users should note the phases and steps are ordered in the most commonly observed order. However, companies are free to adopt and adapt the steps to better meet each company's unique needs.



## Importance and Benefit of Sustainability Integration Reporting

These sustainability reporting phases benefit the reporting process and are the first few steps in integrating sustainability into the business. Sustainability integration and reporting are important and can yield many benefits for a company:

1. **Enhance company valuation**, as strong ESG performance allows companies to charge a premium and enhances their reputation as responsible businesses.
2. **Mitigating ESG risks** by integrating ESG considerations in decision-making and company operations will enable companies to better understand and manage ESG-related risks within their operations and value chain, creating a resilient business.
3. **Diversified revenue streams and cost savings** as well as sustainability integration can result in the development of new products and services alongside cost reduction through wastage reduction and enhanced efficiency.
4. **Strengthened reputation and license to operate** as transparent, comprehensive and mature sustainability reporting and disclosures will increase stakeholders' trust, leading to more loyal customers and employees in the long term.
5. **Access to preferred financing rates** as companies with strong ESG performance have been linked to having a lower risk profile.

Hence, OGSE companies should use the NOS-F Guide to begin with their sustainability journey to realise the many benefits and opportunities of sustainability integration and reporting.

# CHAPTER 3: PHASE 1: SUSTAINABILITY GOVERNANCE

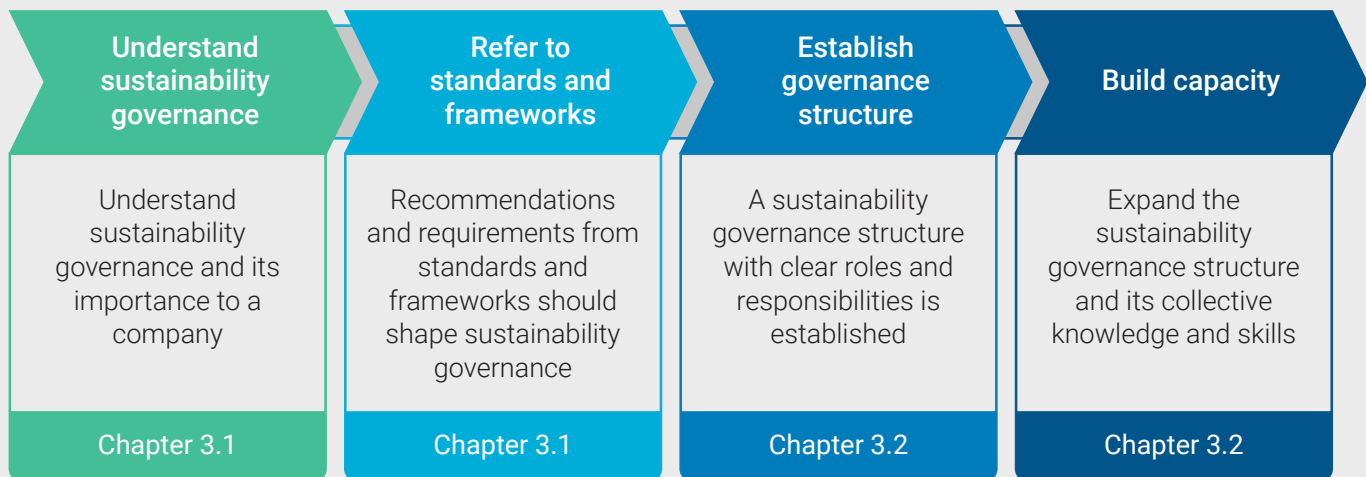


## Objectives of this Chapter

- To outline the sustainability-related responsibilities, such as monitoring sustainability-related issues and reporting, each company should incorporate within its sustainability governance.
- To provide best practices and case studies of sustainability governance structure to assist users in establishing an effective sustainability governance structure suitable for the user's company.

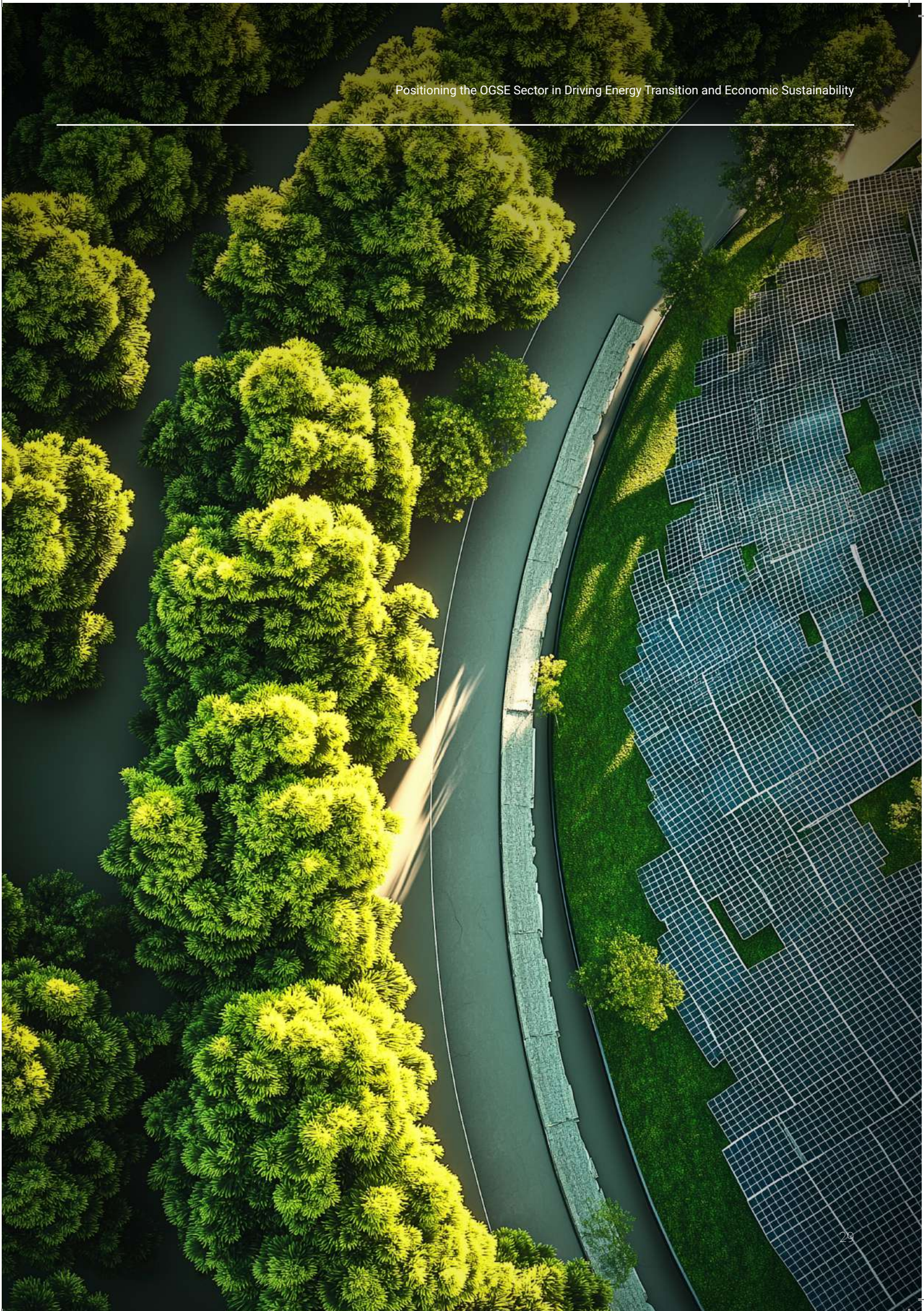
## What Needs to be Done

The **four (4) key steps of establishing a sustainability governance structure** are as follows:



The steps above should be taken by all companies in establishing their respective sustainability governance structure. Detailed guidance is provided in the corresponding subchapters. Additionally, Basic, Intermediate and Advanced pathways are recommended for establishing a sustainability governance structure (Chapter 3.2), where companies can determine which pathways to follow based on their respective sustainability maturity and ambition levels.







### 3.1 Sustainability Governance

#### Sustainability Governance



Sustainability governance refers to a company’s oversight, identification, management and reporting of sustainability-related matters, risks and opportunities. A company’s sustainability governance structure usually comprises the following:



A company’s sustainability governance structure

The ultimate purpose of sustainability governance is to institutionalise and formalise the structure, processes, and controls needed to manage sustainability-related matters and impacts, giving them the same, if not higher, level of attention accorded to other business areas. In the most ideal scenario, sustainability considerations will seamlessly integrate within a company’s overall governance, risk management, and decision-making processes.

In this subchapter, the NOS-F Guide will discuss about the importance of sustainability governance, sustainability governance according to the various sustainability standards and frameworks and considerations for companies when establishing a sustainability governance structure.

#### Importance of Sustainability Governance

**1** Companies should have a robust sustainability governance structure in place to *ensure effective identification and monitoring of material sustainability areas and impacts for a company* as sustainability-related issues need designated people to be accountable to action for it to be successfully implemented or managed and abiding to relevant sustainability compliance requirements. Clear roles and responsibilities established in a sustainability governance structure will make sure that all key sustainability areas of the company are given equal attention, and the company integrates sustainability considerations when making any major decisions.

Sustainability governance should be robust and holistic. This will *ensure that necessary actions are taken to mitigate sustainability-related risks and take advantage of sustainability-related opportunities*. Moreover, a good sustainability governance structure will see the senior management’s sustainability leadership, direction and strategies being implemented and achieving the company’s sustainability goals. **2**

**3** Ultimately, a sustainability governance structure is important for a company as it *ensures overall accountability, helps companies implement its sustainability strategy across the business, manage goal-setting, performance monitoring and reporting processes, while strengthening relations with internal and external stakeholders*. These would safeguard the best interest of the company when it comes to handling matters and impacts associated with sustainability.

## The GRI Standards on Sustainability Governance

**GRI** The GRI Standards outline sustainability governance-related disclosure requirements under its **GRI 2: General Disclosure Standards**. The GRI indicators related to sustainability governance are as follows:

GRI Indicator	
2-9	Governance structure and composition.
2-12	Role of the highest governance body in overseeing the management of impacts.
2-13	Delegation of responsibility for managing impacts.
2-14	Role of the highest governance body in sustainability reporting.
2-17	Collective knowledge of the highest governance body.
2-18	Evaluation of the performance of the highest governance body.
2-19	Remuneration policies.

When establishing a sustainability governance structure, a close examination of the disclosure requirements of the GRI Standards indicates stakeholders expect the company's sustainability governance, its Board and senior management to meet the expectations stated below:



## TCFD and IFRS Standards on Sustainability Governance



The ISSB has published the IFRS S1 and S2 standards that fully incorporate all of TCFD’s recommendations. Hence, governance is one of the key pillars of the IFRS standards. **IFRS S1 focuses on sustainability disclosures**, while **IFRS S2 focuses on climate disclosures**. However, both the IFRS S1 and S2 share the same governance principles and disclosure requirements.

The two main disclosure requirements are as follow:



The disclosure requirements of IFRS S1 and S2 outline the elements below to be considered by companies when establishing their sustainability governance:



**Bursa Malaysia on Sustainability Governance**



Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition) outlined **three (3) main components of sustainability governance** that companies should incorporate when establishing a sustainability governance structure.

Oversight of Sustainability Matters	Strategic Management of Sustainability Matters	Day-to-day Implementation of Sustainability Matters
<p><b>Guiding Questions</b></p> <p>Who is responsible for the oversight of the company’s material sustainability matters?</p> <p>What is the nature of oversight performed?</p>	<p><b>Guiding Questions</b></p> <p>Who is responsible for the strategic management of the company’s material sustainability matters?</p> <p>What is the nature of the strategic management performed?</p>	<p><b>Guiding Questions</b></p> <p>Who performs/implements sustainability-related tasks and initiatives on a day-to-day basis?</p>
<p><b>Disclosure Requirement</b></p> <p>Governing body responsible for the oversight of material sustainability matters management, including but not limited to sustainability strategies, priorities and targets. Nature of the oversight performed.</p>	<p><b>Disclosure Requirement</b></p> <p>The applicable body/ function/ individuals responsible for the strategic management of material sustainability matters, including but not limited to formulation of sustainability strategies, priorities and targets.</p> <p>Nature/scope of the management performed. Example of disclosure: roles and responsibilities of applicable body / function / individuals on formulation of sustainability strategies and targets, allocation of adequate resources, monitoring of day-to-day implementation etc.</p>	<p><b>Disclosure Requirement</b></p> <p>The applicable functions or individuals responsible for, or tasked with, the day-to-day implementation of sustainability-related plans, tasks and initiatives.</p>

**Malaysian Code on Corporate Governance (MCCG) on Sustainability Governance**



The Securities Commission Malaysia has published the Malaysian Code on Corporate Governance (MCCG), clearly stating the general fiduciary duties that a company’s Board of Directors are expected to collectively perform.

<p><b>Care &amp; diligence</b></p> <ul style="list-style-type: none"> <li>• Consider the long-term interest of the company.</li> <li>• A court will apply an objective ‘reasonable person’ standard.</li> <li>• Understating the company’s current and potential future circumstances.</li> </ul>	<p><b>Act in the best interests of the company</b></p> <ul style="list-style-type: none"> <li>• Consider as encompassing the full spectrum of ESG.</li> <li>• Preserve and enhance the reputation of the company.</li> <li>• Practice market expectations.</li> </ul>	<p><b>‘Greenwashing’ liability risks</b></p> <ul style="list-style-type: none"> <li>• Safeguard against greenwashing claims and avoid regulatory scrutiny.</li> <li>• Reduce poor reputation risk.</li> </ul>
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In 2021, the Securities Commission Malaysia has updated the MCGG. In the latest update, companies must address sustainability risks and opportunities.

- 4.1 The board, together with management, is responsible for governing the company's sustainability, including setting the company's sustainability strategy, priorities, and targets.
- 4.2 The board ensures the company's sustainability strategies, priorities, targets and performance against those targets are communicated to its internal and external stakeholders.
- 4.3 The board takes appropriate actions to ensure it stays abreast and understands sustainability issues relevant to the company and its business, including climate-related risks and opportunities.
- 4.4 Incorporating the management of sustainability risks and opportunities in the performance evaluations of the board and senior management.
- 4.5 The board identifies a designated person within management to focus on strategically managing sustainability.

### Main Consideration for Sustainability Governance

A detailed examination of the requirements, recommendations and expectations of sustainability governance from the various sustainability standards and frameworks shows recurring themes that companies should consider.

<b>Sustainability Governance Structure</b>	The sustainability governance structure should have clear roles and responsibilities to ensure effective sustainability management within the company.
<b>Oversight of Sustainability Management</b>	The Board is responsible for overseeing the management of sustainability risks, opportunities, impacts, and matters and approving sustainability strategies, policies, and targets.
<b>Management of Sustainability Impacts and Matters</b>	The Board can delegate authority to the senior management team regarding implementing sustainability strategies and practices.
<b>Oversight of Sustainability Reporting</b>	The Board should oversee the sustainability reporting process and approve the company's sustainability report and other published sustainability information.
<b>Evaluating Performance of Sustainability Management</b>	Individuals appointed to the sustainability governance structure should collectively have the knowledge, competencies, skills, and experiences to manage and implement sustainability.
<b>Linking Remuneration to Sustainability Performance</b>	The remuneration of the Board and senior management should be linked to the company's sustainability performance to ensure there is accountability for action on sustainability.

*Note: For companies that do not have a Board of Director, the responsibilities of the Board can be assumed by a director or by the senior management of the company.*

## 3.2 Structure, Roles and Responsibilities



In this subchapter, the guide will discuss the most common roles and responsibilities of a sustainability governance structure and provide case studies and pathways for the OGSE companies to refer to when establishing the most appropriate structure for their respective companies.

### Sustainability Governance Structure, Roles and Responsibilities

There is no “one-size-fits-all” approach to establishing sustainability governance. It requires companies to consider the different factors influencing the sustainability governance structure needed for their respective companies.

Business Nature	Company Size	Sustainability Maturity Level
<p>Depending on their business nature, some companies may see the need to establish subcommittees to investigate specific sustainability areas such as climate change and decarbonisation.</p>	<p>Companies that are larger in size and have more diverse businesses may require a bigger sustainability governance structure.</p>	<p>As a company's sustainability maturity level grows, it may decide to have a more complex sustainability governance structure to cover more focus areas.</p>

However, a typical sustainability governance structure usually comprises committees of different levels with specific sustainability-related roles created to focus on sustainability management and implementation.



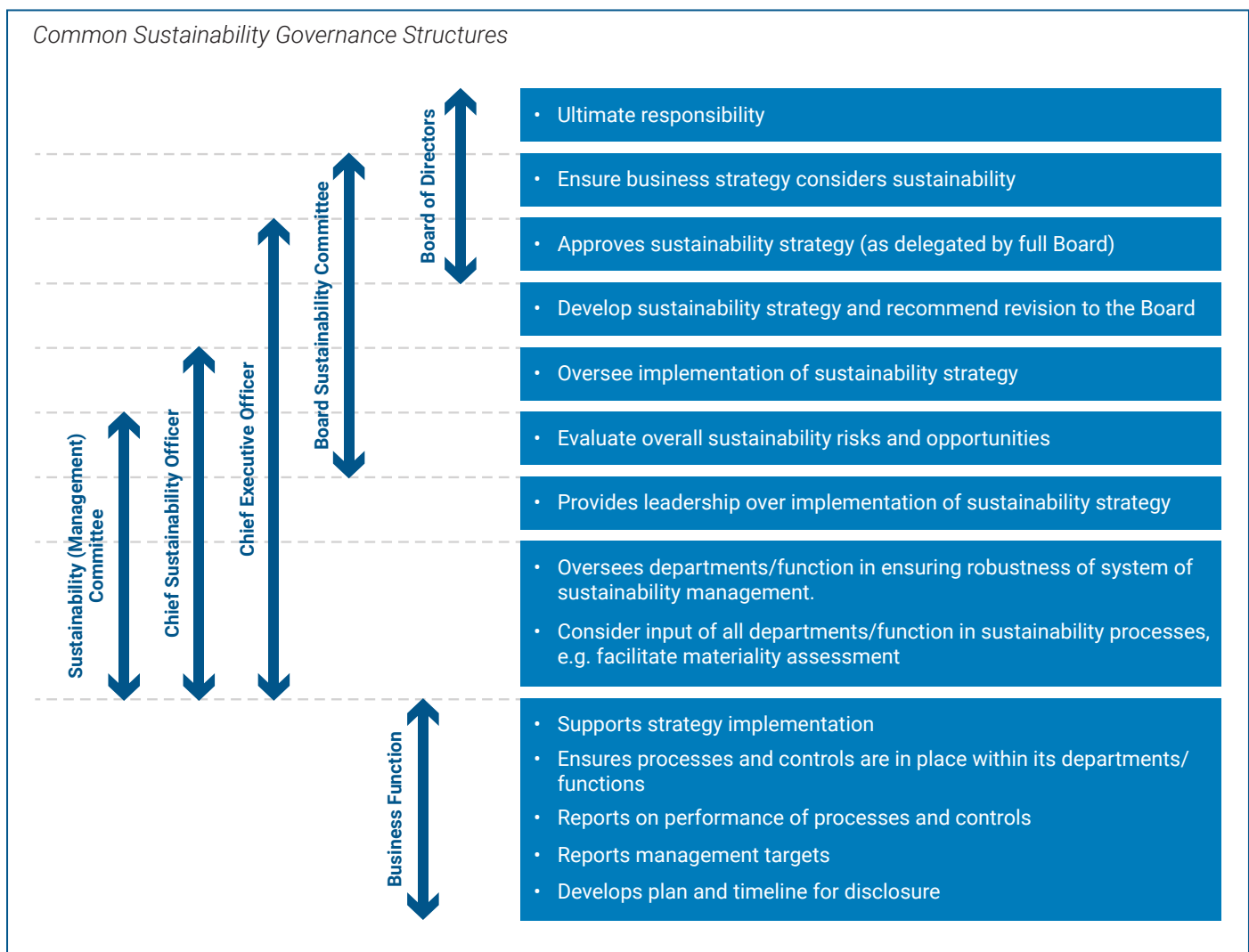
## Most Common Roles and Responsibilities

Aside from the guidance and expectations on sustainability governance provided by various sustainability standards and the frameworks discussed in the preceding subchapter, Bursa Malaysia has outlined some of the most commonly found roles and responsibilities of a sustainability governance structure.

According to Bursa Malaysia, six (6) common roles should be included in a sustainability governance structure to establish a holistic and effective structure. These six roles are:

1	Board of Directors	4	Chief Sustainability Officer
2	Board Sustainability Committee	5	Sustainability (Management) Committee
3	Chief Executive Officer	6	Business Function

Note: For companies that do not have a Board of Directors, a director or the company's senior management can assume the board's responsibilities.



**Board of Directors**

The Board of Directors may delegate its authority of managing and implementing sustainability to other levels of the sustainability governance structure but is still ultimately responsible for approving sustainability strategies and overseeing the sustainability management of the company.

**Board Sustainability Committee**

The Board-level sustainability committee usually assumes the role of approving sustainability targets and overseeing the implementation of sustainability strategies and initiatives. It may also be responsible for informing the Board of the latest sustainability updates that may require action from the company.

**Chief Executive Officer**

The Chief Executive Officer is responsible for providing leadership over the company's sustainability strategy implementation and aligning it with the company's overall business strategy.

**Chief Sustainability Officer**

The Chief Sustainability Officer should have a vast understanding of sustainability and its impact on the company. It is **High** also the responsibility of the Chief Sustainability Officer to lead the management of sustainability impacts and matters.

**Sustainability (Management) Committee**

The management-level sustainability committee, usually headed by the Chief Executive Officer is responsible for supporting the Chief Executive Officer in managing and implementing sustainability within the company.

**Business Function**

The relevant business functions will execute and implement sustainability initiatives aligning with the strategy set by the Board and the management. Sometimes, a working-level sustainability committee headed by the Chief Sustainability Officer will be formed with representatives of key business functions included.

**Board of Directors**

The Board of Directors may delegate its authority of managing and implementing sustainability to other levels of the sustainability governance structure but is still ultimately responsible for approving sustainability strategies and overseeing the sustainability management of the company.

*Note: For companies that do not have a Board of Director, the responsibilities of the Board can be assumed by a director or by the senior management of the company.*



**Case Study:  
Emerging EPC  
Sustainability  
Governance  
(SME/MTC)**



Emerging EPC's commitment to sustainability is reflected in their business practices, which are meticulously aligned with the following Sustainable Development Goals (SDGs):

- Emerging EPC has established a Sustainability Committee with a specific individual (Executive Director) leading the committee.
- It clearly states the responsibilities of the Sustainability Committee and its reporting line and reporting frequency.
- The establishment of a dedicated committee and the involvement of the Board enhances accountability for sustainability within the company.

*Emerging EPC defining its sustainability governance practices*

### **Sustainability Governance**

To drive our sustainability efforts, we have established a Sustainability Committee chaired by our Executive Director. This committee is responsible for guiding the strategic direction of our ESG initiatives, setting performance targets, and monitoring progress. The Committee regularly reports to the Board of Directors, ensuring transparency and accountability at the highest levels of our organization.



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Case Study:  
PETROS  
Sustainability  
Governance  
(SME/MTC)

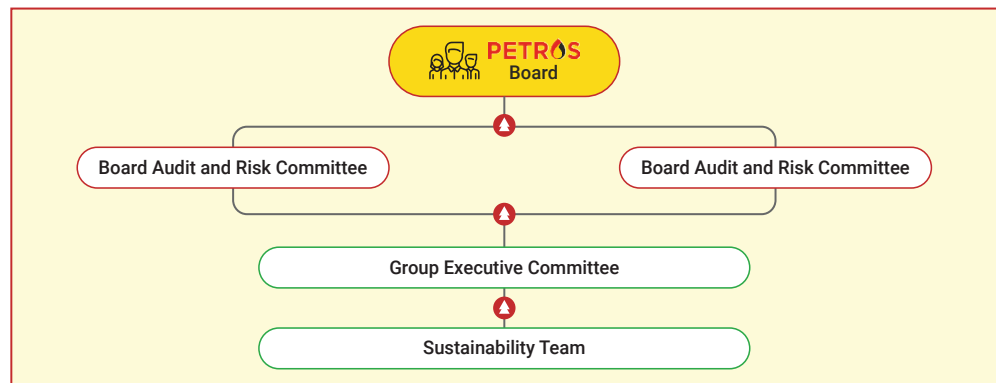


- PETROS has established a sustainability governance structure that involves the Board, a management-level committee, and a dedicated sustainability team.
- The responsibility of each component structure and the reporting line is defined.
- Forming a sustainability team gives PETROS the internal capacity to manage and report on sustainability more effectively.

*Sustainability governance*

**The Board has oversight of sustainability-related matters, including climate-related risks and opportunities**

The Board ensures that the conduct of the Group's operations promotes business sustainability and integrity. In addition to complying with the relevant laws, rules and regulations. All sustainability-related initiatives are rolled out and managed by the Group Executive Committee, which is supported by a Sustainability Team. The Group Executive Committee ensures that the Group's sustainability initiatives are implemented across our operations.



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**PETRONAS**

Case Study:  
 PETR Chemical  
 Group  
 Sustainability  
 Governance  
 (PLC)



- PCG’s sustainability governance structure comprises multiple sustainability committees with clear roles and responsibilities for each committee.
- The governance structure covers its multiple subsidiaries, ensuring the group’s sustainability strategy is translated into actions across the group.
- This sustainability governance structure is designed to be simple yet, at the same time, holistically covering all essential components of sustainability and the business.

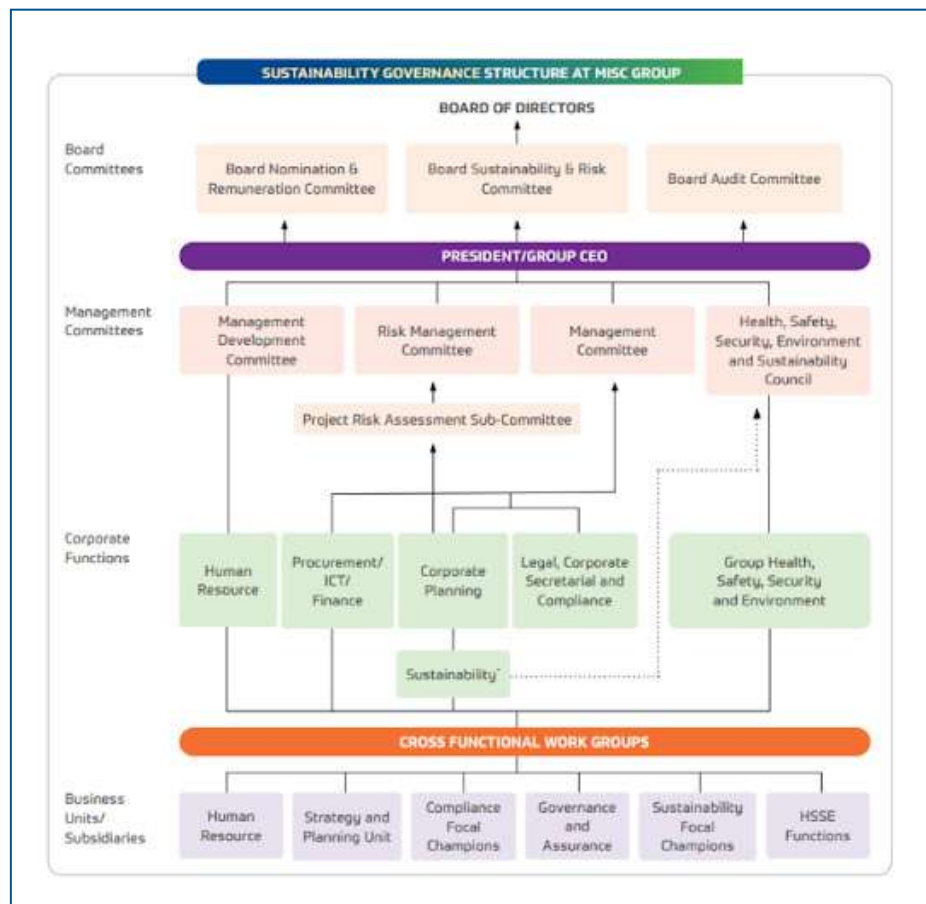


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Case Study:  
MISC  
Sustainability  
Governance  
(PLC)

- MISC has a mature sustainability governance structure involving sustainability committees from the board level to the working level.
- The roles and responsibilities are clearly defined to ensure synergies between the different levels within the sustainability governance structure.
- The sustainability governance structure covers the different business functions, business units, and subsidiaries, fitting for a large and complex company.



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## Developing a Sustainability Policy

Once sustainability governance is established, a Sustainability Policy should be drafted to guide the company in managing and approaching sustainability.

The Sustainability Policy establishes a company's overarching principles and commitments towards sustainability, guiding decision-making and setting clear objectives. This policy will guide the company in managing the impacts, risks and opportunities for each material topic that will be identified. Where necessary, companies can decide to draft other sustainability-related policies to complement the Sustainability Policy in addressing specific sustainability areas. Examples of sustainability-related policies include Climate Policy, Diversity and Inclusion Policy, and Human Rights Policy. (Refer to Chapter 5.3 for more information on sustainability-related policies, practices and performance indicators).

A sustainability policy is a formal document that outlines a company's commitment, principles, and strategies for managing its economic, environmental, and social impacts sustainably. It serves as a guiding framework for integrating sustainability into the company's operations, decision-making processes, and overall business strategy. According to GRI and other sustainable standards, several key components should be included in a sustainability policy to ensure it is comprehensive and effective. Some of the key components commonly included in sustainability policies are:



### Purpose and Scope

Outlines a clear statement of the sustainability policy's purpose and the rationale behind the company's commitment to sustainability and definition of the areas of the company's operations and activities that the policy covers.



### Core Principles and Values

Describing the company's fundamental values and principles guiding its sustainability efforts.



### Commitment

Describing the company's dedication to sustainability and responsible practices, and whether its commitment aligns with recognised sustainability standards such as GRI, ISO 26000, or the UN Global Compact.



### Governance and Accountability

Outlining the governance structure supporting the sustainability policy, including high-level roles and responsibilities.



### Strategies and Actions

Detailed strategies and actions the company will implement to achieve its sustainability goals and any plans to integrate sustainability into business operations, product development, supply chain management, and other areas.



**Case Study:  
Emerging EPC  
Sustainability  
Report**



In 2022, Emerging EPC published its first Sustainability Report, marking a significant milestone in the company’s commitment to sustainable practices. Although this document is not officially designated as a sustainability policy, it comprehensively includes all the critical components required for such a policy.

- The report provides a clear articulation of the company’s vision and mission regarding sustainability. It delineates the core values that guide Emerging EPC’s operations and outlines specific objectives and strategies aimed at promoting environmental stewardship, social responsibility, and economic viability.
- By presenting a detailed roadmap for integrating sustainable practices across all facets of its business, Emerging EPC underscores its dedication to fostering a more sustainable future.



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<p><b>Purpose</b></p> <p>At Emerging EPC, our purpose is to lead by example, fostering a sustainable future through responsible business practices and innovative solutions. We are committed to creating lasting value for our stakeholders, the environment, and society at large.</p>	<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>• Environmental Excellence</li> <li>• Stakeholder Engagement</li> <li>• Employee Well-being</li> <li>• Community Impact</li> <li>• Governance &amp; Transparency</li> </ul>
<p><b>Vision</b></p> <p>Our vision is to be a pioneer in sustainable engineering and fabrication, setting new standards for excellence, ethics, and environmental stewardship. We aspire to inspire positive change within our industry and beyond.</p>	<p><b>Strategies</b></p> <p><b>Sustainable innovation</b> We will invest in Research and Development to incorporate sustainable technologies, materials, and practices into our projects, striving for carbon neutrality and resource efficiency.</p> <p><b>Ecosystem Partnerships</b> We will collaborate with suppliers, industry associations, and other stakeholders to drive responsible sourcing, ethical procurement, and sustainable supply chain practices.</p> <p><b>ESG Integration</b> We will integrate Environmental, Social, and Governance (ESG) considerations into our decision-making processes, ensuring that sustainability is embedded in every aspect of our business.</p> <p><b>Performance Monitoring</b> We will regularly monitor our ESG performance, assessing our progress, identifying areas for improvement, and transparently reporting our achievements.</p> <p><b>Continuous Learning</b> We will stay updated on emerging sustainability trends and best practices, fostering a culture of continuous learning and improvement across our organization.</p>
<p><b>Mission</b></p> <p>Our mission is to deliver superior engineering solutions while minimizing our environmental impact, engaging with our communities, and prioritizing the well-being of our employees. We aim to build a legacy of sustainable growth and progress.</p>	<p><b>Core Values</b></p>

2 Sustainability Report • 2022 •



**Case Study:  
 17 Global  
 Sustainability  
 Policy**



- T7 Global Berhad has published its Sustainability Policy as a standalone document accessible to the public
- This policy document underscores the Group’s dedication to embedding sustainable development within its corporate culture, thereby demonstrating a clear commitment to sustainability. It also provides a high-level overview of the Group’s action plans across various prioritised topics, including:
  - i. Value Creation
  - ii. Environmental
  - iii. People First



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**Sustainability Policy**  
 ORE 3.23 (3-24)

The Group is dedicated to integrating sustainable development into our corporate culture. In recognition of the importance of sustainability and mitigating climate change, the Group established a Sustainability Policy in FYE 2022 to guide us in strategically managing our risks and opportunities and integrating sustainable practices into our operations.

In order to create long-term value for our stakeholders, this policy was established to identify relevant ESG indicators and incorporate sustainability into daily operations and decision-making throughout our value chain. It also aims to align the Group’s strategies with pertinent international sustainability principles including the UN SDGs.

The policy has been reviewed and approved by the Board of Directors and is subject to periodic revisions to reflect any updates in the Group’s sustainability practices. T7 Global’s business divisions and related third parties working with or on behalf of the Group, are subject to the Sustainability Policy.

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**T7 GLOBAL BERHAD  
 SUSTAINABILITY POLICY**

**Value Creation**

T7 Global is committed to sustaining excellence in our everyday operations creating confidence in the Group’s governance systems and social license to operate. The Group is committed to upholding the highest levels of integrity, ethical behaviour, and good corporate governance procedures.

**Environmental Sustainability**

T7 Global acknowledges the significance of operating in an environmentally responsible way and aims to reduce our environmental impact through efficient energy management and sustainable water and material use. We are committed to incorporating monitoring systems to identify climate-related risks and consequently evaluate and improve our environmental performance to build climate resilience across our operations.

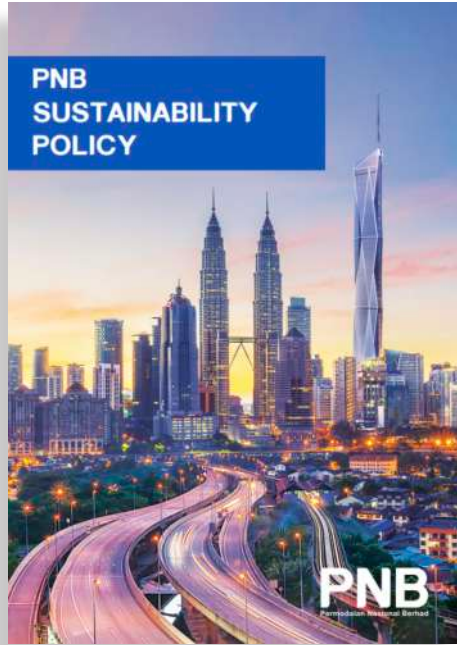
**People First**

We uphold universal human rights by adhering to international standards such as the Universal Declaration of Human Rights and the ILO Declaration. As a responsible corporate citizen, we prioritise employee wellbeing through the implementation of health and safety best practices and by promoting diversity and inclusivity.





**Case Study:  
Emerging EPC  
Sustainability  
Report**



In August 2023, PNB published its first Sustainability Policy. The purpose of PNB’s sustainability policy is to articulate its commitment to integrating Environmental, Social, and Governance (ESG) factors into its operations and investment strategies. PNB developed a comprehensive sustainability policy that covers 10 sections, including purpose, principles, strategy, approach, governance and performance measurements and reporting.

- This policy is a framework for embedding ESG principles within PNB Group’s business activities and investment decisions. It establishes the foundation and oversight mechanisms based on the Ten ESG Commitments announced in April 2022.
- The policy emphasises five guiding beliefs to ensure a consistent, robust, and transparent approach to sustainability, aiming to drive long-term value, exercise responsible leadership, promote collective action, and align actions with stated principles to build trust and credibility.

