



Simplified ESG Disclosure Guide (SEDG)

for SMEs in Supply Chains

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ACKNOWLEDGEMENT

The Simplified ESG Disclosure Guide (SEDG) for SMEs in Supply Chains is developed by Capital Markets Malaysia (CMM), an affiliate of the Securities Commission Malaysia (SC). CMM would like to express its sincere appreciation to our consultants Thoughts in Gear and Lasaju Consulting.

Further, we would like to acknowledge the contributions of respondents to the SEDG Public Consultation and the feedback of stakeholders that participated in focus group sessions, comprising of but not limited to government ministries and agencies, foreign and domestic chambers of commerce, the Joint Committee on Climate Change members, asset owners and institutional investors, SME stakeholder organisations and individual contributors.

Queries and clarifications may be directed to general@capitalmarketsmalaysia.com

Disclaimer

The Simplified ESG Disclosure Guide (SEDG) for SMEs in Supply Chains is published to assist and provide guidance to SMEs in preparing to disclose Environmental, Social and Governance (ESG) data to their stakeholders, aligned with international standards. While the SEDG is intended to provide guidance on ESG disclosures and care has been taken to curate relevant and pertinent information in the SEDG, it is not exhaustive in its coverage. SMEs are expected to exercise discernment and diligence in relying on the SEDG to the extent that it commensurate with their respective business operations and activities as well as ESG risk profiles. CMM does not make any representation or warranty, whether implied or expressed as to the accuracy, adequacy, completeness, or reliability of any information provided in the SEDG, and SMEs are responsible to make their own assessment of the applicability and suitability of the SEDG for their purpose. In no event shall CMM be liable for any decisions made on the basis of the information provided in the SEDG or any other claim howsoever arising out of or in relation to the SEDG. CMM shall under no circumstances be liable for any type of damages including but not limited to direct, indirect, special, consequential, incidental, or punitive damages whatsoever or any loss of profits or lost opportunities. All rights reserved. © Copyright and published by Capital Markets Malaysia, October 2023.

OVERVIEW

What is the SEDG?

The SEDG is a guide to help your company decide what Environmental, Social and Governance (ESG) disclosures to track and report.

What are the objectives of the SEDG?



It provides SMEs (as the data preparers) with a simple and standard set of disclosures to track and report.



It provides stakeholders (as the data requesters) with a simple and standard set of disclosures to ask for.



It provides standard-setters with a simple and standard set of disclosures to support their policies.

What does the SEDG cover?

- It covers indicators that can be tracked and disclosed to measure ESG progress.
- It does not cover the adoption of sustainability, assessment and mitigation of risks, and identification of business opportunities.

Which are the target companies?

The target users are SMEs that are compelled to track and report on ESG data – usually because they want to, they are being asked to, or they want to qualify for incentives.

What references are included?

The standards and frameworks referenced include Bursa Malaysia's Listing Requirements and Sustainability Reporting Guide, FTSE4Good, GRI, IFRS S1 and S2, TCFD and CDP.

What about different industry sectors?

The 35 disclosures in the SEDG are applicable across all industries, with different levels of importance and priority.

Every company is encouraged to determine the materiality of these disclosures relevant to the company.

What about different sustainability capabilities?

The 35 disclosures are divided into Basic, Intermediate and Advanced to cater for the different levels of sustainability maturity in each company.

There is no mandatory adoption timeline for the disclosures.

INSTRUCTIONS

HOW TO USE THE SEDG

1

Review the full map of disclosures.

2

As guidance, the Basic disclosures are your starting point. Progress to the Intermediate disclosures if you have been on your sustainability journey for 1-2 years. Progress to the Advanced disclosures if you have been on your sustainability journey for 3-4 years.

3

Tick off the disclosures you can already report on now.

4

Identify those you will work on in the next one year.

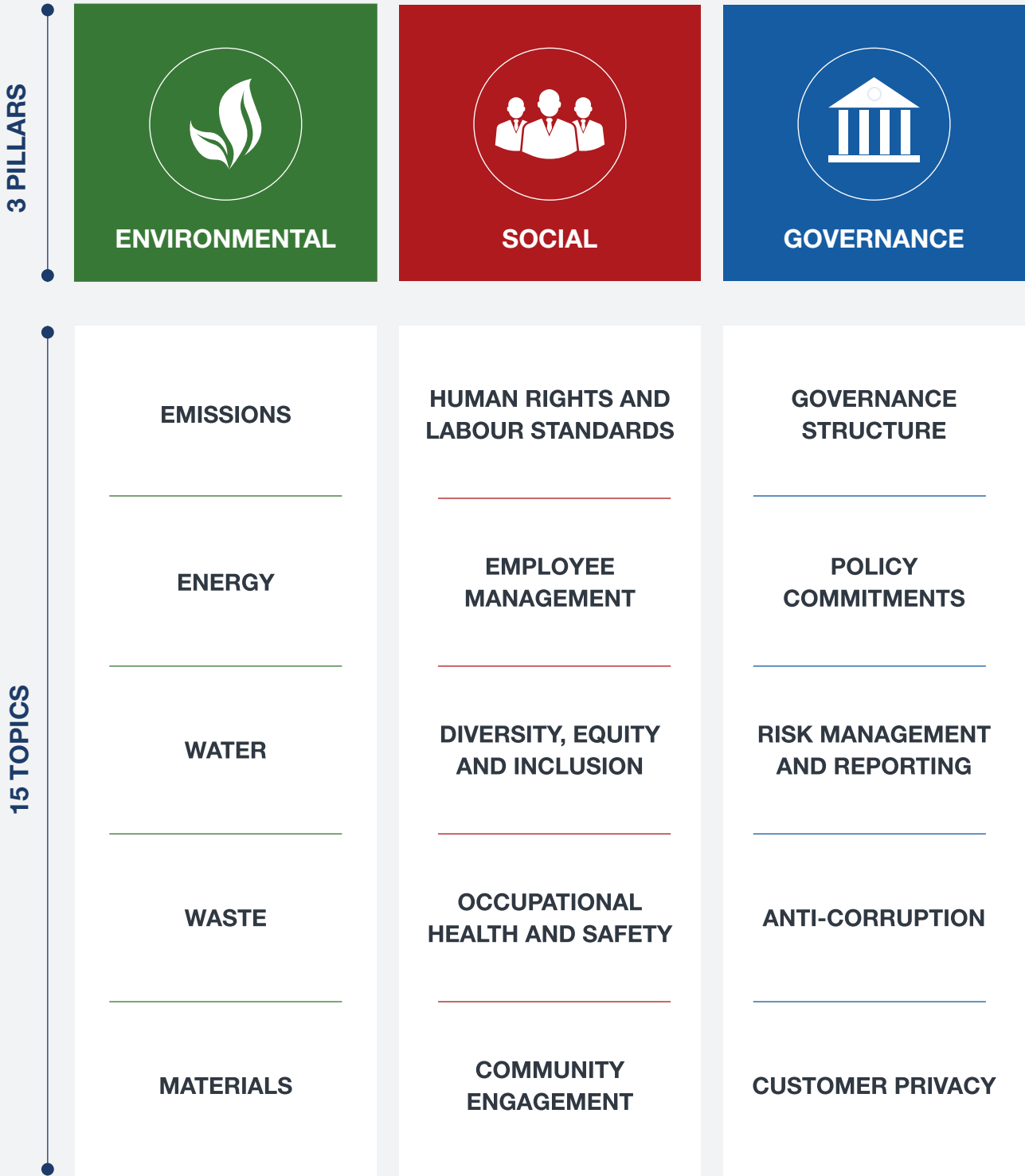
5

Refer to the additional guidance on what to report.

6

Track and report your disclosures using the template provided.

DISCLOSURES





ENVIRONMENTAL DISCLOSURES

	BASIC	INTERMEDIATE	ADVANCED
SEDG-E1 EMISSIONS	☐ SEDG-E1.1 : Report total Scope 1 (direct) GHG emissions in metric tonnes of CO₂ equivalent ☐ SEDG-E1.2 : Report total Scope 2 (indirect) GHG emissions in metric tonnes of CO₂ equivalent	☐ SEDG-E1.3 : Report total Scope 1 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO₂ equivalent ☐ SEDG-E1.4 : Report total Scope 2 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO₂ equivalent	☐ SEDG-E1.5 : Report total Scope 3 (other indirect) GHG emissions in metric tonnes of CO₂ equivalent ☐ SEDG-E1.6 : Report total Scope 3 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO₂ equivalent
SEDG-E2 ENERGY	☐ SEDG-E2.1 : Report the consumption of the following in joules or watthours: • Renewable fuel sources • Non-renewable fuel sources • Electricity • Heating (if applicable) • Cooling (if applicable) • Steam (if applicable)	☐ SEDG-E2.2 : Report the reduction in consumption of the following (achieved as a direct result of conservation and efficiency initiatives) in joules or watthours: • Non-renewable fuel sources • Electricity • Heating (if applicable) • Cooling (if applicable) • Steam (if applicable)	
SEDG-E3 WATER	☐ SEDG-E3.1 : Report the total water withdrawn from all areas, and a breakdown of this total by type in litres: • Purchased water • Surface water (if applicable) • Groundwater (if applicable) • Seawater (if applicable) • Produced water (if applicable)		

	BASIC	INTERMEDIATE	ADVANCED
SEDG-E4 WASTE	☐ SEDG-E4.1 : Report total waste in metric tonnes: • Generated • Diverted from disposal • Directed to disposal	☐ SEDG-E4.2 : Report total waste generated, diverted from disposal, and directed to disposal, each broken down into metric tonnes of: • Hazardous and non-hazardous waste • Sector specific waste streams • Material composition	☐ SEDG-E4.3 : Report total hazardous and non-hazardous waste diverted from disposal broken down into the following recovery streams in metric tonnes: • Preparation for reuse • Recycling • Other recovery options ☐ SEDG-E4.4 : Report total hazardous and non-hazardous waste directed to disposal broken down into the following disposal streams in metric tonnes: • Incineration (with energy recovery) • Incineration (without energy recovery) • Landfilling • Other disposal options
SEDG-E2 MATERIALS	☐ SEDG-E5.1 : List the materials and total weights used to produce and package the company's primary products and services in metric tonnes	☐ SEDG-E5.2 : Report the percentage of recycled input materials used to manufacture the company's primary products and services	



