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Star
ESG
ENVIRONMENTAL SOCIAL GOVERNANCE

Climate pledges or publicity stunts?
The truth behind carbon reporting

The National Sustainability Reporting Framework – Setting the new standard for corporate accountability

The SC's chief sustainability officer underscores sustainability reporting as a strategic must, stressing the NSRF and boards' crucial role in driving green strategies for long-term success

By Neetasha Rauf

IN today's world, sustainability is no longer just a buzzword - it's a responsibility. Companies that treat sustainability reporting as a mere compliance exercise risk missing out on the bigger picture: enhanced investor confidence, competitive edge and long-term success.

Companies across the globe are recognising that their impact on the environment, society and economy goes far beyond profits. Companies with strong sustainability practices also tend to outperform their peers financially as they better manage risks and identify new opportunities.

Within this context, the terms greenwashing and greenhushing have emerged. Greenwashing refers to the misleading portrayal of a company's environmental initiatives, often exaggerating or fabricating eco-friendly claims to attract consumers and investors.

On the other hand, greenhushing reflects the growing tendency of businesses to downplay or conceal their sustainability efforts for fear of scrutiny or backlash. Both practices undermine the true purpose of sustainability reporting – allowing investors to understand how companies are addressing challenges and making meaningful progress toward a more sustainable future.

In Malaysia, the urgency to integrate environmental, social and governance considerations into corporate practices has never been greater, as investors and stakeholders increasingly seek consistent, comparable and reliable disclosures to help in their decision making.

To meet this demand and elevate corporate sustainability practices, the Advisory Committee on Sustainability Reporting (ACSR), chaired by the Securities Commission Malaysia (SC), introduced the National Sustainability Reporting Framework (NSRF) in September last year.

The NSRF adopts the International Sustainability Standards Board (ISSB) Standards as the baseline for sustainability disclosures in Malaysia, specifically IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2 Climate-related Disclosures.

A phased approach to implementation

The NSRF recognises the varying levels of maturity in sustainability practices and reporting of companies. Therefore, its implementation is designed to be phased based on the size of companies (Table 1).

The framework follows a climate-first approach and provides additional transitional reliefs, including allowing companies to focus their disclosures on principal business segments during the transition period and deferring the disclosure of Scope 3 GHG emissions.

Group	Applicable Entities	Annual reporting periods beginning on or after
Group 1	Main Market listed issuers with market capitalisation of RM2bil and above as of December 31 2024	January 1 2025
Group 2	Main Market listed issuers (other than listed issuers in Group 1)	January 1 2026
Group 3	ACE Market listed issuers and large non-listed companies (with annual revenue ≥ RM2bil)	January 1 2027

Table 1

The aim is to encourage companies to build robust internal systems and processes that will support high quality sustainability reporting over time.

Equipping companies for the transition

We also understand that transitioning to a new reporting framework requires capacity building and guidance. The ACSR is committed to providing companies with the necessary tools and support provided through PACE (Policy, Assumptions, Calculators and Education):

Interoperability module between the Global Reporting Initiative (GRI) Standards and the ISSB Standards: Enables companies familiar with the GRI Standards to leverage existing reporting practices for ISSB compliance.

Industry Specific Illustrative Reports: Later this year, we will release illustrative sustainability reports for the plantation and construction sectors to provide practical guidance on preparing disclosures aligned ISSB Standards, GRI Standards and Bursa's Listing Requirements.

NSRF Preparers' Programme: In collaboration with the SC's training arm, the Securities and Industry Development Corporation (SIDC), we will roll out targeted modules covering critical topics such as Scope 3 GHG emissions calculation and reporting, sustainability-related risk assessments and climate scenario analysis.

The role of boards in sustainability disclosure and corporate accountability

The NSRF represents more than a shift in reporting requirements. It is a catalyst for embedding sustainability into corporate strategy and decision making.

Boards of directors play an important role in ensuring that sustainability-related risks and opportunities are integrated into their governance, risk management and financial planning.

Understanding and addressing sustainability risks, whether climate-related, supply chain disruptions, or evolving regulatory landscape, requires boards to move beyond traditional oversight roles. They must go beyond surface-level discussions and embed sustainability at the core of strategic decision making.

Boards must be able to understand, assess and address these risks as part of the company's overall risk management framework, ensuring they are embedded into the governance structure and business strategies.

Sustainability-related disclosures should be viewed not as an afterthought, but as a crucial component of financial statements. It is critical for boards to ensure that sustainability is reflected in the company's long-term financial planning, and that climate-related risks and opportunities are factored into valuation, investment decisions and capital allocation.

To support this, we recently issued *Navigating the Transition: A Guide for Boards*, a resource to help boards take a leadership role in sustainability reporting. Effective sustainability governance requires dedicated oversight, and this is where the roles of chief sustainability officers, chief risk officers and chief financial officers become critical.

Boards must be ready to engage actively with these offices and demand regular updates on sustainability performance in line with the NSRF.

A call to action

Regulators, including the SC, are committed to supporting companies in this transition. However, the ultimate responsibility lies with the boards of directors and corporate leaders to embed sustainability into their companies' DNA.

By embracing the NSRF and prioritising sustainability at the highest levels of decision making, companies can unlock new growth opportunities, build investor confidence and contribute to a more resilient and sustainable economy.

The real challenge is not just reporting on sustainability but embedding it into the business strategy to drive real impact. The question is – will companies seize this opportunity or risk falling behind?

Neetasha Rauf is the Securities Commission Malaysia's Chief Sustainability Officer

ESG IN THE NEWS

JAN 17

- The recent enhancement of the Corporate Renewable Energy Supply Scheme (CRESS) is seen as a positive step for Malaysia's renewable energy (RE) players, though challenges remain, according to **Affin Hwang Investment Bank** (Affin Hwang IB) Research.

The research outfit believes the changes offer "more business opportunities" for renewable energy developers, contractors, battery energy storage system (BESS) companies and Tenaga Nasional Bhd (TNB).

- Clean-energy services and solutions provider **Samaiden Group Bhd** is racing to execute the 99.99MW solar plant in Pasir Mas, Kelantan secured under the Large Scale Solar 5 (LSS5) programme to take advantage of lower solar-panel prices and realise a better-than-expected internal rate of return from the project.

- After successfully producing and exporting methanol, **Sarawak Petchem Sdn Bhd** is now setting sights on another new product – green methanol.

State-owned Sarawak Petchem chairman Tan Sri Abdul Aziz Husain said green methanol could be used as a sustainable marine fuel for the shipping industry, contributing to a significant reduction in carbon dioxide emissions, which is crucial in addressing climate change.

JAN 21

- The RE sector is poised for sustained growth till 2028, following the unveiling of the additional 2GW bid for the LSS5 programme.

The Energy Commission had doubled the programme's total capacity to 4GW, four times the size of LSS4's capacity of 800MW.

Kenanga Research said the key beneficiaries of the LSS5 initiative includes engineering, procurement, construction and commissioning (EPCC) companies such as Solarvest Holdings Bhd, Samaiden Group Bhd and other players with strong market positions and proven track records in previous RE initiatives.

- **Perusahaan Otomobil Kedua Sdn Bhd (Perodua)** and **Universiti Teknologi Malaysia (UTM)** have signed a memorandum of understanding (MoU) to collaborate on the development of next-generation electric vehicles (xEV).

The MoU includes plans to educate and train future engineers in developing new technologies related to xEV.

JAN 22

- The natural resources and environmental sustainability agenda will continue without any significant disruption under the newly-elected US president Donald Trump's administration, says Natural Resources and Environmental Sustainability Minister Nik Nazmi Nik Ahmad.

He emphasised that the government would continue to be pragmatic in terms of governing and would focus on a multilateral approach in tackling climate change.

JAN 23

- Carmakers from China are making strong inroads into Malaysia, according to total industry volume (TIV) data in 2024.

They have also put up a strong competition with attractive price cuts, which have spurred consumer interest, said **RHB Research**.

However, the competition is limited to the EV space as the completely-build-up (CBU) units are subject to a RM100,000 floor price.

There could be a pick-up in interest in the EV space since a tax holiday which had been in place is set to end after 2025, according to the research house.

JAN 29

- **Salcon Bhd's** wholly-owned subsidiary **Mentari Kamuning Sdn Bhd (MKSB)** has signed a new enhanced dispatch agreement (Neda) connection agreement with TNB.