Section	Page
1. Purpose of the Policy	3
2. Sustainability Philosophy & Principles	3
3. Sustainability Mandate & Strategy	4
4. Sustainability Approach	7
5. Governance	8
6. Stewardship & ESG	9
7. Sustainable Investment	10
8. Sustainable Enterprise	11
9. Performance Measurement, Standards & Reporting	12
10. Management & Document Control	12





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## Roles and Responsibilities by Pathways



Basic	Intermediate	Advanced
<ul style="list-style-type: none"> <li>• Appoint a dedicated individual (sustainability champion) within the company to be responsible for all sustainability-related matters. For smaller companies, this individual can be the owner, chief executive officer, or the managing director.</li> <li>• Invest resources in understanding sustainability and identifying material sustainability areas of the company.</li> <li>• Begin with the company's sustainability reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>• As the company matures in its sustainability understanding, form a working-level sustainability committee headed by the chief executive officer, that will support the implementation of sustainability within the company.</li> <li>• Invest resources in building the company's internal capacity for sustainability and enhancing sustainability awareness and culture within the company.</li> </ul>	<ul style="list-style-type: none"> <li>• Companies in the advanced stage should consider establishing Board-level (if applicable) and management-level sustainability committees alongside establishing dedicated sustainability-related roles such as the chief sustainability officer to give sustainability dedicated attention in the mid to long term.</li> <li>• Invest resources in building an internal sustainability team to support the chief sustainability officer in implementing the company's sustainability management and sustainability reporting.</li> </ul>

### 3.3 Summary of Key Actions

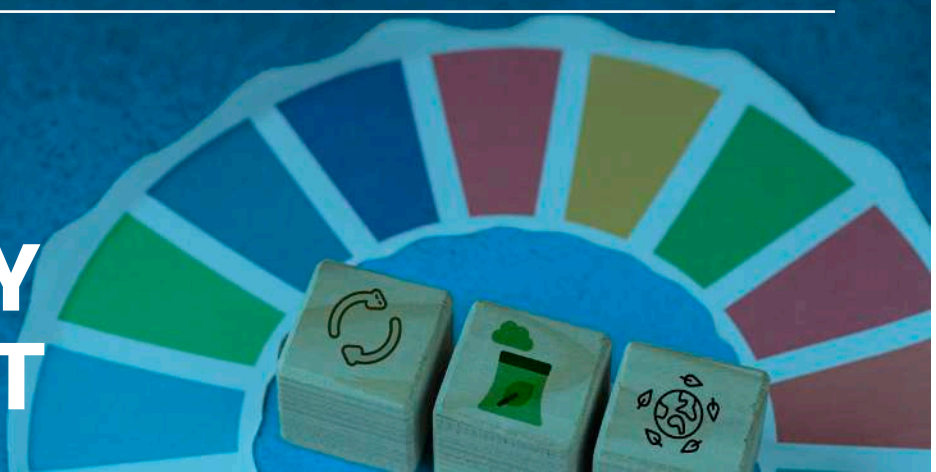
	KEY ACTIONS	BASIC
1	<b>Establish sustainability governance structure (refer to Chapter 3.1 &amp; 3.2)</b>	Appoint a <b>sustainability champion</b> to champion sustainability-related matters and initiatives. 
2	<b>Develop Sustainability Policy (refer to Chapter 3.2)</b>	Develop a <b>Sustainability Policy</b> that provides the company with a clear and strategic direction on managing and approaching sustainability-related matters within the company. 
3	<b>Build internal capacity (refer to Chapter 3.2 &amp; Chapter 8)</b>	Equip sustainability champion with understanding of <b>sustainability and materiality assessment</b> . 



	KEY ACTIONS	INTERMEDIATE
1	<p><b>Establish sustainability governance structure (refer to Chapter 3.1 &amp; 3.2)</b></p>	<p>Establish a <b>working-level sustainability committee</b> to implement sustainability-related initiatives.</p> 
2	<p><b>Develop Sustainability Policy (refer to Chapter 3.2)</b></p>	<p>Develop a <b>Sustainability Policy</b> that provides the company with a clear and strategic direction on managing and approaching sustainability-related matters within the company.</p> 
3	<p><b>Build internal capacity (refer to Chapter 3.2 &amp; Chapter 8)</b></p>	<p>Build company's capacity on sustainability and enhance <b>sustainability awareness and culture</b> within the company.</p> 

	KEY ACTIONS	ADVANCED
1	<p><b>Establish sustainability governance structure (refer to Chapter 3.1 &amp; 3.2)</b></p>	<p>Establish a <b>management-level and a Board-level (if applicable) sustainability committee</b> to oversee and manage sustainability-related matters and initiatives.</p> 
2	<p><b>Develop Sustainability Policy (refer to Chapter 3.2)</b></p>	<p>Develop a <b>Sustainability Policy</b> that provides the company with a clear and strategic direction on managing and approaching sustainability-related matters within the company.</p> 
3	<p><b>Build internal capacity (refer to Chapter 3.2 &amp; Chapter 8)</b></p>	<p>Assemble a sustainability team headed by the chief sustainability officer to implement sustainability management and sustainability reporting.</p> 

# CHAPTER 4: PHASE 2: MATERIALITY ASSESSMENT

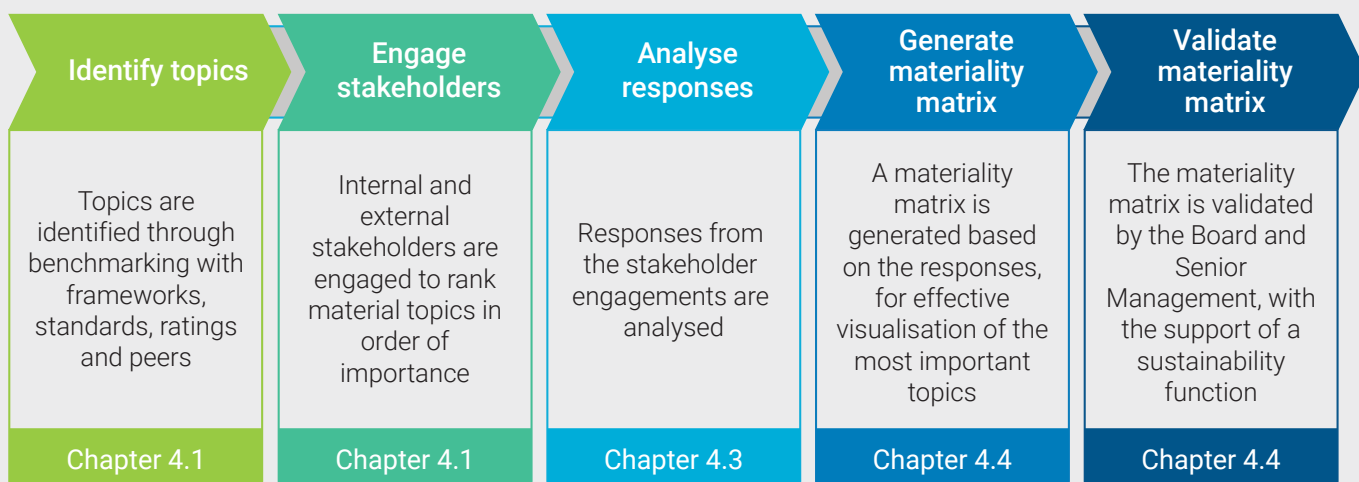


## Objectives of this Chapter

- To explain the materiality assessment process and provide guidance and best practices on how the materiality assessment can be done effectively.
- To guide users on conducting sustainability topic identification and stakeholder engagement as part of the materiality assessment process.
- To assist users in identifying sustainability issues, risks, opportunities and impacts that are material to the users' company through the materiality assessment.
- To guide users on generating and validating their materiality matrix.

## What Needs to be Done

The five (5) key steps of conducting a materiality assessment are as below:



The steps above should be taken by all companies in conducting their respective materiality assessment. Detailed guidance are provided in the corresponding subchapters. Additionally, Basic, Intermediate and Advanced pathways are recommended for stakeholder engagement (Chapter 4.2), where companies can determine which pathways to follow based on their respective sustainability maturity and ambition levels.







## Materiality

Materiality is a conceptual framework for defining a company’s relevant impacts, risks and opportunities. The definition of materiality is captured below, through the definitions provided by GRI and the IFRS Foundation.



### Global Reporting Initiative

The company’s most significant impacts on the economy, environment and people, including impacts on their human rights.

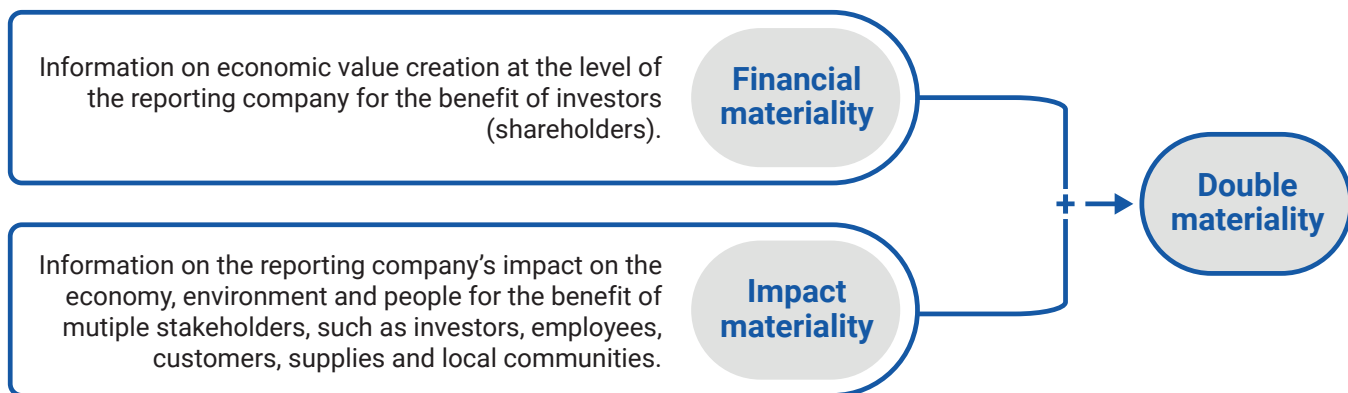


### Integrated Reporting (International Financial Reporting Standards Foundation)

A matter is material if it could substantively affect the company’s ability to create value in the short, medium or long term.

## Single vs. Double Materiality

In general, materiality can be looked at from two different perspectives – single materiality and double materiality. Single materiality focuses on the impact of ESG-related risks and opportunities onto business operations (financial materiality), while double materiality considers the impact of ESG-related risks and opportunities onto business operations (financial materiality) and the impact of business operations onto the environment and society (impact materiality).



While the impacts of a company are or will become financially material over time, best practice suggests that companies which adopt the double materiality concept are able to better understand their impacts, risks and opportunities, and subsequently develop more comprehensive management strategies.

<sup>9</sup> Global Sustainability Standards Board (GSSB), GRI 3: Material Topics 2021

<sup>10</sup> Value Responding Foundation, Integrated Reporting Framework, Transition to integrated report: A guide to getting started, September 2021

<sup>11</sup> gri-perspective-the-materiality-madness.pdf (globalreporting.org)

## Introduction to Materiality Assessment

A materiality assessment is the process of identifying, assessing and prioritising sustainability topics with the support of stakeholder engagement. The results of a materiality assessment can provide companies with a better comprehension of impacts, risk and opportunities in their operations and throughout their value chain, thus enabling appropriate management plans to be put in place. The importance of a materiality assessment is as below:



**Informing Strategy Development:** The identification of material ESG topics is fundamental in determining the direction of strategy as it illustrates a company's key impact areas, risks and opportunities.



**Justifying Resource Allocation:** A robust process to determine priority issues allows companies to make a strong case for how they decide to distribute people, effort and budget.



**Enhancing Engagement:** Enables companies to gather stakeholders' opinions and provides a foundation for conversation, strengthens communication and builds connections.



**Influencing Reporting Content:** Companies gain a better understanding of how to better position their reporting to deliver meaningful insights on material issues.

A materiality assessment should be conducted periodically, especially when there is a significant change to internal business operations or the external operating environment. Internal business changes to consider include, but are not limited to new business ventures, change in business model, investment or divestment. On the other hand, an example of a shock to the external operating environment would be the COVID-19 pandemic which resulted in consequential impacts to the workforce and a shift in business-as-usual practices. Outside of these factors, a materiality assessment should be conducted once every two years, at a minimum, with yearly reviews of material sustainability topics to ensure relevance.

Throughout these elements which will be elaborated on in subsequent chapters, it is important to note that **the best practices include adopting the double materiality concept, considering both negative and positive impacts when identifying topics, ensuring quality stakeholder engagement by gathering feedback** from a broad range of stakeholders, and considering existing strategic goals and key risks when identifying and assessing topics so as to complement a company's existing approaches to strategic planning and risk management.

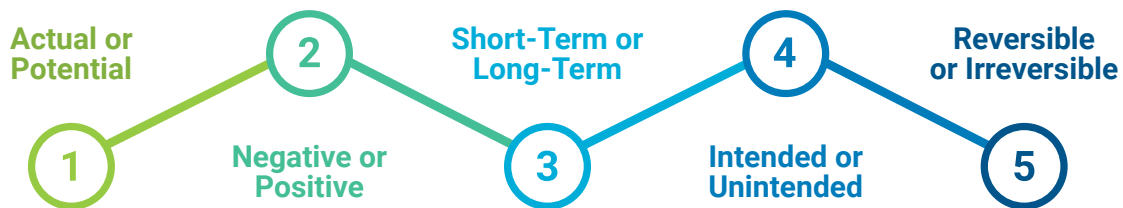


## 4.1 Sustainability Topic Identification

### Sustainability Topic Identification - Developing a Long List of Topics

Sustainability topics refer to non-financial impacts, risks or opportunities that may affect or be affected by corporate performance. This includes environmental, social and governance issues, more commonly known as 'ESG'. The process for determining sustainability topics that are relevant to a company starts with identifying a long, exhaustive list of ESG-related topics followed by assessing their significance and creating a shorter list of topics.

In determining the long list of topics, it is important to consider impacts throughout business operations and the value chain as impacts can be geography and/or supply chain related. The list of impacts can also range from:



The process for determining a long list of topics is supported by reference to frameworks and standards, peer analysis, and internal and external stakeholder engagement. Frameworks and standards that can be referred to for a list of sustainability topics and definitions or metrics and indicators, among others, include the GRI Standards, which have a list of sector-agnostic and sector-specific topics, SASB with industry-specific topics, Bursa Malaysia Sustainability Reporting Guide 3rd Edition with a list of topics for PLCs, the SEDG with topics for SMEs, and the OGSE Sustainability Framework with topics specific to the OGSE sector. There is no limit to the number of frameworks or standards that can be referred to, same as there is no limit to the peers benchmarked against, and internal and external stakeholders involved in the process.

## Sustainability Topic Identification - Developing a Long List of Topics (Sample)

Standard A	Standard B	Peer A	Peer B	Stakeholder A (Internal)	Stakeholder B (External)	Final Long List of Sustainability Topics
Emissions	Emissions			Emissions	Emissions	Emissions
Water		Water	Water			Water
Human Rights		Human Rights		Human Rights		Human Rights
Local Community	Local Community	Local Community				Local Community
Anti-Corruption			Anti-Corruption			Anti-Corruption
	Waste		Waste		Waste	Waste
	Diversity & Equal Opportunities			Diversity & Equal Opportunities	Diversity & Equal Opportunities	Diversity & Equal Opportunities
		Data Privacy & Security	Data Privacy & Security			Data Privacy & Security
			Employment		Employment	Employment
				Health & Safety		Health & Safety

## Sustainability Topic Identification – Developing a Short List of Topics

Once a long list of topics has been developed, there are generally a couple of methods in assessing the topics to develop a short list.

- **Method 1:** Assessing each topic for significance based on severity (scale, scope and irremediable character) and likelihood based on internal discussions and external stakeholder engagements. For example, high severity and high likelihood topics will most likely be shortlisted as material to the company. The use of a risk assessment matrix can help a company identify their most material topics.
- **Method 2:** Determining the occurrence of topics mentioned by frameworks, standards peers and stakeholders, then setting a threshold for what is deemed material based on internal discussion and relevance to the company.

### Guiding Questions

**Scale:** How grave the impact is?

**Scope:** How widespread the impact is?

**Irremediable Character:** How hard it is to counteract or make good the resulting harm?

**Likelihood:** How likely the impact is to occur?







**Case Study:  
 National OGSE  
 Sustainability  
 Framework  
 Sustainability  
 Topic  
 Identification**



Topic identification was one of the crucial steps in the development of the National OGSE Sustainability Framework. The steps taken for topic identification were as followed:

- The first step that was taken to identify a long list of sustainability topics was to determine global and local frameworks, standards and peers that were deemed material to the OGSE sector.
- After studying the local and global sustainability reporting landscape and internal deliberations, the frameworks, standards and peer selected included the GRI Standards, SASB, Bursa Malaysia Sustainability Reporting Guide 3rd Edition, the SEDG, i-ESG Framework and PETRONAS, acting as the regulator for the OGSE sector.
- The topics were then listed down and based on their occurrence across the frameworks, standard and peer, each topic was assigned a score ranging from 1 to 7.
- Topics that received scores of 4 and above were identified and shortlisted as material sustainability topics deemed pertinent to the OGSE sector. It is important to note that the materiality threshold may differ across companies, depending on the number of frameworks, standards and peers referred to, as well as discussions with stakeholders. In the case of the National OGSE Sustainability Framework, 4 was set as the materiality threshold as it meant that the specific topic was prevalent in more than half of the frameworks, standards and peer referred to.
- This process was further supported by engagements with OGSE companies through workshops and a questionnaire, where stakeholders were able to provide their feedback on the topics identified and propose the removal and/or addition of other topics that had not been covered.
- Ultimately, a final list of material sustainability topics was identified for the OGSE sector.



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## 4.2 Stakeholder Engagement

Stakeholders refer to any individual, group or company that is impacted by or can impact the decision-making process and activities of a business, company or project. Stakeholder engagement refers to the process by which companies identify, understand and involve these individuals, groups or organisations in strategic decision-making. Stakeholder engagement is important as it allows for companies to identify how they are impacting stakeholders and understand how their stakeholders are impacting them, thereby tailoring strategies that can effectively address specific challenges while building rapport and improving accountability through transparency. Stakeholders can generally be divided into two categories, namely internal stakeholders and external stakeholders. A non-exhaustive sample of internal and external stakeholders can be found below:



In the materiality assessment, internal and external stakeholder engagement is crucial throughout the stages of identifying, assessing (sustainability topic identification) and prioritising sustainability topics. In the stage of identifying topics, it is important to conduct a value chain mapping to identify key stakeholders along the entire value chain that may have a perspective on the company's ESG impacts, that could be based on their geographical location, nature of business or relationship with the company.

In the materiality assessment, internal and external stakeholder engagement is crucial throughout the stages of identifying, assessing (sustainability topic identification) and prioritising sustainability topics. In the stage of identifying topics, it is important to conduct a value chain mapping to identify key stakeholders along the entire value chain that may have a perspective on the company's ESG impacts, that could be based on their geographical location, nature of business or relationship with the company.

During the assessment stage, stakeholders play a role in helping a company understand the significance of topics identified, while in the prioritisation stage, stakeholders are able to provide insight as to the relative impact of material sustainability topics to business operations and financial standing, as well as the impact of material sustainability topics externally to stakeholders that may be impacted by operations. These engagements to obtain feedback can be conducted through meetings, events, interviews and even online surveys.

Stakeholder engagements should be planned and conducted continuously throughout the year to ensure that any changes in priorities or new impacts are identified and managed as quickly as possible, and to maintain a good communication.

**VELESTO**  
energy

**Case Study:  
Velesto Energy  
Stakeholder  
Engagement**

In 2023, Velesto Energy Berhad (Velesto) identified 6 key stakeholder groups to be engaged with throughout the year. These engagements were supported by over 20 engagement sessions consisting of meetings/discussions, workshops/roundtables, and industry events.

A best practice adopted by Velesto is recording details of these stakeholder engagements in a simple table within their sustainability statement for transparency purposes. The information disclosed includes who the stakeholders are, the importance of the stakeholder, the key matters of concerns/areas of interest, Velesto's response to those matters, the mode of engagement, and frequency of engagement.

This allows Velesto to respond to changing stakeholder expectations and demands while identifying key areas of interest that may be incorporated into the materiality assessment.

*Velesto Energy Stakeholder Engagement*

	<b>1</b> <b>Regulators</b>	<b>2</b> <b>Investors</b>
<b>Who Are They</b>	These are public organisations or private agencies responsible to regulate our business activities.	These are individuals, companies or institutions that own share Velesto.
<b>Stakeholder Importance &amp; Value Creation</b>	Continuous engagements build strong relationship with regulators as it is important for us to stay updated of current regulations to ensure compliance.  <b>We create values through:</b> <ul style="list-style-type: none"> <li>• Consistent regulatory compliance</li> <li>• Corporate tax payments</li> <li>• Sustainable economic development</li> </ul>	Transparent relationship with investors is critical in ensuring responsible management of capital provided for our business growth.  <b>We create values through:</b> <ul style="list-style-type: none"> <li>• Strong financial and growth performance</li> <li>• Sustainable shareholder returns</li> </ul>
<b>Matter Of Concern</b>	<ul style="list-style-type: none"> <li>• Compliance to regulatory requirements</li> <li>• Feedback on impact of policies</li> <li>• Areas of mutual support from government initiatives</li> <li>• ESG management and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Overview of the performance of the Group</li> <li>• Updates on the strength and prospects of the Group</li> <li>• Transparent assessments of the current health of their investment</li> <li>• Regulatory developments</li> <li>• Updates on financial results</li> <li>• News and updates</li> <li>• ESG management and performance</li> </ul>
<b>Our Response</b>	<ul style="list-style-type: none"> <li>• Developed clear and mutual understanding on compliance requirements and adherence</li> <li>• Participated in regulatory initiatives and programmes</li> <li>• Gained clarification on regulations</li> <li>• Heightened potential for seeking appeal or concession, if required</li> <li>• Integrating ESG into business strategy to ensure sustainable business governance</li> </ul>	<ul style="list-style-type: none"> <li>• Promote greater coverage by analysts and media</li> <li>• Share price performance</li> <li>• Ensured compliance with capital market listing requirements</li> <li>• Integrating ESG into business strategy to ensure sustain business governance</li> </ul>
<b>Mode Of Engagement</b>	<ul style="list-style-type: none"> <li>• Annual/ periodical compliance reviews as per relevant laws and regulations including report submission</li> <li>• Formal and informal meetings including dialogues, events or trainings</li> <li>• Written and email communications including through website and social media</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Integrated Annual Report</li> <li>• Scheduled and adhoc investor and analyst briefings</li> <li>• Announcements of corporate developments to Bursa Malaysia</li> <li>• Quarterly announcements of financial results to Bursa Malaysia</li> <li>• One-on-one meetings</li> <li>• Updating the Investor Relations page on our corporate website</li> <li>• Press Releases</li> </ul>
<b>Frequency</b>		
Ongoing	●	
As Needed	●	●
Quarterly		●
Annually		●



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### 4.3 Analysis of Stakeholder Responses

As mentioned in Chapter 4.2, stakeholder engagement is crucial throughout the entire materiality assessment process which includes the identification, assessment and prioritisation of sustainability topics. Feedback can be obtained through meetings, interviews and online surveys. During the identification and assessment stage, the analysis of stakeholder responses is relatively straightforward as the expected feedback will be related to potential topics that a company could choose to consider adding or excluding from its final list of material sustainability topics. However, the analysis of responses during the prioritisation stage differs from the former two stages in a way where the expected feedback from stakeholders will be related to the relative importance of material topics to one another.

In order to receive this feedback, it is recommended that companies first assign weightages to the key stakeholders they have identified, based on the importance and influence of that particular stakeholder to the company. Best practice suggests that the weightages should be in percentage and add up to 100%.

Once the weightages have been determined, the company should list out their material sustainability topics where stakeholders are then tasked to assign a score to each topic based on two parameters:

1. **Impact on business operations (financial materiality)**
2. **Impact on stakeholders (impact materiality)**

It is recommended that for the former parameter, internal stakeholders be engaged while for the latter parameter, both internal and external stakeholders be engaged. The score assigned to each topic can be on any scale the company deems appropriate, such as a scale of 1-9 where 1-3 refers to medium importance, 4-6 refers to high importance, and 7-9 refers to very high importance.

Final List of Material Topics	Importance to Business Operations			Importance to Stakeholders			
	Management	Employee	Total Score	Stakeholder A	Stakeholder B	Stakeholder C	Total Score
<b>Weightage</b>	50%	50%	100%	20%	30%	50%	100%
Water	5	3	<b>4.0</b>	9	2	1	<b>2.9</b>
Human Rights	9	6	<b>7.5</b>	8	8	3	<b>5.5</b>
Local Community	7	7	<b>7.0</b>	5	3	5	<b>4.4</b>
Anti-Corruption	3	4	<b>3.5</b>	3	6	9	<b>6.9</b>
Waste	5	9	<b>7.0</b>	7	9	8	<b>8.1</b>
Employment	3	2	<b>2.5</b>	4	4	4	<b>4.0</b>
Health & Safety	7	5	<b>6.0</b>	2	5	3	<b>3.4</b>

Note: Refer to Appendix A for the materiality assessment tool.

#### Analysis of Stakeholder Responses – Sample

Company A is an OGSE SME that is currently conducting a materiality assessment. Company A has identified 2 stakeholder groups: employees and customers to be engaged in prioritising its identified material topics.

Company A understands that they will need to assign weightages to their stakeholders based on relevance and significance, and subsequently engage with the stakeholders to assign scores to each material topic.



### Sample of Stakeholder Weightage

Stakeholder	Weightage (%)
Employees	40
Customers	60

### Sample of Stakeholder Weightage

#### Question 1:

On a scale of 1-9 where 1-3 is medium importance, 4-6 is high importance, and 7-9 is very high importance, how important are emissions and human rights to Company A's business operations (financial materiality)?

#### Question 2:

On a scale of 1-9 where 1-3 is medium importance, 4-6 is high importance, and 7-9 is very high importance, how important are emissions and human rights to you as a stakeholder of Company A (impact materiality)?

### Sample of Stakeholder Responses (Importance to Business Operations)

Stakeholder	Emission (average score)	Human Rights (average score)
Employees	6	7

### Sample of Stakeholder Responses (Importance to Stakeholders)

Stakeholder	Emission (average score)	Human Rights (average score)
Employees	4	9
Customers	6	5

Once the scores have been obtained, the Company A uses the calculation approach below to determine the relative importance of material sustainability topics.

### Sample of Calculation (Importance to Business Operations)

- An overall score for each material topic is calculated by obtaining the average across internal stakeholder responses.
- In the case of company A, the result for Emissions would be 6, while the result for Human Rights would be 7.

### Sample of Calculation (Importance to Stakeholders)

- An overall score for each material topic is calculated by obtaining the average across all stakeholder groups, multiplied by the weightages assigned to each stakeholder group.
- In the case of Company A the overall scores would be:

• Emissions =  $(4 \times 40\%) + (6 \times 60\%) = 5.2$

• Human Rights =  $(9 \times 40\%) + (5 \times 60\%) = 6.6$

### Sample of Stakeholder Weightage

	Importance to Business Operations	Importance to Stakeholders
Emissions	6.0	5.2
Human Rights	7.0	6.6

### Further References

A useful resource in analysing stakeholder responses is Bursa Malaysia's Materiality Matrix Toolkit which consists of an excel sound that companies are able to populate with the scores obtained through stakeholder engagements. This spreadsheet will ultimately calculate the relative importance of material sustainability topics and generate a materiality matrix.



## 4.4 Materiality Matrix Generation and Validation

A materiality matrix is a graph with an x-axis and a y-axis which shows the relative importance of each material sustainability topic to each other, based on their importance to business operations and importance to stakeholders respectively. It is an important strategic decision-making tool as it allows companies to see and understand their priority topics, thereby establishing strategies and initiatives to manage the impacts associated with those topics.

**It is crucial that the materiality assessment process and materiality matrix are reviewed and approved by senior management.** This approval at senior levels can secure buy-in across the company and ensure adequate response, allocation of resources and accountability for the management of impacts. The materiality matrix should also be reviewed, approved endorsed by the Board of Directors. This ensures the integrity and credibility of sustainability reporting. Best practice suggests that the review, approval and endorsement of the materiality matrix should be properly documented and signed-off by the Board.

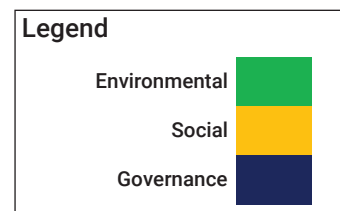
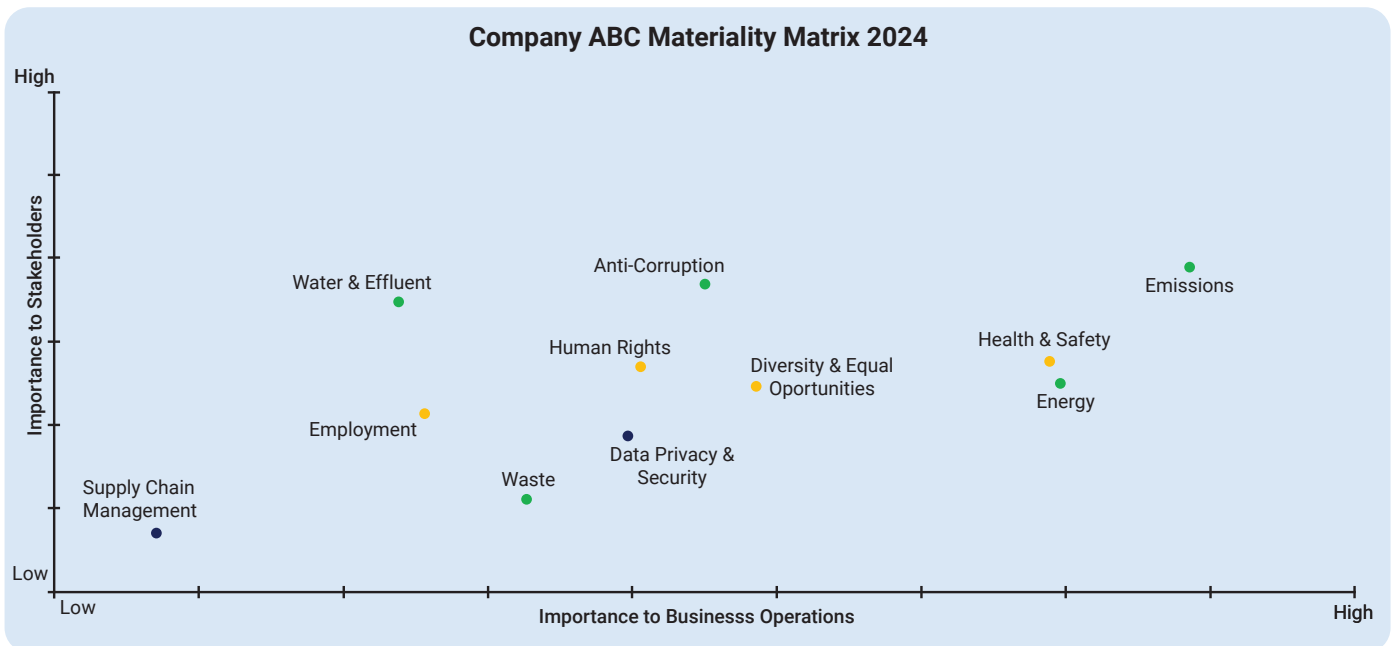
As a best practice, companies should re-assess their materiality matrix every 2 years or whenever there is a significant change in business operations. That way, the companies are able to update the sustainability topics that are material to the company.



**Note:**

For companies that do not have a Board of Director, the responsibilities of the Board can be assumed by a director or by the senior management of the company

### Materiality Matrix – Sample

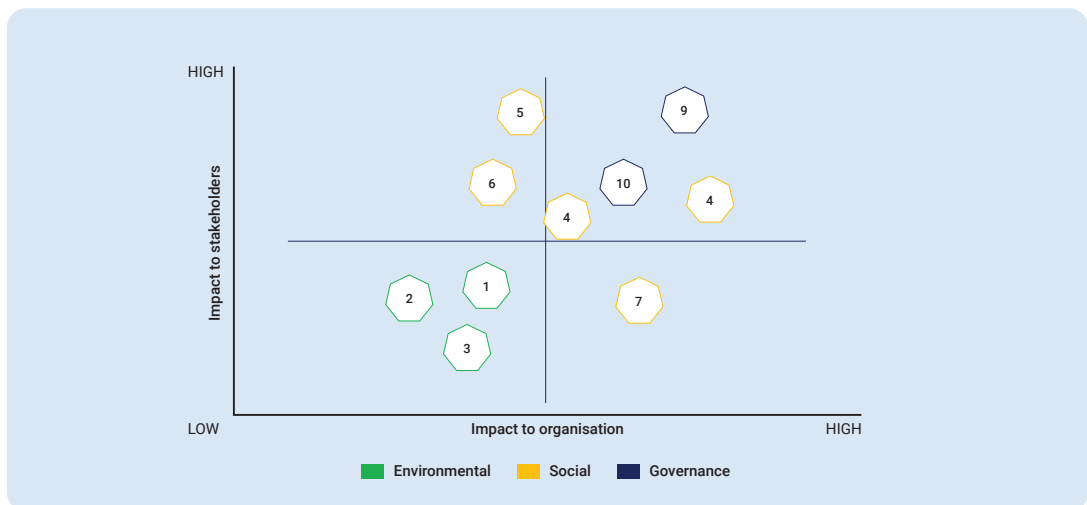




**Case Study:  
Emerging EPC  
Materiality Matrix  
Generation and  
Validation**



- Emerging EPC has undergone a materiality assessment in 2022 to shape their sustainability priorities and reporting strategies.
- The materiality assessment consisted of topic identification, engagement, prioritisation, and review and finalisation.
- As a result of this process, Emerging EPC was able to develop a materiality matrix consisting of 10 material sustainability matters.



**Environmental**

1. Reduce energy consumption
2. Reduce water consumption
3. Recycling and Waste Management

**Governance**

8. Business Ethics & Integrity
9. Transparency & Disclosure
10. Data protection & cyber security

**Social**

4. Customer satisfaction
5. Health & safety
6. Employee Engagement
7. Community Engagement



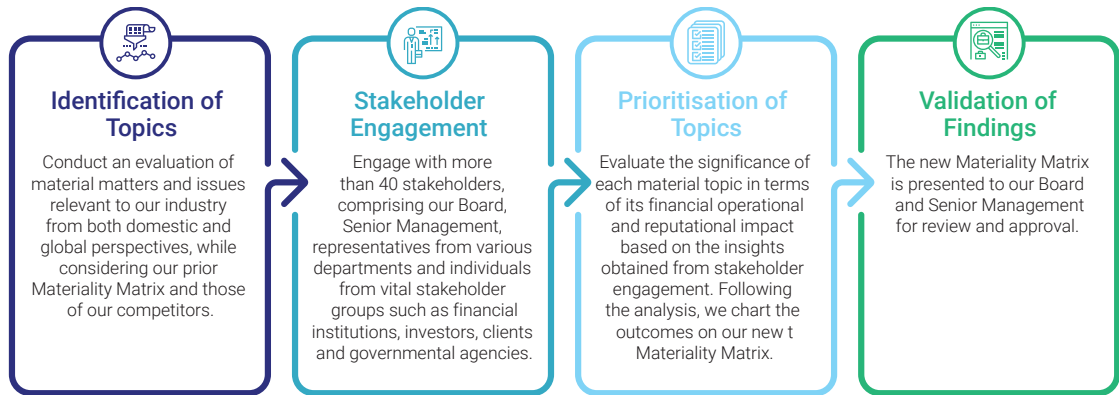
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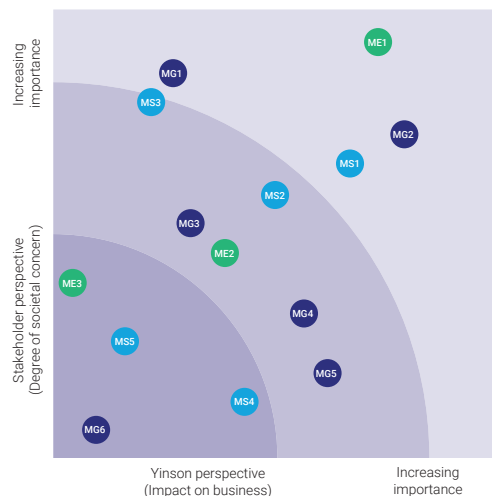
**Case Study:  
Yinson  
Materiality Matrix  
Generation and  
Validation**



- Yinson undergoes a materiality assessment every 2 years, and clearly communicates its progress internally and external through the sustainability report.
- The topic identification phase takes into consideration relevant ESG frameworks, standards and peers.
- The relative importance of material topics is clear through an effective materiality matrix, which is validated by the Board and Senior Management.