SOCIAL DISCLOSURES

	BASIC	INTERMEDIATE	ADVANCED
SEDG-S1 HUMAN RIGHTS AND LABOUR PRACTICES	☐ SEDG-S1.1 : Report the number and nature of child labour and forced labour incidents, if any	☐ SEDG-S1.2 : List the operations and suppliers considered to have significant risk for incidents of child labour and forced labour, including: • Type of operation or supplier • Locations at risk	
SEDG-S2 EMPLOYEE MANAGEMENT	☐ SEDG-S2.1 : Report the average hours of training per employee	☐ SEDG-S2.2 : Report the total number of employees and the turnover rate	
SEDG-S3 DIVERSITY, EQUITY AND INCLUSION	☐ SEDG-S3.1 : Report the percentage of the company's employees by: • Gender • Age	☐ SEDG-S3.2 : Report the percentage of the company's directors by: • Gender • Age	
SEDG-S4 OCCUPATIONAL HEALTH AND SAFETY	☐ SEDG-S4.1 : Report the number of fatalities and injuries in the company, if any	☐ SEDG-S4.2 : Report the total number and percentage of employees trained on health and safety standards	
SEDG-S5 COMMUNITY ENGAGEMENT	☐ SEDG-S5.1 : Report the total amount of community investments and donations		☐ SEDG-S5.2 : List the company's operations with negative impact on local communities



GOVERNANCE DISCLOSURES

	BASIC	INTERMEDIATE	ADVANCED
SEDG-G1 GOVERNANCE STRUCTURE	☐ SEDG-G1.1 : Report the number of directors in the company	☐ SEDG-G1.2 : List the governance structure of the board, including committees of the board and management, if applicable	
SEDG-G2 POLICY COMMITMENTS	☐ SEDG-G2.1 : List the company's policies; including but not limited to: • Code of Conduct • Anti-Corruption Policy • Whistleblowing Policy • Health and Safety Policy		
SEDG-G3 RISK MANAGEMENT AND REPORTING	☐ SEDG-G3.1 : Report the year of the last submitted audited financial report	☐ SEDG-G3.2 : List the risk of company operations and activities, including but not limited to: • Regulatory compliance risk • Business continuity risk	☐ SEDG-G3.3 : List the sustainability risks of the company if applicable, including but not limited to: • Climate-related physical risk • Climate-related transition risk
SEDG-G4 ANTI-CORRUPTION	☐ SEDG-G4.1 : Report the total number and nature of confirmed incidents of corruption, if any	☐ SEDG-G4.2 : Report the total number and percentage of employees who have received training on the company's anti-bribery and anti-corruption policy	☐ SEDG-G4.3 : List the significant risks related to corruption
SEDG-G5 CUSTOMER PRIVACY		☐ SEDG-G5.1 : Report the total number and nature of substantiated complaints received concerning breaches of customer privacy and loss of customer data, if any	

TEMPLATE

SEDG DISCLOSURE TABLE

This data report represents our company’s disclosures as guided by the Simplified ESG Disclosure Guide (SEDG). It contains information that is true to the best of our knowledge at the time of publication.

GENERAL INFORMATION

Name of Organisation	
Date of Disclosure	
Disclosure Period	
Location of Headquarters	
Entities Included	
Locations Included	

TEMPLATE

☐ Basic

☐ Intermediate

☐ Advance

ENVIRONMENTAL DISCLOSURES

☐ SEDG-E1.1	Total Scope 1 GHG emissions			metric tonnes
☐ SEDG-E1.2	Total Scope 2 GHG emissions			metric tonnes
☐ SEDG-E1.3	Scope 1 GHG emissions reduction			metric tonnes
☐ SEDG-E1.4	Scope 2 GHG emissions reduction			metric tonnes
☐ SEDG-E1.5	Total Scope 3 GHG emissions			metric tonnes
☐ SEDG-E1.6	Scope 3 GHG emissions reduction			metric tonnes
☐ SEDG-E2.1	Energy consumption	Renewable fuel sources		joules/watthours
		Non-renewable fuel sources		joules/watthours
		Electricity		joules/watthours
		Heating (if applicable)		joules/watthours
		Cooling (if applicable)		joules/watthours
		Steam (if applicable)		joules/watthours
☐ SEDG-E2.2	Energy consumption reduction	Renewable fuel sources		joules/watthours
		Non-renewable fuel sources		joules/watthours
		Electricity		joules/watthours
		Heating (if applicable)		joules/watthours
		Cooling (if applicable)		joules/watthours
		Steam (if applicable)		joules/watthours
☐ SEDG-E3.1	Total water withdrawn	Purchased water		litres
		Surface water (if applicable)		litres
		Groundwater (if applicable)		litres
		Seawater (if applicable)		litres
		Produced water (if applicable)		litres
☐ SEDG-E4.1	Total Waste	Generated		metric tonnes
		Diverted from disposal		metric tonnes
		Directed to disposal		metric tonnes

TEMPLATE

 Basic

 Intermediate

 Advance

ENVIRONMENTAL DISCLOSURES

 SEDG-E4.2	Hazardous Waste	Generated		metric tonnes
		Diverted from disposal		metric tonnes
		Directed to disposal		metric tonnes
	Non-hazardous Waste	Generated		metric tonnes
		Diverted from disposal		metric tonnes
		Directed to disposal		metric tonnes
	Sector-specific Waste Streams	Generated		metric tonnes
		Diverted from disposal		metric tonnes
		Directed to disposal		metric tonnes
	Material Composition	Generated		metric tonnes
		Diverted from disposal		metric tonnes
		Directed to disposal		metric tonnes
 SEDG-E4.3	Hazardous	Diverted from disposal (preparation for reuse)		metric tonnes
		Diverted from disposal (recycling)		metric tonnes
		Diverted from disposal (other recovery)		metric tonnes
	Non-hazardous	Diverted from disposal (preparation for reuse)		metric tonnes
		Diverted from disposal (recycling)		metric tonnes
		Diverted from disposal (other recovery)		metric tonnes
 SEDG-E4.4	Hazardous	Directed to disposal (incineration with recovery)		metric tonnes
		Directed to disposal (incineration without recovery)		metric tonnes
		Directed to disposal (landfilling)		metric tonnes
		Directed to disposal (other disposal)		metric tonnes
	Hazardous	Directed to disposal (incineration with recovery)		metric tonnes
		Directed to disposal (incineration without recovery)		metric tonnes
		Directed to disposal (landfilling)		metric tonnes
		Directed to disposal (other disposal)		metric tonnes
 SEDG-E5.1	List of materials for primary products and services			(list)
 SEDG-E5.2	Percentage of recycled input materials for primary products and services			percent

TEMPLATE

Basic

Intermediate

Advance

SOCIAL DISCLOSURES

SEDG-S1.1	Number of child labour incidents, if any		(number)
	Nature of child labour incidents, if any		(description)
SEDG-S1.2	Number of forced labour incidents, if any		(number)
	Nature of forced labour incidents, if any		(description)
	List of operations and suppliers with significant risk of child labour		(list)
	List of operations and suppliers with significant risk of forced labour		(list)
SEDG-S2.1	Average hours of training per employee		hours
SEDG-S2.2	Number of employees		(number)
	Turnover rate		percent
SEDG-S3.1	Percentage of employees by gender		percent
	Percentage of employees by age		percent
SEDG-S3.2	Percentage of directors by gender		percent
	Percentage of directors by age		percent
SEDG-S4.1	Number of fatalities		(number)
	Number of injuries		(number)
SEDG-S4.2	Number of employees trained in health and safety standards		(number)
	Percentage of employees trained in health and safety standards		percent
SEDG-S5.1	Total amount of community investment and donations		MYR
SEDG-S5.2	List of operations with negative impact on local communities		(list)

TEMPLATE

Basic

Intermediate

Advance

GOVERNANCE DISCLOSURES

■ SEDG-G1.1	Number of directors		(number)
■ SEDG-G1.2	Governance structure		(structure)
■ SEDG-G2.1	List of company policies		(list)
■ SEDG-G3.1	Year of last submitted audited financial report		(year)
■ SEDG-G3.2	List of company's operations and activities risks		(list)
■ SEDG-G3.3	List of company's sustainability risks		(list)
■ SEDG-G4.1	Number of confirmed incidents of corruption, if any		(number)
	Nature of confirmed incidents of corruption, if any		(description)
■ SEDG-G4.2	Number of employees trained on anti-bribery and anti-corruption		(number)
	Percentage of employees trained on anti-bribery and anti-corruption		percent
■ SEDG-G4.3	List of corruption risks		(list)
■ SEDG-G5.1	Number of customer data privacy complaints, if any		(number)
	Nature of customer data privacy complaints, if any		(description)

BASIS FOR CONCLUSIONS

The SEDG was designed based on various sources that were compiled and simplified for SMEs. The process included exhaustive benchmarking exercises and consultations with stakeholder groups.

BENCHMARK

The benchmarking exercise for the SEDG included research into current standards and frameworks, and the needs of the market, including:

1. Global Sustainability Frameworks, Guidance, Benchmarks and Evaluations:

- Global Reporting Initiative (GRI)
- FTSE4Good (F4G)
- International Finance Reporting Standard (IFRS S1 & S2) by the International Sustainability Standards Board (ISSB), aligned to the Taskforce for Climate-Related Financial Disclosures (TCFD)
- Greenhouse Gas (GHG) Protocol

2. Local Sustainability Frameworks, Guidance, Benchmarks and Evaluations:

- Bursa Malaysia's Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide 3.0
- Principles-based Sustainable and Responsible Investment (SRI) Taxonomy for the Malaysian Capital Market
- Malaysian Code on Corporate Governance (MCCG)
- Principles on Good Governance (PGG) for Government Linked Investment Companies
- Malaysian Code for Institutional Investors (MCII)

3. Large Companies' Responsible Procurement Assessment Guidelines

- Various multinational and local large company assessments of their supply chain

STAKEHOLDER CONSULTATIONS

The consultations were conducted through targeted focus groups to ensure that the SEDG captures real-life best practices and yet remains practical to implement, including with:

1. Government Agencies and Regulators
2. Malaysian Public Listed Companies and Locally-based Multinational Companies
3. SMEs across Multiple Sectors
4. Governance Stakeholder Groups
5. Global and Domestic Financial Institutions
6. International Trade Commissions and Chambers of Commerce



Simplified ESG Disclosure Guide (SEDG)

for SMEs in Supply Chains

ADDITIONAL GUIDANCE

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ENVIRONMENTAL : EMISSIONS



ENVIRONMENTAL PILLAR

TOPIC SEDG-E2 :
EMISSIONS

TOPIC SEDG-E2 :
ENERGY

TOPIC SEDG-E3 :
WATER

TOPIC SEDG-E4 :
WASTE

TOPIC SEDG-E5 :
MATERIALS

OVERVIEW

Greenhouse gas (GHG) emissions are a major contributor to climate change and are governed by the United Nations (UN) ‘Framework Convention on Climate Change’ and the subsequent UN ‘Kyoto Protocol’. Some GHGs also have significant adverse impacts on ecosystems, air quality, agriculture, and human and animal health. This topic covers the following GHGs: Carbon dioxide (CO₂); Methane (CH₄); Nitrous oxide (N₂O); Hydrofluorocarbons (HFCs); Perfluorocarbons (PFCs); Sulphur hexafluoride (SF₆); Nitrogen trifluoride (NF₃).