In a filing with Bursa Malaysia, Salcon said the agreement enables MKSB to operate as a generator company to design, construct, own, operate and maintain a solar energy generation facility with a capacity of 7MW in Sungai Siput, Kuala Kangsar, Perak.

FEB 1

- **Cypark Resources Bhd's** Danu Tok Uban floating solar plant in Kelantan has achieved full commercial operations for the remaining 30MWac of generation capacity.

In a statement, Cypark highlighted that the country's largest floating solar installation had earlier achieved commercial operations for another 30MWac on Jan 7, 2025.

The combined 60MWac floating solar facility is now fully operational and supplying clean energy to the national grid, reinforcing Cypark's commitment to driving Malaysia's RE transition.

FEB 4

- **Malakoff Corp Bhd** has acquired the remaining 51% stake in ZEC Solar Sdn Bhd and 49% stake in TJZ Suria Sdn Bhd from Zelleco Engineering Sdn Bhd.

TA Research viewed this development as mildly positive, as it increases Malakoff's effective RE capacity to about 128MW from 113MW previously.

This will contribute to the group's target of achieving 1,400MW RE capacity by 2031, the research house added.

- **Cypark Resources Bhd** is expected to see further upside from the LSS5 Petra 5+ programme and the 500MWac hybrid hydro floating solar (HHFS) plant at Tasik Kenyir, Terengganu.

BIMB Securities deemed Cypark as an experienced EPCC player and floating solar farm owner, positioning it to benefit from the recent LSS Petra 5+ announcement.

FEB 7

- **Zecon Bhd** has entered into an MoU with Petrosabah Sdn Bhd, a wholly owned subsidiary of **Innoprise Corp Sdn Bhd**, to jointly develop a large-scale photovoltaic (PV) or PV floating integrated project in Lahad Datu, Sabah.

In a filing with Bursa Malaysia, Zecon said the partnership is expected to pave the way for the signing of a joint venture agreement to the proposed project.

FEB 10

- **Samaiden Group Bhd** is eyeing several RE projects, such as LSS5, with the aim of having RE assets account for about 12% of group revenue.

This underpins the group's internal target of generating 10%-15% of revenue from recurring income, said TA Research.

The group is targeting up to RM700mil in potential EPCC jobs from LSS5, which translates into an estimated 200MWac of project capacity, or a 10% share of the total capacity auctioned under LSS5.

FEB 11

- **Hong Leong Investment Bank (HLIB) Research** is positively surprised about the country's large scale solar 6 (LSS6) programme, which is expected to be open for bidding in 2Q25.

The research house is expecting to see between RM15bil and RM18bil worth of solar EPCC contracts to be formalised over the next 24 months.

FEB 13

- **Pengurusan Air Selangor Sdn Bhd (Air Selangor)** has implemented various strategic initiatives in 2024, focusing on strengthening operational efficiency and improving infrastructure, ensuring best experience for its 9.62 million consumers in Selangor, Kuala Lumpur and Putrajaya.

Moving forward to 2025, Air Selangor said it remains committed to strengthening the resilience of the water supply system through various strategic initiatives that provide long-term benefits to consumers.

FEB 17

- **IGB Commercial Real Estate Investment Trust (IGB Commercial-REIT)** anticipates "flight-to-quality" and "flight-to-sustainability" trends to drive leasing decisions in 2025.

The trend refers to the desire to seek out the best possible assets in terms of quality and/or sustainability.

With ESG becoming increasingly important, IGB Commercial-REIT joint deputy chief executive officer (commercial) Irene Sin May Lin said it is essential for corporate real estate portfolios to offer a mix of core and flexible spaces, modern amenities and strong ESG credentials.

Sin, who is also the chief executive officer of **IGB Property Management**, said demonstrating a strong commitment to ESG principles is essential to attract and retain premium tenants and ensure long-term financial stability.

- **Sarawak Energy Bhd** has commissioned Malaysia's first utility-scale Battery Energy Storage System (Bess) at the Sejingkat Power Plant.

Sarawak Energy said in a statement that the 60MW Bess, which was energised in December 2024, provides essential grid services, including primary spinning reserve (emergency reserve), voltage and frequency regulation, as well as peak demand management.

FEB 18

- **Kinergy Advancement Bhd's (KAB)** wholly owned subsidiary KAB Energy Holdings Sdn Bhd is collaborating with Perbadanan Kemajuan Negeri Perak (KPNPk) for the development of 29 potential RE projects in Perak with a total capacity of over 1,800MW.

The energy solution provider and Perak state agency said in a joint statement that they would identify, evaluate and develop the projects by utilising KAB's technical expertise to drive innovative energy developments.

- **Genetec Technology Bhd's** new orders worth over RM100mil for body panel assembly related to a new autonomous EV model for its US-based customer, offers an earnings boost this year.

CIMB Securities noted the new order marks Genetec's maiden expansion beyond battery cells and pack assembly for the American EV client.

With the new contract, Genetec now has an order backlog of RM300mil, split between its US and EU customers while its tender book stands at RM300mil.

FEB 19

- **Meta Bright Group Bhd** is expanding its presence in the RE sector through a joint venture to provide energy solutions.

Meta Bright Group said that it had partnered with United Success Holding Pte Ltd and an individual identified only as Yang Lei to establish Meta Bright Solutions Sdn Bhd to develop and operate battery energy storage systems (BESS), EV charging infrastructure and energy efficiency solutions in Malaysia and potentially across South-East Asia.

FEB 21

- ES Sunlogy debuted on the ACE Market of Bursa Malaysia on Feb 20, opening at 30.5 sen, a 1.67% premium over its initial public offering (IPO) price of 30 sen.

Chief executive officer Sam Teo Chee Teong said the group remains optimistic on the company's growth moving forward and will continue to expand its portfolio within the solar energy portfolio.

- **Sunview Group Bhd** has secured an EPCC contract worth RM45.04mil from Quantum Sustainable Energy Sdn Bhd.

The EPCC contract is for the development of a solar PV energy generation facility at University Malaysia Sabah (UMS) in Kota Kinabalu, Sabah.

Harnessing the power of sustainability

Adopting sustainable supply chain practices helps SMEs access new opportunities and stand out in the global market

SMALL and medium enterprises (SMEs) and supply chains have something crucial in common – they can have an enormous impact on achieving the Sustainable Development Goals (SDGs).

An estimated 80% of global trade passes through supply chains, while SMEs make up 90% of businesses and account for 50% of total employment worldwide, according to the United Nations Global Compact.

Additionally, it is reported that SMEs make up 90% of businesses and account for 50% of total employment worldwide. Nearly 40% of gross domestic product (GDP) in emerging economies are derived from SMEs.

Suffice to say, SMEs hold the potential to drive global sustainability progress and inclusive growth – especially if they align their supply chain practices with sustainability.

Opportune moment

Given the spike in demand for goods and services in growth industries, this is an ideal time for SMEs to capitalise on the ESG wave to enter global supply chains. As major corporations prioritise sustainability, SMEs aligning their operations with green expectations can not only ensure compliance but also gain a competitive advantage.

Adopting sustainability strategies of larger buyers enables SMEs to expand their market reach and strengthen competitiveness.

Integrating sustainability into operations brings tangible benefits, such as improved efficiency, access to funding, and a more resilient supply chain, which open doors to larger markets and increased revenue.

In doing so, SMEs position themselves as valuable players in global supply chains, contributing to sustainability goals while enhancing their market presence in an eco-conscious business landscape.

Casting the net far and wide

SMEs have the opportunity to tap into new markets and customer segments that prioritise eco-friendly options.

With growing consumer and business interest in sustainability, SMEs aligning their products and services with these trends can position themselves as attractive partners.

Collaborating with other sustainable businesses also opens doors to new distribution channels and customer bases, expanding market reach. Adopting sustainable practices helps SMEs stay ahead of evolving environmental regulations, ensuring compliance and reducing the risk of fines.

This proactive approach ensures smoother operations in an increasingly regulated market. Sustainable supply chains are also more resilient to disruptions, enabling SMEs to better manage risks related to environmental changes and resource scarcity.

> SMEs are likely to secure green funding or grants for their sustainability journey with more ease by tapping into sustainable supply chains.

By implementing energy efficiency measures and reducing waste, SMEs can achieve significant cost savings, improving efficiency, resilience, and competitiveness. An initial step could be conducting an energy audit or gap analysis to identify areas for improvement and drive operational efficiency.