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**Material topics**

- ME1 Climate Change & GHG Emissions
- ME2 Waste & Pollution Management
- ME3 Environmental Stewardship
- MS1 Human Capital Development
- MS2 Operational Health & Safety
- MS3 Human & Labour Rights
- MS4 Client Relationships
- MS5 Community Engagement
- MG1 Business Management & Profitability
- MG2 Business Model Innovation
- MG3 Good Corporate Governance
- MG4 Sustainable Supply Chain Management
- MG5 Cybersecurity
- MG6 Digitalisation

Points of differentiation : Topics where Yinson can lead.  
 Value enhancement : Topics which can add operational value to Yinson.  
 Value protection : Foundation topics to Yinson.



## Stakeholder Engagement by Pathways





Basic	Intermediate	Advanced
<ul style="list-style-type: none"> <li>Conduct stakeholder engagement with internal stakeholders only and have relevant employees to represent external stakeholders.</li> </ul> <p><i>For example, a representative from the sales and marketing department could act as the client/customer.</i></p> <ul style="list-style-type: none"> <li>Conduct stakeholder engagement with surveys only.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct stakeholder engagement with both internal and external stakeholders.</li> <li>Conduct stakeholder engagement with surveys and focus group interviews.</li> <li>The coverage of external stakeholders should increase as the company matures in its sustainability management.</li> </ul>	<ul style="list-style-type: none"> <li>To maintain independence and accuracy of responses, consider appointing professionals or consultants to conduct the stakeholder engagement independently for your company through surveys and focus group interviews.</li> <li>The coverage of external stakeholders should increase as the company matures in its sustainability management.</li> </ul>

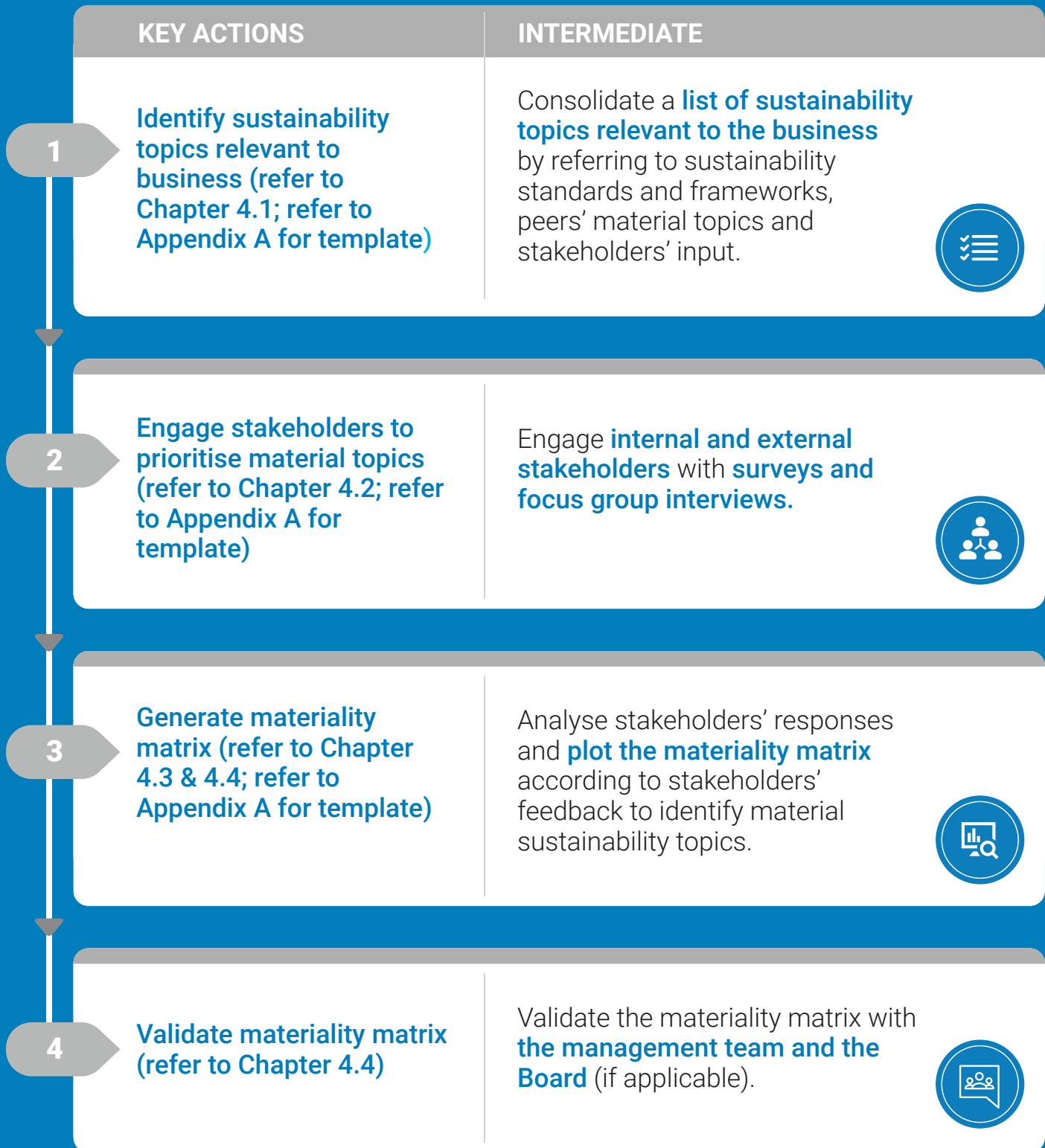






### Suggested questions for stakeholder engagement:

1. How important is this material topic to you as a stakeholder?
2. How much of an impact does this material topic have on you as a stakeholder?
3. How would you rate the impact/importance of this topic on a scale of 1 to 9?
4. As a stakeholder, which material topics matter the most to you?
5. Are there any other topic that you think is material to our company?

## 4.5 Summary of Key Actions

	KEY ACTIONS	BASIC
1	Identify sustainability topics relevant to business (refer to Chapter 4.1; refer to Appendix A for template)	Consolidate a <b>list of sustainability topics relevant to the business</b> by referring to sustainability standards and frameworks, peers' material topics and stakeholders' input. 
2	Engage stakeholders to prioritise material topics (refer to Chapter 4.2; refer to Appendix A for template)	Engage <b>internal stakeholders using surveys only.</b> 
3	Generate materiality matrix (refer to Chapter 4.3 & 4.4; refer to Appendix A for template)	Analyse stakeholders' responses and <b>plot the materiality matrix</b> according to stakeholders' feedback to identify material sustainability topics. 
4	Validate materiality matrix (refer to Chapter 4.4)	Validate the materiality matrix with <b>the management team and the Board</b> (if applicable). 



	KEY ACTIONS	ADVANCED
1	Identify sustainability topics relevant to business (refer to Chapter 4.1; refer to Appendix A for template)	Consolidate a <b>list of sustainability topics relevant to the business</b> by referring to sustainability standards and frameworks, peers' material topics and stakeholders' input. 
2	Engage stakeholders to prioritise material topics (refer to Chapter 4.2; refer to Appendix A for template)	Consider engaging a <b>third-party</b> to conduct stakeholder engagement with <b>increased coverage of stakeholders</b> . 
3	Generate materiality matrix (refer to Chapter 4.3 & 4.4; refer to Appendix A for template)	Analyse stakeholders' responses and <b>plot the materiality matrix</b> according to stakeholders' feedback to identify material sustainability topics. 
4	Validate materiality matrix (refer to Chapter 4.4)	Validate the materiality matrix with <b>the management team and the Board</b> (if applicable). 



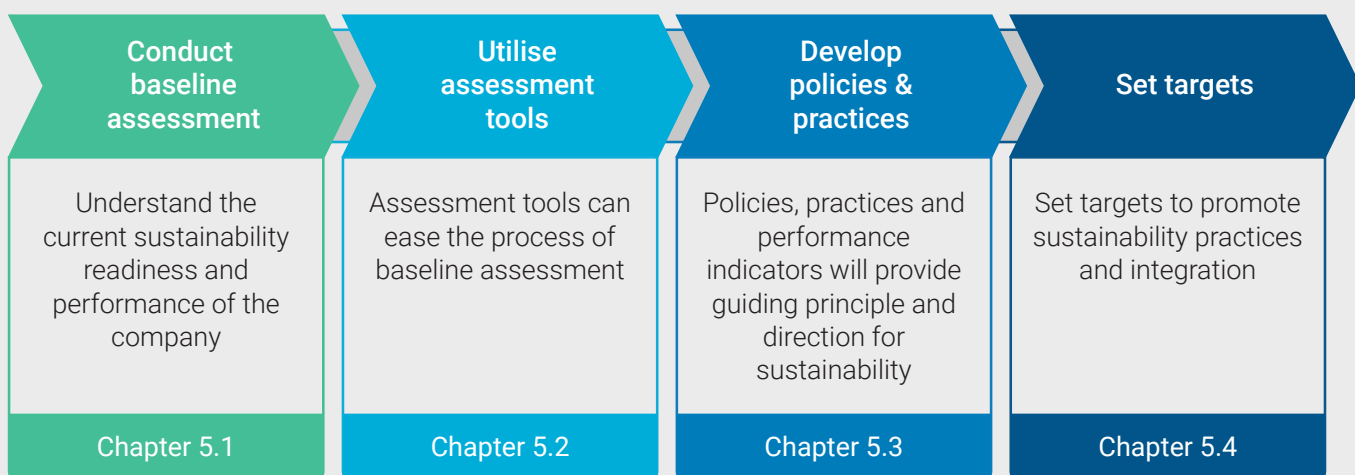
# CHAPTER 5: PHASE 3: BASELINE ASSESSMENT AND TARGET SETTING

## Objectives of this Chapter

- To explain the baseline assessment process for the material sustainability areas that have been identified.
- To introduce baseline assessment tools that users can utilise to conduct baseline assessments.
- To outline the suggested policies that needs to be developed and the process of identifying the practices and performance indicators to support and monitor sustainability performance.
- To educate users on the target setting process and how the baseline assessment, policies, practices and performance indicators supports the target setting process.

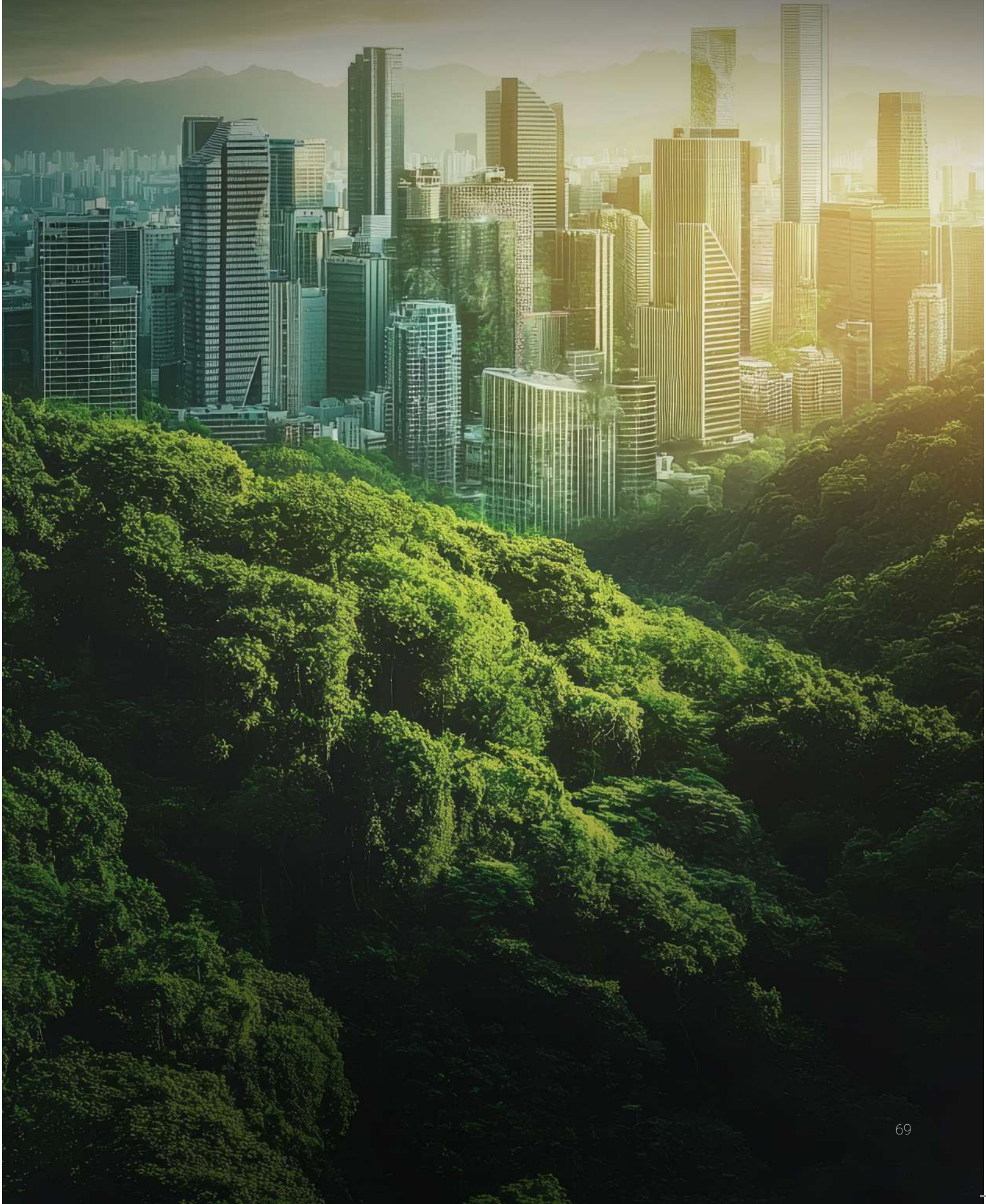
## What Needs to be Done

The **four (4) key steps of conducting a baseline assessment and target setting** are as below:



The steps above should be taken by all companies in conducting their respective baseline assessment and target setting exercise. Detailed guidance are provided in the corresponding subchapters. Additionally, Basic, Intermediate and Advanced pathways are recommended for conducting baseline assessment (Chapter 5.1) and target setting (Chapter 5.4), where companies can determine which pathways to follow based on their respective sustainability maturity and ambition levels.





## 5.1 Conduct Baseline Assessment

A baseline assessment involves **evaluating the current state of a company's sustainability performance**. The primary objective of baseline assessment is to understand the starting point for sustainability efforts, which helps formulate a clear and effective strategy for improvement. The OGSE companies are encouraged to conduct these assessments as the first step in their sustainability journey. This provides a comprehensive overview of current practices and identifies areas for improvement. By knowing the current sustainability standing, companies can set realistic goals and track progress more effectively. Companies can align their baseline assessments with recognised sustainability standards to ensure compliance and enhance credibility in their sustainability reporting.



Companies can use various sustainability assessment tools already available in the market. These tools are designed to measure performance across key sustainability areas. Alternatively, companies can develop their criteria for baseline assessment. This can be based on specific sustainability aspects such as governance, materiality, targets, and initiatives. They should also consider locally or globally recognised sustainability reporting standards to ensure alignment with best practices. Conducting a sustainability baseline assessment is a crucial first step for OGSE companies embarking on their sustainability journey. These companies can establish a solid foundation for their sustainability strategies by leveraging existing tools, developing custom criteria, and participating in capacity-building programs.



## 5.2 Baseline Assessment Tools

There are readily available tools that can assist OGSE companies in conducting their baseline assessment to better understand their current sustainability performance and identify areas that requires improvement. In this subchapter, 3 tools will be introduced to OGSE companies that can help them in their baseline assessment.



Both the United Nations Global Compact's ESG START and the i-ESGReady developed by the Ministry of Investment, Trade and Industry (MITI) are aimed at assisting companies in understanding their current sustainability readiness at the organisational level.

On the other hand, to conduct baseline assessment at the topic and indicator level, the NOS-F Guide proposes for the OGSE companies to utilise spreadsheet to track and establish baseline data for each indicator that will aid the monitoring and target setting process moving forward.

Companies may assess and choose the assessment tool(s) that best fit the needs of their respective company.



The ESG START Readiness Assessment Tool was developed by the United Nations Global Compact (UNGC) as a simple digital tool that assist companies of all sectors and sizes in assessing their sustainability maturity level. The tool assesses eight (8) ESG topics that are aligned with global and local standards and frameworks by asking a set of 20 questions for each ESG topic. The questions are simple "yes-or-no" questions that makes it extremely user-friendly to complete the entire assessment.

Upon the completion of the assessment, companies will be receiving an assessment report that details company's sustainability maturity level with sections such as peer comparison and SDG readiness level. This report will serve as the first step for companies to identify sustainability areas that requires attention and an entry point into sustainability reporting.



The i-ESGReady is an ESG Readiness Assessment Tool developed by the Ministry of Investment, Trade and Industry (MITI) aiming to support Malaysian micro, small, and medium enterprises (MSMEs) in the manufacturing sector to begin or improve their sustainability reporting. Upon the completion of the assessment, companies will receive a score indicating their sustainability maturity level.

The assessment covers 4 key areas:

1. General Understanding of ESG
2. Environment Topics
3. Social Topics
4. Governance Topics



Aside from conducting a sustainability readiness assessment at the organisational level, companies will also need to conduct baseline assessment at the topic and indicator level. This is a crucial exercise that companies should conduct to obtain the necessary baseline data that will aid companies in the target setting and performance monitoring processes moving forward.



**Spreadsheet**

Companies can utilise a spreadsheet to list out the topics and indicators that are relevant to the company. For starters, companies can refer to the topics and indicators as included in the OGSE Sustainability Framework. More topics and indicators can be added to the spreadsheet once the company conducts its own materiality assessment as recommended in Chapter 3 of this NOS-F Guide.

The baseline assessment spreadsheet will allow companies to gather all the data currently available for the indicators that have been identified. Through this exercise, companies will also identify indicators where data has yet to be tracked. This way, companies can easily work out the indicators that require data collection moving forward and look into the necessary data collection methodology. These data that has been gathered will then serve as a basis for companies in their target setting process which will be discussed in the following subchapters.

<sup>12</sup> SME ESG Readiness Assessment | SME ESG Hub

<sup>13</sup> Source: SME ESG Readiness Assessment | SME ESG Hub

**Example: Baseline Assessment Spreadsheet**

Topic & Indicator	Unit	2023 (Baseline)	2024	2025
<b>Emissions</b>				
Total Scope 1 emissions	MtCO2e			
Total Scope 2 emissions	MtCO2e			
Total Scope 1 and 2 emissions reduced as a direct result of reduction initiatives	MtCO2e			
Total Scope 3 emissions (at least for business travel and employee commuting)	MtCO2e			
<b>Energy</b>				
Total energy consumption	GJ			
Reduction in energy consumption	GJ			
Energy intensity	GJ/tonne of product			
Renewable energy commitments	GJ			

## 5.3 Develop Policies, Practices and Performance Indicators

### Introduction to Developing Policies, Practices and Performance Indicators

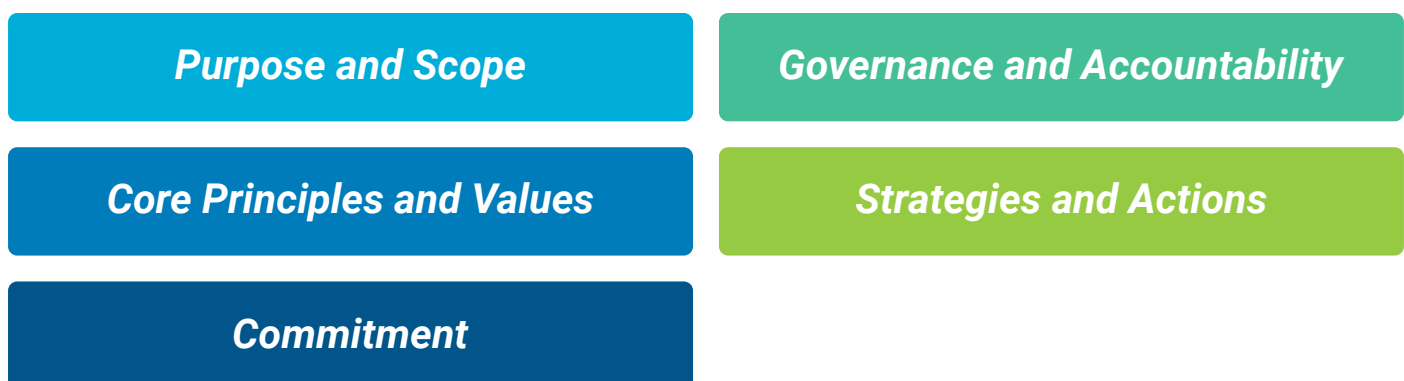
Policies, practices, and performance indicators are integral to a comprehensive sustainability strategy.

1. **Policies** establish a company's overarching principles and commitments towards sustainability, guiding decision-making and setting clear objectives. Aside from the Sustainability Policy (refer to Chapter 3.2 for more information), companies should consider drafting sustainability-related policies that covers material topics that are deemed as very important to the company in managing the material topics. Examples include environmental policies focusing on reducing carbon emissions, waste management policies aiming at minimising waste generation, and social policies promoting diversity and inclusion.
2. **Practices** refer to the specific actions and initiatives implemented to achieve the goals set by these policies, such as energy-efficient operations, recycling programs, and community engagement efforts.
3. **Performance** indicators are measurable metrics used to evaluate the effectiveness of these practices and the overall progress toward sustainability goals. They include metrics like carbon footprint, waste diversion rates, and employee satisfaction scores.

Developing and implementing these elements is crucial because they provide a structured approach to sustainability, ensuring that efforts are consistent, transparent, and accountable. Effective identification and development of practices and performance indicators involve assessing the company's environmental and social impacts, setting realistic and achievable targets, and continuously monitoring and reporting progress to drive improvement and stakeholder engagement.

### Developing Sustainability-related Policies

Sustainability-related policies are formal documents that outlines a company's commitment, principles, and strategies for managing a specific material topic. It guides companies in integrating sustainability considerations into its operations, decision-making processes, and overall business strategy in relations to its material topics. The same key components of a Sustainability Policy should be included in all the sustainability-related policies. Some of the key components include:



### **Purpose and Scope**

Outlines a clear statement of the policy's purpose and the rationale behind the company's commitment to the specific material topic and definition of the areas of the company's operations and activities that the policy covers.

### **Core Principles and Values**

Describing the company's fundamental values and principles guiding its management of a specific material topic.

### **Commitment**

Describing the company's dedication and responsible practices for a specific material topic, and whether its commitment aligns with recognised sustainability standards such as GRI, ISO 26000, or the UN Global Compact.

### **Governance and Accountability**

Outlining the governance structure supporting the implementation of the policy, including high-level roles and responsibilities.

### **Strategies and Actions**

Detailed strategies and actions the company will implement to achieve its goals for the specific material topic and any plans to integrate considerations of the material topic into its business operations, product development, supply chain management, and other areas.

# ExxonMobil

## Case Study: ExxonMobil Climate Policy Principle



ExxonMobil outlines its 2050 net-zero ambition and 2030 emission-reduction plans, emphasising significant investments in reducing greenhouse gas emissions. The purpose of ExxonMobil's climate policy principle is to support the goals of the Paris Agreement and advocate for the U.S.'s participation in it.

- The policy focuses on advancing carbon capture and storage (CCS) and hydrogen technologies, advocating for clear and consistent policies to decarbonise manufacturing, transportation, and power generation sectors, which account for 80% of energy-related CO<sub>2</sub> emissions.
- ExxonMobil supports a regulatory framework that sustains long-term government support for R&D, ensures safe CO<sub>2</sub> storage, provides legal certainty, streamlines permitting processes, and incentivises lower-emission technologies.
- The policy promotes a technology-neutral, emissions-intensity standard to drive CO<sub>2</sub> reductions across various sectors and supports holistic, market-based approaches to reduce life-cycle emissions in transportation and power generation.



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### Manufacturing

For the manufacturing sector, ExxonMobil's focus is on advancing carbon capture and storage and hydrogen. The **International Energy Agency** and the U.N. Intergovernmental Panel on Climate Change have identified both hydrogen and carbon capture and storage as key technologies for reducing emissions associated with manufacturing and heavy industry.

ExxonMobil is evaluating a number of carbon capture and storage opportunities that have the potential to be commercial with current technologies. However, to drive investment and deploy the technology at the pace and scale needed for a net-zero future, governments should establish durable regulatory and legal frameworks as well as additional incentives that are those available for other more established low-emission technologies. In general, these frameworks should be clear, cost-effective, technology-neutral, and aligned with free-market principles.

ExxonMobil supports a policy and regulatory framework for carbon capture and storage that would:

ExxonMobil supports a policy and regulatory framework for carbon capture and storage that would:

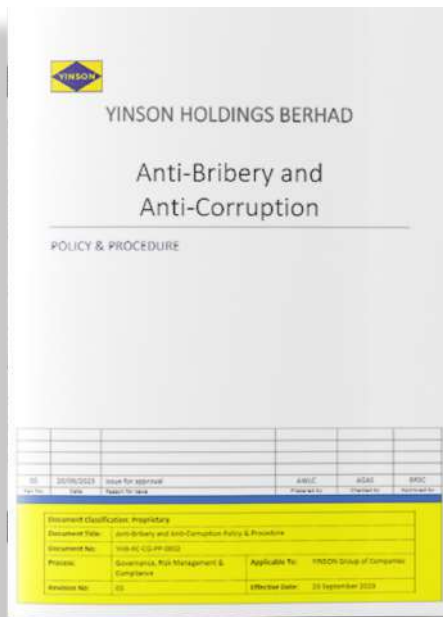
- Sustain long-term government support for research and development.
- Provide standards to ensure safe and secure CO<sub>2</sub> storage.
- Allow for fit-for-purpose CO<sub>2</sub> injection well design standards.
- Provide legal certainty for pore space ownership.
- Ensure a streamlined permitting process for carbon capture and storage facilities.
- Provide access to CO<sub>2</sub> storage capacity owned or controlled by governments.
- Allow for high-quality offsets generated from carbon capture and storage and low-carbon fuels, and carbon-removal projects.

ExxonMobil is actively engaging stakeholders and potential partners on these policy enablers that could unlock carbon capture and storage business opportunities.





**Case Study:  
 Yinson's  
 Sustainability-  
 related Policies**



- Yinson has publicly published more than 20 policies and procedures on its website that can be accessed and downloaded by the public.
- Some of the sustainability-related policies include:
  1. Anti-Bribery and Anti-Corruption Policy
  2. Biodiversity Policy
  3. Corporate Social Responsibility Policy
  4. ESG Supply Chain Policy
  5. Human and Labour Rights Policy
- The policies are well-written, highlighting the company's definition of each material topic, values and beliefs, the roles and responsibilities and procedures in dealing with that material topic in its business operations.
- Some policies have been translated into other languages to accommodate the non-English speaking employees where Yinson has significant business operations in.



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Anti-Bribery and Anti-Corruption Policy & Procedure (English)
Anti-Bribery and Anti-Corruption Policy & Procedure (Portuguese)
Anti-Money Laundering Policy
Biodiversity Policy
Business Continuity Management Policy Statement & Framework
Code of Conduct and Business Ethics Policy & Procedure (English)
Code of Conduct and Business Ethics Policy & Procedure (Portuguese)
Corporate Disclosure Policy and Procedure
Corporate Social Responsibility
Dealing with International Commercial Representatives & Business Partners Policy & Procedure
Dealing with Third Parties Policy & Procedure
Directors' Fit and Proper Policy

## Developing Sustainability Practices and Performance Indicators

To identify and develop practices and performance indicators for a sustainability-related policy:

Start by assessing your current operations.



This involves a thorough review of existing processes to pinpoint areas where sustainability efforts can be enhanced. Engaging stakeholders, including employees, customers, suppliers, and community members, is crucial to understand their sustainability concerns and suggestions.



Benchmarking against industry best practices and standards can provide a framework for setting realistic and impactful sustainability goals aligned with your company's mission and values.

- Developing sustainability practices requires a strategic approach to integrate Environmental, Social, and Governance (ESG) factors into decision-making processes. This might involve adopting renewable energy sources, implementing energy-efficient systems, and using sustainable materials in operations.
- Reducing waste and emissions should be a priority, with practices focused on minimising waste generation, improving recycling efforts, and reducing greenhouse gas emissions. Additionally, ensuring a sustainable supply chain by requiring suppliers to adhere to sustainability standards is essential.
- Employee engagement is also vital; educating and involving staff in sustainability initiatives can drive meaningful change from within the company.



Performance indicators are critical for measuring the success of sustainability initiatives.



Environmental indicators might include metrics such as carbon footprint, energy consumption, water usage, waste generation, and recycling rates.



Social indicators can track employee well-being, diversity and inclusion, community engagement, and customer satisfaction.



Governance indicators should monitor compliance with sustainability regulations, transparency in reporting, and adherence to ethical business practices.



Economic indicators can evaluate cost savings from sustainability initiatives, return on investment for green technologies, and overall financial performance.

**Implementing these practices and indicators involves several steps:**

ExxonMobil outlines its 2050 net-zero ambition and 2030 emission-reduction plans, emphasising significant investments in reducing greenhouse gas emissions. The purpose of ExxonMobil’s climate policy principle is to support the goals of the Paris Agreement and advocate for the U.S.’s participation in it.



For example, a manufacturing company might implement energy-efficient lighting and machinery, use recycled materials in production, and conduct regular energy audits. Engaging with local communities to support sustainability initiatives can also be beneficial.

Performance indicators for such a company could include the percentage reduction in energy consumption, the volume of waste recycled, employee participation in sustainability programs, and the number of sustainability certifications obtained.

## 5.4 Target Setting Process

### Introduction to Target Setting

#### **Principles of Target Setting**

The Science Based Targets Initiative (SBTi) sets a clear principle on setting targets.

Although it is a target-setting framework primarily focusing on setting greenhouse gas (GHG) emissions reduction, the principles behind SBTi—such as setting targets based on rigorous scientific methods, ensuring transparency, and aiming for significant and measurable outcomes—can indeed be applied to setting non-emissions targets in other areas. Some of the principles are as follows:

#### Science- or data-based Methodology



Targets should be based on relevant scientific research and data. For instance, targets related to water usage, waste reduction, or biodiversity conservation can be grounded in environmental science.

#### Aligned with Global Goals



Targets should align with broader global sustainability goals, such as the United Nations Sustainable Development Goals (SDGs). This ensures that the targets are contributing to widely recognised and impactful objectives.

#### Measurability and Specificity



Targets should be specific, measurable, achievable, relevant, and time-bound (SMART). This approach ensures that the targets are concrete, and that progress can be quantitatively assessed.

#### Transparency and Accountability



Similar to SBTi, any targets should be clearly defined, publicly disclosed, and regularly reported on. This transparency builds trust and allows for tracking progress against the targets.

#### Continuous Improvement



Companies are encouraged to periodically review and update their targets based on the latest data and best practices, targets should also be dynamic and adaptable to new insights and technological advancements.



## Step-by-Step Guidance to Target Setting

Establishing targets and goals is essential for driving progress and enhancing various facets of a company, including sustainability, business performance, and strategic objectives. The following steps outline how to effectively set ESG (Environmental, Social, and Governance) targets and goals:



### 1. Defining Objectives

Companies may first clearly articulate what they aim to achieve. Ensure that the objective aligns with the overall goals and mission of the company.



### 2. Conduct a Situational Analysis

Perform a thorough evaluation of the company's current performance to identify areas needing improvement. Ensure that the company's vision and values are aligned with ESG principles.



### 3. Engage with Key Stakeholders

Involve key stakeholders in the target-setting process. This includes employees, management, customers, and any other relevant parties. Their input can provide valuable insights and increase buy-in.

### 4. Set SMART Targets



#### SPECIFIC

Define the target in clear and precise terms.

#### MEASURABLE

Establish criteria to measure progress and determine when the target has been achieved.

#### ACHIEVEABLE

Ensure the target is realistic and attainable given the available resources and constraints.

#### RELEVANT

Align the target with broader company goals and ensure it addresses significant issues.

#### TIME-BOUND

Set a clear deadline for achieving the target



### 5. Develop an Action Plan





Outline the steps and actions required to achieve the target. Assign responsibilities, allocate resources, and establish timelines for each action item.






### 6. Communicate the Target

Share the target with all relevant parties. Effective communication ensures that everyone understands the target, their role in achieving it, and the importance of the target to the company.




### Examples of Targets - Environmental

	BASIC	INTERMEDIATE	ADVANCE
 <p><b>Emissions Management</b></p>	<ol style="list-style-type: none"> <li>1. X% reduction in total Scope 1 emissions</li> <li>2. X% reduction in total Scope 2 emissions</li> </ol>	<ol style="list-style-type: none"> <li>1. X% reduction in total Scope 3 emissions for business travel and employee commuting</li> <li>2. X% reduction in GHG emissions intensity</li> </ol>	<p>X% reduction in total Scope 3 emissions</p>
 <p><b>Energy Management</b></p>	<p>X% reduction in energy consumption</p>	<ol style="list-style-type: none"> <li>1. X% reduction in energy consumption</li> <li>2. X% reduction in energy intensity</li> <li>3. X% use of renewable energy</li> </ol>	<ol style="list-style-type: none"> <li>1. X% reduction in energy requirements of products and services</li> <li>2. 100% renewable energy commitment as per RE100</li> </ol>
 <p><b>Waste Management</b></p>	<ol style="list-style-type: none"> <li>1. X% reduction in total waste generated</li> <li>2. X% of waste is diverted from landfills</li> </ol>	<ol style="list-style-type: none"> <li>1. X% of waste is diverted from landfills (increasing X amount)</li> </ol>	<ol style="list-style-type: none"> <li>1. Zero waste to landfills</li> </ol>
 <p><b>Water Management</b></p>	<ol style="list-style-type: none"> <li>1. Ensure water discharge complies with relevant regulatory standards</li> </ol>	<ol style="list-style-type: none"> <li>1. Increase water efficiency by X%</li> </ol>	




### Examples of Targets - Social (1/2)

	BASIC	INTERMEDIATE	ADVANCE
 <p><b>Health &amp; Safety</b></p>	<ol style="list-style-type: none"> <li>1. X% reduction in total number of work-related fatalities and injuries</li> <li>2. X% of employees trained on OHS standards</li> </ol>	<ol style="list-style-type: none"> <li>1. X% number of healthcare programmes provided to employees</li> <li>2. X% of employees trained on OHS standards (increasing X amount)</li> </ol>	<ol style="list-style-type: none"> <li>1. 100% of employees trained on OHS standards</li> <li>2. Zero fatalities</li> </ol>
 <p><b>Employment</b></p>	<p>X% reduction in total employee turnover</p>	<p>X% reduction in total employee turnover (increasing X amount)</p>	<ol style="list-style-type: none"> <li>1. X% reduction in energy requirements of products and services</li> <li>2. 100% renewable energy commitment as per RE100</li> </ol>
 <p><b>Human Rights</b></p>	<ol style="list-style-type: none"> <li>1. X% reduction in total number of substantiated complaints concerning human rights violations</li> <li>2. X% reduction in total number of human rights incidents, including child labour and forced labour</li> </ol>	<ol style="list-style-type: none"> <li>1. X% of operations and suppliers have undergone a risk assessment</li> </ol>	<ol style="list-style-type: none"> <li>1. X% of security personnel trained on human rights</li> <li>2. 100% of operations and suppliers have undergone a risk assessment</li> <li>3. Zero substantiated complaints concerning human rights violations</li> <li>4. Zero human rights incidents</li> </ol>

## Examples of Targets - Social (2/2)

	BASIC	INTERMEDIATE	ADVANCE
 <b>Diversity &amp; Equal Opportunities</b>	1. 30% of women on Board of Directors, as per MCCG		1. Equal ratio of basic salary and remuneration of men and women
 <b>Local Communities</b>	1. X amount invested in the community 2. X number of beneficiaries of investments in the community	1. X% increase of spending dedicated to the community 2. X increase of total beneficiaries of investments in the community	
 <b>Training &amp; Education</b>	1. X number of average hours of training per employee	1. X% of employees receiving regular performance and career development reviews	1. 100% of employees receiving regular performance and career development reviews

## Examples of Targets – Governance

	BASIC	INTERMEDIATE	ADVANCE
 <b>Anti-Corruption</b>	1. Zero tolerance for corruption 2. Zero cases of corruption 3. Ensure compliance to all relevant regulations	1. X% of employees have received training on anti-bribery and corruption policy 2. X% of operations have undergone corruption risk assessment	1. 100% of employees have received training on anti-bribery and corruption policy 2. 100% of operations have undergone corruption risk assessment
 <b>Data Privacy &amp; Security</b>	1. X% reduction in total number of substantiated complaints received concerning breaches of customer privacy and loss of customer data	1. X% reduction in total number of substantiated complaints received concerning breaches of customer privacy and loss of customer data (increasing X amount)	100% reduction in total number of substantiated complaints received concerning breaches of customer privacy and loss of customer data
 <b>Supply Chain Management</b>		1. X% increase in proportion of spending on local suppliers 2. X% of suppliers assessed for environmental and social impact	1. 100% of suppliers assessed for environmental and social impact



### Example from NOS-R

The examples outlined above are sample targets from NOS-R.