The reporting requirements for GHG emissions here are based on the requirements of the ‘GHG Protocol Corporate Accounting and Reporting Standard’ (‘GHG Protocol Corporate Standard’) and the ‘GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard’ (‘GHG Protocol Corporate Value Chain Standard’). These two standards are part of the GHG Protocol developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD). The GHG Protocol has established a classification of GHG emissions called ‘Scope’ and categorised into Scope 1, Scope 2, and Scope 3.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-E1 EMISSIONS	☐ SEDG-E1.1 : Report total Scope 1 (direct) GHG emissions in metric tonnes of CO₂ equivalent ☐ SEDG-E1.2 : Report total Scope 2 (indirect) GHG emissions in metric tonnes of CO₂ equivalent	☐ SEDG-E1.3 : Report total Scope 1 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO₂ equivalent ☐ SEDG-E1.4 : Report total Scope 2 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO₂ equivalent	☐ SEDG-E1.5 : Report total Scope 3 (other indirect) GHG emissions in metric tonnes of CO₂ equivalent ☐ SEDG-E1.6 : Report total Scope 3 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO₂ equivalent

RELATED REFERENCES

BURSA	Common Sustainability Matter: C11 (a) – Scope 1 emissions in tonnes of CO₂e Common Sustainability Matter: C11 (b) – Scope 2 emissions in tonnes of CO₂e Common Sustainability Matter: C11 (c) – Scope 3 emissions in tonnes of CO₂ equivalent (at least for the categories of business travel and employee commuting)
GRI	GRI 305-1 – Direct (Scope 1) GHG emissions GRI 305-2 – Energy indirect (Scope 2) GHG emissions GRI 305-3 – Other indirect (Scope 3) GHG emissions
FTSE4GOOD	ECC14 – Requires disclosure of 3 years of total operational Scope 1 and 2 GHG emissions ECC49 – Requires disclosure of 3 years of Scope 3 GHG emissions split by category ECC38 – Requires disclosure of short term (up to 5 years) quantitative targets to reduce GHG emissions ECC39 – Requires disclosure of long term (more than 5 years) quantitative targets to reduce GHG emissions ECC77 – Requires disclosure of a decarbonisation strategy to meet its long, medium and short term GHG reduction targets
ISSB	IFRS S2: Climate-related metrics – includes disclosure of Scope 1,2 and 3 GHG emissions as well as detailed guidance
OTHERS	CDP Small and Medium Enterprises 2023 Reporting Guidance: SME1 – Reported Emissions & Targets GHG Protocol

ADDITIONAL GUIDANCE

SCOPE 1

Direct (Scope 1) GHG emissions can come from the following sources owned or controlled by a company:

- Generation of electricity, heating, cooling, and steam: these emissions result from combustion of fuels in stationary sources, such as boilers, furnaces, and turbines – and from other combustion processes such as flaring
- Physical or chemical processing: most of these emissions result from the manufacturing or processing of chemicals and materials, such as cement, steel, aluminium, ammonia, and waste processing
- Transportation of materials, products, waste, workers, and passengers: these emissions result from the combustion of fuels in mobile combustion sources owned or controlled by the company, such as trucks, trains, ships, airplanes, buses, and cars
- Fugitive emissions: these are emissions that are not physically controlled but result from intentional or unintentional releases of GHGs. These can include equipment leaks from joints, seals, packing, and gaskets; methane emissions (e.g., from coal mines) and venting
- HFC emissions from refrigeration and air conditioning equipment; and methane leakages (e.g., from gas transport)

Scope 1 emissions may be calculated by multiplying the consumption of a specific fuel with the corresponding emission factor. Malaysia-specific emission factors are available from the ministry in charge of climate change - Ministry of Natural Resources, Energy and Climate Change (NRECC).

Some examples of reduction initiatives for Scope 1 emissions are energy efficiency improvements and fuel switch for boilers and other stationary equipment, reduction in fugitive emissions, and in the medium term the electrification of vehicle fleets accounted for under mobile combustion.

For a comprehensive methodology for calculating Scope 1 emissions, please refer to the 'GHG Protocol Scope 1 Guidance' document.

SCOPE 2

Energy indirect (Scope 2) GHG emissions include, but are not limited to, the CO₂ emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by a company. For many companies, the energy indirect (Scope 2) GHG emissions that result from the generation of purchased electricity can be much greater than their direct (Scope 1) GHG emissions. The 'GHG Protocol Scope 2 Guidance' requires companies to provide two distinct Scope 2 values:

- Location-based method: Reflects the average GHG emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data. e.g., grid average emission factor for transmission grid operated by Tenaga Nasional Berhad in Peninsular Malaysia, Sarawak Energy Berhad in Sarawak and Sabah Electricity Sdn Bhd in Sabah. The best available grid emission factors as of publication of this document are from 2019 and can be found in the Suruhanjaya Tenaga (Energy Commission) website.
- Market-based method: Reflects emissions from electricity that a company has purposefully chosen (e.g., Tenaga Nasional Berhad's Green Energy Tariff).

Some examples of reduction initiatives for Scope 2 emissions are energy efficiency improvements for electrical equipment, the installation of solar photovoltaic (PV) panels on rooftop of factories/warehouses and the purchase of renewable energy certificates e.g., TNB's Green Energy Tariff (GET) in Peninsular Malaysia.

For a comprehensive methodology for calculating Scope 2 emissions, please refer to the 'GHG Protocol Scope 2 Guidance' document.

SCOPE 3

Other indirect (Scope 3) GHG emissions are a consequence of an organization's activities, but occur from sources not owned or controlled by the organization. This includes emissions from both upstream and downstream activities as categorised below:

Upstream categories

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

Downstream categories

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

Some examples of reduction initiatives for Scope 3 emissions are to work with suppliers to reduce the emission intensity of their products and services, reduce the emission from the upstream and downstream transport of goods, and to minimise unnecessary business travel and employee commuting (e.g., via hybrid working and video conferencing).

For a comprehensive methodology for calculating Scope 3 emissions, please refer to GHG Protocol's 'Technical Guidance for Calculating Scope 3 Emissions' document.

ENVIRONMENTAL : ENERGY



ENVIRONMENTAL PILLAR

TOPIC SEDG-E2 :

EMISSIONS

TOPIC SEDG-E2 :

ENERGY

TOPIC SEDG-E3 :

WATER

TOPIC SEDG-E4 :

WASTE

TOPIC SEDG-E5 :

MATERIALS

OVERVIEW

A company can consume energy in various forms, such as fuel, electricity, heating, cooling, or steam. Energy can be self-generated or purchased from external sources and it can come from renewable sources (e.g., wind, hydro or solar) or from non-renewable sources (e.g., coal, petroleum, or natural gas). Using energy more efficiently and opting for renewable energy sources is essential for combating climate change and for lowering a company's overall environmental footprint.

Energy consumption can also occur throughout the upstream and downstream activities connected with a company's operations. This can include consumers' use of products the company sells and the end-of-life treatment of these products.

The disclosures in this topic can provide information about a company's impacts related to energy, and how it manages them.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-E2 ENERGY	☐ SEDG-E2.1 : Report the consumption of the following in joules or watthours: • Renewable fuel sources • Non-renewable fuel sources • Electricity • Heating (if applicable) • Cooling (if applicable) • Steam (if applicable)	☐ SEDG-E2.2 : Report the reduction in consumption of the following (achieved as a direct result of conservation and efficiency initiatives) in joules or watthours: • Non-renewable fuel sources • Electricity • Heating (if applicable) • Cooling (if applicable) • Steam (if applicable)	

RELATED REFERENCES

BURSA	Common Sustainability Matter: C4 (a) – Total energy consumption
GRI	GRI 302-1 – Energy consumption within the organisation GRI 302-4 – Reduction of energy consumption
FTSE4GOOD	ECC15 – 3 years of total energy consumption data required (i.e., could align now if historic data is available, or could align in 3 years)
ISSB	IFRS S2: 130a.1 – 1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable
OTHERS	-

ADDITIONAL GUIDANCE

ENERGY CONSUMPTION

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.

ENERGY REDUCTION

The reporting company can prioritise disclosing reduction initiatives that were implemented in the reporting period, and that have the potential to contribute significantly to reductions.

Reduction initiatives can include:

- Process redesigns
- Conversions and retrofitting of equipment
- Changes in behaviour
- Operational changes

The company can report reductions in energy consumption by combining energy types, or separately for fuel, electricity, heating, cooling, and steam. The company can also provide a breakdown of reductions in energy consumption by individual initiatives or groups of initiatives.

When compiling this information, the company should exclude reductions resulting from reduced production capacity or outsourcing and describe whether energy reduction is estimated, modelled, or sourced from direct measurements. If estimation or modelling is used, the company should disclose the methods used.

Data collection methodology and contextual information must be disclosed such that the validity of the results can be determined. This includes all standards, assumptions and/or calculation tools used as well as whether the information is calculated, estimated, modelled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors. Local conversion factors should be used where possible to consistently convert weight of fuels into multiples of joules. Alternatively, generic global factors may be used.

ENVIRONMENTAL : WATER



ENVIRONMENTAL PILLAR

TOPIC SEDG-E2 :
EMISSIONS

TOPIC SEDG-E2 :
ENERGY

TOPIC SEDG-E3 :
WATER

TOPIC SEDG-E4 :
WASTE

TOPIC SEDG-E5 :
MATERIALS

OVERVIEW

Access to fresh water is essential for human life and wellbeing and is recognised by the UN as a human right. The Sustainable Development Goals, adopted by the UN as part of the 2030 Agenda for Sustainable Development, include key targets related to sustainable water management under Goal 6: 'Ensure availability and sustainable management of water and sanitation for all'. These targets aim, for example, to achieve universal access to safe and affordable drinking water, improve water quality, and address water scarcity.