Investing in local sourcing and sustainable logistics solutions further strengthens supply chains and helps manage risks associated with environmental and geopolitical factors. Sustainability also serves as a key differentiator, helping SMEs attract environmentally conscious consumers. Highlighting their commitment to sustainability in marketing strategies appeals to this growing segment.

Finally, the sustainability journey can foster innovation and collaboration with other businesses, non-governmental organisations, and research institutions, enabling SMEs to stay ahead of industry trends and further differentiate themselves in the market.

Funding for success

Given that investors and financial institutions are increasingly interested in funding sustainable businesses, SMEs are likely to secure green funding or grants for their sustainability journey with more ease by tapping into sustainable supply chains.

A convenient and suitable option to begin the funding process would be through OCBC Bank (Malaysia) Bhd (OCBC Bank) and the SME Energy Assessment (SMEEA) tool that it advances.

The SMEEA helps SMEs start their sustainability journey by identifying energy inefficiencies and promoting sustainable practices.

The tool enables SMEs to improve operational performance, reduce carbon emissions, and align with emerging regulations, while offering educational insights into Scope 1, 2, and 3 emissions.

This free assessment provides tailored recommendations for improving energy efficiency, which leads to cost savings and greater competitiveness in the market.

SMEs can benefit from the tool's practical and actionable insights, including access to green financing and enhanced energy efficiency.

An initial assessment is free, with the opportunity for businesses to share their results with stakeholders to foster transparency and collaboration.

OCBC Bank also provides follow-up support, guidance, and resources to ensure that SMEs can successfully implement sustainability improvements.

The bank's commitment to sustainability extends beyond this tool. It has been the main sponsor of Star Media Group's ESG Positive Impact Awards for the past three consecutive years in its quest to promote responsible business practices.

Take the plunge

In summary, SMEs need to remain competitive and resilient in today's global market by adopting sustainable supply chain practices.

As sustainability becomes a priority for corporations and consumers, SMEs aligning with these expectations gain access to new markets, enhance brand reputation, and reduce risks related to regulatory changes and supply chain disruptions.

Sustainable practices also lead to cost savings, improved operational efficiency, and access to green funding opportunities. These practices drive innovation and foster valuable partnerships, creating growth potential. Ultimately, embracing sustainable supply chains is a strategic necessity.

By addressing risks and capitalising on opportunities, SMEs can position themselves for long-term success, boosting competitiveness and reputation in a market that values eco-conscious practice.

Climate pledges or publicity stunts?
The truth behind carbon reporting

By STARESG TEAM
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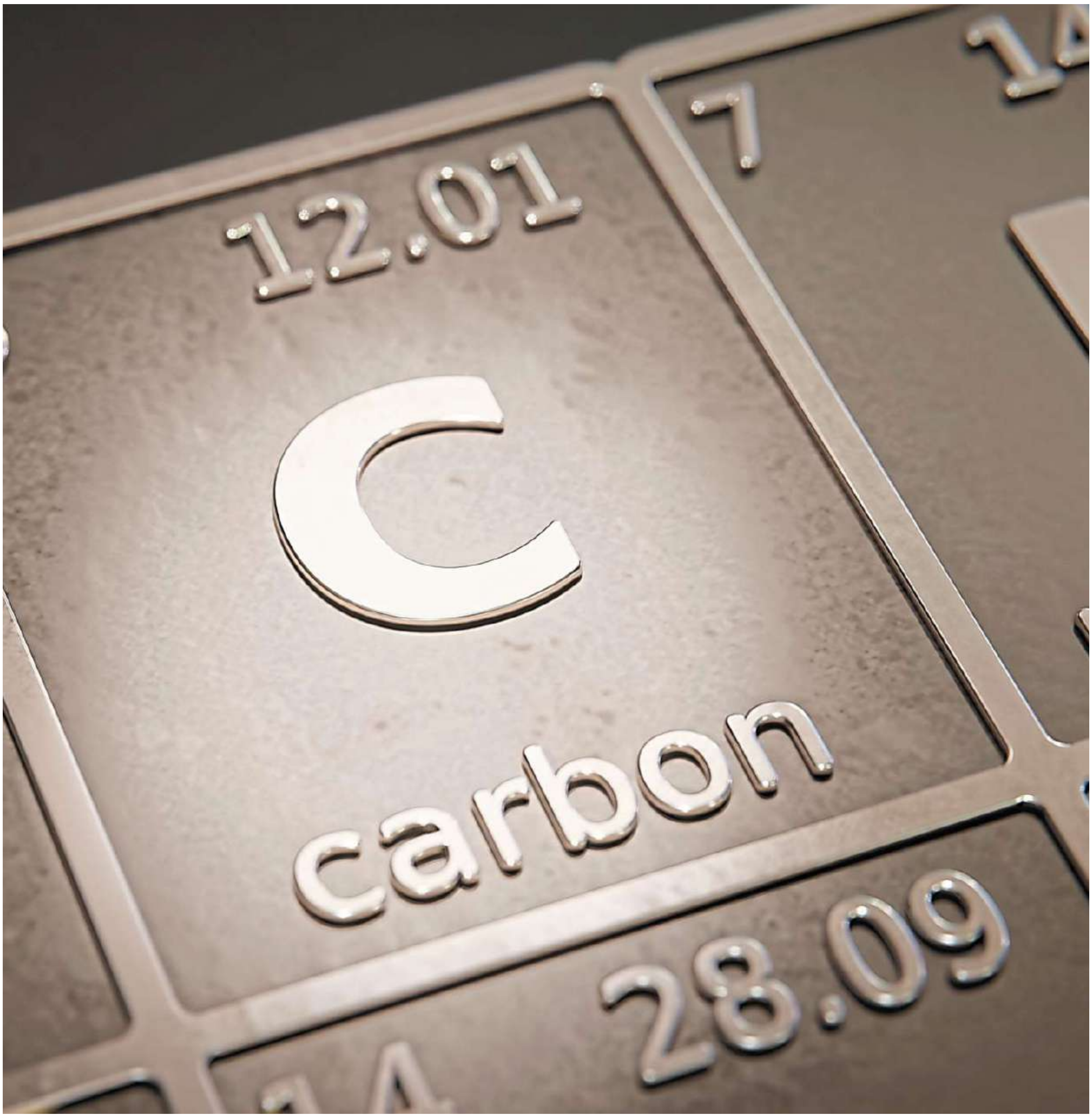


THE engine hums to life with a simple push of a button, a testament to the precision engineering behind this renowned German automaker. Yet, despite its global popularity, the brand's reputation was severely tarnished by the "Dieselgate" scandal, in which it was revealed that the company had installed software in its diesel vehicles to cheat emissions tests.

This greenwashing tactic misled consumers into believing the cars were more environmentally friendly than they actually were. As a result, the company faced the largest-ever fine in a greenwashing lawsuit, with penalties soaring to US$34.69bil.

In another high-profile case, a Dutch airline was accused of greenwashing for misleading consumers about its carbon offset programmes. In March 2024, an Amsterdam court ruled that this airline's sustainability claims and advertising were both misleading and unlawful, making it the first court challenge against an airline's greenwashing practices.

These cases highlight a pressing matter - companies making bold environmental pledges without real action or measurable results and using green claims as mere branding exercises. This has fueled a surge in greenwashing litigation as consumers and regulators increasingly hold businesses accountable for misleading environmental claims.

Carbon reporting is vital, but it faces significant challenges in accuracy and consistency due to varying methodologies and a lack of standardisation. Companies are required to report Scope 1, 2, and 3 emissions, with Scope 3 being the most difficult to measure.

The risk of greenwashing intensifies with excessive reliance on offsets. Transparency, including the disclosure of setbacks, and third-party verification are key to maintaining credibility.

Moreover, carbon reporting should be integrated with financial reporting to reflect its long-term impact on performance.

Owning the narrative

Sustainability reports should not be 'marketing brochures'. The market rewards transparency, and the biggest risk is pretending problems don't exist, says the Malaysia Carbon Market Association (MCMA) president and Yinson Holdings Bhd Group Head of Corporate Sustainability Dr Renard Siew.

He emphasises that companies should provide accurate emissions data, including Scope 3 emissions, climate target progress, resource consumption, and supply chain impacts in their sustainability reports.

"Transparency on setbacks and areas for improvement is just as crucial as showcasing achievements. When disclosing negative truths, businesses should own the narrative, provide context, and outline corrective actions.