## Net Zero Vs. Carbon Neutral Target



One of the key sustainability targets is the **decarbonisation target**. Companies must consider whether to set a net zero or carbon neutral target. The key difference between carbon neutral and net zero targets lies in the type and extent of offsets used to balance emissions.

Carbon neutrality allows for various offsets, including those that avoid emissions elsewhere, to equalise emitted carbon, with no specific timeframe required. Companies can use verified carbon credits from standards like Verra or the Gold Standard and engage in renewable energy, energy efficiency, waste management, and nature-based solutions. In contrast, net-zero targets primarily involve carbon removal actions or offsets to address 5-10% of remaining emissions, aiming to achieve zero net emissions.

Examples include afforestation, natural carbon sinks, and direct air capture (DAC). Both targets can use renewable energy certificates to offset Scope 2 emissions.

There are two approaches to target-setting – the top-down approach and the bottom-up approach. The top-down approach to target setting begins with defining the desired target and then developing a roadmap to achieve it, focusing on alignment with climate science and meeting stakeholder expectations. Key questions in this approach include determining actions to align with climate science and fulfil stakeholder expectations.

Conversely, the bottom-up approach starts by evaluating potential mitigation measures, assessing their effectiveness and cost, and then setting the target based on these possibilities. This approach involves identifying available mitigation options and estimating their mitigation potential and associated costs. Both approaches aim to set effective and achievable targets for emissions reduction.



### Alignment of Framework

This section of the guidance is in line with SBTi requirements. While SBTi has yet to release sector-specific guidance for the Oil and Gas sector, it remains a prudent practice to base actions on this framework.



## Mitigation Pathways

Mitigation pathways are crucial for setting science-based targets (SBTs). Near-term SBTs involve a 5 to 10-year target on a 1.5-degree aligned trajectory, aiming for a 42% absolute emissions reduction for Scope 1 and 2 by 2030, covering 95% of these emissions.

Additionally, a 25% reduction for Scope 3 by 2030 is required if Scope 3 accounts for more than 40% of total emissions, covering 67% of Scope 3 emissions. No offsetting is allowed for near-term targets.



Long-term SBTs, or net zero targets, must be achieved before 2050, aiming for a 90% reduction in absolute emissions for Scope 1, 2, and 3, covering 95% of Scope 1 and 2 emissions and 90% of Scope 3 emissions. Up to 10% of base year emissions may be offset using permanent removals at the target date.



### Alignment of Framework

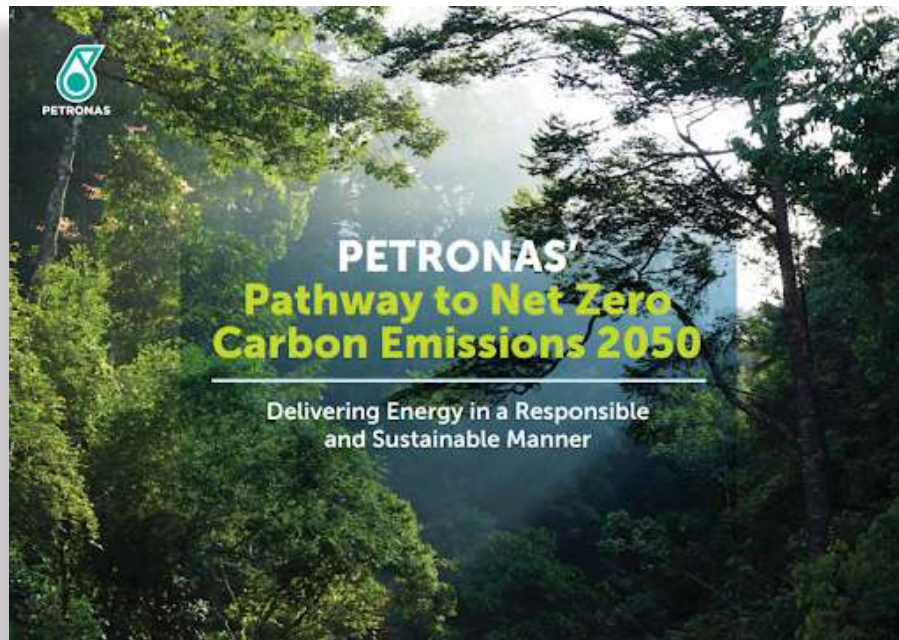
This section of the guidance is in line with SBTi requirements. While SBTi has yet to release sector-specific guidance for the Oil and Gas sector, it remains a prudent practice to base actions on this framework.

Define Objectives	Conduct a Situational Analysis	Engage with Key Stakeholders	Engage with Key Stakeholders	Set SMART Targets	Communicate the Target
<b>BASIC</b>					
Focus on foundational sustainability goals such as: <ul style="list-style-type: none"> <li>- reducing energy consumption</li> <li>- minimising waste</li> <li>- complying with basic regulatory requirements.i</li> </ul>	Perform a basic assessment of current practices, identifying apparent areas for improvement.  Use publicly available tools and metrics to gather data.	Involve a small, core group of stakeholders, such as top management and key employees, to get initial buy-in and insights.	Set straightforward, easily attainable targets to build momentum.  Examples include reducing paper use by 10% or cutting down on plastic packaging.	Create a simple action plan with clear steps and responsibilities.  Ensure that the plan is easy to implement.	Use basic communication channels, such as staff meetings and emails, to share the targets with employees.
<b>INTERMEDIATE</b>					
Set more ambitious sustainability goals that go beyond compliance, such as improving energy efficiency or reducing GHG emissions.	Perform a more detailed assessment, utilising advanced tools and metrics to gather comprehensive data on current practices and impacts.	Broaden stakeholder engagement to include mid-level managers, key customers, and suppliers, ensuring diverse input and stronger buy-in.	Establish SMART targets that are challenging yet attainable.  For example, X% reduction in total Scope 3 emissions for business travel and employee commuting.	Create a detailed action plan that outlines specific initiatives, resource allocation, and timelines.  Include intermediate milestones to track progress.	Use a mix of communication channels such as intranet, newsletters, and workshops, to ensure all employees are aware of and committed to the targets.
<b>ADVANCED</b>					
Set highly ambitious, transformative sustainability goals that aim for industry leadership, such as achieving net-zero emissions, or supply chain sustainability.	Set highly ambitious, transformative sustainability goals that aim for industry leadership, such as achieving net-zero emissions, or supply chain sustainability.	Engage a wide array of stakeholders, including all levels of employees, industry experts, community leaders, and investors, to gain extensive insights and support.	Establish bold, long-term targets that are aligned with global sustainability standards and frameworks, such as the Science Based Targets Initiative (SBTI) or the UN Sustainable Development Goals (SDGs).	Create a strategic, multi-year action plan with clear, phased initiatives, advanced resource planning, and integration across all business functions.	Implement a comprehensive communication strategy that includes internal and external communications, sustainability reports, and public commitments.



**PETRONAS**

Case Study:  
PETRONAS'  
Pathway to Net  
Zero 2050



PETRONAS is committed to achieving net zero carbon emissions by 2050 through an energy transition pathway that aligns with its Statement of Purpose. The strategy involves maximising cash generators, expanding core business, and exploring new energy solutions such as specialty chemicals and customer-centric solutions. Key targets include capping emissions at 49.5 million tonnes of CO<sub>2</sub> equivalent by 2024, reducing emissions by 25% by 2030, and reaching net zero by 2050.

The approach focuses on allocating 20% of capital expenditure towards decarbonisation and renewables, leveraging technology, innovation, and partnerships. Areas of focus include operational emission reductions and business growth in renewable energy, hydrogen, green mobility, and biofuels. The “greenification” of hard-to-abate sectors like power, heavy-duty transport, agriculture, and heavy industries alone cannot achieve the global temperature target of keeping the rise below 2.0°C.

Even with ambitious efforts, oil and gas will remain part of the energy mix, albeit at reduced volumes. Developing economies face unique challenges in balancing energy transition with economic and social agendas. Ensuring energy security and sustainability will require decarbonising core oil and gas operations and investing in alternative energy sources. The oil and gas sector must transition to contribute to climate goals, involving significant investments in low-emission technologies such as carbon capture, green hydrogen, and renewables.

PETRONAS aims to align its efforts with global climate scenarios to achieve net zero emissions by 2050, leveraging its engineering and project management strengths to scale up low-carbon solutions.




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**Case Study:  
Emerging EPC  
Target Alignment  
to UNSDGs**



Emerging EPC’s commitment to sustainability is reflected in their business practices, which are meticulously aligned with the following Sustainable Development Goals (SDGs):

<p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> 	<p><b>Energy Management</b> Target 7.3 "By 2030, double the global rate of improvement in energy efficiency"</p>
<p><b>6</b> CLEAN WATER AND SANITATION</p> 	<p><b>Water Conservation</b> Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>
<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p><b>Waste Management</b> Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>
<p><b>13</b> CLIMATE ACTION</p> 	<p><b>Emission Management</b> Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries Target 13.2: Integrate climate change measures into national policies, strategies and planning</p>

- Emerging EPC has strategically aligned its objectives with the United Nations Sustainable Development Goals (UNSDGs) as an integral component of its Environmental, Social, and Governance (ESG) principles.
- As a forward-thinking enterprise in the Oil & Gas and Energy sectors, Emerging EPC recognise their profound responsibility towards environmental stewardship. They are dedicated to mitigating their carbon footprint, implementing effective waste management strategies, and optimising the efficient use of natural resources.



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### Case Study: T7 Global Berhad Identifying Key Areas of Impact



T7 Global Berhad has established a sustainability policy to ensure that sustainability commitments are directed appropriately. This policy aims to synchronise its goals and targets with the United Nations Sustainable Development Goals (UN SDGs) across the entire company, starting at the Board level and cascading downward.

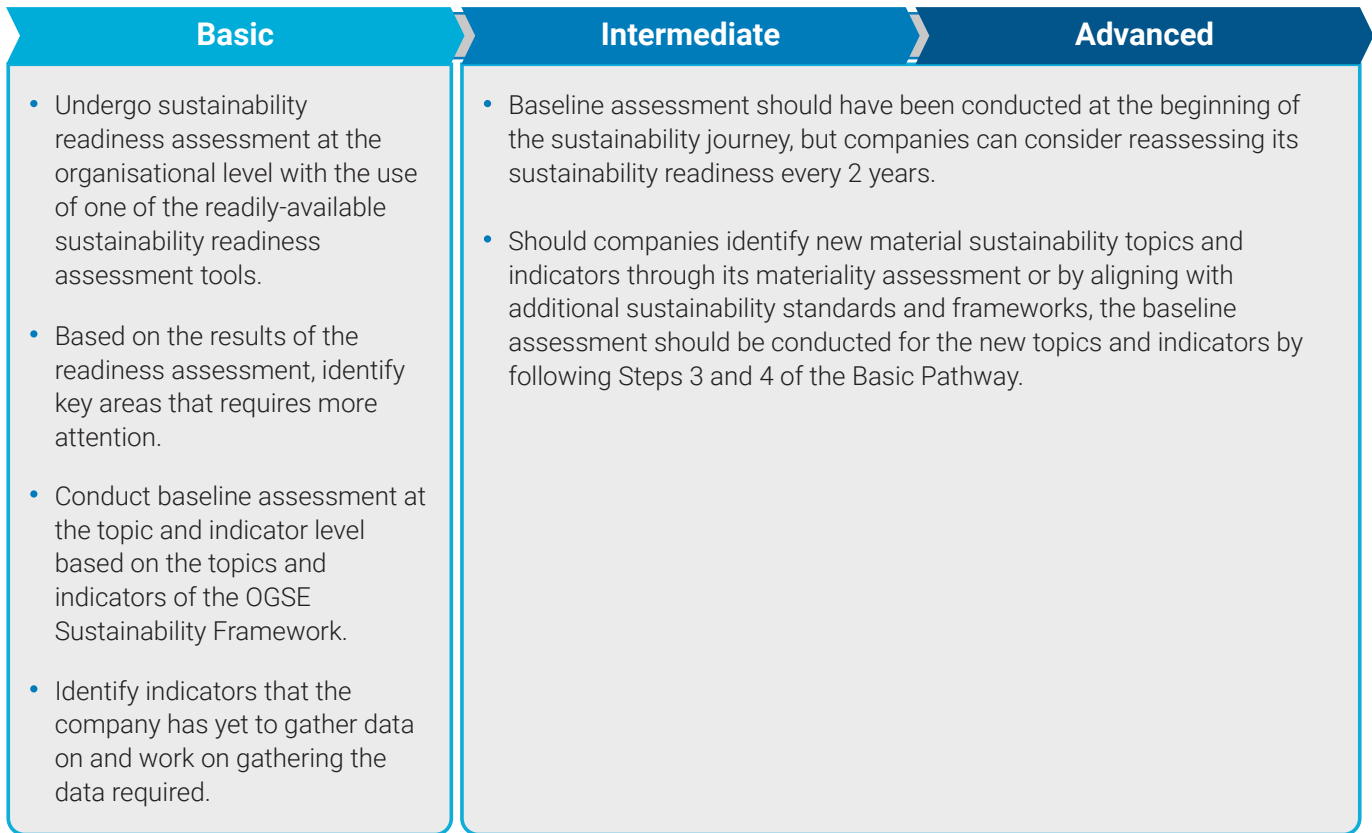
As a participant in the energy and aerospace sectors, UN SDG 13: Climate Action was adopted to align with the commitment to combating climate change and addressing the potential environmental impact of integrated operations. Through the analysis and disclosure of direct Scope 1 and indirect Scope 2 Greenhouse Gas (GHG) emissions, T7 Global has gained a better understanding of its carbon footprint and is actively seeking to implement the appropriate mitigation measures.

This stage of the target-setting process involves both identifying key areas of impact and establishing specific policies to align with broader sustainability goals, indicating an initial phase of goal alignment and strategy development.











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## Stakeholder Engagement by Pathways



## 5.5 Summary of Key Actions

	KEY ACTIONS	BASIC
1	<p><b>Conduct baseline assessment</b> (refer to Chapter 5.1; refer to Appendix A for template)</p>	<p>Assess the company's <b>sustainability readiness</b> and conduct <b>baseline assessment</b> for all <b>material topics and indicators</b>.</p> 
2	<p><b>Utilise baseline assessment tools</b> (refer to Chapter 5.2)</p>	<p>Utilise <b>readily-available baseline assessment tools</b> to support the baseline assessment exercise. (Refer to Chapter 5.2 for more information on baseline assessment tools.</p> 
3	<p><b>Develop policies and practices</b> (refer to Chapter 5.3)</p>	<p>Develop <b>policies and practices</b> to support the management of <b>key sustainability focus areas</b> within the company.</p> 
4	<p><b>Set targets</b> (refer to Chapter 5.4)</p>	<p>Set <b>foundational sustainability targets</b> or complying with regulatory requirements</p> 

	KEY ACTIONS	INTERMEDIATE
1	<p>Conduct <b>baseline assessment</b> (refer to Chapter 5.1; refer to Appendix A for template)</p>	<p>Conduct <b>baseline assessment</b> for new <b>material topics and indicators</b> that have been identified and consider to reassess the company's overall sustainability readiness every 2 years.</p> 
2	<p>Utilise <b>baseline assessment tools</b> (refer to Chapter 5.2)</p>	<p>Utilise <b>readily-available baseline assessment tools</b> to support the baseline assessment exercise. (Refer to Chapter 5.2 for more information on baseline assessment tools.</p> 
3	<p>Develop <b>policies and practices</b> (refer to Chapter 5.3)</p>	<p>Develop <b>policies and practices</b> to support the management of <b>key sustainability focus areas</b> within the company.</p> 
4	<p>Set <b>targets</b> (refer to Chapter 5.4)</p>	<p>Set <b>more ambitious sustainability targets</b> going beyond compliance.</p> 



	KEY ACTIONS	ADVANCED
1	<p>Conduct <b>baseline assessment</b> (refer to Chapter 5.1; refer to Appendix A for template)</p>	<p>Conduct <b>baseline assessment</b> for new <b>material topics and indicators</b> that have been identified and consider to reassess the company's overall sustainability readiness every 2 years.</p> 
2	<p>Utilise <b>baseline assessment tools</b> (refer to Chapter 5.2)</p>	<p>Utilise <b>readily-available baseline assessment tools</b> to support the baseline assessment exercise. (Refer to Chapter 5.2 for more information on baseline assessment tools.</p> 
3	<p>Develop <b>policies and practices</b> (refer to Chapter 5.3)</p>	<p>Develop <b>policies and practices</b> to support the management of <b>key sustainability focus areas</b> within the company.</p> 
4	<p>Set <b>targets</b> (refer to Chapter 5.4)</p>	<p>Set <b>highly ambitious and transformative sustainability targets</b>, aiming for industry leadership.</p> 







# CHAPTER 6: PHASE 4: PERFORMANCE MONITORING

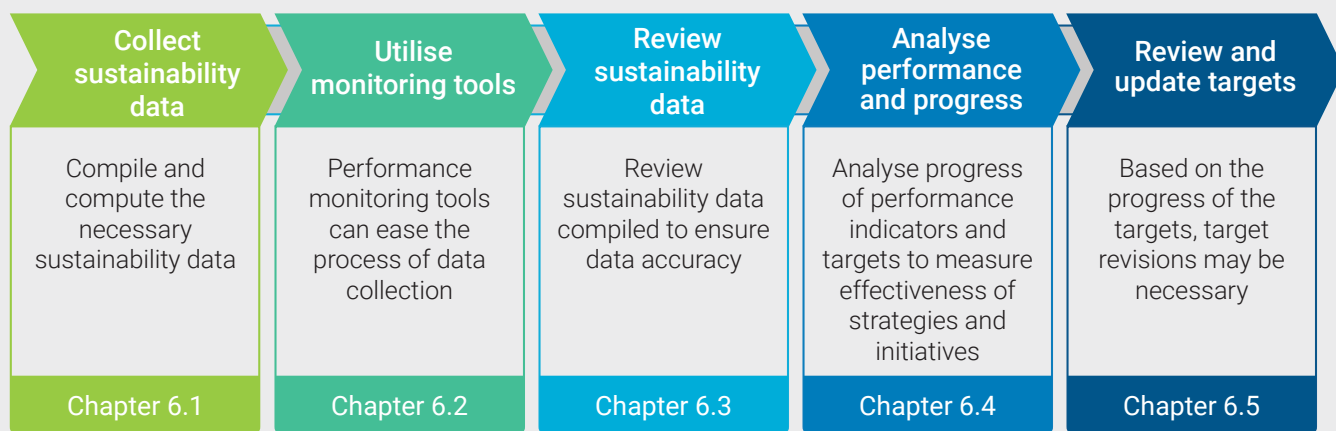


## Objectives of this Chapter

- To assist users in developing proper data collection processes and introduce performance monitoring tools that users can utilise to ease the data collection and performance monitoring processes.
- To educate users on the importance of the verifiability and accuracy of sustainability data.
- To guide users in analysing company's sustainability performance and sustainability target progress, including the need to review and update targets.

## What Needs to be Done

The **five (5) key steps of performance monitoring** are as below:



The steps above should be taken by all companies in monitoring their company's sustainability performance. Detailed guidance are provided in the corresponding subchapters.



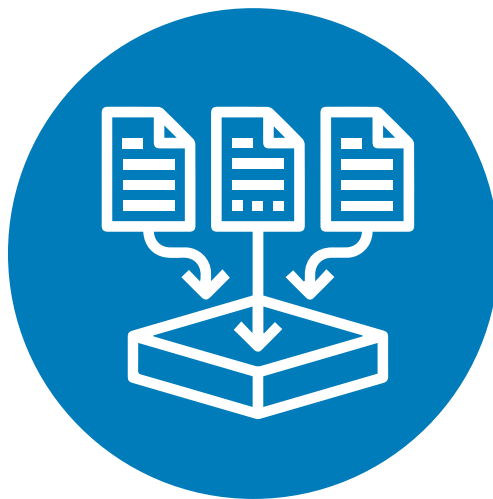




## 6.1 Data Collection

### The Data Collection Process

In Chapters 4 and 5, we have discussed the materiality assessment, baseline assessment and target setting processes. Once companies have identified their material sustainability topics, a baseline assessment is conducted to assess the current performance of those topics and indicators to support the target setting process. After the targets are set, companies will have to continuously monitor its performance against the target set.



In order to monitor its performance, companies will have to conduct data collection. The data collection process involves having the main the personnel responsible for sustainability to engage relevant stakeholders in order to obtain the necessary data needed for performance monitoring and sustainability reporting. The data that is required may vary depending on the company's material topics and indicators, but the process will be similarly to the baseline assessment process conducted. For some indicators, the raw data collected may be sufficient for analysis of performance and reporting. However, some indicators may require some calculations to obtain the final data for analysis and reporting purposes. Detailed calculation methodology for the sustainability topics and indicators under the OGSE Sustainability Framework will be provided in Appendix B.

Given the nature of sustainability data, companies usually have to engage with internal stakeholders to obtain the necessary data. These internal stakeholders usually include the human resources, administrative, health and safety personnel. However, in some cases, data is required from external stakeholders such as suppliers. One such instances is when the company is obtaining data for its Scope 3 emissions that is emitted throughout its value chain.

## 6.2 Performance Monitoring Tools

### Performance Monitoring Tools

There are readily available tools that can assist OGSE companies in monitoring their sustainability performance and to identify areas that requires improvement. In this subchapter, 4 tools will be introduced to OGSE companies that can help them in their performance monitoring efforts.




Bursa Malaysia's Centralised Sustainability Intelligence (CSI) Platform, the Low Carbon Operating System (LCOS) developed by the Malaysian Green Technology and Climate Change Corporation (MGTC) and digital solutions provided by PANTAS are aimed at assisting companies in calculating, monitoring and reducing their GHG emissions.

On the other hand, the NOS-F Guide also proposes for the OGSE companies to utilise spreadsheet to track and monitor data for each indicator that will aid the performance monitoring process. This spreadsheet can be the same spreadsheet that was used for the baseline assessment.

Companies may assess and choose the performance monitoring tool(s) that best fit the needs of their respective companies.

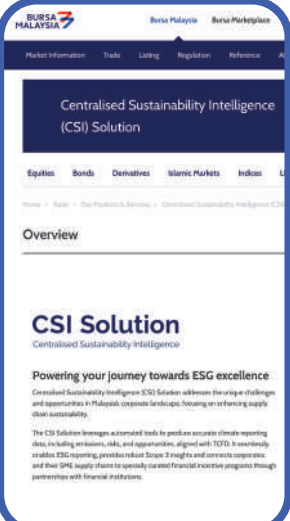
### Centralised Sustainability Intelligence (CSI) Platform



The Centralised Sustainability Intelligence (CSI) Platform was developed by Bursa Malaysia as a centralised digital tool that assist PLCs in managing their GHG emissions and climate reporting. PLCs will be able to calculate their Scope 1 & 2 GHG emissions and estimate their Scope 3 emissions using the platform. Through the platform, PLCs are able to identify their key source of Scope 3 emissions and engage their suppliers for more accurate GHG emissions data that will be used in producing its ESG and climate reports. The platform will assist companies in adhering to global and local standards in their reporting, create a unified data hub for informed policy and decision-making, access sustainable financing through the Greening Value Chain (GVC) programme by the Joint Committee on Climate Change (JC3) and get connected with the regional sustainability ecosystem within ASEAN.

PLCs that subscribe to the CSI Platform will also be able to invite up to 800 of their vendors and suppliers to utilise the CSI Platform, while only the PLC will need to pay the annual subscription fee of RM38,000. OGSE companies that are part of a PLC subscriber's value chain can then access the platform as well as other CSI services such as upskilling trainings and financial incentives.

Source: Overview (bursamalaysia.com))



## Low Carbon Operating System (LCOS)



The Low Carbon Operating System (LCOS) was developed by the Malaysian Green Technology and Climate Change Corporation (MGTC) as a digital tool that will support companies in measuring, managing, mitigating and reporting on their Scope 1-3 GHG emissions. This tool comes with an annual subscription fee of RM5,000.

Aside from the access to the system, companies that subscribed to the LCOS will be given awareness training on GHG emissions, facilitation and guidance on on-boarding the LCOS and also networking opportunities with mitigation solution providers.

Source: LCOS – Malaysian Green Technology And Climate Change Corporation (mgtc.gov.my)



## Carbon Management & ESG Solutions



PANTAS provides digital solutions to support companies in their carbon management and ESG reporting. The solutions are customisable to meet each company's need, covering Scope 1-3 GHG emissions monitoring and climate reporting. This tool comes with customisation and subscription fees.

PANTAS' digital solutions can be integrated with the company's various systems to collect information from multiple sources through API data extraction. This allows the software to provide the audit trail functionality in the event the company intends to seek a third-party verification on its data.

Source: Carbon Management & ESG Solutions - Pantas Climate Solutions

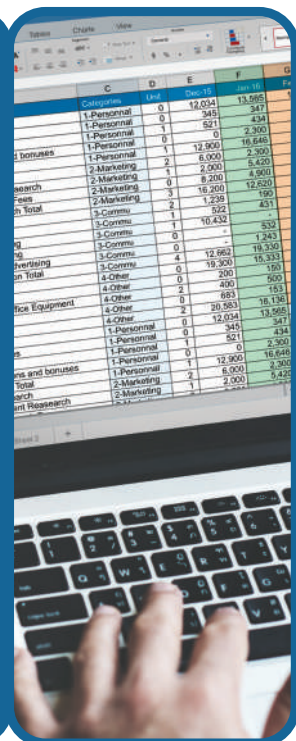


## Spreadsheet

Aside from using spreadsheet for the baselining exercise, companies can also use the same spreadsheet for performance monitoring purposes. In the spreadsheet prepared for the baseline assessment, topics and indicators that are relevant to the company has already been listed out with the baseline data collected for the first year or base year. For the purpose of performance monitoring, companies will only need to add more columns for coming years in order to compare the sustainability performance for each indicator year-on-year. Moreover, a column can be added for the target that has been set for the indicators for ease of reference and comparison.

Example: Performance Monitoring Spreadsheet

Topic & Indicator	Unit	2023 (Baseline)	2024	2025	Target by 2025
<b>Emissions</b>					
Total Scope 1 emissions	MtCO <sub>2</sub> e				
Total Scope 2 emissions	MtCO <sub>2</sub> e				
Total Scope 1 and 2 emissions reduced as a direct result of reduction initiatives	MtCO <sub>2</sub> e				
Total Scope 3 emissions (at least for business travel and employee commuting)	MtCO <sub>2</sub> e				
<b>Energy</b>					
Total energy consumption	GJ				
Reduction in energy consumption	GJ				
Energy Intensity	GJ/tonne of product				
Renewable energy commitments	GJ				



## 6.3 Internal Review

Data collection is a continuous process throughout the reporting period. However, sustainability data could be collected or compiled on a monthly or quarterly basis before undergoing a consolidation processes at the end of the reporting period for reporting purposes. Furthermore, companies with multiple business units or subsidiaries may also have more complicated processes to consolidate the sustainability data at the corporate or group level. These steps may impact the quality and accuracy of data collected through the data collection process. Hence , it is important for internal review to be conducted to ensure that the sustainability data collected are as accurate as possible and can be verified later on if necessary.

During the data collection process, companies should make sure that each data collected has clear documentation and audit trail. This would ease the process of internal review, troubleshooting and external verification or audit if needed later on. Data sources, references and important details such as data scopes, dates and conversion factors should be recorded.

Ideally, internal reviews should be conducted after every data collection period (monthly or quarterly) and also after the consolidation process. In an ideal situation, internal reviews should be conducted by an individual or team that is independent of the data collection process to eliminate possible biasness in reviewing the data. This could be the company's internal auditors, or any other individual deem fit by the company. Alternatively, the personnel responsible for the data collection process or the reporting process could also conduct the necessary internal reviews.



The accuracy and traceability of sustainability data is of high importance to companies. Hence, it is advisable for companies to look into investing in digital tools (as suggested in Chapter 6.2 or any other tools available in the market) that will be able to reduce possible human errors in the data collection process.





## 6.4 Analysis of Performance Indicators and Target Progress

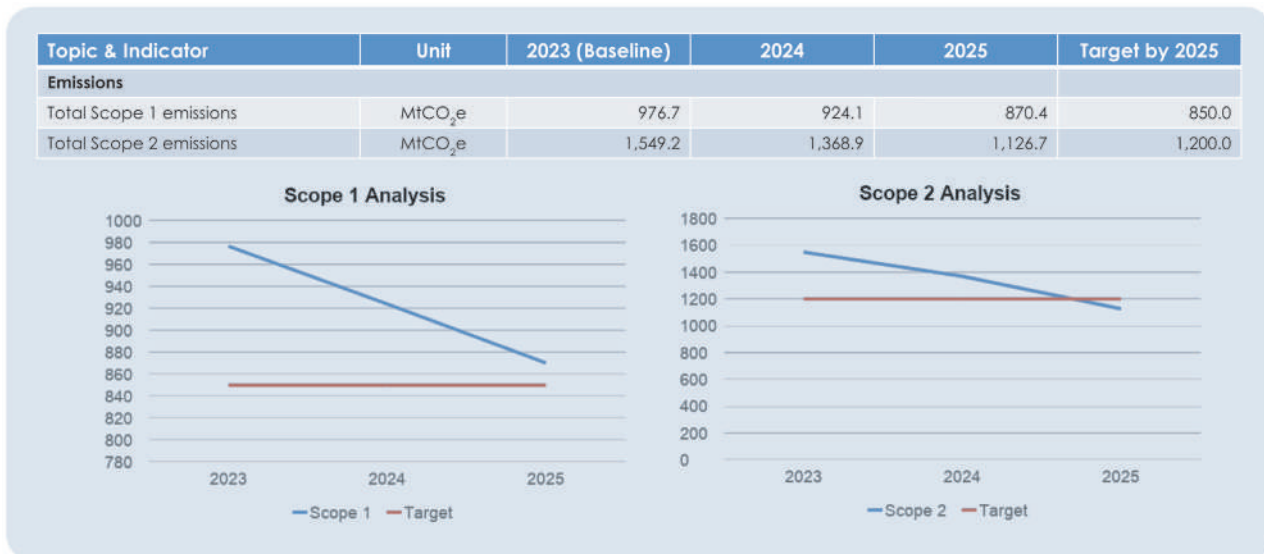
An important part of the target setting process is to monitor the performance and progress against the targets set in order to measure the effectiveness of sustainability strategies and initiatives implemented and identify further areas for improvement. Companies that utilise the spreadsheet for performance tracking could easily generate bar charts and graphs that can assist in the performance analysis. These visual aids could also be utilised in the sustainability report to help users of the report to better understand and visualise the sustainability performance of the company.



For companies that subscribed to digital performance monitoring tools, the features of the tool may defer from one service provider to another. However, in most cases, these digital tools will provide a dashboard, visual aids and possibly analytical tools that can help companies to better compare their sustainability performance year-on-year.

Regardless of which tools companies may use in their performance monitoring processes, the objective of the analysis is to identify trends and progress in achieving those targets and areas that require more attention or resources to manage. The analysis done for the indicators and targets may also inform the company on possible need to revise the targets.

### Example: Performance and Target Analysis

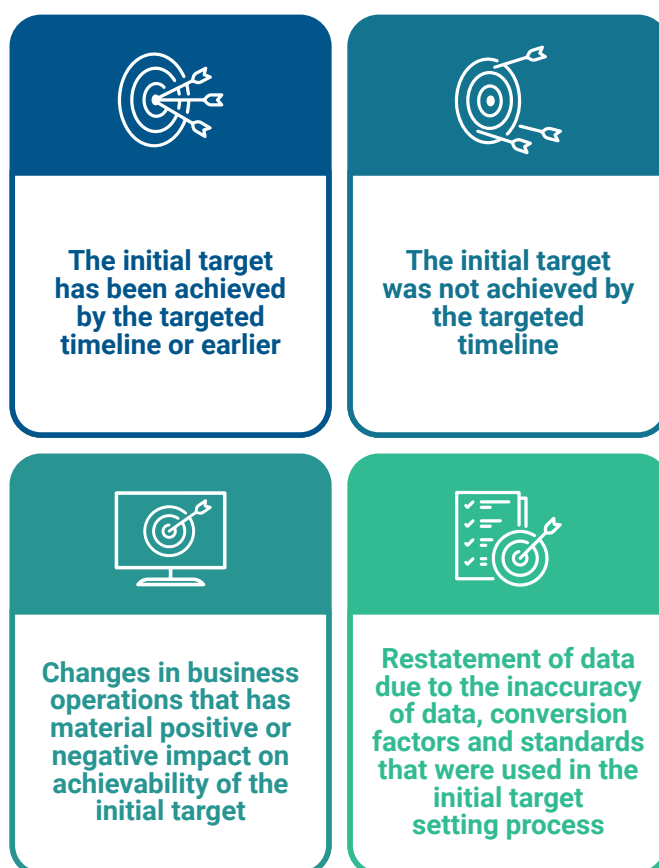


## 6.5 Review and Update Targets

### Target Revision

Some sustainability targets will need to be reviewed and revised under certain scenarios to ensure that the targets are progressive, realistic and achievable, aligning to the ambition and maturity level of the company.






The most common scenarios that necessitate a revision of target are:

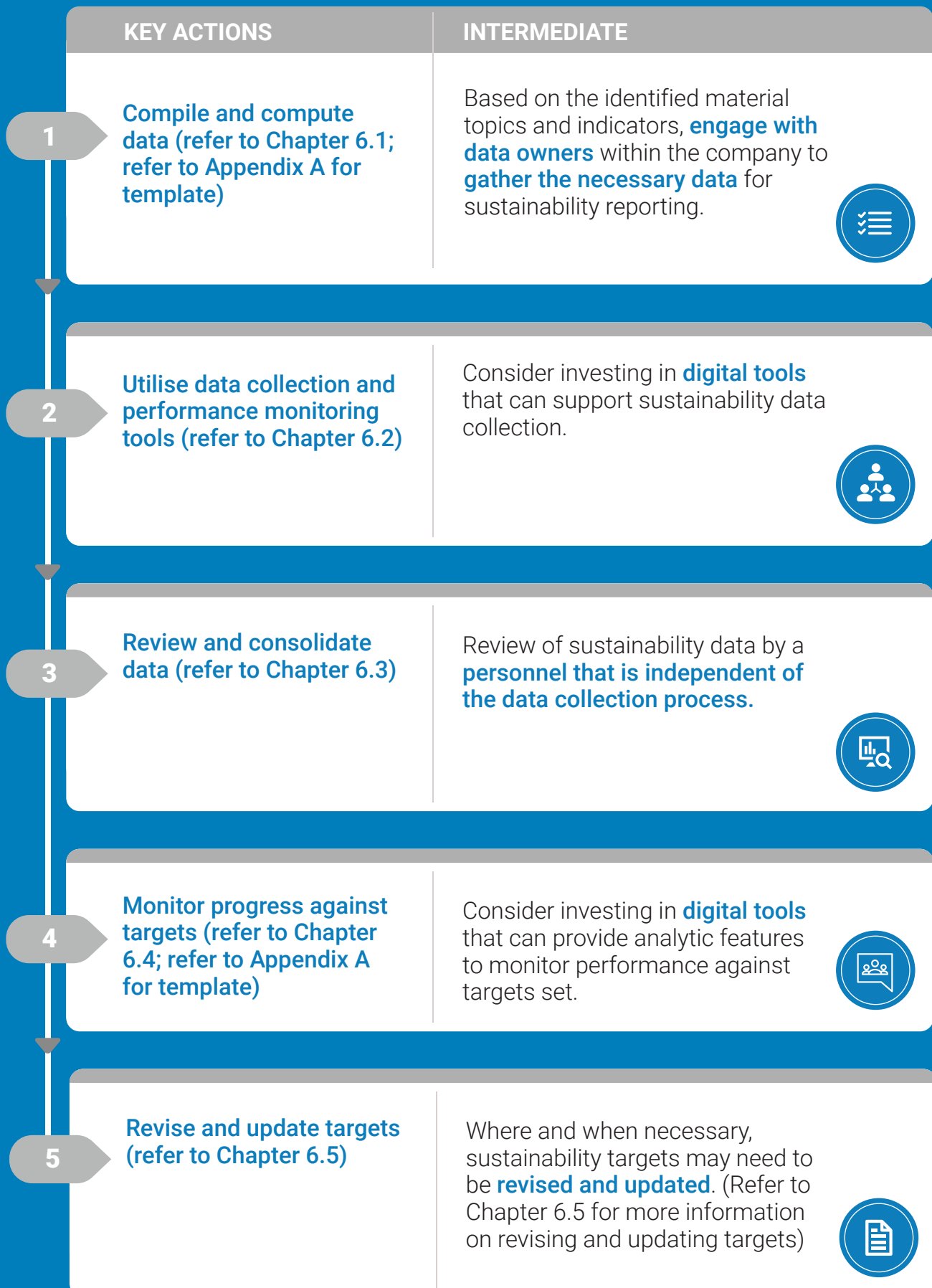


In such scenarios, companies are advised to reconduct the baseline assessment and target setting process for the particular target as guided by the guidance provided in Chapter 5.2 and 5.4. If there is a need to update the policies, performance indicators and practices, guidance can be found in Chapter 5.3.