The amount of water withdrawn by a company and the quality of its discharges can impact the functioning of the ecosystem in numerous ways. Direct impacts on a catchment can have wider impacts on the quality of life in an area, including social and economic consequences for local communities and indigenous peoples.

Since water is a shared resource, and water-related impacts are localised, companies are increasingly being encouraged to:

- Prioritise action in areas with water stress.
- Understand and respond to local contexts, including local social and environmental impacts.
- Aim to benefit and respect the needs and priorities of all water users in an area.
- Align their approaches and collective actions with other water users and with effective public policy.

Through a comprehensive understanding of its water use, a company can assess the impacts it has on water resources that benefit the ecosystem, other water users, and the company itself.

The disclosures in this topic only cover water withdrawal, since discharge may not be relevant for a majority of SMEs. It is however encouraged for SMEs to go beyond these disclosures if the company withdraws significant amounts of water directly from natural sources or discharges significant amounts of water/effluents.

The Environmental Quality Act 1974 (Act 127) regulates industrial wastewater treatment and discharge through the Environmental Quality (Industrial Effluent) Regulations 2009.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-E3 WATER	☐ SEDG-E3.1 : Report the total water withdrawn from all areas, and a breakdown of this total by type in litres: • Purchased water • Surface water (if applicable) • Groundwater (if applicable) • Seawater (if applicable) • Produced water (if applicable)		

RELATED REFERENCES

BURSA	Common Sustainability Matter: C9 (a) – Total volume of water used
GRI	GRI 303-3 – Water withdrawal
FTSE4GOOD	EWT32 – 3 years of total water withdrawal data required (i.e., could align now if historic data is available, or could align in 3 years) EWT13 – Policy or commitment on water use reduction which: - Addresses the issue - Includes commitment to reduce water use or improve efficiency
ISSB	IFRS S2: 140a.1 – (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress.
OTHERS	CDP Small and Medium Enterprises 2023 Reporting Guidance: SME3 – Water Security

ADDITIONAL GUIDANCE

WATER WITHDRAWAL

Key definitions-

- Purchased water: Municipal water suppliers and municipal wastewater treatment plants, public or private utilities, and other companies involved in the provision, transport, treatment, disposal, or use of water and effluent (e.g. Air Selangor)
- Surface water: Water that occurs naturally on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, streams, collected and harvested rainwater
- Groundwater: Water that is being held in, and that can be recovered from, an underground formation
- Produced water: Water that enters a company's boundary as a result of extraction (e.g., crude oil), processing (e.g., sugar cane crushing), or use of any raw material

Data collection methodology and contextual information must be disclosed such that the validity of the results can be determined. This includes all standards, assumptions and/or calculation tools used as well as whether the information is calculated, estimated, modelled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.

ENVIRONMENTAL : WASTE



ENVIRONMENTAL PILLAR

TOPIC SEDG-E2 :

EMISSIONS

TOPIC SEDG-E2 :

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TOPIC SEDG-E3 :

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TOPIC SEDG-E4 :

WASTE

TOPIC SEDG-E5 :

MATERIALS

OVERVIEW

Waste can be generated in the company's own activities, for example, during the production of its products and delivery of services. It can also be generated by entities upstream and downstream in the company's value chain, for example, when suppliers process materials that are later used or procured by the company, or when consumers use the services or discard the products that the company sells to them.

Waste can have significant negative impacts on the environment and human health when inadequately managed. These impacts often extend beyond locations where waste is generated and discarded. The resources and materials contained in waste that is incinerated or landfilled are lost to future use, which accelerates their depletion.

The UN recognises the role of responsible consumption and production in achieving the Sustainable Development Goals, particularly under Goal 12: Responsible Consumption and Production.

The disclosures in this topic are designed to help a company better understand and communicate its waste-related impacts, and how it manages these impacts. The disclosures require information on how the company prevents waste generation and how it manages waste that cannot be prevented, in its own activities and upstream and downstream in its value chain.

The Malaysian government requires companies to comply with responsible disposal methods to avoid pollution and to ensure that a licensed and regulated waste concessionaire must be used.

The relevant act is Act 127 Environmental Quality Act 1974.

- Part IV – Prohibition and Control of Pollution
- Part IVA – Control of Scheduled Wastes

The waste regulations to be complied with from the above are enacted in the Environmental Quality (Scheduled Wastes) Regulations 2005.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-E4 WASTE	☐ SEDG-E4.1 : Report total waste in metric tonnes: • Generated • Diverted from disposal • Directed to disposal	☐ SEDG-E4.2 : Report total waste generated, diverted from disposal, and directed to disposal, each broken down into metric tonnes of: • Hazardous and non-hazardous waste • Sector specific waste streams • Material composition	☐ SEDG-E4.3 : Report total hazardous and non-hazardous waste diverted from disposal broken down into the following recovery streams in metric tonnes: • Preparation for reuse • Recycling • Other recovery options ☐ SEDG-E4.4 : Report total hazardous and non-hazardous waste directed to disposal broken down into the following disposal streams in metric tonnes: • Incineration (with energy recovery) • Incineration (without energy recovery) • Landfilling • Other disposal options

RELATED REFERENCES

BURSA	Common Sustainability Matter: C10 (a) – Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal
GRI	GRI 306-3 – Waste generated GRI 306-4 – Waste diverted from disposal GRI 306-5 – Waste directed to disposal
FTSE4GOOD	EPR24 – 3 years of hazardous waste generation data required EPR25 – 3 years of total non-recycled waste generation required EPR26 – 3 years of total recycled waste required (i.e., could align now if historic data is available, or could align in 3 years)
ISSB	IFRS S2: 150a.1 – Amount of waste generated, percentage hazardous and percentage recycled
OTHERS	-

ADDITIONAL GUIDANCE

TOTAL WASTE

The quantity, quality, and type of waste of all (non-effluent) waste generated in the company's own activities to produce goods and services (e.g., during extraction, processing, procurement of materials, product or service design, production, distribution) is to be disclosed here. This total can then be broken down as described into different recovery and disposal streams such that all the waste is accounted for. Data collection methodology and contextual information can be disclosed such that the validity of the results can be determined.

TYPES OF WASTE

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).

DESTINATION OF WASTE

When reporting on waste recycled, the company can specify the type of recycling operations, such as downcycling, upcycling, composting, or anaerobic digestion. Besides preparation for reuse and recycling, the company can report the other types of recovery operations it uses such as repurposing or refurbishment. Note that reductions in waste generation resulting from reduced production capacity are not considered waste prevention. The company may choose in addition to report waste prevented in its value chain.

When it comes to waste sent for disposal, besides incineration and landfilling, the company can specify the other types of disposal operations it uses such as dumping, open burning, or deep well injection. If available, the company may report on the quantity and type of waste generated, diverted from, and directed to disposal onsite and offsite. In the context of this topic, 'onsite' means within the physical boundary or administrative control of the reporting company, and 'offsite' means outside the physical boundary or administrative control of the reporting company. The company may also separately report waste directed to disposal upstream and downstream in its value chain if this is available and relevant. These additionalities display the extent to which the company knows how its waste is managed.

CONTEXT FOR WASTE DATA

In terms of contextual information, the company can explain the reasons for:

- The difference between the weight of waste generated and the weight of waste directed to recovery or disposal: this difference can be a result of precipitation or evaporation, leaks or losses, or other modifications to the waste. In the context of this topic, leaks result from physical or technical failures (e.g., a trail of waste from a waste collection truck), while losses result from inadequate security measures or administrative failures (e.g., theft or lost records). To help understand how the data has been compiled, the company can specify whether the data has been modelled or sourced from direct measurements, such as waste transfer notes from contracted waste collectors, external assurance, or audits of waste-related data.
- The difference between the weights of waste diverted from disposal onsite and offsite: e.g., lack of infrastructure onsite to recover materials from waste. It can also describe sector practices, sector standards, or external regulations that mandate a specific recovery operation. To help understand how the data has been compiled, the company can specify whether the data has been modelled or sourced from direct measurements, such as waste transfer notes from contracted waste collectors, external assurance, or audits of waste-related data.
- The difference between the weights of waste directed to disposal onsite and offsite: e.g., local regulations that prohibit landfilling of specific types of waste. It can also describe sector practices, sector standards, or external regulations that mandate a specific disposal operation. To help understand how the data has been compiled, the company can specify whether the data has been modelled or sourced from direct measurements, such as waste transfer notes from contracted waste collectors, external assurance, or audits of waste-related data.

ENVIRONMENTAL : MATERIALS



ENVIRONMENTAL PILLAR

TOPIC SEDG-E2 :

EMISSIONS

TOPIC SEDG-E2 :

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WASTE

TOPIC SEDG-E5 :

MATERIALS

OVERVIEW

The inputs used to manufacture and package a company's products and services can be non-renewable materials, such as minerals, metals, oil, gas, or coal; or renewable materials, such as wood or water. Both renewable and non-renewable materials can be composed of virgin or recycled input materials.

The type and amounts of materials the company uses can indicate its dependence on natural resources, and the impacts it has on their availability. The company's contribution to resource conservation can be indicated by its approach to recycling, reusing and reclaiming materials, products, and packaging.

The disclosures in this topic can provide information about a company's impacts related to materials, and how it manages these impacts.

Procurement as well as responsible sourcing of materials is touched upon in a few material-specific development acts in Malaysian Law (e.g., Act 525 Mineral Development Act 1994; Petroleum Development Act 1974). In this regard, industry/sector specific guidance would be of primary importance, e.g., for the automotive industry: the Guiding Principles (GP) and Practical Guidance (PG) on Responsible Sourcing of Materials by "Drive Sustainability" is much more stringent and detailed.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-E2 MATERIALS	☐ SEDG-E5.1 : List the materials and total weights used to produce and package the company's primary products and services in metric tonnes	☐ SEDG-E5.2 : Report the percentage of recycled input materials used to manufacture the company's primary products and services	

RELATED REFERENCES

BURSA	Sector-specific Matter: S5 (a) – Total weight or volume of materials that are used to produce and package products and services
GRI	GRI 301-1 – Materials used by weight or volume GRI 301-2 – Recycled input materials used
FTSE4GOOD	EPR11 – 3 years of total metric tonnes of materials broken down by type required
ISSB	IFRS S2: 440a.3 – (1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities IFRS S2: 440a.4 – (1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard IFRS S2: 440b.1 – Top five materials consumed, by weight
OTHERS	-

ADDITIONAL GUIDANCE

TOTAL MATERIALS

In the calculation of total materials used, the following material types should be considered:

- Raw materials - Natural resources used for conversion to products and services, such as ores, minerals and woods
- Associated process materials – Materials needed for the manufacturing process but are not part of the final product, such as lubricants for manufacturing machinery
- Semi-manufactured goods or parts – All materials and components part of the final product other than raw materials
- Materials for packaging purposes – Paper, plastics, cardboard, etc.