"Greenwashing or withholding key information erodes trust, as stakeholders value honesty over perfection. True sustainability leadership means embracing accountability and using setbacks as catalysts for stronger, more credible climate action," says Siew.

Monash University Malaysia School of Business Accounting Department head and associate professor Dr Edwin Lim calls on businesses to disclose material ESG issues that could significantly affect operations, financial risks, and future cash flows, as key stakeholders increasingly avoid socially and environmentally irresponsible businesses.

Noting that transparency in sustainability reporting is critical for decision-making, Lim says concealing negative ESG information is risky, as it can quickly spread due to interconnected stakeholders as well as external monitoring and scrutiny.

"Although disclosing negative truths may be challenging, it allows companies to identify, address root causes and demonstrate accountability, which reassures stakeholders."

Lim adds that withholding such information can harm stock prices, lead to poor decisions by supply chain stakeholders, and expose companies to legal risks, damaging both financial performance and reputation.

To further prove his point, his research article, *Does Carbon Risk Influence Stock Price Crash Risk? International Evidence*, published in the *Journal of Business Finance and Accounting*, highlights that higher-quality carbon disclosure reduces pricing uncertainties and mitigates stock crash risks.

Tracking and advancing green accountability

With increasing scepticism and scrutiny surrounding sustainability claims, businesses are urged to communicate their efforts to stakeholders in a way that avoids the appearance of greenwashing.

To achieve this, Lim and Siew emphasise the importance of adhering to established sustainability reporting frameworks, such as the International Financial Reporting Standards (IFRS S1/ IFRS S2), the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) and International Sustainability Standards Board (ISSB).

They also recommend obtaining assurance from the Carbon Disclosure Project (CDP) to mitigate greenwashing concerns, enhance transparency, and build stakeholder confidence.

Setting carbon reduction targets based on initiatives like the Science-Based Targets initiative (SBTi) also ensures clarity and consistency in climate-related communications.

In addition to prioritising control and governance over transitional risks to minimise scepticism in climate reporting, Lim emphasises that hiring the right experts is essential for managing internal strategies and initiatives, setting realistic KPIs that are not overly optimistic as well as addressing ESG risks.

"Companies should maintain consistency in communications across all platforms, such as corporate reports, websites, social media among others, and avoid making claims that cannot be substantiated with robust evidence.

"A balanced reporting strategy should also acknowledge challenges, areas for improvement, corrective actions, and revised strategies, as combating climate change is complex, and a fully smooth transition is unrealistic. Companies should also consider opportunities arising from managing transitional risks," he says.

However, Lim cautions that companies should avoid overwhelming investors with irrelevant or immaterial disclosures. Instead, they should focus on clear, concise reporting in plain language, avoiding textual obfuscation.

He also notes that in reality, companies often struggle between prioritising cost-cutting or profit maximisation for shareholders and the many initiatives they need to embark on to combat climate risk.

"Shifting the mindset demands investment and commitment at all levels to educate and incentivize the workforce, ensuring a shared goal and alignment across the organization.

"More training sessions, regular updates, focus groups, and cross-functional task forces should be established to enable companies to collaboratively develop strategies.

"This collective approach ensures that decisions are well-informed and beneficial in the long run. Companies must also reassess and even educate their business partnerships to ensure shared commitments toward a carbon-resilient economy."

Lim adds that another significant challenge in ESG reporting is overcoming the silo mentality, as addressing climate risk and other ESG issues requires integrated thinking across all business functions.

"Effective reporting demands seamless coordination rather than fragmented efforts."

Referring to practices in more developed economies, Lim suggests that businesses can leverage technological innovations like blockchain to enhance data transparency, traceability, and trust across the supply chain, facilitating Scope 3 carbon disclosure.

He says blockchain improves the validity of emissions data, reduces verification costs, and streamlines reporting through smart contracts. It also aids in emissions mapping and sustainable product design by minimising data manipulation risks.

Also, Big Data Analytics can enable real-time energy monitoring and proactive pollution management, improving the predictiveness of carbon reduction efforts.

"For Malaysia, as a developing economy, the key questions are: Do we already have this in the market? Who can companies collaborate with to access this information?" Lim notes.

Meanwhile, Siew advocates for tracking emissions reductions using standardised methodologies like the Greenhouse Gas (GHG) Protocol to ensure full coverage across Scope 1, 2, and 3 emissions.

Noting the importance of real-time data monitoring, third-party verification, and aligning with international frameworks, Siew says progress should be consistently reported through annual sustainability reports, integrated financial disclosures, and digital dashboards.

However, he also points out challenges in current reporting systems, including inconsistent data quality, varying methodologies, and a lack of enforcement, which create opportunities for greenwashing.

"To improve reliability, companies must push for greater standardisation, independent audits, and sector-specific benchmarks for meaningful comparisons.

"Businesses must ground their climate communication on verifiable data, third-party assurance, and clear linkage to financial performance. Rather than vague net zero pledges, companies should break down targets into near-term, science-based milestones with transparent tracking.

"Disclosures should differentiate between actual emissions reductions and reliance on offsets, while also addressing Scope 3 impacts. Using standardised frameworks like ISSB, TCFD, GHG Protocol and independent audits reinforces credibility and trust.

"Most importantly, companies should be upfront about setbacks and course corrections – acknowledging challenges fosters more trust than unrealistic claims of perfection," says Siew.

Dr Edwin Lim

Withholding negative ESG information exposes firms to litigation risks and can have severe consequences for stakeholders and stock price valuation.

Dr Renard Siew

Stakeholders value honesty over perfection. True leadership in sustainability means embracing accountability and using setbacks as catalysts for stronger, more credible climate action

Rating sustainable excellence

When it comes down to running a in a sustainable business, public-listed companies are required to disclose their ESG fundamentals, but also stand to gain from sustainable investments.

As the country's stock exchange Bursa Malaysia enables these companies to benchmark their ESG performance, by collaborating with FTSE Russell in 2014 to launch the FTSE4Good Bursa Malaysia Index.

As a whole, the FTSE4Good index Series is generated by the globally recognised FTSE Group and is regularly used by large, mainstream institutional investors looking to meet an ESG mandate. Many companies use their inclusion in the index to show their ESG commitment.

Bursa Malaysia intelligence director Wong Chiun Chiek explained that, "FTSE4Good Bursa Malaysia is a score that Bursa Malaysia – in working with partner FTSE Russell – is giving every listed company to measure, to make the company aware, by ESG performance, if their adoption or reporting is good or bad."

Methodology

The index itself offers ESG ratings across approximately 260 companies listed on the Bursa Malaysia Main Markets.

It provides investors a transparent and credible tool to identify and invest in companies demonstrating strong sustainability practices. It also encourages businesses to prioritise ESG integration within their operations. It uses precise rules and a focus on data to minimise subjectivity, while providing clear defined rules for constructing the indices and assessing companies.

FTSE Russell's method examines the exposure of these companies to a wide range of significant ESG risks, categorised into 14 ESG themes and supported by over 300 detailed quantitative and qualitative indicators. The analysis looks at the specific risks faced by companies and serves as a foundation for evaluating how they manage them.

The index typically uses the overall rating from FTSE Russell's ESG Ratings and data model to select companies for inclusion. The ESG Ratings is presented in three levels; first an overall rating that can be further categorise in three of the ESG pillars: environment, social and governance.

Each pillar is then sub-categorised to produce a total of 14 themes, which are further divided into 300 individual indicator assessments that can be applied to each company's unique ESG risk exposures.

The analysts over at FTSE Russell can identify the level of ESG risk encountered by companies from 0 to 3 and evaluate this against detailed indicators to determine whether companies have disclosed the measures taken to mitigate these risks.

The companies are then awarded with an exposure score that shows their individual risk levels under 14 ESG themes. The analysts will then assess the disclosed actions these companies have taken to reduce their risks, giving them a performance score on a scale of 0 to 5. Both the exposure and performance scores are then calculated to form an exposure weighted ESG rating.

The reliability of the index is supported by its rigorous and transparent construction, which adheres to globally recognised ESG standards. For that, FTSE Russell employs a comprehensive research and assessment process to evaluate companies based on a wide range of ESG criteria.

Its methodology is transparent with the index and ratings available to users, so they can determine how a company is assessed. These ESG ratings are based on publicly available data.

The index is overseen by an independent external committee comprising experts within the investment community, business, NGOs, unions and academia.

