

# **PART 7:**

## ESG Reporting and Disclosure

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### 40. ESG Reporting Principles

ESG reporting is the process of communicating a company's material environmental, social, and governance impacts, risks, opportunities, management approach, performance data, targets, and improvement actions. For Malaysian rubber processors and manufacturers, ESG reporting should be practical, evidence-based, and aligned with stakeholder expectations, including customers, regulators, financiers, certification bodies, suppliers, workers, communities, and industry stakeholders.

The purpose of ESG reporting is not only to produce a document. It should help the company understand its ESG performance, identify gaps, improve controls, respond to buyer requirements, support market access, prepare for assurance or audit, and demonstrate continuous improvement.

The GRI Standards are widely used for impact-based sustainability reporting and are intended to help organisations report their impacts on the economy, environment, and people in a comparable and credible way. GRI 1: Foundation 2021 identifies eight reporting principles: **Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness, and Verifiability**. (Global Reporting Initiative)

For companies preparing sustainability-related financial disclosures, IFRS S1 requires fair presentation of sustainability-related risks and opportunities, including information that is comparable, verifiable, timely, and understandable. IFRS S1 also requires disclosures on governance, strategy, risk management, and metrics and targets. (IFRS Foundation) Malaysia's National Sustainability Reporting Framework is also intended to support consistent, comparable, and reliable sustainability information for Corporate Malaysia. (Securities Commission Malaysia)

For these Guidelines, ESG reporting should be guided by the following principles:

- a. report on material ESG topics identified through materiality assessment;
- b. define the reporting boundary and scope clearly;
- c. use consistent reporting periods;
- d. provide accurate and evidence-backed data;
- e. explain assumptions, estimates, data gaps, and omissions;
- f. present both positive and negative performance fairly;
- g. avoid unsupported ESG claims;
- h. protect confidential worker, supplier, customer, geolocation, commercial, and personal data;
- i. obtain management approval before disclosure; and
- j. use reporting outcomes to drive continuous improvement.

The ESG Checklist, evidence register, materiality assessment, ESG action plan, risk register, and management review records should support the reporting process. Together, these tools help ensure that ESG reporting is not a one-off communications exercise, but part of a structured ESG Management System.

#### 40.1 Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness, and Verifiability

The eight reporting principles should be applied to all ESG reports, customer questionnaire responses, supplier declarations, sustainability disclosures, ESG dashboards, and public claims.

GRI 1 requires organisations to report information that is correct and sufficiently detailed to allow assessment of their impacts. It also states that estimated data should be identified and that the assumptions, techniques, and limitations of estimates should be explained.

##### Reporting principles and practical application

Reporting Principle	Meaning	Practical Application for Rubber Processors and Manufacturers
<b>Accuracy</b>	Information should be correct, sufficiently detailed, and supported by reliable data or evidence.	Use actual utility bills, payroll records, waste consignment notes, effluent reports, training records, supplier declarations, and calculation workbooks. Clearly identify estimates and assumptions.
<b>Balance</b>	Reporting should fairly represent positive and negative impacts.	Report achievements such as energy savings or training completion, but also disclose material gaps, incidents, grievances, supplier data limitations, or corrective actions.
<b>Clarity</b>	Information should be understandable and accessible to users.	Use clear explanations, simple tables, defined terms, consistent units, and practical descriptions. Avoid unexplained technical jargon.
<b>Comparability</b>	Information should be reported consistently so users can compare performance over time.	Use consistent metrics, reporting boundaries, units, calculation methods, and intensity indicators. Explain changes from prior years.
<b>Completeness</b>	Reporting should provide sufficient information to understand the company's material ESG impacts during the reporting period.	Include all material ESG topics, relevant sites, significant suppliers, key risks, KPIs, actions, and limitations. Do not omit material negative impacts.
<b>Sustainability Context</b>	Performance should be explained in the broader environmental, social,	Explain how emissions, water, waste, labour, traceability, deforestation, and supplier

Reporting Principle	Meaning	Practical Application for Rubber Processors and Manufacturers
	regulatory, sector, and market context.	issues relate to the rubber sector, customer expectations, Malaysian requirements, and export market expectations.
<b>Timeliness</b>	Information should be reported regularly and soon enough to support decision-making.	Prepare ESG reports annually, collect data monthly or quarterly where possible, and respond to customer requests within agreed timelines.
<b>Verifiability</b>	Information should be organised so it can be checked by internal reviewers, customers, auditors, certification bodies, or assurance providers.	Maintain evidence packs, source documents, calculation workbooks, data owner sign-offs, management approvals, and version-controlled records.