RECYCLED MATERIALS

Recycled input materials are defined as materials that replace virgin materials, which are purchased or obtained from internal or external sources, and that are not by-products and non-product outputs (NPO) produced by the companies.

Percentage of recycled input materials used = (Total recycled input materials used / Total input materials used) x 100.

If relevant, the company may also disclose its percentage of reclaimed products and packaging materials for each product category. Reclaimed products are defined as collected, reused, or recycled products and their packaging materials at the end of their useful lives. Collection and treatment of these items can be carried out by the manufacturer or by a contractor and separated into raw materials – glass, paper, etc. Product or service categories are defined as groups of related products or services sharing a common, managed set of features that satisfy the specific needs of a selected market. When collecting the data, reporting company can report recycling and reuse of packaging separately. The reporting company should also exclude rejects and recalls of products.

Percentage of reclaimed products and their packaging materials = (Products and their packaging materials reclaimed within the reporting period) / Products sold within the reporting period) x 100.

Data collection methodology and contextual information must be disclosed such that the validity of the results can be determined. The data used must reflect the material in its original state and is not to be presented with further data manipulation, such as reporting it as 'dry weight'. It should also be clear if any data reported is estimated or measured directly, with an explanation of methods used required for the former. If material weight and volume measurements are stated as different units, the company can convert measurements to standardised units.

SOCIAL : HUMAN RIGHTS AND LABOUR PRACTICES



SOCIAL PILLAR

TOPIC SEDG-S1 :
**HUMAN RIGHTS AND
LABOUR PRACTICES**

TOPIC SEDG-S2 :
**EMPLOYEE
MANAGEMENT**

TOPIC SEDG-S3 :
**DIVERSITY, EQUITY
AND INCLUSION**

TOPIC SEDG-S4 :
**OCCUPATIONAL
HEALTH AND SAFETY**

TOPIC SEDG-S5 :
**COMMUNITY
ENGAGEMENT**

OVERVIEW

This topic addresses forced or compulsory labour and child labour. Forced or compulsory labour exists globally in a variety of forms. The most extreme examples are slave labour and bonded labour, but debts can also be used as a means of maintaining workers in a state of forced labour. Indicators of forced labour can also include withholding identity papers, requiring compulsory deposits, and compelling workers, under threat of firing, to work extra hours to which they have not previously agreed.

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.

Child labour is work that deprives children of their childhood, potential, dignity and harmful to them, both physically or mentally, including interfering with their education. Abolishing child labour is a key principle and objective of major human rights legislations and is a national legislation in most countries.

The relevant acts are:

- 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.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-S1 HUMAN RIGHTS AND LABOUR PRACTICES	☐ SEDG-S1.1 : Report the number and nature of child labour and forced labour incidents, if any	☐ SEDG-S1.2 : List the operations and suppliers considered to have significant risk for incidents of child labour and forced labour, including: • Type of operation or supplier • Locations at risk	

RELATED REFERENCES

BURSA	Common Sustainability Matter: C6 (d) - Number of substantiated complaints concerning human rights violations
GRI	GRI 408-1 – Operations and suppliers at significant risk for incidents of child labour GRI 409-1 – Operations and suppliers at significant risk for incidents of forced or compulsory labour
FTSE4GOOD	SLS21 - In relation to instances of labour standards non-compliance, the company: a. Discloses the number of incidents SLS01 - In relation to the prevention of child labour, company: a. Addresses the issue/states it complies with local laws in general disclosures b. Publishes a Policy/Principles/Code SLS14 - Company has taken action to address labour issues including: a. Prevention of child labour b. Prevention of forced labour d. Reduction of excessive working hours
ISSB	IFRS S2: 430a.1 – Revenue from products third-party certified to environmental or social sustainability sourcing standards IFRS S2: 430a.2 – Suppliers’ social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances
OTHERS	-

ADDITIONAL GUIDANCE

NUMBER OF INCIDENTS

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.

RISK ASSESSMENT

Companies should list the operations and suppliers at risk of violating child labour and forced labour guidelines. Companies are also encouraged to disclose risk assessment and mitigation actions.

Risk assessment in the company can initially be a rudimentary assessment (stating the operations and suppliers considered to have significant risk for incidents of child labour and forced labour), then increasing in maturity and complexity over the years – possibly with some of the frameworks described below.

Child labour and forced labour risk assessment is well guided by the ILO with clearly described indicators of forced labour, a handbook for employers and businesses to combat forced labour, and a child labour guidance tool for business. In addition, UNICEF's Children's Rights and Business Principles (CRBP) sets forth clear guidance. OECD's Responsible Business Conduct provides guidance towards ending child labour, forced labour and human trafficking in global supply chains.

SOCIAL : EMPLOYEE MANAGEMENT



SOCIAL PILLAR

TOPIC SEDG-S1 :
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TOPIC SEDG-S2 :
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TOPIC SEDG-S3 :
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TOPIC SEDG-S4 :
**OCCUPATIONAL
HEALTH AND SAFETY**

TOPIC SEDG-S5 :
**COMMUNITY
ENGAGEMENT**

OVERVIEW

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. In addition, employee turnover serves as a rudimentary representative indicator of the company's prioritisation of employee management and wellbeing, as well as the personal development of individual employees, skills management, and the development of human capital within the company. It seeks to indicate the extent of the system applied and whether there is inequity of access to these opportunities; enhancing employee development and retention.

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.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-S2 EMPLOYEE MANAGEMENT	☐ SEDG-S2.1 : Report the average hours of training per employee	☐ SEDG-S2.2 : Report the total number of employees and the turnover rate	

RELATED REFERENCES

BURSA	Common Sustainability Matter: C6 (a) - Total hours of training by employee category Common Sustainability Matter: C6 (c) - Total number of employee turnover by employee category
GRI	GRI 401-1 – New employee hires and employee turnover GRI 404-1 – Average hours of training per year per employee GRI 404-2 – Programs for upgrading employee skills and transition assistance programs
FTSE4GOOD	SLS24 - Full time staff voluntary turnover rates SLS29 - Employee personal development training to enhance abilities to individual skills: - - Policy of commitment statement to provide employee personal development training - Detailed description of the personal development training that is provided SLS26 - Amount of time spent on employee development training to enhance knowledge or individual skills - Total hours as a company, or - Average hours per employee
ISSB	IFRS S1: Appendix B: Paragraph B3
OTHERS	-

ADDITIONAL GUIDANCE

EMPLOYEE TRAINING

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, and
- Training does not include on-site coaching by supervisors.

The formula for calculating average training hours is as follows:

$$\text{Average training hours per employee} = \frac{\text{Total number of training hours provided to employees}}{\text{Total number of employees}}$$

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

EMPLOYEE TURNOVER

Employee turnover refers to employees who leave the company voluntarily or due to dismissal, retirement, or death in service. An employee is defined as an individual who is in an employment relationship with the company, according to national law or its application. For additional disclosure, transition assistance programs provided to support employees who are retiring or who have been terminated can be described and can include:

- Pre-retirement planning for intended retirees,
- Retraining for those intending to continue working,
- Severance pay, which can take into account employee age and years of service,
- Job placement services, and
- 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. The formula for calculating turnover rate is as follows:

$$\text{Turnover Rate} = \frac{\text{Total turnover}}{\text{Total number of employees}} \times 100\%$$

SOCIAL : DIVERSITY, EQUITY AND INCLUSION



SOCIAL PILLAR

TOPIC SEDG-S1 :
**HUMAN RIGHTS AND
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TOPIC SEDG-S2 :
**EMPLOYEE
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TOPIC SEDG-S3 :
**DIVERSITY, EQUITY
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TOPIC SEDG-S4 :
**OCCUPATIONAL
HEALTH AND SAFETY**

TOPIC SEDG-S5 :
**COMMUNITY
ENGAGEMENT**

OVERVIEW

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.

The disclosures included address the company's approach to diversity and equal opportunity at work, providing for a quantitative measure of diversity within a company. This can be used in conjunction with sectoral or regional benchmarks. In addition, 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.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-S3 DIVERSITY, EQUITY AND INCLUSION	☐ SEDG-S3.1 : Report the percentage of the company's employees by: • Gender • Age	☐ SEDG-S3.2 : Report the percentage of the company's directors by: • Gender • Age	

RELATED REFERENCES

BURSA	Common Sustainability Matter: C3 (a) - Percentage of employees by gender and age group, for each employee category Common Sustainability Matter: C3 (b) - Percentage of directors by gender and age group
MCCG	5.9 - The board comprises at least 30% women directors 5.10 - The board discloses in its annual report the company's policy on gender diversity for the board and senior management
MCII	The board of investee companies should comprise at least 30% women directors and in senior management level
GRI	GRI 405-1 – Diversity of governance bodies and employees
FTSE4GOOD	GCG05 – Number of women on the board GCG06 – Commitment to gender diversity on the board a. Statement of support b. Targets in place to improve gender ratio SLS16 – Companies have taken action to improve workforce diversity, equal opportunities, or reduce discrimination, including those based on: a. Gender b. Age
ISSB	-
OTHERS	-

ADDITIONAL GUIDANCE

DEI DEMOGRAPHICS

Diversity, equity and inclusion can be disclosed in varying granularity. Beyond gender and age (under 30 years old, 30-50 years old, over 50 years old), additionality can be provided with ethnicity, minority groups, vulnerable groups, 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.

DEI INITIATIVES

In addition, disclosure can be made on initiatives conducted by the company to enhance the DEI achievements in the company. This can include employee initiatives, hiring policies, parental policies, succession planning, workforce planning and management, training, education programmes, mentorship, etc.