Importance of being included

FTSE4Good Bursa Malaysia Index is more than just an investment vehicle, It plays a role in promoting ESG awareness and adoption within the Malaysian corporate sector.

It encourages companies to improve their ESG performance to attract investment and enhance their reputation, by strengthening their ESG policies, implementing better practices, and enhancing transparency in their reporting.

The index also facilitates greater transparency and disclosure as the detailed ESG assessments conducted by FTSE Russell – while confidential for individual companies – contribute to a broader understanding of ESG risks and opportunities.

There is also an understanding that because the index is sourced from ready reports from the companies themselves, there may be elements of greenwashing involved.

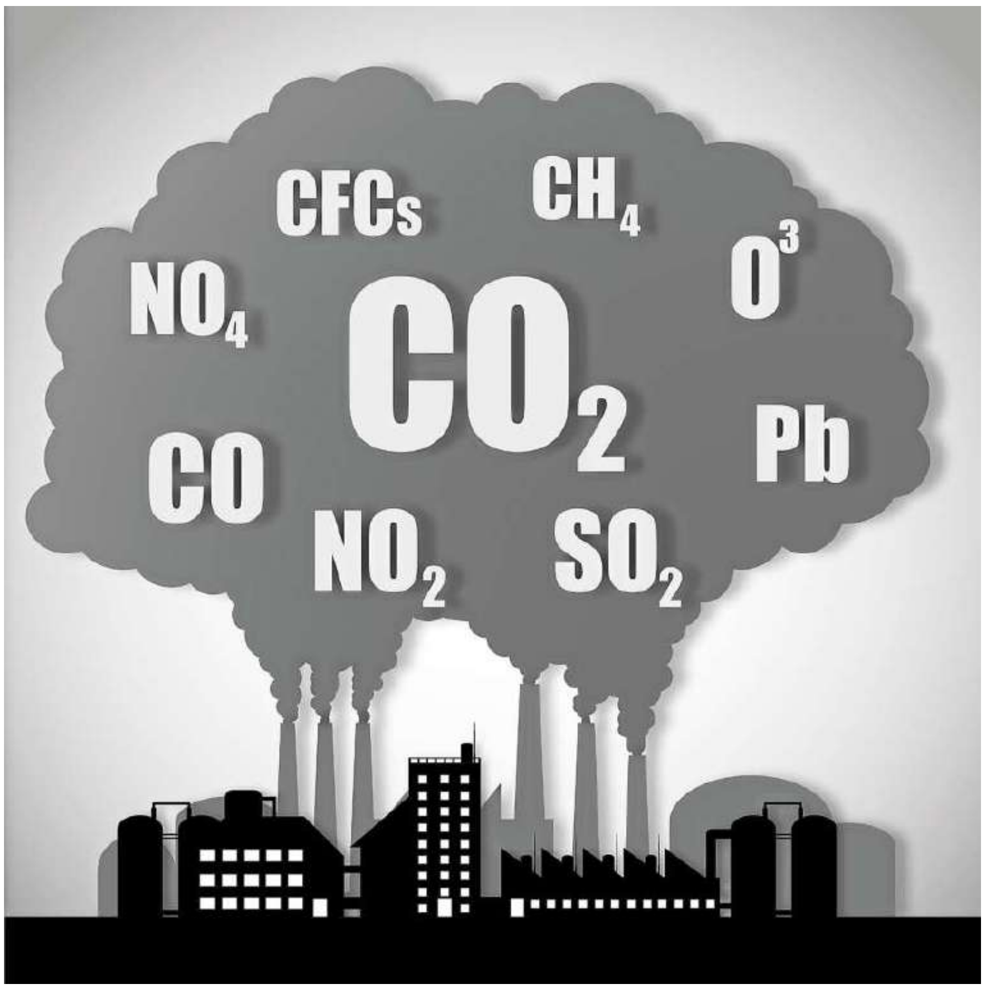
However, the index takes into account that publicly available information is usually reliable. Furthermore if companies were to greenwash data, they may face scrutiny from international NGOs.

Besides local investments, the index also attracts global investors who are increasingly incorporating ESG factors into their investment strategies and seek opportunities that demonstrate a sustainable commitment.

The index assures foreign investors that Malaysian listed companies take sustainability seriously, leading to increased foreign direct investment and contributing to the growth of the Malaysian economy while promoting sustainable development.

The rising importance of sustainability reporting

By DR M. JESSICA



SUSTAINABILITY reporting is now crucial for businesses to remain competitive. Regulations such as the European Sustainability Reporting Standards (ESRS), Carbon Border Adjustment Mechanism (CBAM), and Withhold Release Orders (WRO) compel companies to adopt sustainable practices to retain market access.

CBAM enforces carbon pricing on imports to align with the European Union (EU) climate goals, affecting nearly 57% of Malaysia's exports to the EU by 2026 (BNM, 2023). Similarly, the ESRS, under the EU's Corporate Sustainability Reporting Directive (CSRD), mandates comprehensive ESG disclosures, increasing transparency obligations for Malaysian firms exporting to the EU.

These requirements extend beyond the EU. The WRO, enforced by the US Customs and Border Protection (CBP), blocks goods linked to forced labour, prompting Malaysian industries to adopt stricter labour standards, independent audits, and compliance with International Labour Organization (ILO) principles.

Closer to home, Malaysia's regulatory bodies are also reinforcing sustainability. Bank Negara Malaysia (BNM) introduced the Climate Change and Principle-based Taxonomy (CCPT) to embed ESG considerations into finance. Bursa Malaysia mandates listed companies to disclose ESG risks, sustainability performance and strategies in annual reports.

Meanwhile, the Securities Commission (SC) advances sustainable investment through the Malaysian Code on Corporate Governance (MCCG) and Sustainable and Responsible Investment (SRI) guidelines. The National Sustainability Reporting Framework (NSRF) requires companies listed on Bursa Malaysia's Main and ACE Markets, along with large non-listed firms generating RM2bil or more in revenue, to comply in phases from 2025.

These initiatives signify a shift towards sustainable business practices. While the private sector's need for sustainability reporting is evident, what about the public sector? The answer is a resounding yes.

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Economic impact of public sector activities

The government plays a vital role in the economy, contributing 16% of Malaysia's GDP (RM318bil in 2024). Public sector activities contribute to greenhouse gas (GHG) emissions across all scopes – Scope 1 from government vehicles, Scope 2 from energy consumption in buildings, and Scope 3 from purchased goods transportation, waste disposal, civil servant commuting and business travel.

Measuring and reporting these emissions are essential for achieving Malaysia's climate goals, as the public sector is also accountable for reducing carbon intensity by 45% by 2030 and achieving net zero by 2050. Sustainable procurement and operational efficiency can position the public sector as a model for low-carbon economic growth.

Employee welfare and social sustainability

With 1.7 million employees, the public sector plays a crucial role in shaping national workforce policies through employment standards. Sustainability reporting fosters transparency and accountability in key areas:

- Working conditions - ensuring fair working hours and adherence to OSHA standards creates safer and more sustainable workplaces
- Employee benefits and career progression - transparency in training programs, career progression, and welfare initiatives enhances employee satisfaction and long-term retention.
- Fair promotion and salary policies - clear and equitable promotion and salary policies foster workplace diversity and inclusion. Legal employment of part-time and contract workers, along with fair wages and benefits, ensures workforce equity. By leading in ethical employment, the public sector sets a strong example for private enterprises to emulate.

Governance and accountability

Sustainability reporting enhances governance by ensuring transparency in anti-corruption and anti-bribery measures. Documenting such initiatives can help Malaysia improve its rankings, advancing from 57th place in 2023 towards its goal of the top 25 by 2033.

Fiscal responsibility is another key concern. The government allocates RM260bil annually for operations and RM68bil for development. Given the large sums and high transaction volumes in public procurement, inefficiencies and mismanagement pose risks. Integrating sustainability strategies in procurement enhances transparency, mitigates risks and ensures efficient public spending.

Driving the green public procurement policy

The Eleventh Malaysian Plan (2016–2020) targeted 20% green government procurement. Ministries and agencies must appoint Green Procurement Policy (GPP) focal points and submit annual plans. By 2018, RM904.4mil was spent on GPP, cutting 1,031.3 tonnes of CO2e emissions (IISD, 2024). However, further progress depends on efficient data collection and precise monitoring. Sustainability reporting frameworks enhance data tracking and ensure alignment with national sustainability goals.