Once a new target has been set, companies should disclose the new target in their sustainability report while providing reason and explanation on why a new target has been set. This will enhance transparency of the company's targets and reporting which will induce stakeholder confidence. Furthermore, such disclosures will ease the process of assurance later on.

## 6.6 Summary of Key Actions

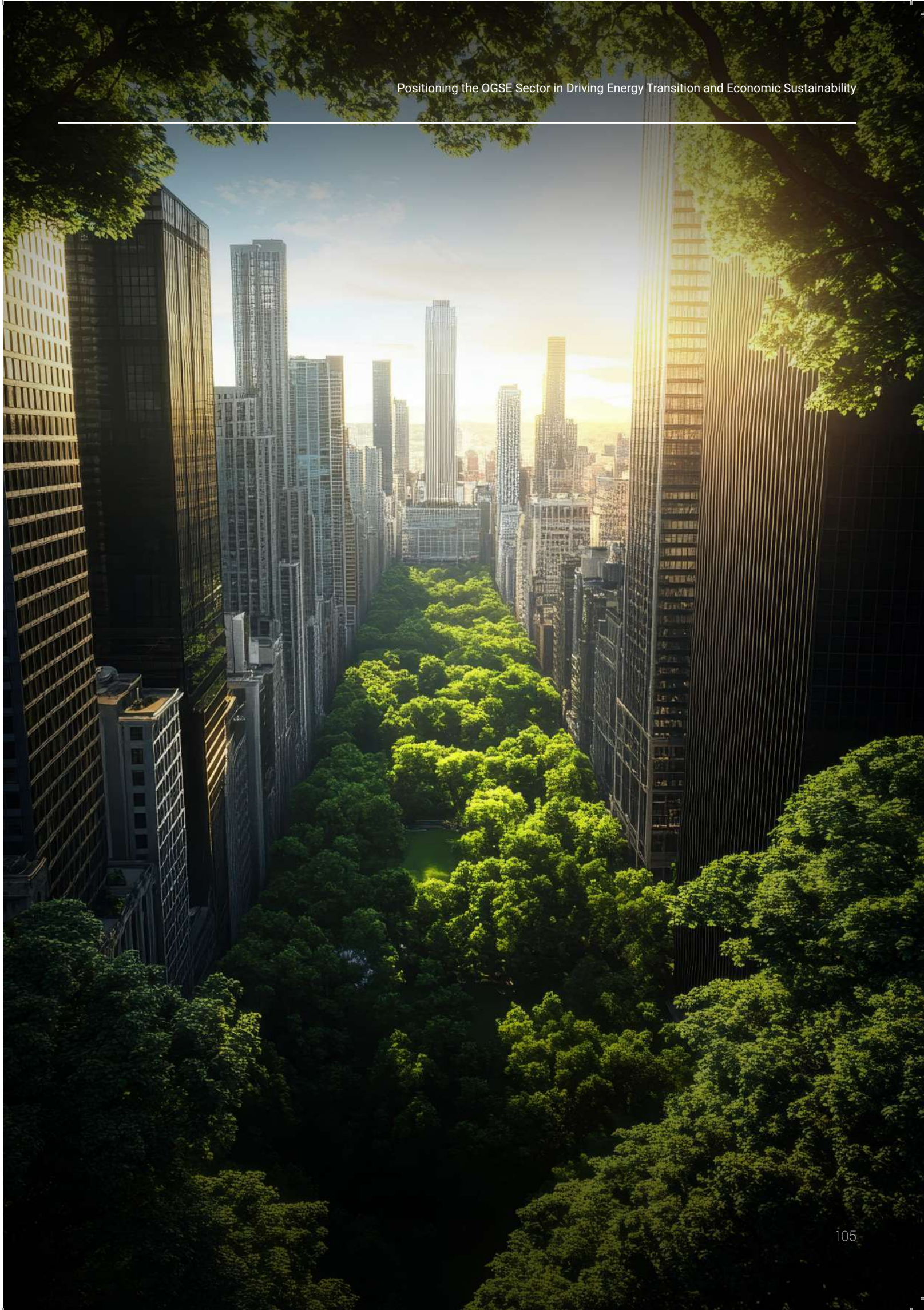
	KEY ACTIONS	BASIC
1	<b>Compile and compute data</b> (refer to Chapter 6.1; refer to Appendix A for template)	Based on the identified material topics and indicators, <b>engage with data owners</b> within the company to <b>gather the necessary data</b> for sustainability reporting. 
2	<b>Utilise data collection and performance monitoring tools</b> (refer to Chapter 6.2)	Utilise <b>spreadsheet</b> to collect and compute sustainability data. 
3	<b>Review and consolidate data</b> (refer to Chapter 6.3)	Review of sustainability data by the <b>personnel responsible for the data collection process</b> . 
4	<b>Monitor progress against targets</b> (refer to Chapter 6.4; refer to Appendix A for template)	Utilise <b>spreadsheet</b> to analyse and monitor performance against targets set. 
5	<b>Revise and update targets</b> (refer to Chapter 6.5)	Where and when necessary, sustainability targets may need to be <b>revised and updated</b> . (Refer to Chapter 6.5 for more information on revising and updating targets) 





	KEY ACTIONS	ADVANCED
1	<b>Compile and compute data</b> (refer to Chapter 6.1; refer to Appendix A for template)	Based on the identified material topics and indicators, <b>engage with data owners</b> within the company to <b>gather the necessary data</b> for sustainability reporting. 
2	<b>Utilise data collection and performance monitoring tools</b> (refer to Chapter 6.2)	Consider investing in <b>digital tools</b> that can support sustainability data collection. 
3	<b>Review and consolidate data</b> (refer to Chapter 6.3)	Review of sustainability data by <b>internal auditors</b> . 
4	<b>Monitor progress against targets</b> (refer to Chapter 6.4; refer to Appendix A for template)	Consider investing in <b>digital tools</b> that can provide analytic features to monitor performance against targets set. 
5	<b>Revise and update targets</b> (refer to Chapter 6.5)	Where and when necessary, sustainability targets may need to be <b>revised and updated</b> . (Refer to Chapter 6.5 for more information on revising and updating targets) 







# CHAPTER 7: PHASE 5: SUSTAINABILITY REPORTING AND DISCLOSURE

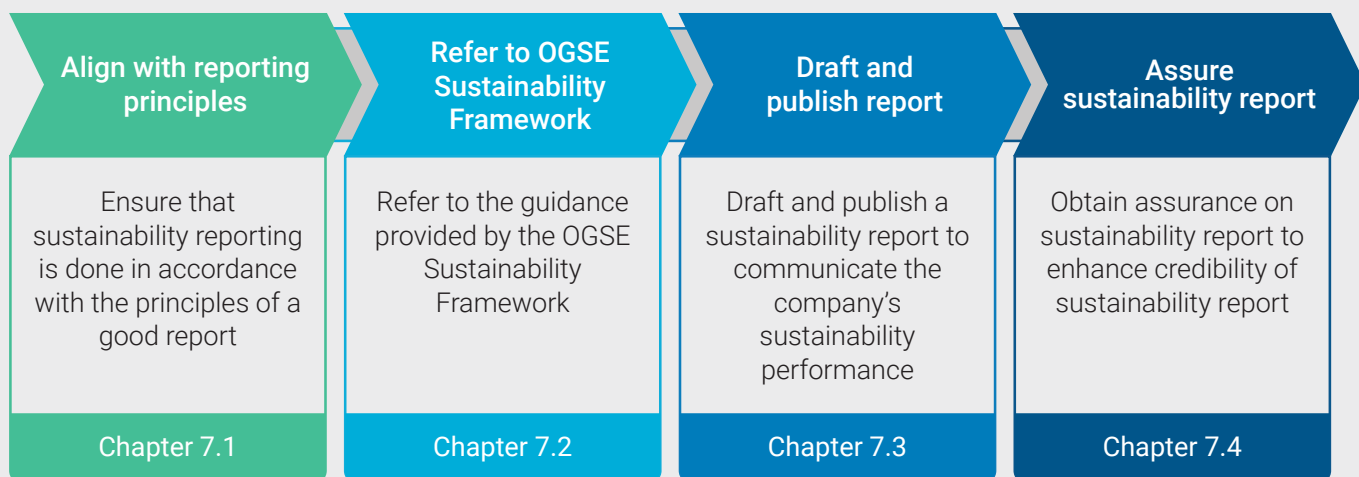


## Objectives of this Chapter

- To educate users on the principles of preparing a balanced and good sustainability report.
- To provide guidance on the use of the OGSE Sustainability Framework and introduce sustainability reporting tools that users can utilise to assist in the sustainability reporting process.
- To enhance users' understanding of the assurance of sustainability reports and the benefits of it.

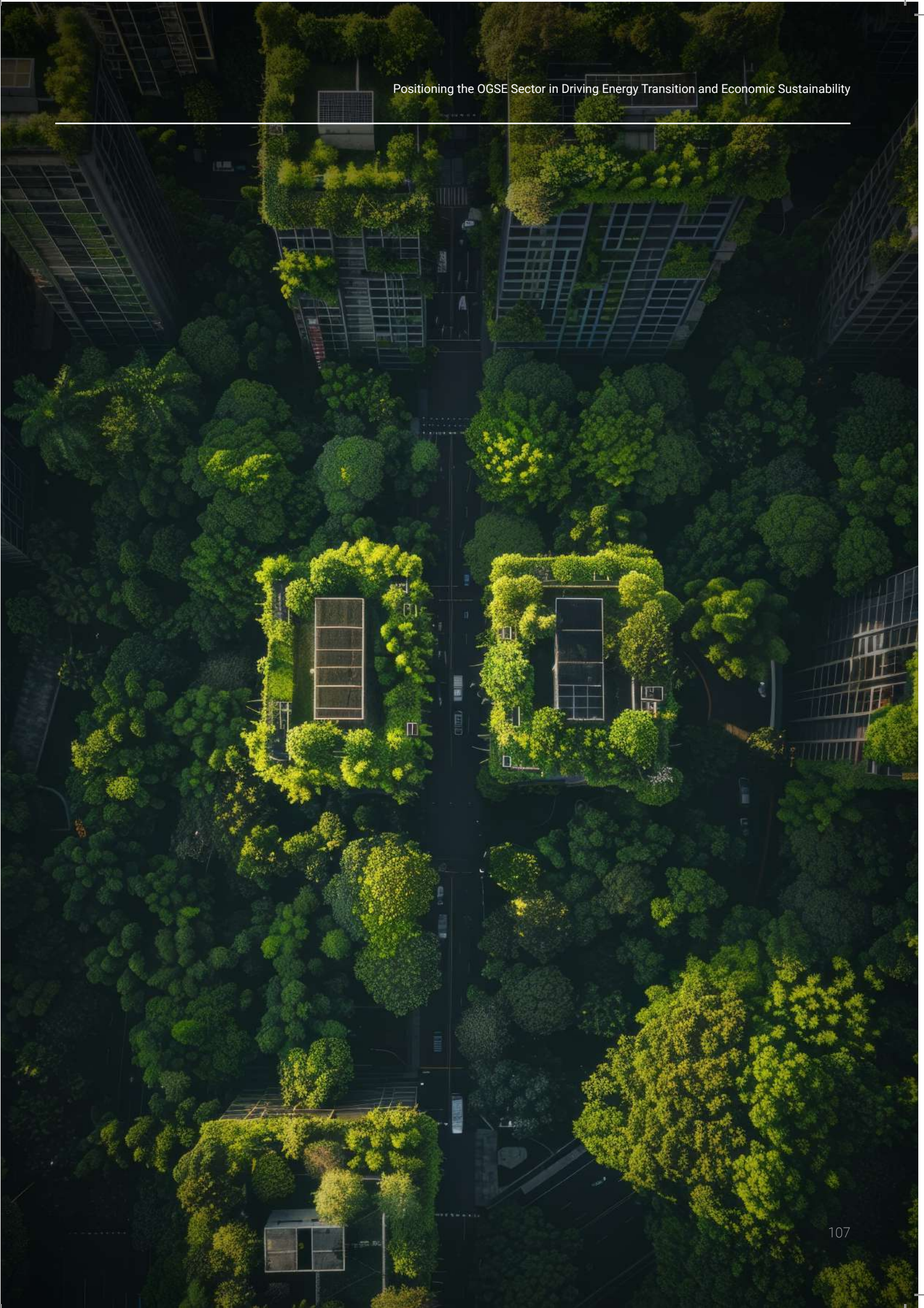
## What Needs to be Done

The **four (4) key steps of preparing a sustainability report:**



The steps above should be taken by all companies in drafting and publishing their sustainability report. Detailed guidance are provided in the corresponding subchapters. Additionally, Basic, Intermediate and Advanced pathways are recommended for the reference to the OGSE Sustainability Framework (Chapter 7.2), type of sustainability reporting published (Chapter 7.3), and the type of assurance obtained for sustainability report (Chapter 7.4), where companies can determine which pathways to follow based on their respective sustainability maturity and ambition levels.







## 7.1 Sustainability Reporting Principles

### Benefits of a Balanced and Well-written Sustainability Report

A balanced and well-written sustainability report is important for various reasons:

- **Transparency:** It provides transparent information about a company's environmental, social, and governance (ESG) activities. By honestly presenting both triumphs and areas for development, the company fosters confidence among stakeholders such as investors, customers, and employees.
- **Stakeholder Engagement:** A well-written report can increase stakeholder engagement by clearly demonstrating how the company is addressing crucial sustainability challenges. This can improve relationships and encourage collaboration toward mutual sustainability goals.
- **Risk Management:** It assists in identifying and managing risks associated with sustainability challenges. A balanced report identifies possible risks before they become major problems, allowing for proactive management.
- **Regulatory Compliance:** As worldwide requirements on sustainability reporting tighten, a complete report assures compliance while avoiding potential legal or financial fines.
- **Market Positioning:** Companies that effectively communicate their sustainability efforts frequently experience increased brand loyalty and reputation, which can translate into a competitive advantage.
- **Investor Attraction:** Sustainability is becoming an increasingly important component in investment decisions. A balanced report contains the information required to attract and keep investors interested in sustainable practices.

Sustainability reports serve as a tool for continuous improvement by documenting successes and obstacles, assisting companies in setting clear goals and strategies for future sustainability efforts.

## Greenwashing and its Risks in Sustainability Reporting

### Definition and Types of Greenwashing

In 2023, the European Securities and Markets Authority (ESMA) introduced a broad definition of greenwashing, whether intentional or not. It describes greenwashing as any sustainability-related statements, actions, or communications that don't accurately reflect the true sustainability efforts of a company, financial product, or service. These misleading practices can deceive consumers, investors, and other market participants. Currently, this is the main standardised definition, but as regulations evolve globally, more definitions are expected to emerge. It is crucial to note that the ESMA's definition of greenwashing covers misleading claims beyond just environmental issues, and there are various other terms used to categorise different types of greenwashing, as shown below.



Source: *What Is Greenwashing and How Can Investors Reduce the Risks?* (sustainalytics.com)

### Risk of Greenwashing

Although the EU has a common definition of greenwashing, there is still no consensus across various markets. The lack of uniform reporting and auditing standards complicates asset managers' understanding of their compliance duties. This confusion can sometimes cause asset managers to unintentionally make overstated or misleading ESG claims. Generally, asset managers face three primary types of greenwashing risks: compliance and regulatory risks, financial risks, and reputational risks.



Source: *What Is Greenwashing and How Can Investors Reduce the Risks?* (sustainalytics.com)

## Greenwashing Red Flags

There are some indicators of greenwashing, which includes:

<p><b>Lack of Transparency</b></p> <p>Failure to give open information about the company's environmental policies makes it difficult for investors to evaluate the reality of environmental claims.</p>	<p><b>Vague or exaggerated claims</b></p> <p>Using terminology such as "eco-friendly," "green," or "sustainable," or exaggerating the environmental benefits of items or practices without providing evidence to support these assertions.</p>	<p><b>Diversions</b></p> <p>Shifting attention away from sustainability issues by emphasising insignificant improvements or unrelated humanitarian endeavors, all the while ignoring effects on other areas of the business' operations, such as scope 3 emissions.</p>	<p><b>Misleading branding</b></p> <p>Use symbols or imagery from nature to convey a sense of sustainability, even when the business's operations don't support these ideas.</p>	<p><b>False certifications</b></p> <p>Displaying deceptive labels or certifications that, although not fulfilling strict environmental requirements, imply third-party endorsement of environmental claims.</p>
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Source: *What Is Greenwashing and How Can Investors Reduce the Risks?* (sustainalytics.com)

## Sustainability Reporting Principles

### GRI Reporting Principles

The reporting principles are essential for high-quality sustainability reporting. Companies must use these principles to comply with the GRI Standards. These principles help ensure that the information presented is accurate and meaningful, enabling users to make informed decisions about the company's impact and contributions to sustainable development.

Accuracy	Balance	Clarity	Comparability
Completeness	Sustainability Context	Timeliness	Verifiability

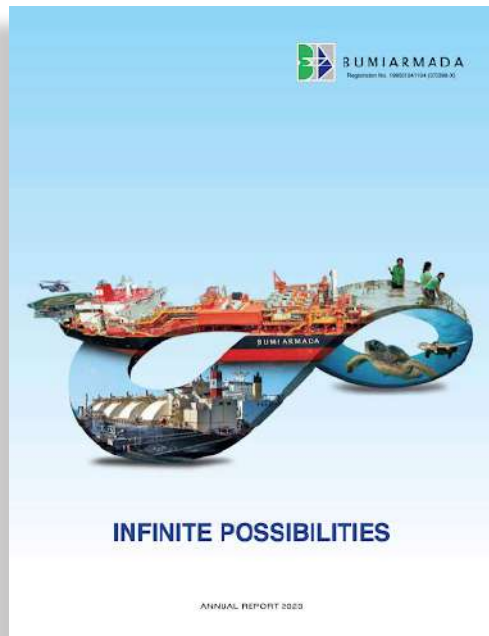
### Bursa Malaysia Reporting Principles

According to widely recognised standards of good reporting practice, Bursa Malaysia recommends that Sustainability Statements should include information that is:

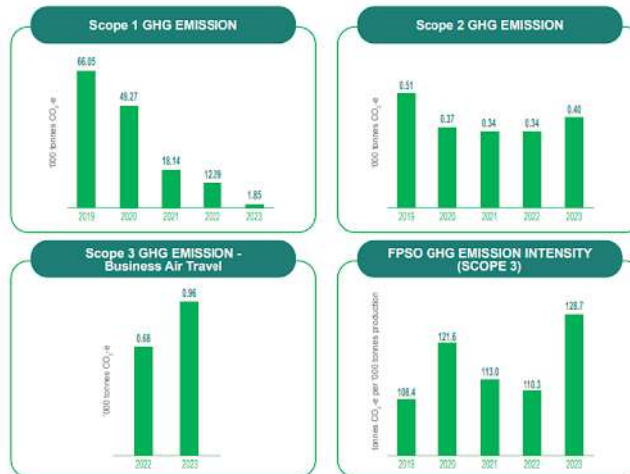
<p><b>Balance</b></p> 	<p><b>Comparable and Meaningful</b></p> 
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**Case Study:  
Bumi Armada's  
GHG Emission  
Disclosure**



- Bumi Armada's GHG emission disclosure from 2019 to 2023 adheres to GRI reporting principles by ensuring comparability, completeness, consistency, accuracy, timeliness, and clarity. The multi-year disclosure allows for performance comparison, while comprehensive data provides a complete picture of emissions.
- Alignment with the GHG Protocol ensures a consistent and accurate methodology. Regular annual updates provide timely information, and the use of standardised guidelines enhances the clarity of the reports.



**“Bumi Armada aligns our emission reporting with GHG Protocol”**



As part of our short-term goals, Bumi Armada will continue to leverage on IOGP baseline as our GHG reduction target throughout the committed period of 2021 to 2026 and will review our target on an annual basis to ensure our business objectives are aligned with the industry.



Scan this to access the document



## 7.2 OGSE Sustainability Framework

### Introduction to the OGSE Sustainability Framework

The OGSE Sustainability Framework was developed as part of the project in NOS-R, through desktop research and stakeholder engagement, with an aim to provide OGSE companies in Malaysia a point of reference for sustainability topics and indicators that are deemed to be material to the OGSE sector as a whole. It provides measurable parameters that enable the assessment of performance in these sustainability topics across OGSE companies. The OGSE Sustainability Framework consists of 13 material sustainability topics and 58 indicators across the ESG pillars. This subchapter will provide guidance on reporting the 58 indicators.



The sustainability indicators associated with each of the 13 sustainability topics have been further categorised into 'Basic', 'Intermediate', and 'Advanced' pathways. This tiered guidance is prepared to assist companies in determining which pathway best suits their current sustainability and reporting circumstance, and hence, which indicators should be included in the sustainability statement or report.

In general, the Basic pathway covers indicators that are the minimum reporting requirements or recommendations and are for companies that are just starting on their reporting journey. The Intermediate pathway should be considered by companies who are in their second or third year of reporting, are considering preferred funding/new investors and/or are looking to engage in export activities. The Advanced pathway is for companies that have been reporting for more than 3 years, are facing increased pressure from investors, have sizeable export activities and/or are considering sustainability ratings.

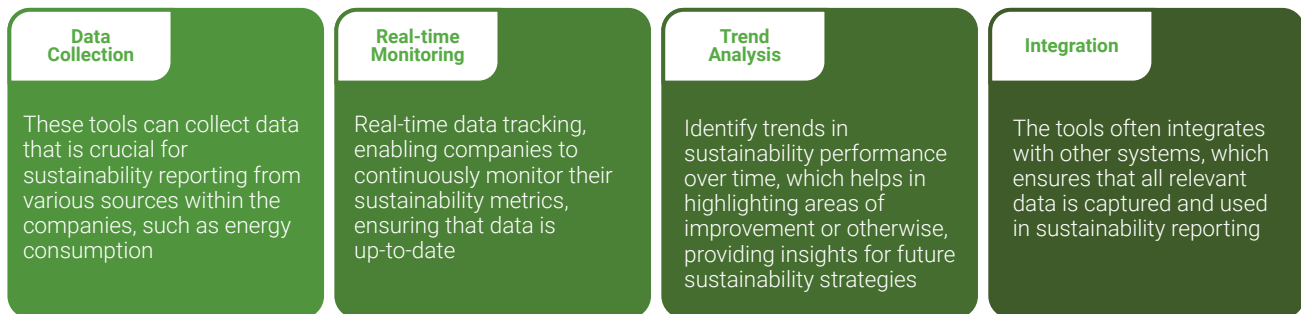
INDICATORS	NON-PLC	PLC
<b>Topic 1: Emissions</b>		
Total Scope 1 emissions	Basic	Basic
Total Scope 2 emissions		
Scope 1 and 2 emissions reduced as a direct result of reduction initiatives	Intermediate	Intermediate
Total Scope 3 emissions (at least for business travel and employee commuting)	Advance	
GHG emissions intensity		Advance
Total Scope 3 emissions (for categories other than business travel and employee commuting)		
Scope 3 emissions reduced as a direct result of reduction initiatives		
<b>Topic 2: Energy</b>		
Total energy consumption, including, if applicable, renewable and non-renewable fuel sources, electricity, heating, cooling and steam	Basic	Basic
Reduction in energy consumption	Intermediate	Intermediate
Energy intensity	Advance	
Renewable energy commitments		
Reduction in energy requirements of products and services		Advance
<b>Topic 3: Waste</b>		
Total waste generated	Basic	Basic
Total waste diverted from disposal		
Total waste directed to disposal		
Total breakdown of waste by hazardous and non-hazardous waste	Intermediate	Intermediate
Total breakdown of waste by hazardous and non-hazardous waste by recovery streams	Advance	Advance
Total breakdown of waste by hazardous and non-hazardous waste by disposal streams		
<b>Topic 4: Water and Effluent</b>		
Total water withdrawn from all areas, and a breakdown by type	Basic	Intermediate
Water efficiency	Intermediate	
Total volume of water used		Basic
Total water discharged	Advance	Advance
<b>Topic 5: Health and Safety</b>		
Total number of work-related fatalities	Basic	Basic
Total number of work-related injuries		
Total number and percentage of employees trained on OHS standards	Intermediate	Basic
Number of healthcare programmes provided to employees	Advance	Intermediate
Lost time incident rate		Basic
Total number and percentage of workers covered by an OHS management system		
Total number of work-related ill health		Advance

INDICATORS	NON-PLC	PLC
<b>Topic 6: Employment</b>		
Total number of employees	Basic	
Total employee turnover by employee category	Intermediate	Basic
Percentage of employees that are contractors or temporary staff	Advance	
Total working hours per employee		Intermediate
Parental leave		Advance
CEO to employee salary ratio		
<b>Topic 7: Human Rights</b>		
Total number of human rights incidents, including child labour and forced labour	Basic	
List of operations and suppliers considered to have significant risk for human rights incidents	Intermediate	Intermediate
Total number of substantiated complaints concerning human rights violations	Advance	Basic
Due diligence on recruitment of migrant worker		Intermediate
Total number and percentage of security personnel trained on human rights		Advance
<b>Topic 8: Diversity and Equal Opportunities</b>		
Percentage of employees by gender and age group, for each employee category	Basic	Basic
Percentage of directors by gender and age group	Intermediate	
Percentage of employees by other indicators of diversity	Advance	Intermediate
Ratio of basic salary and remuneration from women to men		Advance
<b>Topic 9: Local Community</b>		
Total amount invested in the community	Basic	Basic
Total number of beneficiaries of investments in the community	Intermediate	
List of operations with negative impact on the community	Advance	Advance
Percentage of spending dedicated to the community		Intermediate
<b>Topic 10: Training and Education</b>		
Average hours of training per employee	Basic	
Percentage of employees receiving regular performance and career development reviews	Intermediate	Intermediate
Total hours of training by employee category		Basic
<b>Topic 11: Anti-Corruption</b>		
Total number and nature of confirmed incidents of corruption	Basic	Intermediate
Total number and percentage of employees who have received training on anti-bribery and corruption policy	Intermediate	Basic
List the significant risks related to corruption	Advance	
Total number and percentage of operations assessed for risks related to corruption		Advance
<b>Topic 12: Data Privacy and Security</b>		
Total number and nature of substantiated complaints received coning breaches of customer privacy and loss of customer data	Intermediate	Basic
<b>Topic 13: Supply Chain Management</b>		
Proportion of spending on local suppliers	Intermediate	Basic
Suppliers assessed for environmental and social impact	Advance	Intermediate

## 7.3 Drafting and Publishing Sustainability Report

### Performance Monitoring Tools for Sustainability Reporting

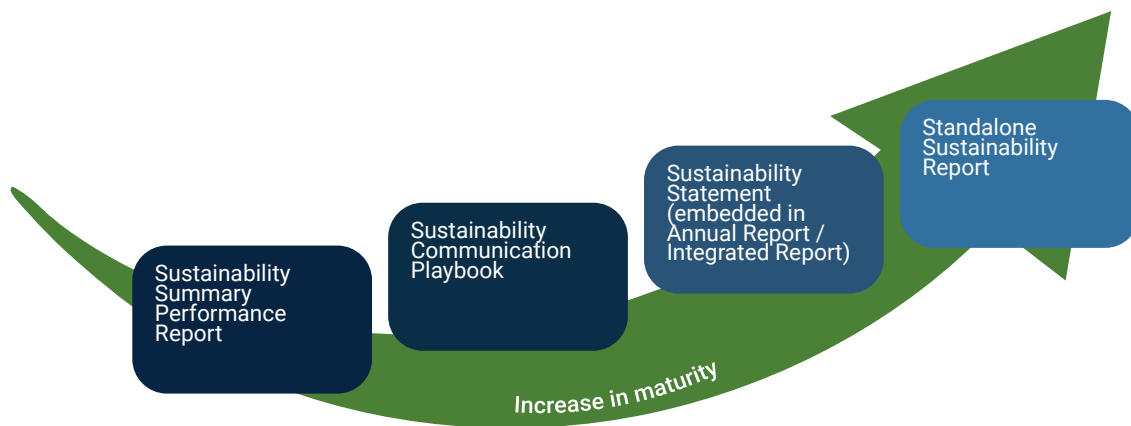
Performance monitoring tools can assist in gathering data needed for sustainability reporting by tracking and analysing various key performance indicators (KPIs) related to ESG factors. Some of the benefits of performance monitoring tool to sustainability reporting are:



By leveraging performance monitoring tools, companies can ensure accurate, timely, and comprehensive sustainability reporting, which is essential for transparency and accountability in sustainability initiatives.

### Types of Sustainability Reporting

There are generally 4 types of sustainability reporting, as below:



Companies can choose to adopt one or more approaches for their sustainability reporting based on stakeholder expectations, financial capacity, regulatory requirements, and the strategic importance of sustainability to their overall business objectives. Each type of report serves a unique purpose and caters to different stakeholder needs, ensuring comprehensive and transparent communication of a company's sustainability efforts. However, for companies that are at the beginning stage of their sustainability reporting journey, the NOS-F Guide suggests companies to gradually progress from producing a sustainability summary performance report to publishing a standalone sustainability report or a sustainability statement embedded in the Annual Report.



## Sustainability Summary Performance Report

The Sustainability Summary Performance Report is a concise report summarising the key sustainability metrics and performance indicators to provide a quick, accessible overview of the company’s sustainability performance, often for internal stakeholders or specific external audiences. This is typically in a form of data sheets in PDF or excel.

### Key Features

- Highlights of major achievements and performance data.
- Focus on key metrics and KPIs.
- Designed for quick reference and ease of understanding.
- Often used for internal performance reviews and strategic planning.

### Typical Content

- Executive Summary: A brief introduction to the report, including the purpose and scope, as well as summarises major achievements and significant sustainability milestones.
- Key Performance Indicators (KPIs): Covering ESG metrics such as data on energy consumption, greenhouse gas emissions, employee diversity and anti-corruption measures.
- Progress on Sustainability Targets: Against previously set sustainability targets and goals, providing a comparison of current performance with past data to illustrate trends over time.

## Sustainability Communication Playbook

A Sustainability Communication Playbook is a strategic document outlining the company’s approach to communicating its sustainability efforts and achievements to various stakeholders. This is a simpler reporting method only to ensure consistent, transparent, and effective communication about the company’s sustainability initiatives.

### Typical Content

As a simpler form of sustainability reporting, Sustainability Communication Playbook can be a first step for companies that are still finding their way in the sustainability reporting journey. Typically, it will include high-level sustainability information of the company including the following:

- Chairman/CEO Message on Sustainability
- Sustainability Governance Structure
- Sustainability Approach, Framework and Materiality Matrix
- Sustainability Highlights, Performance and Initiatives
- Sustainability Targets and Roadmap

### Key Features

- Communication strategies and channels for different stakeholder groups (e.g., investors, customers, employees)
- High-level messaging frameworks and key themes.
- Guidelines for engaging stakeholders and responding to their concerns.



## Sustainability Statement (embedded in Annual Report/Integrated Report)

A Sustainability Statement is a section included within a company's Annual Report or Integrated Report. It provides a concise overview of the company's sustainability performance and strategy to integrate sustainability information with financial and operational data, offering stakeholders a holistic view of the company's overall performance.

### Typical Content

As the simplest form of sustainability reporting, the Sustainability Summary Performance Report usually highlights quantitative data and limited qualitative information. It is especially helpful for companies that have yet to begin any sustainability reporting to start with it before progressing to more in-depth reports.

#### Key Features

- Highlights key sustainability initiatives and achievements.
- In Malaysia, this type of report aligns with Bursa Malaysia 3rd Sustainability Reporting Guide.
- Demonstrates how sustainability is embedded in the company's core strategy and operations.

- **Executive Summary:** A brief introduction to the report, including the purpose and scope, as well as summarises major achievements and significant sustainability milestones.
- **Key Performance Indicators (KPIs):** Covering ESG metrics such as data on energy consumption, greenhouse gas emissions, employee diversity and anti-corruption measures.
- **Progress on Sustainability Targets:** Against previously set sustainability targets and goals, providing a comparison of current performance with past data to illustrate trends over time.

## Standalone Sustainability Report

A standalone sustainability report is a comprehensive document dedicated entirely to the company's sustainability performance. It is published separately from the Annual Report. The purpose of this report is to provide detailed information about the company's environmental, social, and governance (ESG) practices.

### GRI's Guide for Content and Structure

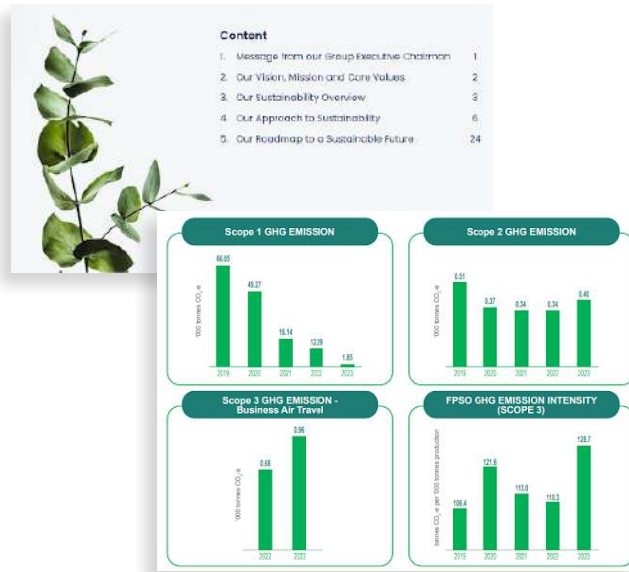
- **Materiality:** Companies must identify and report on issues that are material to their stakeholders and have significant economic, environmental, and social impacts.
- **Stakeholder Inclusiveness:** Reports should reflect the interests and expectations of stakeholders through their engagement processes.
- **Sustainability Context:** Reports should present the company's performance in the wider context of sustainability.
- **Completeness:** The report should include all information that reflects significant economic, environmental, and social impacts, enabling stakeholders to assess the company's performance.

#### Key Features

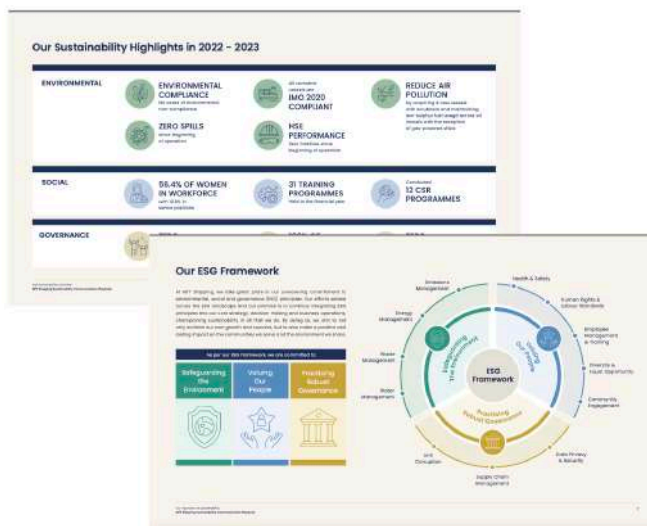
- In-depth analysis of sustainability initiatives and outcomes. Includes metrics, targets, and performance data
- Often aligned with recognised reporting frameworks like GRI, SASB, or TCFD.
- Addresses various stakeholder concerns and interests specifically related to sustainability.