SOCIAL : OCCUPATIONAL HEALTH AND SAFETY



SOCIAL PILLAR

TOPIC SEDG-S1 :
**HUMAN RIGHTS AND
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**OCCUPATIONAL
HEALTH AND SAFETY**

TOPIC SEDG-S5 :
**COMMUNITY
ENGAGEMENT**

OVERVIEW

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 Organization (WHO) and a target of the Sustainable Development Goals adopted by the UN. This covers considerations around work-related hazards, ill health, and injuries.

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.

The disclosures included here include the high-consequence incidences as well as work-related injuries. The disclosures additionally seek to include preemptive training provided to employees.

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.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-S4 OCCUPATIONAL HEALTH AND SAFETY	☐ SEDG-S4.1 : Report the number of fatalities and injuries in the company, if any	☐ SEDG-S4.2 : Report the total number and percentage of employees trained on health and safety standards	

RELATED REFERENCES

BURSA	Common Sustainability Matter: C5 (a) - Number of work-related fatalities Common Sustainability Matter: C5 (b) - Lost time incident rate Common Sustainability Matter: C5 (c) - Number of employees trained on health and safety standards
GRI	GRI 403-9 – Work-related injuries GRI 403-10 – Work-related ill health
FTSE4GOOD	SHS13 - Number of staff trained on health and safety standards within the last year SHS37 - In case of accidents or incidents leading to injuries or fatalities, the company discloses: - Investigations and findings of reported incidents or that no health & safety incident leading to injuries or fatalities occurred - Actions following reported incidents or that no health & safety incidents leading to injuries or fatalities occurred
ISSB	IFRS S2: Appendix A: Paragraph 'climate-related physical risks'
OTHERS	Guidelines for Hazard Identification, Risk Assessment and Risk Control (HIRARC)

ADDITIONAL GUIDANCE

FATALITIES AND INJURIES

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.

SOCIAL : COMMUNITY ENGAGEMENT



SOCIAL PILLAR

TOPIC SEDG-S1 :
**HUMAN RIGHTS AND
LABOUR PRACTICES**

TOPIC SEDG-S2 :
**EMPLOYEE
MANAGEMENT**

TOPIC SEDG-S3 :
**DIVERSITY, EQUITY
AND INCLUSION**

TOPIC SEDG-S4 :
**OCCUPATIONAL
HEALTH AND SAFETY**

TOPIC SEDG-S5 :
**COMMUNITY
ENGAGEMENT**

OVERVIEW

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.

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.

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.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-S5 COMMUNITY ENGAGEMENT	☐ SEDG-S5.1 : Report the total amount of community investments and donations		☐ SEDG-S5.2 : List the company's operations with negative impact on local communities

RELATED REFERENCES

BURSA	Common Sustainability Matter: C2 (a) - Total amount invested in the community where the target beneficiaries are external to the listed issuer
GRI	GRI 413-1 – Operations with local community engagement, impact assessments, and development programs
FTSE4GOOD	SHR17 - Total amount of corporate or group donations/community investments made to registered not-for-profit companies
ISSB	IFRS S1: 33(c) Strategy and Decision Making
OTHERS	-

ADDITIONAL GUIDANCE

COMMUNITY INVESTMENT

Community investments are total community investments that 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. Voluntary donations and investment of funds in the broader community where the target beneficiaries are external to the company can include:

- Contributions to charities, non-governmental/civil society organisations, and research institutes (unrelated to the company's commercial research and development)
- Funds to support community infrastructure, such as recreational facilities
- Direct costs of social programs, including arts and educational events

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. The company should consider any negative impact that could result from activities that aim for a positive contribution to sustainable development. Negative impact cannot be offset by positive impact. For example, a renewable energy installation may reduce a region's dependence on fossil fuels and bring energy to underserved communities but the development displaces local communities from their lands or territories without their consent.

Impact is a change in an important positive or negative outcome for the people or the environment. The company should consider any negative impact that could result from activities that aim for a positive contribution to sustainable development.

IMPACT RISK ASSESSMENT

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:

PILLAR	EXAMPLES OF NEGATIVE IMPACT	EXAMPLES OF POSITIVE IMPACT
SOCIAL	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)	Providing clean sanitation and hygiene practices to underprivileged community
	Labour exploitation by not paying employees a fair wage or providing them with adequate benefits	Contributing towards infrastructure development such as school, houses for the development of society
	Lack of fair compensation, depriving the local community from housing, formal education and clean sanitation	Providing job training to unemployed individuals
	Community health issues, environment pollution causing health problems for nearby communities	Supporting local businesses and farmers by purchasing their goods and services
	Consumer health and safety risks due to production and sale of products that may cause danger and harm to consumer's health and well-being	Providing access to education for underprivileged children
	Human rights violation, ignoring the rights and concerns of indigenous communities when conducting operations on their lands	Providing access to healthcare for underserved populations for both physical and mental health illness
	Failing to respect and preserve local traditions and culture leading to cultural erosions and tension	Promoting equal rights and opportunities for marginalized groups

PILLAR	EXAMPLES OF NEGATIVE IMPACT	EXAMPLES OF POSITIVE IMPACT
ENVIRONMENTAL	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
	Building a factory that pollutes the air, water and soil in a local community	Advocating for policies that protect the environment and combat climate
	Clearing forests for development, logging or agriculture without replanting causing deforestation	Planting trees in a community to improve air quality and reduce pollution
	Burning fossil fuels that release greenhouse gases contributing to global warming	Developing projects on more existing brownfield sites than greenfield sites to preserve the ecosystem
	Destroying natural habitats, such as wetlands or coral reefs which disrupt the ecosystem	Reducing carbon emissions by developing eco-friendly solutions such as recyclable and biodegradable products
	Producing excessive waste including non-biodegradable materials contributing to landfill overflow and environmental degradation	Sourcing sustainable raw materials which are certified by global or local agencies such as Forest Stewardship Council (FSC), Marine Stewardship Council (MSC)
	Air pollution due to emission of pollutants that can contribute to health problems in communities	Construction of energy-efficient buildings with sustainable materials which promote sustainable urban development
	Water contamination from improper disposal practices of industrial waste and harmful chemicals	Implementing water-saving technology such as reusing wastewater and treatment of wastewater to protect aquatic ecosystems
	Loss of biodiversity due to activities that harm or destroy various plant and animal species	Adopting sustainable and community farming practices such as crop rotation, organic farming and reduce pesticide to maintain soil health

GOVERNANCE : GOVERNANCE STRUCTURE



GOVERNANCE PILLAR

TOPIC SEDG-G1 :
**GOVERNANCE
STRUCTURE**

TOPIC SEDG-G2 :
**POLICY
COMMITMENTS**

TOPIC SEDG-G3 :
**RISK MANAGEMENT
AND REPORTING**

TOPIC SEDG-G4 :
ANTI-CORRUPTION

TOPIC SEDG-G5 :
CUSTOMER PRIVACY

OVERVIEW

Governance structure is crucial in directing and managing the business and affairs of the company towards promoting business prosperity and corporate accountability, with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.

Good and effective corporate governance has wide-ranging influence and impacts to the corporate and real economic sector, including the listed and non-listed companies, which would enhance decision-making, thus lead to better performance in commercial terms.

As such, companies should take into consideration the regulatory guidance such as those prescribed by laws (e.g., Companies Act 2016, Securities Commission Malaysia Act 1993), industry regulators and court judgements. Companies can also consider, where relevant, the adoption of and alignment with local guidelines (such as the MCCG by SC, Corporate Governance Guide by Bursa Malaysia), as well as international codes and best practices on corporate governance, in reporting against governance considerations and indicators.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-G1 GOVERNANCE STRUCTURE	☐ SEDG-G1.1 : Report the number of directors in the company	☐ SEDG-G1.2 : List the governance structure of the board, including committees of the board and management, if applicable	

RELATED REFERENCES

BURSA	Listing Requirements, Chapter 15: Part B – Directors; Part C – Audit Committee Practice Note 9 – Part I – Corporate Governance Disclosure; Part III – Sustainability Statement
MCCG	Principle A: Board Leadership and Effectiveness (Board Responsibilities; Board Composition) 3.1 - The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering 3.2 - The board establishes, reviews and together with management implements policies and procedures on whistleblowing
PGG	Principle B: Strengthening Board Composition – The composition of the board supports the exercise of objective and independent judgment. Each director on the board and those appointed to management has the character, experience, integrity, competence, and time to discharge their roles and responsibilities effectively 1.12 - The board ensures there is a Code of Conduct and Ethics (Code) that is implemented and observed by all officers of the entity. The Code sets out fundamental guidance for the conduct of employees and the need to observe the highest standards of ethical and professional conduct at all times 1.25 - The board ensures that an Organisational Anti-Corruption Plan (OACP) is in place
GRI	2-9 - Governance structure and composition 2-12 - Role of the highest governance body in overseeing the management of impacts 2-14 - Role of the highest governance body in sustainability reporting 2-15 - Conflicts of interest

RELATED REFERENCES

FTSE4GOOD	GCG03 - Number of Board Directors GCG04 - Number of independent Directors on the board GCG05 - Number of women on the board GCG07 - Board addresses: (a) Conflicts of interest; (b) Related party transactions
ISSB	IFRS S1: Governance: Para 27-Pg 9 IFRS S1: Disclosure of information about sources of guidance: Para 59-Pg 18 IFRS S2: 410a.2 - Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies IFRS S2: 410a.3 - Description of proxy voting and investee engagement policies and procedures
OTHERS	SMEinfo Business Guide: Starting Your Own Business

ADDITIONAL GUIDANCE

NUMBER OF DIRECTORS

In addition to the number of directors, the company can describe the composition of the board and its committees by additional indicators of diversity, such as age, ethnicity, citizenship, disability, or any other indicators of diversity that are relevant for reporting (reference Social pillar, Diversity, Equity and Inclusion topic).

GOVERNANCE STRUCTURE

The committees of the board and management refer to the structure that is responsible for decision-making on and overseeing the management of the company, including the company's impact environmental, social and governance considerations.

Ideally, the board and a supporting committee is responsible for setting, approving and reviewing sustainability direction, policies, practices and progress. This would encompass priority material matters and key metrics and performance indicators tracked by the company.

The company can describe the role of the board, committees and senior executives in developing and managing the company's strategies, policies, and processes related to sustainability. Furthermore, the company can consider describing the role and process of the board in reviewing and approving any reported information.

The company can describe the frequency of engagement between the board, committee or management with their stakeholders, as well as the means and content of engagement.