Cybersecurity threats

The government is a prime cyber threat target due to its critical data. In 2023, the manufacturing, government and technology sectors made up 38.2% of cyberattack victims, with ransomware accounting for over 58% (Ensign InfoSecurity). Strengthening cybersecurity is vital to safeguarding sensitive data. Transparent reporting fosters public trust and ensures accountability in digital governance. Sustainability reporting can highlight government efforts in:

- securing digital infrastructure
- enhancing data resilience
- preventing cyber threats.

Global and local leadership

A commitment to sustainability reporting strengthens Malaysia's global standing while building public trust. The Ministry of Investment, Trade and Industry (Miti) sets a national benchmark by launching Malaysia's first ministry-level sustainability report on Oct 1, 2024. Its report covers:

- Environmental impact: GHG emissions (Scopes 1, 2 and 3), energy and water use and resource efficiency initiatives.
- Social responsibility: employee welfare, diversity and community engagement.
- Governance: transparency, ethical business practices and cybersecurity measures.
- Economic impact: investment, trade and industrial development.

MITI's leadership underscores the importance of public sector transparency and accountability. Other ministries should follow suit.

Conclusion

Public sector sustainability reporting is vital for accountability, shaping private sector practices, and strengthening Malaysia's global sustainability leadership. With MITI setting the precedent, the government is advancing toward a more transparent, resilient and sustainable future.

As the policymaker and sustainability driver, the public sector must lead by example in achieving the SDGs and climate goals. Publishing sustainability reports demonstrates the government's commitment to national sustainability objectives and fosters collaboration with the private sector.

RHB #JomBiz empowers micro-entrepreneurs for lasting success

More than 720 MSMEs trained in entrepreneurship, business strategy, finance, and ESG

RHB Banking Group managing director and chief executive officer Mohd Rashid Mohamad (front, fourth left) showing thumbs up with his team, RHB managing director of group community banking Jeffrey Ng Eow Oo (front, fourth right), Norazzah (front, third left), together with guests, winners and participants of the RHB #JomBiz programme, during the RHB #JomBiz award ceremony 2025 held at RHB Centre, Kuala Lumpur.

HE was dealt a difficult card in life when a hit-and-run accident at a young age left him wheelchair-bound for life. Despite this life-altering setback, Mohd Afiq Barni refused to be defined by it.

With sheer resilience and determination, he found a new purpose – he wanted to make life easier for other persons with disabilities (PWD) facing similar challenges. The enterprising individual founded Fa Legacy Solution Enterprise, a company that bridges the gap for PWDs by offering innovative solutions that enhance mobility and independence.

The services it offers include vehicle modifications for various categories of PWD; supplying and repairing PWD equipment such as sports wheelchairs, canes, and other assistive devices; and creating custom-designed equipment based on customer requests, such as hand-pedal bicycles for those with limited limb mobility, wheelchair treadmills, and more – all aimed at improving the quality of life and promoting active living.

The journey was an uphill battle, given the lack of specialised machinery and space for product exhibitions or a showcase gallery. However, with a boost from the RHB #JomBiz programme, Mohd Afiq is now set to change even more PWDs' lives for the better.

Noting that the RM5,000 consolation prize he won from the programme helped enhance his existing machinery and equipment, the micro-entrepreneur said: "RHB's #JomBiz activity allowed me to expand my network and marketing goals."

Building resilient dreams

Recognising the challenges micro, small and medium enterprises (MSME) owners face, RHB Bank Bhd created RHB #JomBiz in 2022, aimed to help micro-business owners weather the storm. The bank believes that in underserved communities, dreams are often overshadowed by limited opportunities. #JomBiz seeks to change that.

This socio-economic empowerment initiative uplifts and empowers micro-SMEs from B40 and underserved communities. Through a capability-building programme provided by Taylor's Community, participants receive training, mentorship, and seed funding to help their businesses not just survive, but thrive.

This programme equips them with the entrepreneurship knowledge needed to be resilient, increase their income capabilities, and sustain a micro-business.

It also cultivates self-awareness to ensure participants are mentally and emotionally strong to sustain their income during unprecedented times. RHB #JomBiz aligns with the bank's commitment to social impact initiatives, with a focus on making a positive change within the B40 community. Designed as a lifeline to empower business owners with the knowledge, skills, and resilience they need to succeed, it also integrates ESG principles, teaching MSMEs to adopt sustainable practices, such as reducing single-use plastics, hiring PWDs, and supporting single mothers. In the latest cohort, 87.4% of participants were introduced to ESG for the first time.

RHB #JomBiz enabled Mohd Afiq (pic) to enhance his existing machinery and equipment to help even more PWDs.

Mohd Rashid (third left), Ng (second right) and Norazzah (second left) capturing a victorious moment with #JomBiz Cohort five winners (from left) Nur Shawani, Nurul Farhana and Mohd Shafiq.

Meet the trailblazers

Like Mohd Afiq, Hanawarrah Creation Enterprise founder Nurul Farhana Amirul Hizan transformed her home-based healthy snack business into a thriving venture with the support of the RHB #JomBiz programme.

Despite challenges such as limited access to capital and mentorship, Nurul Farhana's determination paid off when she secured first place in the programme, earning RM15,000 in funding.

This financial boost enabled her to expand her product line and explore franchise opportunities. Reflecting on her success, Farhana said: "With RHB's support, we turned a dream into a thriving enterprise. This is just the beginning."

Meanwhile, Senju Co founder Mohd Shafiq Ezwanie Jafri took second place in the RHB #JomBiz programme, bagging RM12,000.

This funding enabled Senju Co, based in Kota Samarahan, Sarawak, to expand production and supply chains. Mohd Shafiq had initially faced significant challenges in scaling up pastry and bakery production due to limited funds and a lack of expertise.

However, with support from RHB #JomBiz, the talented baker, was able to expand production and optimise his supply chains, leading to remarkable growth. Reflecting on the impact of the programme, Shafiq said, "RHB #JomBiz gave us the tools to flourish, and now our products are on the shelves of leading retailers."

Wisymadani Resources founder Nur Shawani Che Mansur took third place in the programme, securing RM10,000 in funding to bridge agro-tourism and agro-based industries, with a goal of creating job opportunities for the B40 community.

Like many small businesses, Shawani faced the challenge of building awareness and gaining a foothold in a highly competitive market. The RHB #JomBiz funding allowed her to establish a strong brand presence, hire essential staff, and expand operations.

Recognising the transformative impact of the RHB #JomBiz programme, Shawani shared, "RHB helped us turn our passion into a sustainable business, empowering our community along the way."

Progressive change

Over the past three years, the RHB #JomBiz programme has empowered five cohorts with a total of 721 MSMEs through capability building, mentorship, and funding. With an impressive 84.9% completion rate, the programme has made a significant impact on business owners across various sectors. A total investment of over RM1.1 million has been allocated, with 46.2% earmarked for seed funding to support 117 MSMEs. The results speak for themselves, with participants seeing an average 35% sales growth within just three months of joining.

Beyond financial support, RHB #JomBiz has become a platform for local entrepreneurs to apply their classroom learnings in a practical setting. Ten #JomBiz bazaars have been organised by RHB since March 2023. The programme has not only earned four prestigious awards — three local and one international — but four out of ten of its participants were also recognised at the Star Outstanding Business Awards (SOBA) 2023 in the Mikro Recognition category.

RHB Bank Bhd group chief sustainability and communications officer Norazzah Sulaiman said: "At RHB, we believe in more than just financial support. It's about building a future where entrepreneurs thrive and communities prosper."

Suffice to say, MSMEs that participated in RHB #JomBiz have become beacons of hope for their communities, inspiring others to follow in their footsteps.

Empowering is caring

With a bold vision for 2025, RHB remains committed to supporting even more Asnafs, single parents, and PWDs, fostering inclusivity and empowering entrepreneurs to thrive.

The bank is calling for MSMEs to take advantage of this opportunity for mentorship, funding, and valuable resources that can drive sustainable growth and long-term success.

If you're a micro-business owner looking for mentorship, funding, and the opportunity to grow sustainably, RHB #JomBiz is your stepping stone to success.

Learn more and apply now: https://www.rhbgroup.com/jombiz/index.html.