Case Study:  
MTT Shipping  
Sustainability  
Communication  
Playbook 2023



- MTT Shipping Sdn Bhd published its first Sustainability Communication Playbook in 2023. The Sustainability Communication Playbook serves as a comprehensive guide, outlining the company’s strategic approach to sustainability. It acts as a roadmap that aligns with the company’s values and sets the course for conducting business responsibly, leaving a positive impact on both the community and the environment.
- The Playbook focuses on critical areas, including safeguarding the environment, valuing people, and practicing robust governance. These pillars are not merely aspirations; they are commitments that will shape the company’s actions and decisions moving forward



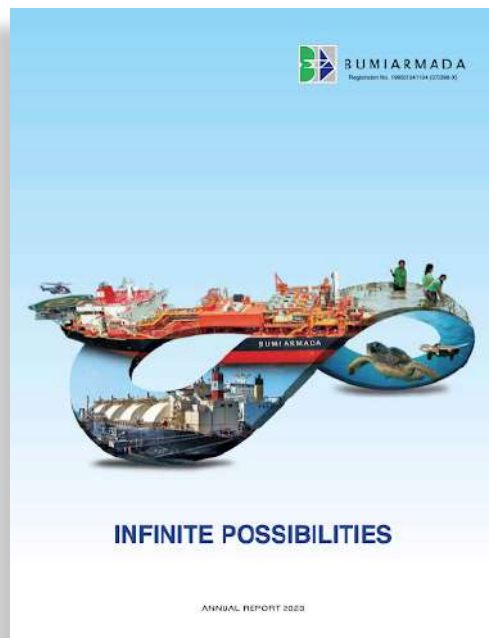
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**BUMIARMADA**

**Case Study:  
Bumi Armada's  
Sustainability  
Statement within  
its Annual Report  
2023**



- Bumi Armada, a publicly listed company, has adhered to Bursa Malaysia's 3rd Sustainability Reporting Guide by integrating a comprehensive Sustainability Statement in its Annual Report 2023. This Statement, spanning 23 pages, details Bumi Armada's sustainability performance for the financial year ending 31 December 2023, unless specified otherwise.
- It includes the company's sustainability policy and commitment, governance, material topics, sustainability performances, highlights, and management approach. Covering all assets and activities across Bumi Armada, its subsidiaries, and joint ventures, the ESG reporting also incorporates greenhouse gas (GHG) emissions data for both leased assets and joint ventures, in accordance with international industry standards.



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**STRATEGY & SUSTAINABILITY**

# SUSTAINABILITY STATEMENT

**ABOUT THIS STATEMENT**

We are pleased to present the Sustainability Statement for 2023. In this Statement, we outline our business strategies, 2023 performance progress, our current achievements and our key focus. The Statement offers a transparent and credible view of our sustainability performance, reflecting our ambitious goal of 'Net Zero by 2050'.

**SCOPE AND COVERAGE**

This Sustainability Statement reflects Bumi Armada's sustainable performance for the financial year ended 31 December 2023, unless otherwise stated. The Statement covers all our assets and activities across Bumi Armada, its subsidiaries and joint ventures. ESG reporting includes greenhouse gas (GHG) emissions data for our leased assets and those of our joint ventures following international industry standards.

**REPORTING FRAMEWORKS**

We are guided by the following national regulatory requirements, international standards, frameworks and guidelines:

1. SINKAS/SEK Reporting Requirements by Bursa Malaysia Securities Berhad
2. Bursa Reporting Initiative (BRI) Elements
3. ISO 26000:2017 Sustainability Management System for the oil and gas industry
4. International Oil (IOI) Protocol

**OUR SUSTAINABLE PROGRESS**

We are committed to driving sustainability as an integral part of our business. We proactively incorporate business ethics to create positive impact on the environment and the society where we operate. We are working continuously with all our global stakeholder teams, including our clients and crew, in reducing our direct and indirect GHG emissions.

**2021**   **2022**   **2023**

- The Sustainability Statement was prepared and audited by the IOI.
- Comprehensively aligned with the 100 Principles of Sustainability and Governance in December 2022.
- Transitioned pathway report.

**CONTACT POINT**

We are committed to providing the Sustainability Statement to our stakeholders. Please contact your nearest contact point for more information. Please email your feedback to sustainability@bumiarmada.com.

20   21



**Case Study:  
Emerging EPC  
Materiality Matrix  
Generation and  
Validation**



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- Emerging EPC Sdn Bhd has published a standalone sustainability report for the fiscal year 2022. This report is aligned with the Global Reporting Initiative (GRI) standards, the United Nations Sustainable Development Goals (UN SDG), and, to some extent, Bursa Malaysia requirements.
- It offers a comprehensive overview of its sustainability initiatives and achievements, outlining its strategic path towards a sustainable future. The report covers various aspects, including its governance practices, social impact, and environmental footprint, demonstrating its commitment to responsible and sustainable business operations.

**Typical Flow and Outline for Sustainability Report**

*Introductory Part of the Sustainability Report*

# 1

## Executive Summary

- Brief overview of the company's sustainability strategy and achievements.
- Key highlights and significant milestones from the reporting period.

# 2

## Introduction

- Purpose of the report.
- Importance of sustainability to the company.
- Commitment to sustainable development.

# 3

## About The Company

- Company profile and business activities.
- Mission, vision, and values.
- Governance structure and management approach.

# 4

## Sustainability Strategy

- Long-term sustainability goals and objectives.
- Integration of sustainability into the company's overall strategy.
- Stakeholder engagement and feedback mechanisms.

# 5

## Referencing Sustainability Standards and Frameworks

- Long-term sustainability goals and objectives.
- Integration of sustainability into the company's overall strategy.
- Stakeholder engagement and feedback mechanisms.

# 6

## Boundary of the Sustainability Report

- Overview of the sustainability standards and frameworks used (e.g., GRI, SASB, TCFD).
- Explanation of how these standards guide the company's reporting and practices.
- Compliance and adherence to these frameworks.

# 7 Governance Structure and Responsibility

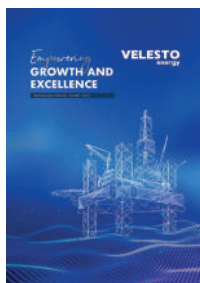


- Sustainability governance structure to ensure accountability, oversight and review in the identification and management of sustainability matters
- Roles and responsibilities of those in charge of the company's sustainability performance and disclosures



MISC has disclosed its sustainability governance structure along with its respective roles and responsibilities.

# 8 Materiality Assessment



- Process for identifying and prioritising material topics.
- Key material issues identified.
- Stakeholder involvement in the materiality assessment.

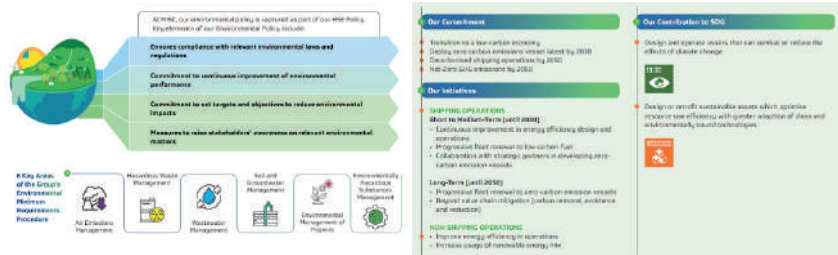


Velesto's 13 material topics are classified into 3 – Environment, Social and Governance.



# 9 Management Approach

- Explain the importance of the material topic to the company, including the impacts of those material topics, whether it is negative or positive and how it impacts the economy, environment and people.
- Disclose the approach the company is taking to manage those topics, such as policies implemented or actions taken.
- Include any targets committed related to the material topics.
- List and describe the initiatives being implemented to manage those topics and how it contributes to the progress of the topic.
- Disclose forward-looking statements to discuss future steps, as well as strategy to reach those targets.



MISC has an overall approach for its environment, social and governance pillar, with specific approach for specific topics such as GHG emission management, which includes policies and action plans.

On top of that, MISC has also disclosed its overall target with regards to the environmental pillar, which includes targets such as GHG emission reduction, energy efficiency and others. MISC has also mapped those targets to its contribution to the UNSDG.

# 10 Performance Data Table and Content Index

For ease of references for the investors or specific audience of the sustainability report, companies may also prepare a performance data table that includes all quantitative sustainability data.



SDG	INDICATOR	ENVIRONMENTAL TITLE	UNIT	EXPLANATION
13	13.1	Reduce greenhouse gas emissions	CO2e (t)	
13	13.2	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.3	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.4	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.5	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.6	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.7	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.8	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.9	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.10	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.11	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.12	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.13	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.14	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.15	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.16	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.17	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.18	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.19	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.20	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.21	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.22	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.23	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.24	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.25	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.26	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.27	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.28	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.29	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.30	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.31	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.32	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.33	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.34	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.35	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.36	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.37	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.38	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.39	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.40	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.41	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.42	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.43	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.44	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.45	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.46	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.47	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.48	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.49	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.50	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.51	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.52	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.53	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.54	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.55	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.56	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.57	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.58	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.59	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.60	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.61	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.62	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.63	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.64	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.65	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.66	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.67	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.68	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.69	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.70	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.71	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.72	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.73	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.74	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.75	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.76	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.77	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.78	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.79	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.80	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.81	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.82	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.83	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.84	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.85	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.86	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.87	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.88	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.89	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.90	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.91	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.92	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.93	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.94	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.95	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.96	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.97	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.98	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	13.99	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	
13	14.00	Reduce greenhouse gas emissions intensity	CO2e (t/TEU)	

Bumi Armada has prepared a Content Index that is aligned to GRI for ease of reference.

*Other sections that may be helpful to include in a sustainability report*

# 11

## Glossary

- 
- Brief overview of the company's sustainability strategy and achievements.
  - Key highlights and significant milestones from the reporting period.
- 

# 12

## Statement of Assurance

- 
- Purpose of the report.
  - Importance of sustainability to the company.
  - Commitment to sustainable development.
- 

# 13

## Point of Contact

- 
- Company profile and business activities.
  - Mission, vision, and values.
  - Governance structure and management approach.
- 

# 14















## Report Publication Date

- 
- Long-term sustainability goals and objectives.
  - Integration of sustainability into the company's overall strategy.
  - Stakeholder engagement and feedback mechanisms.
-










### Samples of Good Sustainability Reports

Companies below have been recognised as leaders in sustainability reporting and OGSE companies can refer to their sustainability report for best practices that can be adapted and adopted.

#### *FTSE4Good ESG Rating of 3.7 or higher*

COMPANY	LINK	COMPANY	LINK
MISC Berhad		PETRONAS Chemicals Group Berhad	
Yinson Holdings Berhad		PETRONAS Gas Berhad	
Bumi Armada Berhad		Press Metal Aluminium Holdings Berhad	
Wasco Berhad		Southern Steel Berhad	
Deleum Berhad		Sunway Berhad	
HengYuan Refining Company Berhad		Tasco Berhad	
Kelington Group Berhad		Westports Holdings Berhad	

**Award-winning Sustainability Reports**

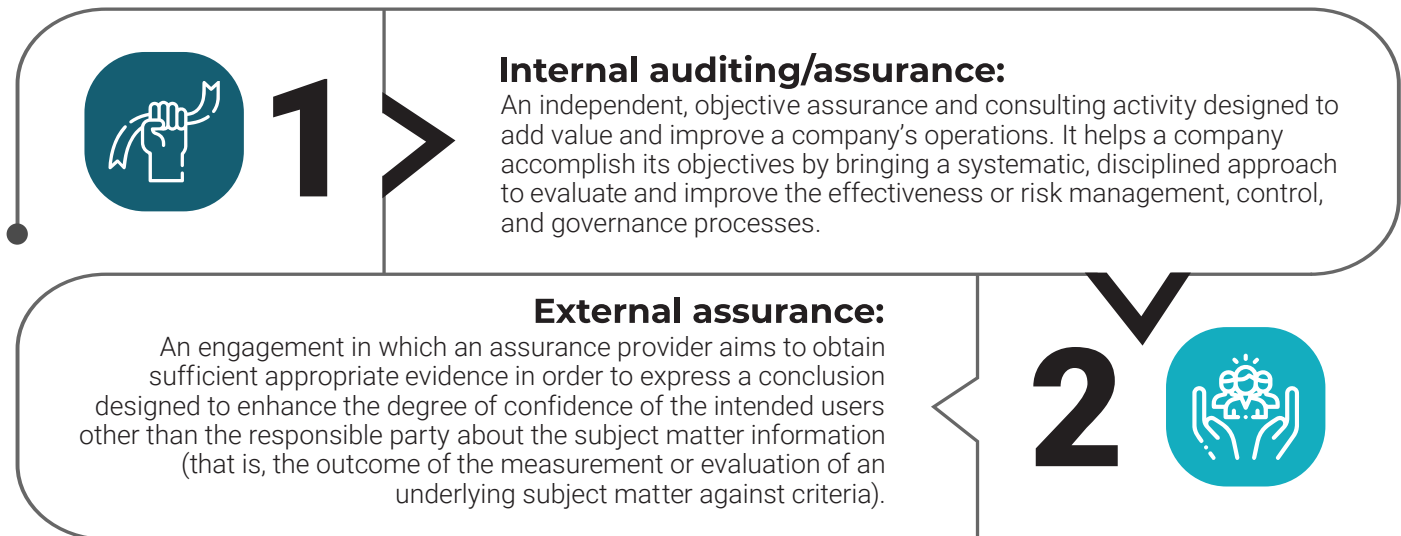
COMPANY	LINK	AWARD
Emerging EPC Sdn Bhd		UNGC Forward Faster Sustainability Award 2023 (SDG Reporting Disclosure Recognition)
IOI Properties Group Berhad		UNGC Forward Faster Sustainability Award 2023 (SDG Reporting Disclosure Recognition)
Yinson Holdings Berhad		UNGC Forward Faster Sustainability Award 2023 (SDG Reporting Disclosure Recognition)
PETRONAS Chemicals Group Berhad		NACRA Best Sustainability Reporting Award 2023 (Platinum)
Sunway Berhad		NACRA Best Sustainability Reporting Award 2023 (Gold)
CIMB Group Holdings Berhad		NACRA Best Sustainability Reporting Award 2023 (Gold)
Axiata Group Berhad		NACRA Best Sustainability Reporting Award 2023 (Silver)
Nestle (Malaysia) Berhad		NACRA Best Sustainability Reporting Award 2023 (Silver)
Salcon Berhad		ASRA Asia's Best Sustainability Report (SME) Award 2023 (Gold)



## 7.4 Assurance of Sustainability Report

### The Types of Assurance

There are different types of assurance a company could seek, including:



The types of assurance also encompasses the classification of assurance, distinguishing between limited and reasonable assurance methods. The level of assurance impacts the level of review and scrutiny applied during the assurance process.



Given the challenges for companies in assuring their sustainability data, a common method of assurance would be to start with an internal review by the internal audit department, followed by independent/external assurance for key indicators which are material to the company and/or their stakeholders, and finally subjecting the whole sustainability report to an independent assurance process.

Even so, the common practice is to undertake assurance by way of limited assurance, leaving reasonable assurance as a voluntary pursuit. This allows for gradual enhancement of reporting systems, with the possibility of pursuing reasonable assurance after a certain period of time.

## Global Trends on Assurance of Sustainability Report

Investors are considering sustainability disclosures to make investment decisions. With sustainable practices influencing capital allocation, companies are incentivised to publish meaningful, impactful sustainability information.

However, this trend also brings the risk of greenwashing, leading to a growing scepticism about the reliability of such information. In response to these challenges, assurance, in particular, external assurance, plays a crucial role in addressing the reporting trust deficit, thereby maintaining confidence in capital markets.

On a global scale, there is a rise in the consideration for mandatory assurance of sustainability information. We see this trend in various countries, with timeline spanning from 2024 to 2029 onwards:



### 1. Australia:

External limited assurance progressing to reasonable assurance for Scope 1, 2 and 3 GHG emissions, governance disclosures, scenario analysis and transition plans



### 2. European Union:

External limited assurance, progressing to reasonable assurance for all sustainability matters



### 3. New Zealand:

External limited assurance for Scope 1, 2, and 3 GHG emissions



### 4. Singapore:

External limited assurance for Scope 1 and 2 GHG emissions



### 5. Taiwan:

Assurance specific for Scope 1 and 2 GHG emissions only. Type of assurance is not specified

## Local Trends on Assurance of Sustainability Report

In Malaysia, there are currently no mandatory requirements for any company to obtain assurance on their sustainability report and disclosure. However, Bursa Malaysia in its latest update of the listing requirements have made it mandatory for PLCs to state whether their sustainability report have undergone any assurance process. PLCs are required to state the type of assurance obtained, the indicators and scope covered in the assurance process. Companies can attach the statement of assurance prepared by the assurance provider as it will cover the required information by Bursa Malaysia.



In the latest development, the Advisory Committee on Sustainability Reporting (ACSR) is considering mandatory assurance for GHG emissions, and sought feedback through a public consultation in February 2024 on the scope of assurance, standard of assurance, type of assurance, and the assurance provider. While these considerations were made for PLCs and possibly large non-listed companies, assurance is recommended as a matter of best practice for OGSE SME and MTC to enhance transparency and credibility of their sustainability disclosures. The emphasis on obtaining assurance on

sustainability disclosures are ever growing, coupled with the evolving sustainability landscape globally and locally, it is evident that assurance will soon be required for sustainability disclosures. Therefore, companies are advised to begin on ensuring the verifiability of their sustainability data and seriously consider the benefits of assurance moving forward.

## Most Commonly Used Assurance Standards for Sustainability Data and Information

Currently, Bursa Malaysia has referenced recognised assurance standards such as the International Standard on Assurance Engagements (ISAE) (3000) Revised: Assurance engagements other than audits or reviews of historical financial information, and the International Organisation for Standardisation (ISO).

In August 2023, the International Auditing and Assurance Standards Board (IAASB) introduced the Exposure Draft of the proposed International Standard on Sustainability Assurance (ISSA) 5000 General Requirements for Sustainability Assurance Engagements, an evolved version built on ISAE 3000 (Revised).

Set to become the industry benchmark, ISSA 5000 aims to be a comprehensive, independent standard that is adaptable for various sustainability assurance engagements and is designed to be profession-agnostic. The IAASB targets to issue the final standard by the end of 2024.

Other most commonly used assurance standards include the AA1000 Assurance Standard (AA1000AS v3) and the ISO 14064. The AA1000AS v3 provides a methodology to assure sustainability management, performance and reporting of a company and their adherence to the principles of inclusivity, materiality, responsiveness and impact in its sustainability processes.

Whereas the ISO 14064 standards outlines the principles and requirements that companies should adhere to when quantifying and reporting its GHG emissions and removals. The standards also clearly defines the requirements of verification on the company's GHG emissions.



## The Typical Assurance Process

In general, the typical assurance process can be divided into the stages below:



Before undergoing the assurance process, companies are recommended that all policies and methodologies for measuring and reporting sustainability data and information should be properly documented. A robust data collection process and set of controls should be in place to establish a clear audit trail for the assurance process.

Hence, companies should also consider investing in reliable performance monitoring tools (such as those recommended under Chapter 6.2) that will provide such features in the data collection and reporting processes.




## The Statement of Assurance

If a company's sustainability report has undergone the assurance process, the statement of assurance prepared by the assurance provider should be attached within the sustainability report. According to Bursa Malaysia, a statement of assurance should consist of the following:

**A** **Type of assurance:** What type of assurance did the company subjected its sustainability report to?


- An internal review by its internal auditor
- An independent assurance performed by an external assurance provider in accordance with recognised assurance standards



**B** **Subject matter:** What data or information within the report has been subjected to assurance?


The subject matter should be:

- Specific, identifiable and capable of being measured or evaluated consistently; and
- A data or information that sufficient evidence can be appropriately gathered for the purpose of supporting the assurance process and conclusion, as appropriate.



**C** **Scope:** What boundary has been set for the assurance process?

Furthermore, if the sustainability report has undergone an independent/external assurance, the assurance provider's conclusion must be published.



Bursa Malaysia encouraged companies to also consider having the information below within the statement of assurance disclosure for enhanced transparency and credibility.

- **Assurance provider:**  
 Disclose the identity of the assurance provider that was engaged to perform the assurance process.
- **Applicable criteria:**  
 Disclose applicable criteria to inform users which subject matter information is assessed against.
- **Significant inherent limitation(s):**  
 Disclose any significant inherent limitations associated with the measurement or evaluation of the any of the subject matter against the applicable criteria.
- **Adverse findings or qualification:**  
 Disclose the adverse findings or qualifications that were raised in the opinion of the assurance provider.





### Drafting and Publishing Sustainability Report by Pathways





Basic	Intermediate	Advanced
<ul style="list-style-type: none"> <li>Publish a Sustainability Summary Performance Report covering quantitative data for all material topics and indicators that have been identified.</li> </ul>	<ul style="list-style-type: none"> <li>Publish a Sustainability Communication Playbook by incorporating qualitative sustainability information coupled with the quantitative data available.</li> <li>Consider referencing recognised sustainability standards and frameworks to enhance robustness of report.</li> </ul>	<ul style="list-style-type: none"> <li>Publish a standalone sustainability report or embed a sustainability statement within the company's Annual/Integrated Report with proper reporting framework.</li> <li>Consider fully aligning with recognised sustainability standards and frameworks to produce a credible sustainability report.</li> <li>Consider developing Sustainability Communication Playbook specifically to address some stakeholder groups' concerns and expectations aside from publishing the sustainability report.</li> </ul>

### Most Commonly Used Assurance Standards for Sustainability Data and Information

Basic	Intermediate	Advanced
<ol style="list-style-type: none"> <li>Subject sustainability report to internal assurance/auditing before publishing it to the public.</li> <li>Cover key sustainability data such as quantitative data for the material topics and indicators within the sustainability report.</li> </ol>	<ol style="list-style-type: none"> <li>Subject sustainability report to external limited assurance before publishing it to the public.</li> <li>Cover key sustainability data and information such as quantitative data for material topics and indicators, the materiality assessment process and targets set within the sustainability report.</li> </ol>	<ol style="list-style-type: none"> <li>Subject sustainability report to external reasonable assurance before publishing it to the public.</li> <li>Cover the entire sustainability report, including all qualitative and quantitative sustainability data and information.</li> <li>Companies can also obtain assurance on their sustainability report's alignment with sustainability standards and frameworks.</li> </ol>

## 7.5 Summary of Key Actions

	KEY ACTIONS	BASIC
1	Align with principles of a balanced and well-written sustainability report (refer to Chapter 7.1)	Prepare sustainability report that aligns with the principles of a balanced and well-written sustainability report to avoid greenwashing. 
2	Refer to NOS-F Guide and OGSE Sustainability Framework (refer to Chapter 7.2; refer to Appendix B for guidance)	Refer to the NOS-F Guide and OGSE Sustainability Framework for guidance. 
3	Draft and publish sustainability report (refer to Chapter 7.3; refer to Appendix A for template)	Publish a Sustainability Summary Performance Report. 
4	Consider obtaining internal or external assurance (refer to Chapter 7.4)	Consider obtaining internal assurance/auditing on sustainability report. 

	KEY ACTIONS	INTERMEDIATE
1	Align with principles of a balanced and well-written sustainability report (refer to Chapter 7.1)	Prepare sustainability report that <b>aligns with the principles of a balanced and well-written sustainability report</b> to avoid greenwashing. 
2	Refer to NOS-F Guide and OGSE Sustainability Framework (refer to Chapter 7.2; refer to Appendix B for guidance)	Consider <b>referencing</b> recognised sustainability standards and frameworks. 
3	Draft and publish sustainability report (refer to Chapter 7.3; refer to Appendix A for template)	Publish a <b>Sustainability Communication Playbook</b> . 
4	Consider obtaining internal or external assurance (refer to Chapter 7.4)	Consider obtaining <b>external limited assurance</b> on sustainability report. 



	KEY ACTIONS	ADVANCED
1	Align with principles of a balanced and well-written sustainability report (refer to Chapter 7.1)	Prepare sustainability report that <b>aligns with the principles of a balanced and well-written sustainability report</b> to avoid greenwashing. 
2	Refer to NOS-F Guide and OGSE Sustainability Framework (refer to Chapter 7.2; refer to Appendix B for guidance)	Consider <b>fully aligning</b> with recognised sustainability standards and frameworks. 
3	Draft and publish sustainability report (refer to Chapter 7.3; refer to Appendix A for template)	Publish a standalone <b>sustainability report</b> or a <b>sustainability statement</b> embedded within the Annual/Integrated Report. 
4	Consider obtaining internal or external assurance (refer to Chapter 7.4)	Consider obtaining <b>external reasonable assurance</b> on sustainability report. 







## CHAPTER 8:

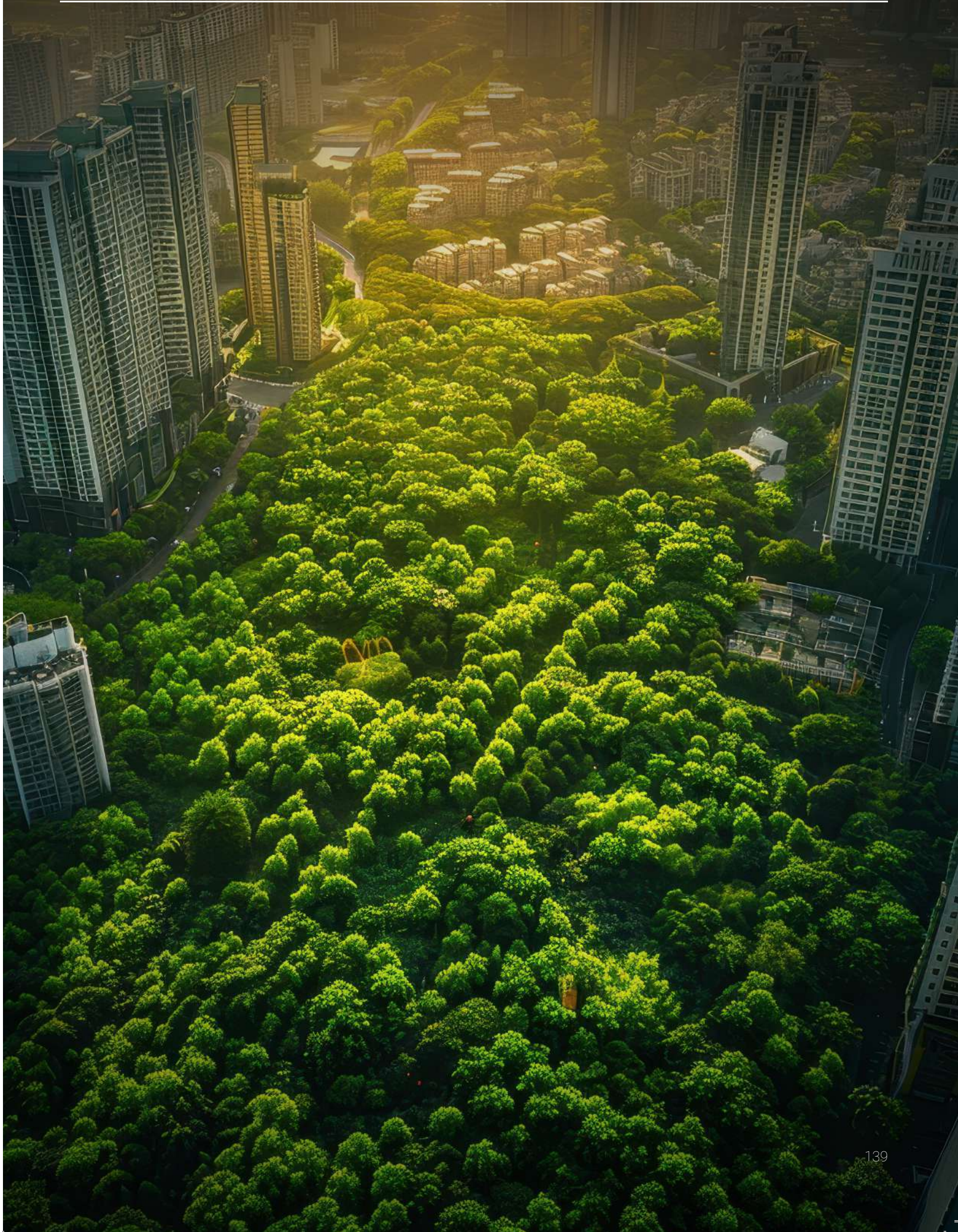
# CAPACITY BUILDING



### Objectives of this Chapter

- To introduce sustainability knowledge hubs and reliable sources of sustainability-related information that users can refer to.
- To inform users on the capacity building that will be provided under the NOS-R, NOS-F Guide and also other capacity building alternatives that are available in the market.







## 8.1 Sustainability Knowledge Hubs



### i-OGSE PORTAL

The i-OGSE portal was developed by MPRC as the one-stop platform for OGSE companies in Malaysia to access the latest initiatives, updates and development of the Malaysian OGSE Sector, particularly on the Government's support and services provided.



Scan this to learn more

Under the i-OGSE portal, a specific section is dedicated to information related to sustainability. Companies are able to access documents such as the NOS-P, as well as the NOS-R and the NOS-F Guide moving forward on this platform. MPRC will also provide latest updates on sustainability initiatives involving the OGSE Sector.



### ESG Jumpstart for SMEs



JC3 ESG Jumpstart for SMEs is the recommended primary knowledge hub for SMEs, offering tailored resources for various ESG maturity levels.

Aside from training resources, the platform also provides companies with information on sustainability-related seminars, conferences, certifications, financial incentives and financing options that are available in the market. It is a one-stop solution for SMEs that are beginning in their sustainability journey.



Scan this to learn more

### Bursa Sustain



Bursa Sustain is a comprehensive online portal meticulously designed to serve as a centralised knowledge and information hub focused on corporate governance, sustainability and responsible investment.

The platform also provides PLCs e-learning modules and resources to assist them in their reporting initiatives that can be referred by SMEs as best practices at the more advanced level. The articles included on the platform also includes analysis and updates on the latest trends within the sustainability sphere.



Scan this to learn more

### ESG Jumpstart for SMEs



The UNGC SME ESG Hub is a one-Stop ESG Resource Platform for Malaysian Small and Medium Enterprises (SMEs).

- Free to access knowledge hub around the topic of Inspire, Plan, Act, and Communicate.
- Inspire: Case studies and resources to inspire SME's ESG journey
- Plan: Sustainable business purpose matrix, ESG readiness, materiality matrix, stakeholder engagement matrix, PEST analysis, future-proofing your SME
- Act: Resources on specific material topic to implement ESG actions
- Communicate: Resources to support SMEs on communicating their ESG performance



Scan this to learn more

### CEO Action Network (CAN)



CAN is a closed-door peer-to-peer informal network of CEOs of leading Malaysian businesses. It is a coalition of leaders with a purpose, focused on sustainability advocacy, capacity building, action and performance.



Scan this to learn more

The platform provides resources for companies to learn on various sustainability-related topics such as climate change, circular economy and diversity and inclusion.

CAN has also recently published a guide for companies on implementing initiatives regarding diversity, equity and inclusion.

### ERM Sustainability Institute



The ERM Sustainability Institute is a platform dedicated to provide updates and insights into the global sustainability landscape and development.



Scan this to learn more

The articles and reports are free for all companies to access and prepares companies for what may come relating to sustainable development and opportunities.

### Other Capacity Building Alternatives



Alternatively, companies can choose to have more in-depth trainings and more customised sessions on sustainability by engaging with MGTC's Green Academy, HRC Corp Courses or consultants.












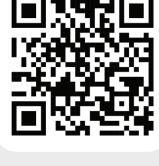




The approach and topics can be more structured and possibly more customisable but will require some investments of resources by the companies.



Scan this to learn more

## 8.2 Reliable Sources of Sustainability-related Information

The table below directs users to the key and reliable sources of sustainability-related information that will be helpful to companies:

RESOURCES	LINK	RESOURCES	LINK
Bursa Malaysia Sustainability Reporting Guide (3rd Edition)		GHG Protocol	
Simplified ESG Disclosure Guide (SEDG)		Science Based Target Initiative (SBTi)	
i-ESG Framework		Malaysian Code on Corporate Governance (MCCG)	
Global Reporting Initiative (GRI) Standards		United Nations Framework Convention on Climate Change (UNFCCC)	
Task Force on Climate-Related Financial Disclosures (TCFD)		Intergovernmental Panel on Climate Change (IPCC)	
International Financial Reporting Standards (IFRS)		International Energy Agency (IEA)	
Sustainability Accounting Standards Board (SASB)		Emission Conversion Factors developed by the Department for Energy Security and Net Zero, United Kingdom	



## 8.3 Capacity Building Programme

To support the sustainability journeys of the OGSE companies, a capacity building programme has been proposed under the NOS-R to help companies integrate and report on sustainability.

The full suite of capacity building sessions will cover 3 themes, namely ESG Implementation/NOS-F Guide, GHG Management and Climate-related Risk and Opportunity. The proposed details of the NOS-R Capacity Building Programme are as below:

<b>Theme 1: ESG Implementation/NOS-F Guide</b>	
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• This capacity building programme will lay the foundation for ESG implementation and reporting, referring to the NOS-F Guide. Key aspects covered will include the current sustainability landscape, materiality assessment, stakeholder mapping, governance structure, baselining process, target setting and monitoring.</li> </ul>
<b>OBJECTIVES</b>	<ul style="list-style-type: none"> <li>• Understand the current state of ESG practices and considerations.</li> <li>• Introduction to materiality assessment and stakeholder engagement.</li> <li>• Exploring different ESG standards, frameworks and their purposes.</li> <li>• Develop a governance structure for effective ESG oversight.</li> <li>• Understand the baselining process for target setting.</li> <li>• Gain skills in defining and setting KPIs for ESG initiatives.</li> <li>• Develop skills in setting ESG targets.</li> <li>• Establish effective mechanisms for monitoring progress against ESG goals including using available tools.</li> <li>• Gain insights into adaptive strategies for evolving ESG challenges.</li> </ul>

## Theme 2: GHG Management

DESCRIPTION	OBJECTIVES
<b>Beginner Module: Understanding GHG Basics</b>	
Foundation for beginners in GHG management.	<ul style="list-style-type: none"> <li>Comprehensively understand GHG concept.</li> <li>Identify major GHG sources in OGSE and their climate change impact.</li> <li>Learn basic GHG management terms.</li> </ul>
<b>Intermediate Module: GHG Inventory and Reporting Technique</b>	
Build GHG inventory creation and improving reporting skills.	<ul style="list-style-type: none"> <li>Understanding consolidation approaches and boundaries.</li> <li>Learn to create a GHG inventory and collect data.</li> <li>Develop skills in calculating emissions and choosing emission factors.</li> </ul>
<b>Advanced Module: Advanced GHG Management and Reduction Strategies</b>	
Explore technologies, policy implications, and strategies for GHG reduction.	<ul style="list-style-type: none"> <li>Explore advanced GHG reduction technologies.</li> <li>Understand GHG policy landscape.</li> <li>Develop strategies for effective emission reduction plans.</li> </ul>

## Theme 3: Climate-related Risk and Opportunity

DESCRIPTION	OBJECTIVES
<b>Beginner Module: Introduction to Climate Risk and Opportunity Assessment</b>	
Introduce basics of climate risks and opportunities.	<ul style="list-style-type: none"> <li>Understand the basics of climate-related risks and opportunities.</li> <li>Explore different types of climate risks affecting business.</li> <li>Awareness and introduction to key reporting frameworks such as TCFD, ISSB etc.</li> </ul>
<b>Intermediate Module: Scenario Analysis and Reporting Standards</b>	
Build skills like scenario analysis for climate risks and opportunities.	<ul style="list-style-type: none"> <li>Learn to conduct scenario analysis for climate-related risk and opportunity assessment.</li> <li>Understand and apply TCFD and ISSB requirements.</li> <li>Develop skills in communicating climate-related disclosures.</li> </ul>
<b>Advanced Module: Strategic Climate Risk Management and Advanced Reporting Practices</b>	
Explore financial quantification of climate risks and opportunities.	<ul style="list-style-type: none"> <li>Learn to conduct scenario analysis for climate-related risk and opportunity assessment.</li> <li>Understand and apply TCFD and ISSB requirements.</li> <li>Develop skills in communicating climate-related disclosures.</li> </ul>

# APPENDIX

## NOS-F Guide tools & template OGSE Sustainability Framework Glossary



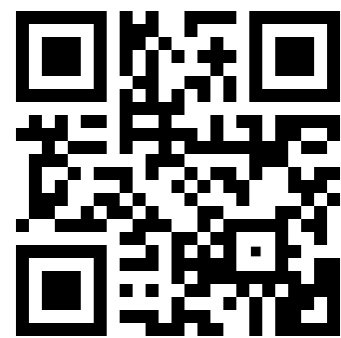
### APPENDIX A:

## NOS-F GUIDE TOOLS AND TEMPLATES

Editable tools and templates in spreadsheet format have been provided to support OGSE companies in sustainability reporting. Companies are welcomed to adapt the tools and templates to meet their respective reporting needs. The tools and templates available include:

- | Materiality Assessment and Materiality Matrix Generation Tool
- | Summary Performance Table Template for non-PLCs and PLCs
  - The template can be used for baseline assessment, monitoring progress against targets and for reporting purposes.