The company can also report the data validation process by an internal group, and if applicable, by an external assurance/audit provider.

GOVERNANCE : POLICY COMMITMENTS



GOVERNANCE PILLAR

TOPIC SEDG-G1 :
**GOVERNANCE
STRUCTURE**

TOPIC SEDG-G2 :
**POLICY
COMMITMENTS**

TOPIC SEDG-G3 :
**RISK MANAGEMENT
AND REPORTING**

TOPIC SEDG-G4 :
ANTI-CORRUPTION

TOPIC SEDG-G5 :
CUSTOMER PRIVACY

OVERVIEW

Companies' policy, processes and commitments – represent guidelines, rules and procedures that govern the behaviour and decision-making of the company's stakeholders, ensuring that the company operates in an ethical and responsible manner, and that it upholds its legal and regulatory obligations.

Clear policy commitments, supplemented by relevant internal processes and guidance for stakeholders, demonstrate the determination of the companies in implementing responsible business conduct throughout the organisation and supply chain, thus ensuring that companies are not engaged in unethical behaviour or illegal activities.

As such, in formulating its policy commitments vis-à-vis business conduct, companies should take into consideration the regulatory guidance such as those prescribed by laws (e.g., Companies Act 2016, Securities Commission Malaysia Act 1993), industry regulators and court judgements. Companies can also consider, where relevant, the adoption of and alignment with local guidelines (such as the MCCG by SC, Corporate Governance Guide by Bursa Malaysia), as well as international codes and best practices on corporate governance, in reporting against governance considerations and indicators.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-G2 POLICY COMMITMENTS	☐ SEDG-G2.1 : List the company's policies, including but not limited to: • Code of Conduct • Anti-Corruption Policy • Whistleblowing Policy • Health and Safety Policy		

RELATED REFERENCES

BURSA	Listing Requirements, Chapter 15: Part B – Directors; Part H – Anti-Corruption and Whistle-Blowing
MCCG	Principle A: Board Leadership and Effectiveness (Board Responsibilities; Board Composition) 3.1 - The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering 3.2 - The board establishes, reviews and together with management implements policies and procedures on whistleblowing
PGG	Principle B: Strengthening Board Composition – The composition of the board supports the exercise of objective and independent judgment. Each director on the board and those appointed to management has the character, experience, integrity, competence, and time to discharge their roles and responsibilities effectively 1.12 - The board ensures there is a Code of Conduct and Ethics (Code) that is implemented and observed by all officers of the entity. The Code sets out fundamental guidance for the conduct of employees and the need to observe the highest standards of ethical and professional conduct at all times 1.25 - The board ensures that an Organisational Anti-Corruption Plan (OACP) is in place
GRI	2-23 - Policy commitments 2-24 - Embedding policy commitments
FTSE4GOOD	GRM05 Board specifically oversees: - Code of Conduct, Code of Ethics or equivalent - ESG risks GRM07 The company's Codes/charters/policy documents or equivalent: - Describe the company's risk management framework - This risk management framework specifically covers ESG risk

	GRM08 The company has a corporate-wide approach to non-compliance including: a. Procedures to investigate and follow up on any non-compliance identified b. Reporting the number of substantiated claims or incidents of non-compliance GRM12 The company: a. Reviews compliance with its Code of Conduct/Code of Ethics and identifies any non-compliance b. Periodically reviews the effectiveness of its Code of Conduct/Code of Ethics GAC05 Confidential or anonymous whistle-blowing mechanism for staff covers: a. Elements/types of corruption including bribery b. Anti-corruption comprehensively SLS30 The company addresses bullying and/or harassment: a. Providing a confidential reporting channel or whistleblowing system Manager training on handling of reports or instances of bullying or harassment
ISSB	IFRS S1: Governance: Para 27-Pg 9 IFRS S1: Disclosure of information about sources of guidance: Para 59-Pg 18 IFRS S2: 410a.2 - Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies IFRS S2: 410a.3 - Description of proxy voting and investee engagement policies and procedures
OTHERS	SMEinfo Business Guide: Starting Your Own Business

ADDITIONAL GUIDANCE

BUSINESS CONDUCT POLICIES

The company should describe its policy commitments for responsible business conduct, including and in alignment with MCCG and Bursa Malaysia listing requirements. The company should report the expectations, values, principles, and norms of behaviour set out in the policy commitments. The company should provide links to the policy commitments if publicly available.

Basic policies of a Code of Conduct, Anti-Corruption Policy, Whistleblowing Policy and Health and Safety Policy are included herewith, but companies can aspire to establish and include best practice corporate policies such as Human Capital Policy, Risk Management Policy, Equal Opportunity Policy, etc.

The company can also report how the policy commitments were developed, including the internal and external expertise that informed the policy commitments. The company can report the level at which each of the policy commitments was approved within the company, including whether this is the most senior level, and explain the extent to which the policy commitments apply to the company's activities and to its business relationships.

Categories of stakeholders that the company gives particular attention to, can include clients, consumers, customers, employees, and local communities. They can also include individuals belonging to groups or populations that are considered to be at risk or vulnerable groups, such as children; human rights defenders; migrant workers and their families; persons who might be discriminated against based on their gender or persons with disabilities.

The company can describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including but not limited to:

- How it allocates responsibility to implement the commitments across different levels within the company,
- How it integrates the commitments into company strategies, operational policies, and operational procedures,
- How it implements its commitments with and through its business relationships, and
- Training that the company provides on implementing the commitments.

SUSTAINABILITY POLICY

As an additional disclosure, companies are encouraged to put in place a Sustainability Policy. A Sustainability Policy is the cornerstone of the company's commitment to sustainability and the extent to which it will begin to incorporate sustainability considerations into its decision-making and practices. It summarises the standards and practices that the company adopts to embed environmental, social and governance considerations into the long-term strategy and day-to-day operations of its business.

A Sustainability Policy can include, but is not limited to:

- A statement of the company's purpose and values
- The related vision and mission of the company
- The sustainability goals and commitments of the company
- The sustainability goals and commitments in conduct with stakeholders, e.g. suppliers, customers, etc.
- A commitment in Environmental, Social and Governance practices
- Examples of environmental considerations can include, among others, a focus on transition to renewable energy, conservation of resources, sustainable material sourcing and management of waste
- Examples of social considerations can include, among others, labour rights concerns, diversity, equity and inclusion commitments, employee development and wellbeing, and community engagement

GOVERNANCE : RISK MANAGEMENT AND REPORTING



GOVERNANCE PILLAR

TOPIC SEDG-G1 :
**GOVERNANCE
STRUCTURE**

TOPIC SEDG-G2 :
**POLICY
COMMITMENTS**

TOPIC SEDG-G3 :
**RISK MANAGEMENT
AND REPORTING**

TOPIC SEDG-G4 :
ANTI-CORRUPTION

TOPIC SEDG-G5 :
CUSTOMER PRIVACY

OVERVIEW

In Malaysia, improvements and progress have been observed across various indicators of audit and risk management, alongside commendable integrity in corporate reporting. This is attributed to the rigorous and robust regulatory framework by the policymakers and industry stakeholders in championing the risk management cause.

In the area of risk management, companies should ensure effective mitigation and management of potential and current risk, including relevant sustainability risks, to remain agile and resilient to the emerging issues and considerations.

Companies should take into consideration regulatory guidance such as those prescribed by laws (e.g., Companies Act 2016), industry regulators and court judgements. Companies can also consider, where relevant, the adoption of and alignment with local guidelines (such as the MCCG by SC, Statement on Risk Management & Internal Control by Bursa Malaysia), as well as international codes and best practices on risk management and internal assurance purposes, in reporting against risk management considerations and indicators.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-G3 RISK MANAGEMENT AND REPORTING	☐ SEDG-G3.1 : Report the year of the last submitted audited financial report	☐ SEDG-G3.2 : List the risk of company operations and activities, including but not limited to: • Regulatory compliance risk • Business continuity risk	☐ SEDG-G3.3 : List the sustainability risks of the company if applicable, including but not limited to: • Climate-related physical risk • Climate-related transition risk

RELATED REFERENCES

BURSA	Listing Requirements, Chapter 15: Part D – Auditors; Part E – Corporate Governance Disclosure Practice Note 9 – Part II – Risk Management and Internal Control Statement Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers
MCCG	9.3 - The Audit Committee has policies and procedures to assess the suitability, objectivity, and independence of the external auditor to safeguard the quality and reliability of audited financial statements 10.1 - The board should establish an effective risk management and internal control framework 10.2 - The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework 11.0 - Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework
PGG	1.19 - The Audit Committee is responsible for reviewing the financial reporting process and internal controls framework by undertaking among others the following functions:.....(d) where applicable, the appointment or re-appointment of an external auditor 1.6 - In discharging its responsibilities, the board should among others... ensure there is a sound framework for internal controls and risk management 2.13 - The board on a continuous basis identifies the training needs of its directors and put in place training programmes to close gaps identified or to keep abreast with new developments and emerging risks 3.2 - discussion on emerging risks, including environmental, social and governance risk

GRI	2-2 - Entities included in the organization's sustainability reporting 2-3 - Reporting period, frequency and contact point 2-5 - External assurance 2-14 - Role of the highest governance body in sustainability reporting 2-24 - Embedding policy commitments
FTSE4GOOD	GRM05 - Board specifically oversees: a. Code of Conduct, Code of Ethics or equivalent b. ESG risks GRM07 - The company's Codes/charters/policy documents or equivalent: a. Describe the company's risk management framework b. This risk management framework specifically covers ESG risk GRM08 - The company has a corporate-wide approach to non-compliance including: a. Procedures to investigate and follow up on any non-compliance identified b. Reporting the number of substantiated claims or incidents of non-compliance GRM10 - The company commits to: a. The regular rotation of auditors/audit partner b. Tender for a new audit firm on a regular basis GRM11 - The company prepares for major ESG catastrophic events and incidents through: a. Scenario planning b. Having in place response plans
ISSB	IFRS S1: Strategy and decision making: (Para 33-Pg 12) IFRS S1: Financial position, financial performance, and cash flows: (Para 34, 35-Pg 12) IFRS S1: Objective: (Para 1-Pg 6) IFRS S1: Sustainability-related risks and opportunities: (Para 30, 32-Pg 11) IFRS S1: Resilience: (Para 41-Pg 14) IFRS S1: Risk management: (Para 44-Pg14) IFRS S1: Metrics and targets: (Para 46-Pg 15) IFRS S2: TC-SI-550a.2 - Description of business continuity risks related to disruptions of operations
OTHERS	Statement on Internal Control (Guidance for Directors of Public Listed Companies) Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures

ADDITIONAL GUIDANCE

YEAR OF AUDITED FINANCIAL REPORT

The disclosures herewith do not seek to include well-established financial reporting and with the disclosure of the latest submitted audited financial report, it is well assumed that financial disclosures are in place and duly disclosed.