Regulation and disclosure for Scope 3 emissions

By BENJAMIN SOH

MANAGING Scope 3 emissions is gaining momentum in South-East Asia as countries recognise the critical role these emissions play in achieving sustainability goals and maintaining global competitiveness. However, approaches vary based on economic priorities, regulatory capacity and industry composition.

The Malaysian government has announced ISSB-aligned Scope 3 reporting standards to be mandated starting 2027, with the National Sustainability Reporting Framework (NSRF), developed by the Advisory Committee on Sustainability Reporting (ACSR), set to enhance the state of sustainability disclosures in Malaysia.

The NSRF addresses the use of the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) as the baseline for local companies. The aim is to enhance transparency and accountability of how businesses manage sustainability risks and opportunities, improve business resilience and contribute to the nation's broader sustainability agenda.

The NETR emphasises decarbonisation across sectors. The introduction of a carbon tax in 2026 may drive companies to monitor emissions throughout their value chains.

At the forefront, Singapore has mandated climate-related disclosures for all listed companies starting in 2025, with Scope 3 reporting required for all companies by 2026. The government also supports businesses in building reporting capabilities, making it a leader in emissions transparency in Asean.

Cambodia is prioritising sustainable agriculture and forestry to address emissions from land use. Its reforestation and conservation efforts outlined in its Nationally Determined Contribution (NDC) target upstream emissions and align with regional sustainability goals.

The Philippines has implemented sustainability reporting guidelines through its Securities and Exchange Commission (SEC), encouraging companies to disclose environmental risks, including value chain emissions.

While Thailand promotes sustainable agriculture, particularly in export-focused industries, to reduce emissions in food production.

Despite each country's diverse approaches, Asean nations are moving toward a unified stance on emissions reporting. Regional frameworks like the Asean Taxonomy for Sustainable Finance have the potential to harmonise standards, enhancing transparency and facilitating more effective Scope 3 emission reductions across the region, easing the burden on companies simultaneously.

Benjamin Soh is the founder and managing director of ESGpedia, a one-stop digital platform of ESG data and solutions for corporates, SMEs, and financial institutions across the Asia Pacific region to attain ESG goals.

Financial and economic implications

The growing global emphasis on value chain emissions is reshaping financial and economic dynamics across Asean. Scope 3 emissions, often the largest portion of a company's carbon footprint, are now central to discussions on sustainability, impacting trade, investment and competitiveness in the region.

Asean companies that tackle Scope 3 emissions proactively can position themselves as leaders in sustainability, attracting like-minded clients, investors and partners, and securing more business amid today's evolving landscape.

Taking the built environment in Asia for example, demand for sustainable office spaces is growing, with nine in 10 commercial real estate occupiers in Asia targeting 100% green-certified portfolios by 2030.

Cities such as Hong Kong, which fall behind in terms of green upgrades, are at risk of losing their competitive edge as a business hub in Asia as their neighbours offering greener office spaces gain more attention.

In Singapore, the Building and Construction Authority (BCA) has advanced legislation on environmental sustainability for buildings, starting with construction tenders – developers and contractors must showcase the sustainability credentials of their goods and services, taking effect after Jan 31 this year. Failure to do so will eliminate their chances in winning tenders and securing businesses.

For companies in Asean, unaddressed Scope 3 emissions can lead to higher costs and reduced international market access. Policies like the EU's CBAM are beginning to penalise carbon-intensive exports, affecting key industries, such as agriculture and manufacturing in Malaysia, Thailand and Indonesia. This adds pressure to decarbonise supply chains while meeting international trade requirements.

From a financial perspective, there is growing demand for sustainable businesses, with customers, financiers, and investors increasingly prioritising businesses with measurable emissions reduction strategies in the long run. This shift creates opportunities in green finance but risks excluding companies that lack the resources to implement robust sustainability practices and gather the right data for reporting.

For instance, Singapore's mandatory sustainability disclosures for listed firms, starting in 2025, reinforce the importance of emissions transparency in attracting global investments, while creating a blueprint that SMEs can begin to follow in 2026.

At the regional level, there is potential for economic growth through innovation in cleaner technologies and sustainable practices. Regional collaborative efforts, through the Asean Power Grid, aim to integrate cross-border renewable energy initiatives, providing a foundation for low-carbon growth.

Addressing Scope 3 emissions is not just a regulatory necessity but also an opportunity for Asean businesses to strengthen economic resilience, and remain globally competitive while fostering inclusive green development.

Best practices to be learnt

Reducing Scope 3 emissions requires a combination of strategic frameworks, collaboration and innovative solutions, many of which Asean can learn from other regions.

The European Union (EU) exemplifies effective climate action through its Corporate Sustainability Reporting Directive (CSRD), which mandates comprehensive reporting of value chain emissions, and its CBAM, which emphasises the importance of harmonised emissions standards to maintain trade competitiveness.

Together, these initiatives are focused on highlighting the value of robust regulatory frameworks and cross-border collaboration in driving emissions reductions and ensuring economic alignment with global sustainability goals.

In the same way, a recent announcement of the Asean-Interconnected Sustainability Ecosystem (Asean-ISE) initiative marks a significant step toward harmonising the region's sustainability ecosystem through an Asean-level ESG Data Infrastructure. By providing accurate, efficient and standardised data for reporting and compliance, the initiative aims to promote transparency around green investments.

Plus, platforms like the Asean Taxonomy for Sustainable Finance allow the region to establish unified sustainability benchmarks across member states, fostering regional alignment and advancing shared climate goals.

Asean could also follow North America's focus on private-public partnerships, which demonstrates how green innovation hub investments can drive scalable solutions – using advancing technologies like AI and IoT to identify and mitigate supply chains emissions hotspots.

Asean has the potential to become a global leader in sustainable value chains, by integrating these practices into regional frameworks and fostering innovation tailored to its diverse needs, ensuring long-term competitiveness and resilience in a low-carbon global economy.

This is the conclusion of a two-part series on Scope 3 reporting.

The path to green

ESG PIA winners share strategies for building a sustainable ecosystem

Transitioning to ESG excellence is challenging, but shared knowledge can make a big difference. Clockwise from left: Speakers and guests posing for a group photo; exhibitors MM Century, Complete Human Network, UEM Edgenta and Heliosel sharing ideas at the event.—AZHAR MAHFOFI/The Star

THE curiosity of business operators eager to drive green change was satisfied at the ESG Positive Impact Awards 2024 (ESG PIA) Winners Showcase, held recently at Menara Star. The event featured speakers and exhibitors from various industries excelling in the green space—all previous ESG PIA winners.

Exhibitors showcasing their sustainability efforts included 2023 gold winners: Complete Human Network Sdn Bhd in the Sustainable Ecosystems category, MM Century Sdn Bhd in the Waste Management category, and Heliosel Sdn Bhd in the Renewable Energy category. All three winners were recognised under the SMEs and mid-tier companies segment.

UEM Edgenta Bhd, a Gold winner in the Diversity, Equity and Inclusion (DEI) category under the large companies segment, was also an exhibitor.

Sharing for success

Noting that best practices and knowledge should not be gatekept, Complete Human Network founder and CEO Teh Chai Peng expressed her desire for other businesses to adopt green practices.

"We embrace technology for sustainability, particularly through enterprise mobility solutions, and contribute to a sustainable ecosystem by aligning our business goals with ESG principles. Furthermore, we maintain strong governance and operational integrity, as evidenced by our ISO 14001, ISO 27001, and MyHijau certifications," she shared.

She also encouraged businesses to participate in programmes that recognise good practices, emphasising that such recognition provides validation and credibility. She highlighted how awards showcase a company's achievements and differentiate it from competitors.

"Recognition boosts brand awareness and trust, increasing visibility and fostering stronger relationships with clients, partners, and stakeholders. Furthermore, receiving awards enhances employee morale and pride, driving higher engagement.

"These programmes offer businesses the opportunity to connect with industry leaders and potential collaborators, while the application process and feedback serve as valuable tools for evaluating and improving business practices," she said.

Happy that guests of the event showed interest in the company's green efforts, MM Century business development executive Baageshryee shared that many are not aware that small, simple acts can in fact contribute to greening the nation.

"It is important to start with simple actions that promote societal benefits. MSMEs or SMEs looking to start their ESG journey can begin small, demonstrating commitment to sustainability at both the individual and workplace levels

"Recycling, particularly e-waste recycling, was a key practice even before the term "ESG" became popular. An important yet fairly easy practice companies can emulate is the simple implementation of recycling bins for plastics, IT equipment, clothes and more in their offices and facilities," she said.