The NOS-F Guide tools and templates are downloadable at:









## APPENDIX B: OGSE SUSTAINABILITY FRAMEWORK GUIDANCE

### Topic 1: Emissions

1. **Total Scope 1 emissions (MtCO<sub>2</sub>e)**
2. **Total Scope 2 emissions (MtCO<sub>2</sub>e)**

Non-PLCs & SMEs	Basic
PLCs	Basic

Greenhouse gas (GHG) emissions significantly contribute to climate change and are regulated by the UN's Framework Convention on Climate Change and the Kyoto Protocol. Certain GHGs also adversely affect ecosystems, air quality, agriculture, and health. Key GHGs include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>). Reporting requirements are based on the GHG Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Corporate Value Chain Standard, which classify emissions into Scope 1, Scope 2, and Scope 3 categories.

#### Guidance (Scope 1)

Direct (Scope 1) GHG emissions originate from sources owned or controlled by a company, including:

**Energy Generation:** Emissions from burning fuels in boilers, furnaces, and turbines for electricity, heating, cooling, and steam.

**Processing:** Emissions from manufacturing chemicals and materials like cement, steel, aluminium, and waste processing.

**Transportation:** Emissions from fuel combustion in company-owned mobile sources, including trucks, trains, ships, and cars.

**Fugitive Emissions:** Uncontrolled releases of GHGs, such as equipment leaks and methane emissions from coal mines.

**HFC Emissions:** From refrigeration and air conditioning, along with methane leaks from gas transport.

Scope 1 emissions are calculated by multiplying fuel consumption by the relevant emission factor. For guidance, refer to the 'GHG Protocol Scope 1 Guidance.' Emission factors should be localised based on the country of operation; for example, Malaysia's factors differ from those in other regions. If local factors are unavailable, use sources like the UK's Department for Energy Security and Net Zero, ensuring to utilise the most current emission factors.

#### Guidance (Scope 2)

Emission factors should be localised based on the requirements of the country of operation. For example, factors published in Malaysia differ from those in other jurisdictions. Companies should use the most up-to-date emission factors available.

#### Alignment with Standards and Frameworks & Further References

- GRI 305-1, 305-2
- SEDG-E1.1, E1.2
- Bursa C11 (a), (b)
- IFRS S2 29(a)(i)(1), (2)
- i-ESG 3.2.2.1, 3.2.2.2

3. **Scope 1 and 2 emissions reduced as a direct result of reduction initiatives**

Non-PLCs & SMEs	Basic
PLCs	Basic

Greenhouse gas (GHG) emissions significantly contribute to climate change and are regulated by the UN's Framework Convention on Climate Change and the Kyoto Protocol. Certain GHGs also adversely affect ecosystems, air quality, agriculture, and health. Key GHGs include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>). Reporting requirements are based on the GHG Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Corporate Value Chain Standard, which classify emissions into Scope 1, Scope 2, and Scope 3 categories.

#### Guidance

Examples of Scope 1 reduction initiatives include energy efficiency improvements and fuel switching for boilers, reducing fugitive emissions, and electrifying vehicle fleets. For Scope 2, initiatives include enhancing energy efficiency for electrical equipment, installing solar PV panels on factory rooftops, and purchasing renewable energy certificates, such as TNB's Green Energy Tariff (GET) in Peninsular Malaysia.

#### Alignment with Standards and Frameworks & Further References

- SEDG-E1.3, E1.4

**4. Total Scope 3 emissions (MtCO2e) (at least for business travel and employee commuting)**

Non-PLCs & SMEs	Basic
PLCs	Basic

Scope 3 emissions are all indirect emissions not included in Scope 1 and Scope 2, resulting from a company’s activities but occurring from sources not owned or controlled by the company.

**Guidance**

Scope 3 consists of 15 categories of emissions as categorised below:

Upstream Categories:	Downstream Categories:
<b>Category 1:</b> Purchased goods and services	<b>Category 9:</b> Downstream transportation and distribution
<b>Category 2:</b> Capital goods	<b>Category 10:</b> Processing of sold products
<b>Category 3:</b> Fuel-and-energy-related activities (not included in Scope 1 or 2)	<b>Category 11:</b> Use of sold products
<b>Category 4:</b> Upstream transportation and distribution	<b>Category 12:</b> End of life treatment of sold products
<b>Category 5:</b> Waste generated in operations	<b>Category 13:</b> Downstream leased assets
<b>Category 6:</b> Business travel	<b>Category 14:</b> Franchises
<b>Category 7:</b> Employee commuting	<b>Category 15:</b> Investments
<b>Category 8:</b> Upstream leased assets	

**Guidance**

Companies should report emissions from Category 6: Business Travel and Category 7: Employee Commuting, disclosing the measurement frameworks used (e.g., GHG Protocol) and sources of emission factors (e.g., UK’s Department for Energy Security and Net Zero). Emission factors should be localised based on the country of operation; if unavailable, use the best available sources. Malaysia’s emission factors may differ from those in other regions. Companies should utilise the most up-to-date emission factors.

Alignment with Standards and Frameworks & Further References

- GRI 305-3
- IFRS S2 29 (a)(i)(3)
- Bursa C11 (c)
- I-ESG 3.2.2.3
- SEDG-E1.5

**5. GHG emissions intensity**

Non-PLCs & SMEs	Basic
PLCs	Basic

Intensity ratios define GHG emissions relative to a company-specific metric, expressing emissions per unit of activity or output. They help contextualise a company’s efficiency alongside absolute GHG emissions, allowing comparisons with other companies.

**Guidance**

Companies can report an intensity ratio for combined direct (Scope 1) and energy indirect (Scope 2) GHG emissions. They must disclose the denominator (e.g., size, volume, monetary units) used to calculate the ratio. The ratio is calculated by dividing absolute GHG emissions (numerator) by the chosen metric (denominator). Intensity ratios for other indirect (Scope 3) GHG emissions should be reported separately.

<p><b>Intensity ratios can be provided for, among others:</b></p> <ul style="list-style-type: none"> <li>• Products (such as GHG emissions emitted per unit produced)</li> <li>• Services (such as GHG emissions emitted per function or per service)</li> <li>• Sales (such as GHG emissions emitted per monetary unit of sales)</li> </ul>	<p><b>Intensity ratios can be provided for, among others:</b></p> <ul style="list-style-type: none"> <li>• Units of products</li> <li>• Production volume (metric tons, litres, MWh)</li> <li>• Size (m2 floor space)</li> <li>• Number of full-time employees</li> <li>• Monetary units (revenue or sales)</li> </ul>
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Alignment with Standards and Frameworks & Further References

- GRI 305-4

## 6. Total Scope 3 emissions (MtCO2e) (for categories other than business travel and employee commuting)

Non-PLCs & SMEs	Basic
PLCs	Basic

Scope 3 emissions are all other indirect emissions not covered under Scope 1 and Scope 2. Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company.

### Guidance

Scope 3 consists of 15 categories of emissions from both upstream and downstream activities as categorised below:  
Upstream Categories:

#### Upstream Categories:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 7: Employee commuting
- Category 8: Upstream leased assets

#### Downstream Categories:

- Category 9: Downstream transportation and distribution
- Category 10: Processing of sold products
- Category 11: Use of sold products
- Category 12: End of life treatment of sold products
- Category 13: Downstream leased assets
- Category 14: Franchises
- Category 15: Investments

For the purpose of this indicator, companies are expected to report on emissions arising from all other categories in addition to Category 6: Business Travel and Category 7: Employee Commuting. Companies are expected to disclose the measurement frameworks employed (i.e. GHG Protocol) and sources of emission factors (i.e. United Kingdom's Department for Energy Security and Net Zero) when reporting against this indicator. Selection of emission factors should be, to the best possible extent, localised and based on the requirements of the country(ies) of operation. For example, emission factors that are published in Malaysia differ from those published in other jurisdictions. If local emission factors are not available, companies should use best available sources of emission factors such as the factors published by the United Kingdom's Department for Energy Security and Net Zero. Companies should utilise the most up-to-date emissions factors available.

#### Alignment with Standards and Frameworks & Further References

- GRI 305-3
- SEDG-E1.5
- IFRS S2 29 (a)(i)(3)
- i-ESG 3.2.2.3

## 7. Scope 3 emissions reduced as a direct result of reduction initiatives

Non-PLCs & SMEs	Basic
PLCs	Basic

Accounting for actual reductions in indirect emissions to the atmosphere is more complex than accounting for actual reductions in direct emissions to the atmosphere. Changes in a company's Scope 3 inventory over time may not always correspond to actual changes in GHG emissions to the atmosphere, since there is not always a direct cause and-effect relationship between the company's activities and the resulting GHG emissions. Nevertheless, as long as the accounting of Scope 3 emissions over time recognises activities that in aggregate change global emissions, any such concerns should not inhibit companies from reporting and tracking their scope 3 emissions over time. Companies may implement a variety of actions to reduce Scope 3 emissions. Examples of actions to reduce Scope 3 emissions include implement low-GHG-procurement or purchasing policies, reduce the amount of business travel, shift toward lower-emitting fuel source.

### Guidance

Companies should report the total Scope 3 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO2 equivalent.

#### Alignment with Standards and Frameworks & Further References

- SEDG-E1.6

## Topic 2: Energy

### 1. Total energy consumption, including, if applicable, renewable and non-renewable fuel sources, electricity, heating, cooling and steam

Non-PLCs & SMEs	Basic
PLCs	Basic

A company consumes energy in various forms like fuel, electricity, heating, or steam, either self-generated or purchased. Energy can be renewable (e.g., wind, solar) or non-renewable (e.g., coal, natural gas). Using energy efficiently and choosing renewables is key to combating climate change and reducing a company's environmental impact. Energy use also occurs in activities linked to operations, including product use and disposal.

#### Guidance

Companies should report the energy consumption in joules or watthours. Renewable fuel sources are defined as fuel sources capable of being replenished naturally in a short time. This includes solar, wind, geothermal, hydropower, biomass.

Non-renewable fuel sources are defined as fuel sources that cannot be replenished in a short period. This includes fuel distilled from petroleum or crude oil (e.g., gasoline, diesel fuel, jet fuel and heating oil), natural gas (compressed natural gas - CNG, and liquefied natural gas - LNG), fuels extracted from natural gas processing and petroleum refining (e.g., butane, propane, and liquefied petroleum gas - LPG), coal, nuclear power.

The total energy consumption within the company = Non-renewable fuel consumed + Renewable fuel consumed + Electricity, heating, cooling, and steam purchased for consumption + Self-generated electricity, heating, cooling, and steam which are not consumed - Electricity, heating, cooling, and steam sold.

The company should avoid the double counting of fuel consumption when reporting self-generated energy consumption, i.e., if the company generates electricity from a fuel source and then consumes it, the energy consumption is counted only once under fuel consumption. The company should only report energy consumed by entities owned or controlled by the company. Where relevant, a breakdown of energy consumption data by business unit, country or type of activity may be useful to aid transparency or compatibility over time.

Alignment with Standards and Frameworks & Further References

- GRI 302-1
- SEDG-E2.1
- Bursa C4 (a)
- SASB 130a.1
- i-ESG 3.1.2.1

### 2. Reduction in energy consumption

Non-PLCs & SMEs	Basic
PLCs	Basic

This disclosure can provide information about a company's impacts related to energy, and how it manages them.

#### Guidance

Companies should report on:

- Amount of reduction in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples;
- Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all;
- Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it; and
- Standards, methodologies, assumptions, and/or calculation tools used.

Alignment with Standards and Frameworks & Further References

- GRI 302-4
- SEDG-E2.2

### 3. Energy intensity

Non-PLCs & SMEs	Basic
PLCs	Basic

Energy intensity ratios measure energy consumption relative to a company-specific metric, expressing energy required per unit of activity or output. Often referred to as normalised environmental impact data, these ratios help contextualise a company's efficiency alongside total energy consumption, allowing comparisons with other companies.

#### Guidance

Companies should report:

- The energy intensity ratio.
  - The company-specific metric (denominator) used for calculation.
  - Types of energy included in the intensity ratio.
- The ratio is calculated by dividing absolute energy consumption (numerator) by the chosen metric (denominator).

Intensity ratios can be provided for, among others:

- Products (such as GHG emissions emitted per unit produced)
- Services (such as GHG emissions emitted per function or per service)
- Sales (such as GHG emissions emitted per monetary unit of sales)

Company-specific metrics (denominators) can include:

- Units of products
- Production volume (metric tons, litres, MWh)
- Size (m2 floor space)
- Number of full-time employees
- Monetary units (revenue or sales)

Alignment with Standards and Frameworks & Further References

- GRI 302-3
- i-ESG 3.1.2.2



#### 4. Renewable energy commitments

Non-PLCs & SMEs	Basic
PLCs	Basic

Energy can be self-generated and can come from renewable sources. A renewable energy source refers to an energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes (such as wind, hydro, solar, or biomass). Using energy more efficiently and opting for renewable energy sources is essential for combating climate change and lowering a company's overall environmental footprint.

##### Guidance

Companies disclose their commitments to renewable energy. They are recommended to express their intentions and roadmap for achieving specific targets of renewable usage, it could be in the form of an absolute renewable energy consumption in kWh or MWh, or it could be a percentage of renewable energy mix within total energy consumption (X% of energy total consumption coming from renewable sources). Companies must disclose the sources of their renewable electricity and third-party verification is advised.

Alignment with Standards and Frameworks & Further References

- GRI 302-3
- i-ESG 3.1.2.2

#### 5. Reduction in energy requirements of products and services

Non-PLCs & SMEs	Basic
PLCs	Basic

Energy reduction refers to the amount of energy saved while performing the same tasks, excluding reductions from decreased production capacity or outsourcing. This disclosure offers insights into a company's energy reduction strategies and efforts.

##### Guidance

###### Companies should report on:

- Reductions in energy requirements for sold products and services during the reporting period, in joules or multiples.
- The basis for calculating reductions, such as the base year or baseline, along with the rationale.
- The standards, methodologies, assumptions, and calculation tools used.

Alignment with Standards and Frameworks & Further References

- GRI 302-5

### Topic 3: Emissions

1. Total waste generated
2. Total waste diverted from disposal
3. Total waste directed to disposal

Non-PLCs & SMEs	Basic
PLCs	Basic

Waste is generated through a company's activities, such as product production and service delivery, as well as across its value chain, from suppliers to consumers. Poor waste management can harm the environment and human health, with effects extending beyond the waste generation site. Incinerating or landfilling waste results in the loss of valuable resources, accelerating their depletion. The UN highlights responsible consumption and production as key to the Sustainable Development Goals, especially Goal 12. Companies must disclose their waste prevention and management efforts across their operations and value chain. In Malaysia, companies must comply with the Environmental Quality Act 1974 and the Environmental Quality (Scheduled Wastes) Regulations 2005 for responsible waste disposal and pollution control.

##### Guidance

Companies should disclose total waste generated, including waste diverted from disposal (e.g., reused, recycled, or recovered) and waste directed to disposal, as of the end of the reporting period.

- Waste is anything discarded, intended for discard, or required to be discarded, excluding effluents.
- Diverted waste includes reuse, recycling, or other recovery operations.
- Recycling involves reprocessing waste into new materials.
- Preparation for reuse includes cleaning or repairing waste for its original use.
- Recovery uses waste materials in place of new ones.
- Disposal refers to operations not classified as recovery.

Alignment with Standards and Frameworks & Further References

- GRI 305-1, 305-2
- SEDG-E1.1, E1.2
- Bursa C11 (a), (b)
- IFRS S2 29(a)(i)(1), (2)
- i-ESG 3.2.2.1, 3.2.2.2

**4. Total breakdown of waste by hazardous and non-hazardous waste**

Non-PLCs & SMEs	Basic
PLCs	Basic

The composition of the waste generated can help identify recovery or disposal operations appropriate to the type of waste and to the specific materials present in the waste.

**Guidance**

Quantity is defined by total weight in metric tonnes. Type is defined first by hazardous vs non-hazardous waste, then into sector specific waste streams (e.g., tailings for a company in the mining sector, electronic waste for a company in the consumer electronics sector, or food waste for a company in the agriculture or in the hospitality sector), and finally material composition (e.g., biomass, metals, non-metallic minerals, plastics, textiles).

Alignment with Standards and Frameworks & Further References

- GRI 306-3
- SEDG-E4.2
- i-ESG 3.4.2.4
- SASB 150a.1

**5. Total breakdown of waste by hazardous and non-hazardous waste by recovery streams**

Non-PLCs & SMEs	Basic
PLCs	Basic

**6. Total breakdown of waste by hazardous and non-hazardous waste by disposal streams**

The composition of the waste generated can help identify recovery or disposal operations appropriate to the type of waste and to the specific materials present in the waste.

**Guidance**

Companies can specify types of recycling, such as downcycling, upcycling, composting, or anaerobic digestion, and report other recovery methods like repurposing or refurbishment. Waste prevention should not include reductions due to lower production capacity, but the company may report waste prevented in its value chain. For waste disposal, specify methods like incineration, landfilling, dumping, open burning, or deep well injection. Companies can report waste quantities generated, diverted, and disposed of onsite and offsite. Reporting on waste management upstream and downstream in the value chain, if available, can provide insight into the company's waste handling practices.

Alignment with Standards and Frameworks & Further References

- GRI 306-4
- SEDG-E4.3, E4.4

**Topic 4: Water and Effluent**

**1. Total water withdrawn from all areas, and a breakdown by type**

Non-PLCs & SMEs	Basic
PLCs	Basic

Access to fresh water is essential for life and is recognized by the UN as a human right. The UN's Sustainable Development Goal 6 focuses on sustainable water management, aiming for universal access to safe drinking water, improved water quality, and reduced water scarcity. A company's water withdrawals and discharge quality can significantly affect ecosystems, with direct impacts on catchments leading to social and economic consequences for local communities and indigenous peoples.

**Guidance**

Companies should disclose total water withdrawn in litres, broken down by type:

- **Purchased water:** From municipal suppliers, wastewater treatment plants, utilities, etc. (e.g., Air Selangor).
- **Surface water:** Natural sources like lakes, rivers, streams, and harvested rainwater.
- **Groundwater:** Water recovered from underground formations.
- **Seawater:** Water sourced from the sea.
- **Produced water:** Water resulting from extraction or processing activities (e.g., crude oil extraction, sugar cane crushing).

Companies must provide data collection methods, including standards, assumptions, calculation tools, and whether data is measured, estimated, or modelled, along with the approach used (e.g., sector-specific factors).

Alignment with Standards and Frameworks & Further References

- GRI 303-3
- SEDG-E3.1
- SASB 140a.1

**2. Water efficiency**

Non-PLCs & SMEs	Basic
PLCs	Basic

Water efficiency measures how effectively a company uses water, typically as a ratio of water used to output. Companies can also report efforts to improve efficiency, such as water-saving technologies, recycling, and process optimisation.

**Guidance**

$$\text{Water efficiency during the reporting period} = \frac{\text{Production output during the reporting period}}{\text{Water used during the reporting period}}$$

The higher the water efficiency value, the more productive and sustainable the company's water use is.

Alignment with Standards and Frameworks & Further References

- i-ESG 3.3.2.2

### 3. Total volume of water used

Non-PLCs & SMEs	Basic
PLCs	Basic

This indicator measures water used by a company that is no longer available to the ecosystem or local community. Reporting water consumption volume helps assess the impact on downstream water availability.

#### Guidance

Companies should report total water used at the end of the reporting period.

- **Water used includes water withdrawn, incorporated into products, consumed in production, evaporated, transpired, consumed by humans or livestock, or polluted to the point of being unusable, and not returned to surface water, groundwater, seawater, or a third party.**

Alignment with Standards and Frameworks & Further References

- GRI 303-5
- Bursa C9 (a)
- SASB 140a.1
- i-ESG 3.3.2.1

### 4. Total water discharged

Non-PLCs & SMEs	Basic
PLCs	Basic

Quantifying the volume of water (effluent) discharge can help a company understand its negative impacts on the receiving waterbody. Conversely, reporting water (effluent) discharge can provide insight into the effort a company is making to improve the quality of its wastewater and discharged water. However, minimum requirements for treatment may also be specified in national, state, or local legislation.

#### Guidance

When compiling data for this indicator, companies should report the total volume of effluent[1] as at the end of the reporting period.

- **Effluent is treated or untreated wastewater that is discharged.**

Alignment with Standards and Frameworks & Further References

- GRI 303-4
- Bursa S8 (a)

- 5. **Total breakdown of waste by hazardous and non-hazardous waste by recovery streams**
- 6. **Total breakdown of waste by hazardous and non-hazardous waste by disposal streams**

Non-PLCs & SMEs	Basic
PLCs	Basic

The composition of the waste generated can help identify recovery or disposal operations appropriate to the type of waste and to the specific materials present in the waste.

#### Guidance

Companies can specify types of recycling, such as downcycling, upcycling, composting, or anaerobic digestion, and report other recovery methods like repurposing or refurbishment. Waste prevention should not include reductions due to lower production capacity, but the company may report waste prevented in its value chain. For waste disposal, specify methods like incineration, landfilling, dumping, open burning, or deep well injection. Companies can report waste quantities generated, diverted, and disposed of onsite and offsite. Reporting on waste management upstream and downstream in the value chain, if available, can provide insight into the company's waste handling practices.

**Topic 5: Health & Safety**

- 1. **Total number of work-related fatalities**
- 2. **Total number of work-related injuries**

Non-PLCs & SMEs	Basic
PLCs	Basic

Healthy and safe work conditions involve both prevention of physical and mental harm, and promotion of workers' health. Health and safety work conditions are recognised as a human right and addressed in authoritative intergovernmental instruments, including ILO, OECD, World Health Organisation (WHO) and a target of the Sustainable Development Goals adopted by the UN. This covers considerations around work-related hazards, ill health, and injuries. The Occupational Safety and Health Act 1994 provides a legislative framework for the safety, health and welfare in the Malaysian workforce. The principle is to prevent and protect the workers against hazards and its risk in connection with their activities at work. It requires all companies to establish:

- Safety and health policy;
- Duties of the employer, employees and the safety and health officers;
- The safety and health committee of companies; and
- Occupational safety and health inspections and officers.

**Guidance**

A work-related fatality is an occupational injury leading to death within one year of the day of the occupational accident. Companies should report the absolute number of work-related fatalities, as at the end of the reporting period. Companies are encouraged to provide the breakdown of work-related fatalities by:

- **Employees; and**
- **All workers who are not employees but whose work and/or workplace is controlled by the company. An employee is defined as an individual who is in an employment relationship with the company, according to national law or its application.**

Work-related hazards, ill health, and injuries are included as part of work-related injuries. It also covers both short latency and long-latency work-related ill health. Latency refers to the period between exposure and the onset of ill health. Separately captured are high-consequence work-related injuries such as fatalities. For additional disclosure, the company can report any actions taken or underway to eliminate other work-related hazards and to minimise risks. The company can also additionally report how the data was compiled (e.g., standards, methodologies and assumptions used) and further explain if any workers have been excluded. In addition, a list of chemical hazards, number of high-potential work-related incidents and number of close calls can also be disclosed. A company which has no control over both the work and workplace, still has a responsibility to make efforts, including any leverage it might have, to prevent and mitigate negative occupational health and safety impacts that are directly linked to its operations, products, or services by its business relationships.

Alignment with Standards and Frameworks & Further References

- GRI 403-9
- Bursa C5 (a)
- SEDG-S4.1

- 3. **Total number and percentage of employees trained on OHS standards**

Non-PLCs & SMEs	Basic
PLCs	Basic

Overall, in a company's increasing maturity in occupational health and safety, hazard identification, risk assessment, worker training, and incident investigation are key to planning, supporting, operating, and evaluating the company's occupational health and safety management system. This disclosure seeks to include pre-emptive training provided to employees. Training on health and safety standards includes any occupational health and safety training provided to employees, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.

**Guidance**

Companies should report on data regarding the total number of employees<sup>[1],[2]</sup> trained<sup>[3]</sup> on health and safety standards as at the end of the reporting period. The number should be reported as an absolute number.

- [1] **Total number of employees refer to total number of employees as at the end of reporting period.**
- [2] **An employee is defined as an individual who is in an employment relationship with the company, according to national law or its application.**
- [3] **Training includes all types of vocational training and instruction, paid educational leave provided by a company for its employees, training or education pursued externally and paid for in whole or in part by a company and training on specific topics. Training does not include on-site coaching by supervisors.**

Companies are encouraged to disclose the total number of employees as at the end of the reporting period, to provide added context.

- If companies provide training on health and safety standards to workers who are not employees but whose work and/or workplace is controlled by the company, companies are encouraged to provide the following disclosures:
  1. Number of workers who are not employees but whose work and/or workplace is controlled by the company which were provided training on health and safety standards, as at the end of the reporting period; and
  2. Total number of workers who are not employees but whose work and/or workplace is controlled by the company, as at the end of the reporting period.

Alignment with Standards and Frameworks & Further References

- Bursa C5 (c)
- SEDG-S4.2



#### 4. Number of healthcare programmes provided to employees

Non-PLCs & SMEs	Basic
PLCs	Basic

Promoting healthy lives and well-being for all is a UN Sustainable Development Goal (Goal 3). This includes targets to reduce premature mortality from non-communicable diseases, enhance mental health, prevent substance abuse, ensure access to sexual and reproductive healthcare, and combat epidemics like AIDS and tuberculosis. This disclosure focuses on voluntary services and programs that address major non-work-related health risks for workers, such as smoking, substance abuse, physical inactivity, unhealthy diets, and psychosocial factors. Examples of voluntary health promotion programs include smoking cessation initiatives, dietary advice, healthy food options, stress reduction programs, and fitness offerings. A program is considered voluntary if it does not impose mandatory targets or link incentives to employment decisions.

**Guidance**

Companies should report total water used at the end of the reporting period.  
A description of any voluntary health promotion services offered to workers to address significant non-work-related health risks, including the specific risks and how the company facilitates access to these programs.

**The reporting company should also consider providing:**

- Details on how it maintains the confidentiality of workers' personal health information.
- Assurance that this information and participation in services are not used for any favourable or unfavourable treatment of workers.

Alignment with Standards and Frameworks & Further References

- GRI 403-6
- i-ESG 4.2.3.4

#### 5. Lost time incident rate

Non-PLCs & SMEs	Basic
PLCs	Basic

**Guidance**

Lost time incident rate refers to the loss of productivity associated with accidents or injury arising out of or in the course of work.

$$\text{Lost Time Incident Rate ("LTIR")}[1] = \frac{A}{B} \times 200,000[2]$$

**A** - Number of lost time injury cases recorded in the reporting period  
**B** - Total number of hours worked in the reporting period

[1] LTIR is calculated as the number of lost time incidents during the reporting period per total hours worked at the end of the period.  
[2] The value of 200,000 represents the total hours 100 employees work weekly for 40 hours over 50 weeks (100 x 40 x 50 = 200,000).

Alignment with Standards and Frameworks & Further References

- Bursa C5 (b)

#### 6. Number of healthcare programmes provided to employees

Non-PLCs & SMEs	Basic
PLCs	Basic

Occupational health and safety management systems effectively manage and eliminate hazards while minimising risks. This systems-based approach integrates health and safety into overall business processes, following a 'plan-do-check-act' cycle that promotes leadership and worker participation at all levels. By focusing on system deficiencies, companies can identify weaknesses in their health and safety management and drive continual improvement.

**Guidance**

If a company has implemented an occupational health and safety management system based on legal requirements or recognized standards, it should report:

- The number and percentage of employees and controlled workers covered by the system.
- The number and percentage of those covered by a system that has been internally audited.
- The number and percentage covered by a system audited or certified by an external party.

Alignment with Standards and Frameworks & Further References

- GRI 403-8

## 7. Total number of work-related ill health

Non-PLCs & SMEs	Basic
PLCs	Basic

Work-related ill health includes acute, recurring, and chronic conditions caused or worsened by work practices. This encompasses musculoskeletal disorders, skin and respiratory diseases, cancers, illnesses from physical agents (e.g., noise-induced hearing loss), and mental health issues (e.g., anxiety, PTSD). This disclosure includes diseases from the ILO List of Occupational Diseases. Notably, work-related musculoskeletal disorders fall under ill health and should be reported.

**Guidance**

It is recommended for companies to report the following information:

<p><b>For all employees:</b></p> <ul style="list-style-type: none"> <li>The number of fatalities as a result of work-related ill health;</li> <li>The number of cases of recordable work-related ill health; and</li> <li>The main types of work-related ill health.</li> </ul> <p><b>For all workers who are not employees but whose work and/or workplace is controlled by the company:</b></p> <ul style="list-style-type: none"> <li>The number of fatalities as a result of work-related ill health;</li> <li>The number of cases of recordable work-related ill health; and</li> <li>The main types of work-related ill health.</li> </ul>	<p><b>The work-related hazards that pose a risk of ill health, including:</b></p> <ul style="list-style-type: none"> <li>how these hazards have been determined;</li> <li>which of these hazards have caused or contributed to cases of ill health during the reporting period, and</li> <li>actions taken or underway to eliminate these hazards and minimise risks.</li> </ul>
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Alignment with Standards and Frameworks & Further References

- GRI 403-10

## Topic 6: Employment

### 1. Total number of employees

Non-PLCs & SMEs	Basic
PLCs	Basic

An employment relationship is a legal relationship between a worker and a company that confers rights and obligations to both parties. This relationship is determined by employment and commercial laws, where applicable.

**Guidance**

It is recommended for companies to report on the total number of:

<ul style="list-style-type: none"> <li>Employees, and a breakdown of this total by gender and by region [1];</li> <li>Permanent employees, and a breakdown by gender and by region [2];</li> <li>Temporary employees, and a breakdown by gender and by region [2];</li> </ul>	<ul style="list-style-type: none"> <li>Non-guaranteed hours employees, and a breakdown by gender and by region [2];</li> <li>Full-time employees, and a breakdown by gender and by region [2]; and</li> <li>Part-time employees, and a breakdown by gender and by region [2].</li> </ul>
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**[1] A breakdown of employees by gender provides insight into gender representation, while a regional breakdown highlights geographic variations, which can refer to countries, cities, or other areas.**

**[2] Definitions of permanent, temporary, non-guaranteed hours, full-time, and part-time employees vary by country. Companies with employees in multiple countries should use national definitions to calculate country-level data and then sum these totals, ignoring national differences. Non-guaranteed hours employees have no fixed working hour guarantee and may include casual, zero-hour contract, and on-call workers. If exact figures are unavailable, companies may report estimates rounded to the nearest ten or hundred for larger employee numbers.**

Alignment with Standards and Frameworks & Further References

- GRI 2-7
- SEDG-S2.2

### 2. Total employee turnover by employee category

Non-PLCs & SMEs	Basic
PLCs	Basic

Turnover affects a company's human and intellectual capital, impacting productivity. It also indicates the company's focus on employee management, wellbeing, and personal development, reflecting the effectiveness of its systems and potential inequities in access to growth opportunities.

**Guidance**

Employee turnover includes those who leave voluntarily or due to dismissal, retirement, or death. An employee is defined as an individual in an employment relationship with the company under national law. Companies may also disclose transition assistance programs for retiring or terminated employees, which can include:

<ul style="list-style-type: none"> <li><b>Pre-retirement planning for intended retirees;</b></li> <li><b>Retraining for those intending to continue working;</b></li> <li><b>Severance pay, which can take into account employee age and years of service;</b></li> <li><b>Job placement services; and</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Assistance (such as training, counselling) on transitioning to a non-working life. When compiling the information, the company should use the data on the total number of employees and for additional disclosure, this can be identified by employee category.</b></li> </ul>
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Total employee turnover = Total turnover / Total number of employees x 100

Alignment with Standards and Frameworks & Further References

- GRI 401-1
- Bursa C6 (c)
- SEDG-S2.2

### 3. Percentage of employees that are contractors or temporary staff

Non-PLCs & SMEs	Basic
PLCs	Basic

This indicator provides insight into the company's utilisation of contractors or temporary staff as part of its human capital strategy.

**Guidance**

Percentage of employees that are contractors or temporary staff =  $A / B \times 100$   
 A: Total number of employees that are contractors or temporary staff [1],[2] [3]  
 B: Total number of employees within the company [4]

1. The total number of contractors or temporary staff refers to the count at the end of the reporting period.
2. Contractors are individuals or organisations working on behalf of the company, onsite or offsite.
3. Temporary staff are employees with fixed-term contracts that end when a specific period or task is completed.
4. The total number of employees refers to the count at the end of the reporting period.

Alignment with Standards and Frameworks & Further References  
 • Bursa C6 (b)

### 4. Total working hours per employee

Non-PLCs & SMEs	Basic
PLCs	Basic

Disclosure of working hours is essential for fair labour practices, employee well-being, and organisational transparency. It aligns with international labour standards and reflects a company's commitment to ethical practices. Normal working hours are regulated by law, with Malaysia's maximum reduced from 48 to 45 hours per week as of January 1, 2023. Employers must also adhere to provisions under Section 60A(1) of the Employment Act 1955. Overtime is defined as work beyond 8 hours per day or 45 hours per week, with a maximum of 104 overtime hours per month. Employees working overtime must receive a premium of at least 1.5 times their hourly pay.

**Guidance**

$$\text{Average weekly working hours} = \frac{\text{(Total working hours during the reporting period [1] / Total weeks/year)}}{\text{Total number of employees during the reporting period}}$$

[1] Total working hours includes normal working hours and hours spent on overtime.

Alignment with Standards and Frameworks & Further References  
 • i-ESG 4.1.3.2

### 5. Parental leave

Non-PLCs & SMEs	Basic
PLCs	Basic

Parental leave legislation allows employees to take leave and return to work in the same or a comparable role, but its application varies by government, employers, and employees. Many women face barriers to taking leave due to concerns about job security, pay, and career progression, while men are often not encouraged to use their leave. Equitable access to maternity and paternity leave can improve recruitment, retention, morale, and productivity. Encouraging men to take paternity leave supports gender equality, allowing women to take leave without negative career impacts.

**Guidance**

The reporting company should report the following information:  
 Total number of employees that were entitled to parental leave, by gender.

- Total number of employees that took parental leave, by gender.
- Total number of employees that returned to work in the reporting period after parental leave ended, by gender.
- Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.
- Return to work and retention rates of employees that took parental leave, by gender

$$\text{Return to work rate} = \frac{\text{Total number of employees that return to work after parental leave}}{\text{Total number of employees due to return to work after taking parental leave}} \times 100$$

$$\text{Retention Rate} = \frac{\text{Total number of employees retained 12 months after returning to work following a period of parental leave}}{\text{Total number of employees returning from parental leave in the prior reporting period(s)}} \times 100$$

Employees entitled to parental leave means those employees that are covered by company policies, agreements or contracts that contain parental leave entitlements. To determine who returned to work after parental leave ended and were still employed 12 months later, a company can consult records from the prior reporting periods.

Alignment with Standards and Frameworks & Further References  
 • GRI 401-3

6. CEO to employee salary ratio

Non-PLCs & SMEs	Basic
PLCs	Basic

The CEO-to-employee salary ratio is a metric used to compare the compensation of the Chief Executive Officer (CEO) to that of the average employee within a company. The resulting ratio will provide a numerical value that represents how many times larger the CEO's compensation is compared to that of the average or median employee. Thus, it provides insight into the level of pay disparity between top executives and the rest of the workforce. When reporting the CEO-to-employee salary ratio in the sustainability report, company should provide the context and explanation for the ratio. Companies could also disclose efforts that has been made to promote fair pay practices. Companies might also consider comparing the ratio to industry benchmarks or providing historical data to show trends over time. Some of the measures that could be taken by a company to promote fair pay practices include:

- Performance-based incentives (salary tied to achieving specific targets);
- Pay equity analysis (identify and rectify any disparities in compensation based on gender or race and then take corrective actions to ensure equal pay for equal work); and
- Complying with the national wage standard (Minimum Wage of RM1,500).