OPERATIONAL RISKS

Corporate risk assessment in the company can initially be a basic assessment (stating the operations considered to have risk exposure in regulatory compliance or business continuity), then increasing in maturity and complexity over the years – possibly with some of the guidance described below.

Risk management, the process of identifying, assessing probability, prioritising and mitigating threats to the company, is a critical process that can ensure business continuity and growth, and be a creator of value. It includes setting up the risk framework, communicating it through the organisation and establishing tracking controls to monitor progress. Internal controls can be implemented in day-to-day operations and through audit, risk or compliance functions. The company can also establish and maintain an internal audit function as part of its processes for risk management.

Corporate risk considerations can span three main areas, namely in strategic business risks, operational risks and financial risks. The sustainability risks described below can have a direct impact on all three of these areas.

SUSTAINABILITY RISKS

Sustainability risk assessment in the company can initially be a basic assessment (stating the operations considered to have risk exposure in climate-related physical and transitional impact), then increasing in maturity and complexity over the years – possibly with some of the guidance described below.

The company can describe their risk management processes for identifying, assessing and managing climate-related risks, and assess whether existing and emerging regulatory requirements related to climate change are considered. The Taskforce on Climate-related Financial Disclosures (TCFD) segregates climate-related risks into two major categories: (1) risks related to the transition to a low-carbon economy (e.g., policy and legal risk, technology risk, market risk, reputation risk) and; (2) risks related to the physical impacts of climate change (e.g., acute risk, chronic risk).

Examples of climate-related risks, which could result in increased operating/capital costs, reduced revenue, and write-off of assets, include:

- Policy and legal risk – enhanced emissions reporting requirements, regulation of existing products and services
- Technology risk – costs to transition to lower emissions technology
- Market risk – changing customer behaviour, increased cost of raw materials
- Acute risk – increased severity of extreme weather events
- Chronic risk – rising mean temperatures and sea levels

The sustainability risk assessments ideally should be broadened to include social risks (internal and external to the company) and governance risks (which ideally is encompassed within corporate risk management).

GOVERNANCE : ANTI-CORRUPTION



GOVERNANCE PILLAR

TOPIC SEDG-G1 :
**GOVERNANCE
STRUCTURE**

TOPIC SEDG-G2 :
**POLICY
COMMITMENTS**

TOPIC SEDG-G3 :
**RISK MANAGEMENT
AND REPORTING**

TOPIC SEDG-G4 :
ANTI-CORRUPTION

TOPIC SEDG-G5 :
CUSTOMER PRIVACY

OVERVIEW

Corruption has long been one of the key risks and concerns globally, in developed and emerging markets. Transparency International defines corruption as the 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.

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.

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 anti-corruption-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.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-G4 ANTI-CORRUPTION	☐ SEDG-G4.1 : Report the total number and nature of confirmed incidents of corruption, if any	☐ SEDG-G4.2 : Report the total number and percentage of employees who have received training on the company's anti-bribery and anti-corruption policy	☐ SEDG-G4.3 : List the significant risks related to corruption

RELATED REFERENCES

BURSA	Common Sustainability Matter: C1 (a) - Percentage of employees who have received training on anti-corruption by employee category Common Sustainability Matter: C1 (b) - Percentage of operations assessed for corruption-related risks Common Sustainability Matter: C1 (c) - Confirmed incidents of corruption and action taken Listing Requirements, Chapter 15, Part H - Anti-Corruption and Whistle-Blowing
MCCG	4.1.2 - Ensuring employees fully understand and appreciate the value of good corporate governance processes and procedures through training, awareness programmes and robust communication G11.1 - An internal audit function helps a company to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistleblowing and governance processes
PGG	1.25 - The board ensures that an Organisational Anti-Corruption Plan (OACP) is in place 1.27 (Guidance) - The Board Risk Committee should ensure that corruption risk is included in the annual risk assessment of the entity and appropriate measures are taken to address the risk
GRI	205-1 - Operations assessed for risks related to corruption 205-2 - Communication and training about anti-corruption policies and procedures 205-3 - Confirmed incidents of corruption and actions taken
FTSE4GOOD	GAC08 - Training for staff on the anti-corruption policy GAC09 - Corruption risk assessment for company operations GAC10 - Procedures are in place to address corruption in operations that are assessed to be 'high risk' covering GAC11 - Process for intermediaries (including contractors or agents) GAC13 - Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies GAC14 - Disclosure of cost of fines, penalties or settlements in relation to corruption

ISSB	-
OTHERS	Practical Steps to Address Section 17A by Bursa Malaysia Guidelines on Adequate Procedures by Prime Minister's Department Global Anti-Bribery Guidance by Transparency International Diagnosing Bribery Risk - Guidance for the Conduct of Effective Bribery Risk Assessment Anti-Corruption Toolkit for SMEs by G20

ADDITIONAL GUIDANCE

NUMBER OF INCIDENTS

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.

ANTI-CORRUPTION TRAINING

The communication and enforcement of the company's anti-corruption and anti-bribery policies and procedures need to be consistent, pervasive and visible. The disclosure seeks to capture the extent and reach of anti-corruption and anti-bribery training among all the employees of the company.

CORRUPTION RISKS

The company should conduct corruption risk assessments periodically and when there is a change in law or circumstance of the business to identify, analyse, assess and prioritise the internal and external corruption risks of the company. This risk assessment should be used to establish appropriate processes, systems and controls approved by the board and management to mitigate the specific corruption risks the business is exposed to.

The disclosure covers the identification of significant risks within the company related to corruption. The company can also include a risk assessment focused on corruption or the inclusion of corruption as a risk factor in overall risk assessments.

Regular risk assessment is recommended, with a comprehensive review when necessary or substantial changes occur within the company. The assessment may include, but not limited to, weaknesses in the governance and internal systems, transparency of financial transactions, nature of business activities, compliance of anti-corruption requirements by business associates and external parties.

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.

GOVERNANCE : CUSTOMER PRIVACY



GOVERNANCE PILLAR

TOPIC SEDG-G1 :
**GOVERNANCE
STRUCTURE**

TOPIC SEDG-G2 :
**POLICY
COMMITMENTS**

TOPIC SEDG-G3 :
**RISK MANAGEMENT
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TOPIC SEDG-G4 :
ANTI-CORRUPTION

TOPIC SEDG-G5 :
CUSTOMER PRIVACY

OVERVIEW

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.

	BASIC	INTERMEDIATE	ADVANCED
SEDG-G5 CUSTOMER PRIVACY		☐ SEDG-G5.1 : Report the total number and nature of substantiated complaints received concerning breaches of customer privacy and loss of customer data, if any	

RELATED REFERENCES

BURSA	Common Sustainability Matter: C8 (a) - Number of substantiated complaints concerning breaches of customer privacy and losses of customer data
MCCG	13.3 Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats
GRI	418-1 - Substantiated complaints concerning breaches of customer privacy and losses of customer data
FTSE4GOOD	SHR07 Addresses data privacy through: a. Having a statement/policy Being a member of a relevant industry initiative such as the Global Network Initiative
ISSB	-
OTHERS	-

ADDITIONAL GUIDANCE

NUMBER OF INCIDENTS

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.

RISK ASSESSMENT

According to Gartner, by 2023, 65% of the world's population will have its personal information covered under modern privacy regulations. As such, a company's management of its customer data will only become more critical. In collecting and holding Personal Identifiable Information, companies need to ensure that they are within all required limitations of their maintenance and use of data, as well as be able to respond to requests from authorities and customers.

As an additionality, companies can conduct Privacy Risk Assessments or Data Protection Risks Assessments to prevent intentional or unintentional breaches of privacy. This can be done as a periodic internal audit to identify risks and blind spots, or guided by global frameworks like the EU General Data Protection Regulation (GDPR) Article 35 Data Protection Impact Assessment (DPIA) or the California Consumer Privacy Rights Act (CPRA) §1798.185(15)(B) Privacy Risk Assessment.

GLOSSARY OF ACRONYMS

Bursa	Bursa Malaysia
CH₄	Methane
CMM	Capital Markets Malaysia
CO₂	Carbon Dioxide
CPRA	California Consumer Privacy Rights Act
DEI	Diversity, Equity and Inclusion
DPIA	Data Protection Impact Assessment
ECC	Climate Change Theme in FTSE4Good
EPR	Pollution and Resources Theme in FTSE4Good
ESG	Environmental, Social and Governance
EWT	Water Security Theme in FTSE4Good
GAC	Anti-Corruption Theme in FTSE4Good
GCG	Corporate Governance Theme in FTSE4Good
GDPR	General Data Protection Regulation
GET	Green Energy Tariff
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GRM	Risk Management Theme in FTSE4Good
HFC	Hydrofluorocarbon
IFRS	International Financial Reporting Standards Foundation
ILO	International Labour Organisation
ISSB	International Sustainability Standards Board
MACC	Malaysian Anti-Corruption Commission
MCCG	Malaysian Code on Corporate Governance
MCII	Malaysian Code for Institutional Investors
NO₂	Nitrous Oxide
NF₃	Nitrogen Trifluoride
NRECC	Ministry of Natural Resources, Energy and Climate Change
OACP	Organisational Anti-Corruption Plan
OECD	Organization for Economic Cooperation and Development
PDPA	Personal Data Protection Act
PFC	Perfluorocarbon
PGG	Principles of Good Governance for Government-Linked Investment Companies
PV	Photovoltaic
SC	Securities Commission Malaysia
SDG	Sustainable Development Goal
SEDG	Simplified ESG Disclosure Guide
SF₆	Sulphur Hexafluoride
SHR	Human Rights and Community Theme in FTSE4Good
SLS	Labor Standards Theme in FTSE4Good
SME	Small and Medium-sized Enterprises
TCFD	Task Force on Climate-Related Financial Disclosures
UN	United Nations
WBCSD	World Business Council on Sustainable Development
WHO	World Health Organization
WRI	World Resources Institute