Heliosel Sdn Bhd business development and government liason lead Muhammad Syazwan Mohammad Shamshuri highlighted the challenge of limited public understanding of ESG.

"While ESG is known, many don't fully grasp its meaning. Heliosel aims to educate the public on its national importance. We focus on understanding clients' ESG goals and providing tailored solutions, whether for community contributions or other sustainability efforts, adopting a holistic approach that balances supply, demand, and community needs," he said.

Meanwhile, UEM Edgenta's representatives shared it's strategies and commitment to sustainability and DEI.

Highlighting industry insights

Transitioning to ESG excellence is rarely a straightforward path, and challenges are inevitable. However, a little help in the form of shared knowledge goes a long way.

OCBC Bank (Malaysia) Bhd's commercial banking head Kevin Choo stated that the event allowed ESG PIA winners to share their experiences and insights, providing inspiration and learning for current participants.

"It's also a fantastic opportunity for everyone to come together, share ideas, and explore new possibilities in sustainable approaches. What truly matters is the commitment to innovate and persevere, even when faced with obstacles," said Choo.

The ESG PIA winners showcase began with OCBC Bank with a talk on sustainable financing. OCBC Bank's sustainable finance vice-president Teoh Shi Sheng elaborated on the bank's green financing, which has been providing financing to small and medium enterprises (SMEs) for the past five years.

Next, the Most Outstanding ESG Initiatives of the Year award winner in the SME-to-mid-tier category, Iskandar Malaysia Studios Sdn Bhd, as well as Gold winner of Talent Management and Good Health and Wellbeing in the large companies category, AIA Bhd, shared their experiences in setting up successful ESG-related programmes.

AIA Bhd sustainability director Muhammad Junaid Iqbal employee physical and mental health through programmes available via the AIA app.

Iskandar Malaysia Studios CEO Rashid Karim emphasised the need for sustainable practices in the filming industry to save energy and reduce fuel consumption caused by excessive travel.

A highlight was Bursa Malaysia's Bursa Carbon Exchange assistant vice president for business development and sales, Muhammad Rizal Azmi. He discussed the intricacies of carbon credits that can be traded on the Bursa Carbon Exchange (BCX) and answered a variety of questions from guests and participants.

"The world cannot achieve net zero by 2050 with the current available solutions. A lot of these technologies are not commercially viable yet.

"Carbon markets provide an avenue, a market-based instrument, to allow offsetting and develop more carbon projects globally so we can achieve our net zero goals together," he explained.

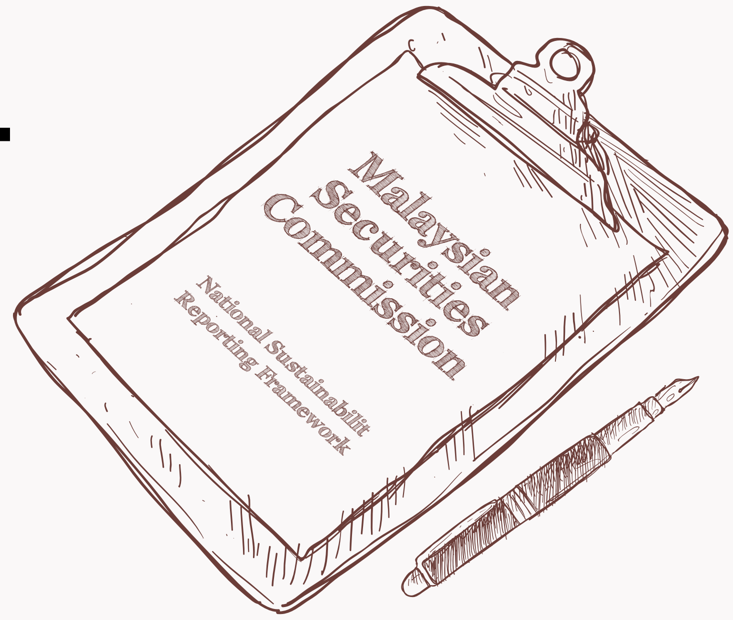
He added that various types of carbon credits are available for businesses of all sizes, from large corporations to SMEs.

The ESG PIA Winners Showcase was organised by Star Media Group in partnership with OCBC Bank (Malaysia) Bhd. The Star ESG PIA is open for submission. For more information, visit https://staresgawards.com.my/.

WATCH THE VIDEO TheStarTV.com

The transparency mandate

Transparent carbon reporting is the new standard for sustainability



Compiled by ONG HUEY ERN
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Sustainable business practices are now essential as environmental challenges grow. Investors and consumers demand greater accountability, with transparent carbon reporting at the core.

Already the European Union's Corporate Sustainability Reporting Directive (CSRD) is setting new transparency benchmarks that call for companies to disclose data on their sustainability practices.

At home, the Malaysian Securities Commission has just recently introduced the National Sustainability Reporting Framework, just to improve transparency and disclosure in the country.

To understand the significance of transparent carbon reporting, let us, as consumers, imagine a company has a transparent container in front of its office, visible to all.

Every piece of waste discarded (carbon emission) is on display, including its value chain Scope 3 emissions mentioned in last month's StarESG issue.

This image encapsulates the essence of transparent carbon reporting. When companies openly disclose their carbon emissions, they hold themselves accountable while fostering a culture of responsibility. This further encourages the adoption of green practices and innovations to optimise their carbon footprint.

Investors increasingly prioritise companies with strong sustainability credentials, recognising that environmental responsibility equates to long-term viability.

Consumers, who can be considered stakeholders, are more inclined to support businesses that demonstrate a genuine commitment to reducing their environmental footprint. Their purchasing habits can heavily influence the success or failure of a business.

This will not only affect corporate reputations but also influences market dynamics – and invariably, consumers –as businesses strive to align themselves with these standards.

Consumers as the check and balance

While regulatory frameworks are setting new benchmarks for corporate transparency, consumers also hold significant power to influence corporate behaviours and hold businesses accountable.

They are not passive observers but active participants in driving sustainability forward.

Supporting companies with transparent carbon reporting and strong sustainability practices sends a clear message that environmental responsibility is non-negotiable.

Here are some suggestions that we can hold businesses accountable:

1. Platform good businesses: Responsible use of social media and other platforms to highlight companies that demonstrate genuine commitment to sustainability. Sharing positive stories and experiences can encourage others to support these businesses.

2. Support sustainable choices: Opt for products with eco-friendly certifications and from companies known for their sustainability efforts. This not only promotes responsible businesses but also encourages others to improve their practices.

3. Engage in advocacy: Join or initiate community initiatives focused on sustainability. Work with local representatives to advocate for policies that promote transparency and environmental accountability in businesses.

4. Demand transparency: Actively seek out information on a company's carbon footprint and sustainability practices. Engage with companies directly and ask for detailed disclosures, pushing them towards greater transparency.

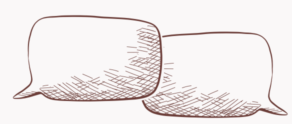
Acting sustainably: steps you can take

While corporate transparency is crucial, individuals also play an active role in promoting sustainability. Here are some actionable steps one may consider:

Reducing carbon footprint: Use public transport or carpool to reduce emissions. Switch to energy-efficient appliances to conserve energy. Reduce, reuse, and recycle waste to minimise environmental impact.

Support sustainable brands: Choose products from companies with transparent carbon reporting. Look for eco-friendly certifications on products to ensure they meet sustainability standards.

Raise awareness: Share information about the importance of carbon transparency. Participate in community initiatives to make a positive impact to or initiate your own to consolidate your understanding. Engage with local representatives to voice out concerns and suggestions.



Engage in environmental conservation: Support projects focused on reforestation, biodiversity conservation and responsible tourism like the Tropical Rainforest Conservation and Research Centre, Wild Asia's Responsible Tourism Initiative, the Global Environment Centre or the Forever Sabah Initiative among others.

Adopt sustainable practices at home: Install solar panels or rainwater harvesting systems to reduce dependence on non-renewable resources. Plant trees or maintain a garden to improve air quality and reduce carbon dioxide levels.

A collective responsibility

As transparency becomes the new standard in carbon reporting, both companies and individuals have pivotal roles to play in fostering a sustainable future.

Remember: every small act contributes to a bigger impact. By holding ourselves and the businesses we support accountable, we can drive meaningful change and leave a healthier planet for future generations.