**Guidance**

$$\text{CEO to employee salary ratio} = \frac{\text{Total annual compensation to CEO during the reporting period}}{\frac{\text{Sum of compensation to all employees during the reporting period}}{\text{Total employees during the reporting period}}}$$

Alignment with Standards and Frameworks & Further References

- i-ESG 4.1.3.6

Topic 7: Human Rights

1. Total number of human rights incidents, including child labour and forced labour

Non-PLCs & SMEs	Basic
PLCs	Basic

Companies are responsible for protecting workers' human rights and providing decent working conditions. Forced labor exists globally, including slave and bonded labor, as well as practices like withholding identity papers, requiring deposits, and forcing extra work under threat. Child labor deprives children of their childhood, potential, and dignity, harming them physically or mentally, and often interfering with their education. Abolishing child labor is a key principle in major human rights and national legislations. Relevant acts include:

- Children and Young Persons (Employment) Act 1966 (Act 350)
- Employment Act 1955 Amendment of Section 60A: 20. New Part XIIc: 60P

International references include ILO Convention 138 Minimum Age Convention and ILO Convention 29 Forced Labour Convention.

**Guidance**

Companies should provide the total number of human rights incidents, if any, concerning human rights violations in child and forced labour, or any other human rights issues, as at the end of the reporting period. Human rights refer to rights inherent to all human beings, which include, at a minimum, the rights set out in the UN International Bill of Human Rights and the principles concerning fundamental rights set out in the ILO Declaration on Fundamental Principles and Rights at Work. In addition, companies are encouraged to report on measures taken. For more information, companies can refer to the ILO 'Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy' and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises for further guidance. This can reflect the reporting company's approach to risk assessment on this issue.

Alignment with Standards and Frameworks & Further References

- Bursa C6 (d)
- SEDG-S1.1



- 2. **List of operations and suppliers considered to have significant risk for human rights incidents**
- 3. **Total number of substantiated complaints concerning human rights violations**

Non-PLCs & SMEs	Basic
PLCs	Basic

The process for identifying operations and suppliers can reflect the reporting company’s approach to risk assessment on this issue. It can also draw from recognised international data sources, such as the ILO Information and reports on the application of Conventions and Recommendations. When reporting the measures taken, the company can refer to the ILO ‘Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy’ and Organisation for Economic Co-operation and Development (OECD) OECD Guidelines for Multinational Enterprises for further guidance. The presence and effective implementation of policies for eliminating all forms of forced or compulsory labour are a basic expectation of responsible business conduct. Companies with multinational operations are required by law in some countries to provide information on their efforts to eradicate forced labour in their supply chains.

**Guidance**

Companies should provide the number of substantiated complaints, if any, concerning human rights violations in child and forced labour as at the end of the reporting period. Substantiated complaints refer to written statements by regulatory or similar official bodies addressed to the company that identifies violations of human rights, or a complaint lodged with the company that has been recognised as legitimate by the company. Human rights refer to rights inherent to all human beings, which include, at a minimum, the rights set out in the UN International Bill of Human Rights and the principles concerning fundamental rights set out in the ILO Declaration on Fundamental Principles and Rights at Work. In addition, companies are encouraged to report on measures taken. For more information, companies can refer to the ILO ‘Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy’ and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises for further guidance. This can reflect the reporting company’s approach to risk assessment on this issue.

Alignment with Standards and Frameworks & Further References

- Bursa C6 (d) GRI 408-1
- GRI 409-1
- SEDG-S1.2

- 4. **Due diligence on recruitment of migrant workers**

Non-PLCs & SMEs	Basic
PLCs	Basic

Remediation is an attempt to right a wrong, to correct – as far as possible – an injustice. It refers to both the process and the outcome of addressing adverse human rights impacts. A remedy may include apologies, restitution, rehabilitation, financial or non-financial compensation and punitive sanctions (whether criminal or administrative), as well as the prevention or harm through, for example, injunctions or guarantees of non-repetition. The three UNGP chapters, or pillars – protect, respect and remedy – each defines concrete and actionable steps for governments and companies to meet their respective duties and responsibilities to prevent human rights abuses in company operations and provide remedies when such abuses take place. A company should have a bookkeeping to record all information on their migrant workers such as:

- personal details;
- contract expire date;
- costs, amenities and health screening before their arrival;
- levy paid;
- wages, allowances, deductions and wages payment methods; and
- living conditions.

**Guidance**

**According to Business and Human Rights Southeast Asia (2022), there are 3 steps to assist companies to assess recruitment agencies.**

- Step 1: Self-assessment by the recruitment agency with necessary documentation and evidence for consideration of the reporting company.
- Step 2: Validation by reporting company.
- Step 3: Scoring and decision by reporting company with a list of recruitment agencies and their respective risk scores.

Alignment with Standards and Frameworks & Further References

- i-ESG 4.1.3.8

**5. Total number and percentage of security personnel trained on human rights**

Non-PLCs & SMEs	Basic
PLCs	Basic

The use of security personnel can play an essential role in allowing a company to operate in a safe and productive manner and can contribute to the security of local communities and populations. However, as set out in the International Code of Conduct for Private Security Service Providers, the use of security personnel can also have negative impacts on local populations and on the upholding of human rights and the rule of law. According to the UN Human Rights Office of the High Commissioner, ‘human rights education constitutes an essential contribution to the long-term prevention of human rights abuses and represents an important investment in the endeavour to achieve a just society in which all human rights of all persons are valued and respected. Training security personnel in human rights can therefore help to ensure their appropriate conduct towards third parties, particularly regarding the use of force. This disclosure indicates the proportion of the security force that can reasonably be assumed to be aware of a company’s expectations of human rights performance. Information provided under this disclosure can demonstrate the extent to which management systems pertaining to human rights are implemented.

**Guidance**

$$\text{Percentage of security personnel trained on human rights} = \frac{A}{B} \times 100\%$$

**A: Number of security personnel trained on human rights [1]**  
**B: Total number of security personnel [2], [3]**

[1] The training can refer either to training dedicated to the subject of human rights or to a human rights module within a general training programme. Training can cover issues such as the use of force, inhuman or degrading treatment or discrimination, or identification and registering.  
 [2] Total number of security personnel refers to total number of security personnel as at the end of reporting period.  
 [3] Security personnel refers to individuals employed for the purposes of guarding property of the company, crowd control, loss prevention, and escorting persons, goods and valuables.

Alignment with Standards and Frameworks & Further References  
 • GRI 410-1

**Topic 8: Diversity & Equal Opportunities**

**1. Percentage of employees by gender and age group, for each employee category**

Non-PLCs & SMEs	Basic
PLCs	Basic

Diversity, equity and inclusion (DEI) measures address the importance of emphasising and prioritising these values in the workplace. The significance of these concerns are addressed in SDG Goal 5: Gender Equality and Goal 10: Reduced Inequalities. The impact of a greater focus on DEI in companies allows benefits to flow back through to society as greater equity promotes social stability and supports further economic growth. This disclosure provides a quantitative measure of diversity within a company and can be used in conjunction with sectoral or regional benchmarks. Comparisons between broad employee diversity and management team diversity offer information on equal opportunity. When a company actively promotes diversity and equality at work it can generate significant benefits for both the company and workers. By doing so, the company can gain access to a larger talent pool, a diverse set of potential workers, break down barriers and improve creativity within the company.

**Guidance**

$$\text{Percentage of employees by gender and age group, for each employee category} = \frac{A}{B} \times 100\%$$

**A: Number of employees by gender and age group, for each employee category [1],[2],[3]**  
**B: Total number of employees, for each employee category [4]**

[1] An employee is defined as an individual who is in an employment relationship with the company, according to national law or its application.  
 [2] Common age group categories are under 30 years old, 30-50 years old, and over 50 years old.  
 [3] Employee category, refers to the breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production).  
 [4] Total number of employees refer to total number of employees as at the end of reporting period.

Alignment with Standards and Frameworks & Further References  
 • GRI 405-1  
 • Bursa C3 (a)  
 • SEDG-S3.1

## 2. Percentage of directors by gender and age group

Non-PLCs & SMEs	Basic
PLCs	Basic

Diversity, equity and inclusion (DEI) measures address the importance of emphasising and prioritising these values in the workplace. The significance of these concerns are addressed in SDG Goal 5: Gender Equality and Goal 10: Reduced Inequalities. The impact of a greater focus on DEI in companies allows benefits to flow back through to society as greater equity promotes social stability and supports further economic growth. This disclosure provides a quantitative measure of diversity of a company’s board of directors and can be used in conjunction with sectoral or regional benchmarks. When a company actively promotes diversity and equality at work it can generate significant benefits for both the company and workers. By doing so, the company can gain access to a larger talent pool, a diverse set of potential workers, break down barriers and improve creativity within the company.

**Guidance**

$$\text{Percentage of directors by gender and age group = } \frac{\text{A}}{\text{B}} \times 100\%$$

**A: Number of directors by gender and age group [1]**  
**B: Total number of directors [2]**

[1] Common age group categories are under 30 years old, 30-50 years old, and over 50 years old.  
 [2] Total number of directors refers to total number of directors as at the end of reporting period.

Alignment with Standards and Frameworks & Further References

- GRI 405-1
- SEDG-S3.2
- Bursa C3 (b)

## 3. Percentage of employees by other indicators of diversity

Non-PLCs & SMEs	Basic
PLCs	Basic

Diversity, equity and inclusion (DEI) measures address the importance of emphasising and prioritising these values in the workplace. The significance of these concerns are addressed in SDG Goal 5: Gender Equality and Goal 10: Reduced Inequalities. The impact of a greater focus on DEI in companies allows benefits to flow back through to society as greater equity promotes social stability and supports further economic growth. This disclosure provides a quantitative measure of diversity within a company and can be used in conjunction with sectoral or regional benchmarks. Comparisons between broad employee diversity and management team diversity offer information on equal opportunity. When a company actively promotes diversity and equality at work it can generate significant benefits for both the company and workers. By doing so, the company can gain access to a larger talent pool, a diverse set of potential workers, break down barriers and improve creativity within the company.

**Guidance**

$$\text{Percentage of directors by gender and age group = } \frac{\text{A}}{\text{B}} \times 100\%$$

**A: Number of employees by other indicators of diversity [1]**  
**B: Total number of employees [2]**

[1] A company can identify any other indicators of diversity used in its own monitoring and recording that are relevant for reporting. Other indicators of diversity can include ethnicity, minority groups, vulnerable groups, disability and any other indicators of diversity where relevant. These categories can be used to disclose disparities by job level, salary, turnover rates, promotion rates, etc.  
 [2] Total number of employees refers to total number of employees as at the end of reporting period.

Companies are encouraged to also provide percentage of directors by other indicators of diversity.

Alignment with Standards and Frameworks & Further References

- GRI 405-1

**4. Ratio of basic salary and remuneration from women to men**

Non-PLCs & SMEs	Basic
PLCs	Basic

A company can take an active role in reviewing its operations and decisions, in order to promote diversity, eliminate gender bias, and support equal opportunity. These principles apply equally to recruitment, opportunities for advancement, and remuneration policies. Equality of remuneration is also an important factor in retaining qualified employees.

**Guidance**

It is recommended that company disclose the basic salary [1] and remuneration [2] of women to men for each employee category [3], by significant locations of operations, with a definition used for 'significant locations of operation'. When compiling information for this indicator, the company should base remuneration on the average pay of each gender grouping within each employee category.

**[1]** Basic salary refers to a fixed, minimum amount paid to an employee for performing his or her duties. It excludes any additional remuneration, such as payments for overtime working or bonuses.

**[2]** Remuneration refers to basic salary plus additional amounts paid to a worker. Examples of additional amounts paid to a worker can include those based on years of service, bonuses including cash and equity such as stocks and shares, benefit payments, overtime, time owed, and any additional allowances, such as transportation, living and childcare allowances.

**[3]** Employee category refers to a breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production).

Alignment with Standards and Frameworks & Further References  
 • GRI 405-2

**Topic 9: Local Community**

**1. Total amount invested in the community**

Non-PLCs & SMEs	Basic
PLCs	Basic

Local communities are defined as individuals or groups of individuals living or working in areas that are affected or could be affected by the company's activities. The local community can range from those living adjacent to the company's operations to those living at a distance. The company's operations and infrastructure can have significant economic, social, cultural, and environmental impacts on local communities.

It is vital to understand and identify stakeholders and community characteristics to effectively address the causes of problems and facilitate decision making in the process. These can be based on issues such as ethnic background, indigenous descent, gender, age, migrant status, socioeconomic status, literacy levels, disabilities, income level, infrastructure availability or specific human health vulnerabilities which may exist within stakeholder communities.

**Guidance**

Total community investments refer to actual expenditures in the reporting period, not commitments. A company can calculate community investments as voluntary donations plus investment of funds in the broader community where the target beneficiaries are external to the company. These include:

- **Contributions to charities, Non-Governmental Organisations ("NGOs") and research institutes (unrelated to the company's commercial research and development);**
- **Funds to support community infrastructure, such as recreational facilities; and**
- **Direct costs of social programs, including arts and educational events. If reporting on infrastructure investments, a company can include costs of goods and labour, in addition to capital costs, as well as operating costs for support of ongoing facilities or programs.**

Community investments exclude legal and commercial activities or where the purpose of the investment is exclusively commercial. Community investments also exclude any infrastructure investment that is driven primarily by core business needs, or to facilitate the business operations of a company. Infrastructure investments driven primarily by core business needs can include, for example, building a road to a mine or a factory. The calculation of investment can include infrastructure built outside the main business activities of the company, such as a school or hospital for workers and their families.

Disclosure should reflect total expenditures as at the end of the reporting period for the total amount invested in the community.

Alignment with Standards and Frameworks & Further References  
 • Bursa C2 (a)  
 • SEDG-S5.1



**2. Total number of beneficiaries of investments in the community**

Non-PLCs & SMEs	Basic
PLCs	Basic

A company should disclose the number of beneficiaries of its community investments to provide stakeholders with an indication of the positive impacts arising from corporate citizenship endeavours.

**Guidance**

Total number of the individuals benefitting from the investment in communities as at the end of the reporting period. The company is encouraged to further supplement disclosure of number of beneficiaries with accompanying narrative to enable stakeholders to better understand and appreciate the nature of positive social impacts generated.

Alignment with Standards and Frameworks & Further References

- GRI 201-1
- Bursa C2 (b)

**3. List of operations with negative impact on the community**

Non-PLCs & SMEs	Basic
PLCs	Basic

Companies are expected to anticipate, avoid, and remediate negative impacts on local communities by establishing timely and effective stakeholder identification and engagement process. This is important to help understand the vulnerability of local communities and how they may be affected by the company’s activities.

Where this is not possible, or where residual impacts remain, companies are expected to manage those impacts appropriately, including grievances, and to compensate local communities for negative impacts. Companies can utilise several useful tools to measure and manage their impact, such as the Theory of Change and the Logic Model frameworks, which include a set of guided approaches.

**Guidance**

Risk assessment in the company can initially be a rudimentary assessment (stating the operations with negative impact on local communities), then increasing in maturity and complexity over the years – possibly with some of the frameworks described below. An impact assessment is a structured a process for considering the implications, for people and their environment. Ideally, it is conducted within a period where the design and decisions within the proposed actions can still be modified.

It is applied at all levels of decision-making, from policies to specific projects. The International Association for Impact Assessment sets out key definitions and guidance on conducting assessments. In seeking to list the company’s operations with risk of negative impacts, some examples of negative and positive impact include but not limited to the following examples:

	Examples of Negative Impact	Examples of Positive Impact
<b>Social</b>	Failing to provide safe and healthy work conditions for employees	Providing access to clean drinking water in a community that does not have it
	Discrimination and harassment against certain groups of people (for e.g., race, gender, ethnicity)	Contributing towards infrastructure development such as school, houses for the development of society
<b>Environmental</b>	Community displacement due to large scale development projects that forced displacement of the local community	Developing and implementing sustainable/ renewable energy solutions such as photovoltaic solar panel system and water recycling system
	Destroying natural habitats, such as wetlands or coral reefs which disrupt the ecosystem	Developing and implementing sustainable/ renewable energy solutions such as photovoltaic solar panel system and water recycling system

Alignment with Standards and Frameworks & Further References

- GRI 413-2
- SEDG-S5.2

#### 4. Percentage of spending dedicated to the community

Non-PLCs & SMEs	Basic
PLCs	Basic

This indicator reflects the commitment of the company towards the well-being of local communities. Apart from reporting on the current year, the company could also report on the past trends as well as future plans.

**Guidance**

**Percentage of spending on investment in the community during the reporting period** =  $\frac{A}{B} \times 100\%$

**A: Total investment in the community during the reporting period**  
**B: Total investment by the company during the reporting period**

Alignment with Standards and Frameworks & Further References

- GRI 413-1
- i-ESG 4.3.3.3

### Topic 10: Training & Education

#### 1. Average hours of training per employee

Non-PLCs & SMEs	Basic
PLCs	Basic

An employment relationship is a legal relationship between a worker and a company that confers rights and obligations to both parties. This relationship is determined by employment and commercial laws, where applicable. The disclosures for this topic addresses the scale of a company's investment in training and the degree to which the investment is made across the entire employee base. Companies should take into consideration prescribed laws from the Malaysia Employment Act 1955 as the purpose is to increase and improve the protection and welfare of employees. This is to ensure that labour law provisions are in accordance with international labour standards.

**Guidance**

When reporting on total training hours, guidance on inclusion include:

- All types of vocational training and instruction
- Paid educational leave provided by a company for its employees
- Training or education pursued externally and paid for in whole or in part by a company
- Training does not include on-site coaching by supervisors.

**Average training hours is as follows** =  $\frac{\text{Total number of training hours provided to employees}}{\text{Total number of employees}}$

In addition, for increased granularity, the company can report the numbers categorised by gender, age, race and seniority levels.

Alignment with Standards and Frameworks & Further References

- GRI 404-1
- SEDG-S2.1

#### 2. Percentage of employees receiving regular performance and career development reviews

Non-PLCs & SMEs	Basic
PLCs	Basic

This disclosure measures how often a company evaluates employee performance, supporting personal development, skills management, and human capital growth. It shows how widely the system is applied and if access is equitable. Regular reviews can boost employee satisfaction, which ties to better company performance. It also reflects how the company monitors and maintains employee skill sets.

**Guidance**

Regular performance and career development review is based on criteria known to the employee and his or her superior. The review is undertaken with the knowledge of the employee at least once per year, and can include an evaluation by the employee's direct superior, peers, or a wider range of employees. The review can also involve the human resources department.

**Percentage of employees receiving regular performance and career development review is** =  $\frac{\text{Total number of employees receiving regular performance \& career development reviews}}{\text{Total number of employees}}$

Alignment with Standards and Frameworks & Further References

- GRI 404-3

### 3. Total hours of training by employee category

Non-PLCs & SMEs	Basic
PLCs	Basic

This indicator provides insight into the company's utilisation of contractors or temporary staff as part of its human capital strategy.

**Guidance**

$$\text{Percentage of employees that are contractors or temporary staff} = \frac{A}{B} \times 100$$

**A:** Total number of employees that are contractors or temporary staff [1],[2] [3]  
**B:** Total number of employees within the company [4]

[1] Total number of contractors or temporary staff refer to total number of contractors/temporary staff as at the end of reporting period.  
 [2] Contractors are persons or organisations working onsite or offsite on behalf of a company.  
 [3] Temporary staff are employees with a contract for a limited period (i.e., fixed term contract) that ends when the specific time period expires, or when the specific task or event that has an attached time estimate is completed (e.g. the end of a project or return of replaced employees).  
 [4] Total number of employees refer to total number of employees as at the end of reporting period.

Alignment with Standards and Frameworks & Further References

- Bursa C6 (a)
- i-ESG 4.1.3.4

## Topic 11: Anti-Corruption

### 1. Total number and nature of confirmed incidents of corruption

Non-PLCs & SMEs	Basic
PLCs	Basic

Corruption is a key risk globally, in both developed and emerging markets, and is defined as abuse of entrusted power for private gain, which erodes trust, weakens democracy, hampers economic development, and further exacerbates inequality, poverty, social division and the environmental crisis. Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business. This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage. In Malaysia, the Malaysian Anti-Corruption Commission (MACC) was established under the Malaysian Anti-Corruption Commission Act 2009 as a single entity against corruption in Malaysia, with its jurisdictions dedicated to investigating and preventing any form of corruption and abuse of power in the country. Meanwhile, the MCCG prescribes the need for board's commitment to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency, and fairness, some of the areas include preventing the abuse of power and corruption in companies. As such, companies should take into consideration the provisions of the Malaysian Anti-Corruption Commission Act 2009 in addition to other local and international anticorruption-related laws and/or regulations (such as the MCCG by SC, the Guidelines on Adequate Procedures by the Prime Minister's Department etc.) in reporting against this indicator.

**Guidance**

The total number of confirmed incidents should include incidents in which employees were dismissed or disciplined for corruption. The company can consider reporting the total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. Public legal cases regarding corruption can include current public investigations, prosecutions, or closed cases. When compiling data for this indicator, companies should use numbers as at the end of the reporting period for the confirmed incidents of corruption[1]. In respect of the number of confirmed incidences above, companies should provide a narrative description of actions taken.

[1] A confirmed incident of corruption is an incident of corruption that has been found to be substantiated. Confirmed incidents of corruption do not include incidents of corruption that are still under investigation in the reporting period.

Alignment with Standards and Frameworks & Further References

- GRI 205-3
- Bursa C1 (c)
- SEDG-G4.1

**2. Total number and percentage of employees who have received training on anti-bribery and corruption policy**

Non-PLCs & SMEs	Basic
PLCs	Basic

This indicator reflects the training undertaken by companies to build awareness and necessary capacity to combat corruption. Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business. This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage. Anti-corruption training refers to The communication and enforcement of the company's anti-corruption and anti-bribery policies and procedures need to be consistent, pervasive and visible.

**Guidance**

$$\text{Percentage of employees who have received training on anti-corruption by employee category} = \frac{A}{B} \times 100$$

**A:** Number of employees who have received training on anti-corruption by employee category [1],[2]  
**B:** Total number of employees, for each employee category [3]

[1] An employee is defined as an individual who is in an employment relationship with the company, according to national law or its application.  
 [2] Employee category, refers to the breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production)  
 [3] Total number of employees refer to total number of employees as at the end of reporting period.

Alignment with Standards and Frameworks & Further References

- GRI 205-2
- Bursa C1 (a)
- SEDG-G4.2

**3. List the significant risks related to corruption**

Non-PLCs & SMEs	Basic
PLCs	Basic

Risk assessments can help to assess the potential for incidents of corruption within and related to the company and help the company to design policies and procedures to combat corruption. Furthermore, communication and training build internal and external awareness and the necessary capacity to combat corruption.

**Guidance**

Corruption risks relate to all kinds of risks inherent in a company's activities, e.g.: fiduciary risk, legal risk, operational risk, reputational risk etc. In performing a risk analysis, the company should understand and assess the level of risk applied to the operations, including exposure to government agencies and officials, corruption-related laws and regulations, payment terms and conditions, backgrounds and details of business associates, which would then allow the company to determine the priority and focus areas in mitigating corruption risks within its operations and supply chain. Corruption risk assessment can be performed on a stand-alone basis, and subsequently be incorporated and integrated into the general risk register of the company.

Alignment with Standards and Frameworks & Further References

- GRI 205-1
- SEDG-G4.3



**4. Total number and percentage of operations assessed for risks related to corruption**

Non-PLCs & SMEs	Basic
PLCs	Basic

This indicator measures the extent to which anti-corruption risks are assessed across a company. Risk assessments can help to assess the potential for incidents of corruption within and related to the company, and help the company to design policies and procedures to combat corruption. Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business. This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage.

**Guidance**

$$\text{Percentage of operations [1] assessed for corruption-related risks} = \frac{A}{B} \times 100\%$$

**A:** Number of operations [1] assessed for corruption-related risks as at the end of reporting period  
**B:** Total number of operations as at the end of reporting period

**[1]** Operation, refers to a single location used by the company for the production, storage and/or distribution of its goods and services, or for administrative purposes. Within a single operation, there can be multiple production lines, warehouses, or other activities. Companies should take into consideration the provisions of the Malaysian Anti-Corruption Commission Act 2009 in addition to other local and international anti-corruption-related laws and/or regulations in reporting against this indicator.

Alignment with Standards and Frameworks & Further References

- GRI 205-1
- Bursa C1 (b)

**Topic 12: Data Privacy & Security**

**1. Total number and nature of substantiated complaints received coning breaches of customer privacy and loss of customer data**

Non-PLCs & SMEs	Basic
PLCs	Basic

As outlined in the OECD Guidelines for Multinational Enterprises, companies are expected to 'respect consumer privacy and take reasonable measures to ensure the security of personal data that they collect, store, process or disseminate'. Companies are expected to limit their collection of personal data, to collect data by lawful and transparent means, as well as to not disclose or use personal customer information for any purposes other than those agreed upon. In Malaysia, the Personal Data Protection Act 2010 was introduced to regulate the processing of personal data and information security in commercial transactions, which should be taken into consideration by companies when managing their customers' data and information. This disclosure provides an evaluation of the success of management systems and procedures relating to customer privacy protection.

**Guidance**

The total number of substantiated complaints received references breaches of customer privacy. These can be categorised by, but are not limited to, the following:

- Complaints received from outside parties and substantiated by the company
- Complaints from regulatory bodies

In addition, the company can consider disclosing the total number of identified leaks, thefts, or losses of customer data. If the company has not identified any substantiated complaints vis-à-vis customer privacy, the company can consider disclosing a brief statement of this fact. When compiling data for this indicator, companies should use numbers as at the end of the reporting period for the number of substantiated complaints concerning breaches of customer privacy, and losses of customer data.

Alignment with Standards and Frameworks & Further References

- GRI 205-3
- Bursa C1 (c)
- SEDG-G4.1

## Topic 13: Supply Chain Management

### 1. Proportion of spending on local suppliers

Non-PLCs & SMEs	Basic
PLCs	Basic

By supporting local suppliers, a company can indirectly attract additional investment to the local economy. In addition, local sourcing can be a strategy to help ensure supply, support a stable local economy, and maintain community relations.

#### Guidance

$$\text{Proportion of spending on local suppliers} = \frac{A}{B} \times 100$$

**A:** Total amount of spending on local suppliers[1], [2] as at the end of the reporting period  
**B:** Total amount of spending on all suppliers as at the end of the reporting period

**[1]** Local suppliers refer to companies or persons that provide products or services to the reporting company, and that is based in the same geographic market as the reporting company (that is, no transnational payments are made to a local supplier).

**[2]** The geographic definition of 'local' can include the community surrounding operations, a region within a country or a country.

Alignment with Standards and Frameworks & Further References

- GRI 204-1
- Bursa C7 (a)

### 2. Suppliers assessed for environmental and social impact

Non-PLCs & SMEs	Basic
PLCs	Basic

Assessment of environmental impacts could include topics such as energy, water and effluents, and emissions as determined by the company. Assessments and audits of existing suppliers and their products and services using environmental criteria could be informed by audits, contractual reviews, two-way engagement, and complaint and grievance mechanisms.

Assessment of social impacts could include topics such as labour practices, diversity and human rights as determined by the company. Assessments and audits of existing suppliers and their products and services using social criteria could be informed by audits, contractual reviews, two-way engagement, and complaint and grievance mechanisms.

#### Guidance

When compiling data for this indicator, a company should report the number of existing suppliers[1] assessed for environmental and social impacts as at the end of the reporting period.

**[1]** Suppliers are entities upstream from the company (i.e., in the company's supply chain), which provides a product or service that is used in the development of the company's own products or services.

Companies are encouraged to disclose their total number of suppliers alongside this indicator to provide added context.

Alignment with Standards and Frameworks & Further References

- GRI 308-2
- Bursa S6 (b), S7 (b)

## APPENDIX C: GLOSSARY

ACRONYMS AND ABBREVIATIONS	
ACSR	Advisory Committee on Sustainability Reporting
ASEAN	Association of Southeast Asian Nations
CBRP	Children's Rights and Business Principles
CCS	Carbon Capture and Storage
CDSB	Climate Disclosure Standards Board
CEO	Chief Executive Officer
CH <sub>4</sub>	Methane
CNG	Compressed Natural Gas
CO <sub>2e</sub>	Carbon dioxide equivalent
CSI	Centralised Sustainability Intelligence
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DAC	Direct Air Capture
DEI	Diversity, Equality and Inclusion
DTN	Dasar Tenaga Negara (National Energy Plan)
EFRAG	European Financial Reporting Advisory Group
ESG	Environmental, Social, Governance
ESMA	European Securities and Markets Authority
ESRS	European Sustainability Reporting Standards
EU	European Union
EUR	Euros
F4GBM	FTSE4Good Bursa Malaysia
GET	Green Energy Tariff
GHG	Greenhouse Gas
GJ	Gigajoules
GRI	Global Reporting Initiative
GSSB	Global Sustainability Standards Board
GVC	Greening Value Chain
HFC	Hydrofluorocarbon
IAASB	International Auditing and Assurance Standards Board
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
ISAE	International Standard on Assurance Engagements
ISO	International Organisation for Standardisation
ISSA	International Standard on Sustainability Assurance
ISSB	International Sustainability Standards Board
JC3	Joint Committee on Climate Change
KPI	Key Performance Indicator
LCOS	Low Carbon Operating System
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LTIR	Lost Time Incident Rate

ACRONYMS AND ABBREVIATIONS	
MACC	Malaysian Anti-Corruption Commission
MGTC	Malaysian Green Technology and Climate Change Corporation
MITI	Ministry of Investment, Trade and Industry
MPRC	Malaysia Petroleum Resources Corporation
MTC	Mid-tier companies
mWh	Megawatt Hours
N <sub>2</sub> O	Nitrous Oxide
NETR	National Energy Transition Roadmap
NF <sub>3</sub>	Nitrogen Trifluoride
NFRD	Non-financial Reporting Directive
NGO	Non-governmental Organisation
NIMP	New Industrial Master Plan
NOS-F	National OGSE Sustainability Framework
NOS-P	National OGSE Sustainability Plans
NOS-R	National OGSE Sustainability Roadmap
NRES	Ministry of Natural Resources and Environmental Sustainability
OECD	Organisation for Economic Co-operation and Development
OGSE	Oil and Gas Services and Equipment
OHS	Occupational Health and Safety
PCG	PETRONAS Chemicals Group
PETRA	Ministry of Energy Transition and Water Transformation
PETROS	Petroleum Sarawak Berhad
PFC	Perfluorocarbon
PLC	Public-listed companies
SASB	Sustainability Accounting Standards Board
SBTs	Science Based Targets
SBTi	Science Based Targets Initiative
SEDG	Simplified ESG Disclosure Guide
SF <sub>6</sub>	Sulphur Hexafluoride
SME	Small and medium-sized enterprises
SRI	Sustainable and Responsible Investment
TCFD	Task Force on Climate-Related Financial Disclosures
TNB	Tenaga Nasional Berhad
UNGC	United Nations Global Compact
UNICEF	United Nations Children's Fund
UN SDGs	United Nations Sustainable Development Goals
VBIAF	Value-based Intermediation Financing and Investment Impact Assessment Framework
VRF	Value Reporting Foundation
WBCSB	World Business Council on Sustainable Development
WHO	World Health Organisation
WRI	World Resources Institute



ACRONYMS AND ABBREVIATIONS	
Baseline and target setting	The process of understanding current sustainability performance and establishing specific measurable goals and objectives to be accomplished within a defined period of time to give clear focus on ESG priorities.
Double materiality	The impact of ESG-related risks and opportunities onto business operations and the impact of business operations onto the environment and society.
Material ESG topics	ESG issues that are most important to a company and its stakeholders.
Materiality assessment	The process of identifying, assessing and prioritising ESG topics, with the support of stakeholder engagement.
Materiality matrix	A visualisation of the results of a materiality assessment.
Performance monitoring	The process of measuring progress of a company in meeting the targets that have been set and the effectiveness of the strategies and initiatives in place.
Ratings	An organisation that provides an assessment of sustainability performance derived from ESG data.
Reporting and disclosure	A company's public reporting and disclosure of its sustainability performance, material ESG topics, and the management of those topics.
Scope 1 GHG emissions	Direct emissions that occur from sources owned or controlled by a company.
Scope 2 GHG emissions	Indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling.
Scope 3 GHG emissions	Emissions of activities from assets not owned or controlled by the reporting company, but that the company indirectly affects in its value chain.
Single materiality	The impact of ESG-related risks and opportunities onto business operations (financial materiality).
Sustainability framework	A document that provides an overview of the reporting structure and ESG topics to be addressed.
Sustainability governance	A team or structure which provides oversight and management of sustainability-related impacts and matters within a company.
Sustainability standard	A document that provides a reference to detailed metrics and indicators for sustainability reporting.

### Point of Contact

MPRC's point of contact for sustainability-related matters can be found below. We welcome your feedback on the NOS-F Guide as well as suggestions on supporting the OGSE sector's sustainability journey. Should you need further information, clarification or guidance on the NOS-F Guide or any sustainability-related matters, please do not hesitate to get in touch with us.

### Malaysia Petroleum Resources Corporation (MPRC)

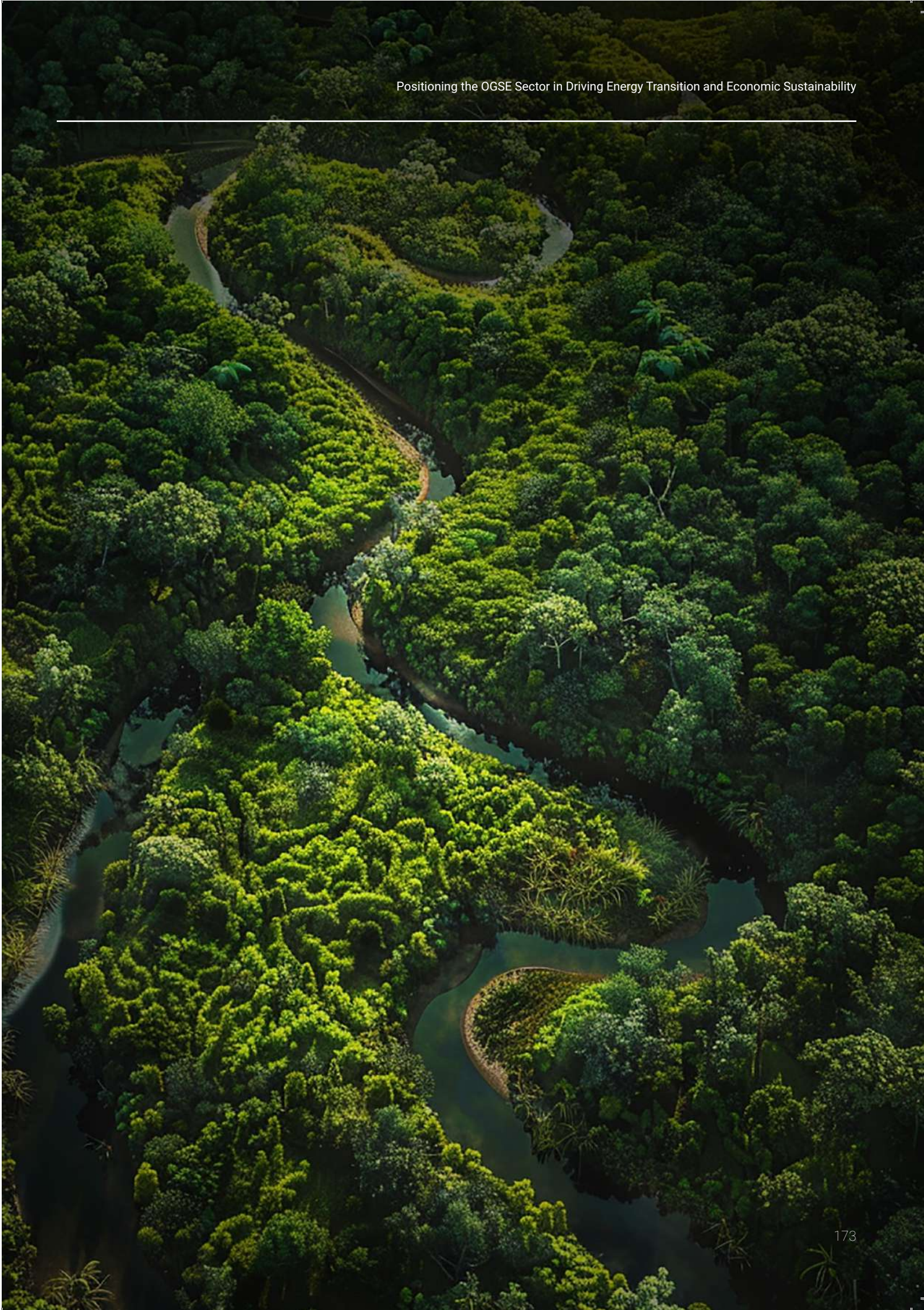
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