GRI's Balance principle requires reporting in an unbiased way that fairly represents negative and positive impacts, while its Verifiability principle requires information to be gathered, recorded, compiled, and analysed so that its quality can be examined.

## Accuracy

Accuracy means that reported information should be reliable and suitable for decision-making. Quantitative data should be based on clear measurement methods, source records, calculation formulas, and review processes. Qualitative statements should be consistent with policies, procedures, records, actions, and evidence.

Examples of accurate reporting include:

- reporting electricity consumption based on monthly electricity bills;
- reporting waste generated based on weighing records, consignment notes, or contractor reports;
- reporting training hours based on attendance records and session duration;
- reporting OHS incidents based on incident registers and investigation records;
- reporting wages and working hours based on payroll and attendance records;
- reporting supplier screening coverage based on the supplier master list and completed questionnaires;
- reporting emissions based on documented activity data, emission factors, and calculation workbooks; and
- reporting corrective action closure based on closure evidence.

Companies should avoid vague or unsupported claims such as “all suppliers are sustainable,” “zero risk,” “fully compliant,” or “environmentally friendly” unless such claims are properly supported and the scope is clear.

## Balance

Balanced reporting means the company should not only highlight achievements. It should also disclose material challenges, gaps, corrective actions, data limitations, and areas for improvement.

For example, a company may report that it reduced electricity intensity, but should also explain if Scope 3 emissions have not yet been calculated. A company may report that no confirmed forced labour cases were identified, but should also explain whether recruitment fee checks were conducted and whether supplier data remains incomplete. A company may report that supplier traceability improved, but should not claim full upstream traceability if geolocation is only available for selected suppliers.

Balanced reporting improves credibility because it shows that the company understands both strengths and weaknesses.

## Clarity

ESG reports should be written so that users can understand what the company is saying. Users may include customers, workers, suppliers, financiers, regulators, industry bodies, and management. Not all users will be ESG specialists.

Clear reporting should include:

- a. simple explanations of material topics;
- b. tables for KPIs and targets;
- c. definitions of technical terms;
- d. clear units, such as tonnes CO<sub>2</sub>e, kWh, m<sup>3</sup>, tonnes, percentage, number of workers, or number of suppliers;
- e. explanation of boundaries, such as “main manufacturing site only” or “priority suppliers only”;
- f. separation between actual data, estimated data, and planned actions;
- g. concise explanations of improvements and limitations; and
- h. clear links to the ESG Checklist, evidence register, and action plan.

## Comparability

Comparability allows the company and stakeholders to assess changes over time. It also helps customers and financiers compare information across suppliers.

To support comparability, companies should:

- a. use consistent definitions and units;
- b. maintain consistent reporting periods;
- c. disclose prior-year data where available;
- d. explain changes in calculation methods;
- e. explain changes in boundary, such as adding a new warehouse or excluding a closed site;
- f. use intensity metrics where useful, such as energy per tonne of product or water per unit produced;
- g. restate prior-year data where material errors are corrected, where practical; and
- h. disclose why data is not comparable where major changes occur.

For rubber companies, comparability is especially useful for energy, emissions, water, waste, OHS incidents, training hours, workforce data, supplier assessment coverage, and corrective action closure.

## Completeness

Completeness means that the ESG report should cover the information necessary to understand the company's material ESG impacts, risks, performance, and management approach.

A complete ESG report should include:

- a. reporting boundary and period;
- b. company profile and operations covered;
- c. materiality assessment summary;
- d. stakeholder engagement summary;
- e. material ESG topics;
- f. governance structure and responsibilities;
- g. environmental performance;
- h. social performance;
- i. governance performance;
- j. supplier due diligence and traceability where material;

- k. KPIs and targets;
- l. incidents, grievances, non-compliance, and corrective actions where material;
- m. data gaps, omissions, limitations, and assumptions; and
- n. future improvement actions.

Completeness does not mean reporting every possible ESG topic in equal detail. It means reporting enough information on material topics and explaining why non-material, unavailable, confidential, or non-applicable topics are not reported in detail.

## **Sustainability Context**

Sustainability context means the company should explain ESG performance in relation to the wider setting in which it operates. For Malaysian rubber processors and manufacturers, this may include:

- a. Malaysia's rubber industry context;
- b. the company's position in the value chain;
- c. customer and export market expectations;
- d. regulatory expectations;
- e. EUDR-oriented traceability expectations where relevant;
- f. MSNR, GPSNR, FSC, PEFC, Preferred by Nature, GRI, NSRF, TCFD, TNFD, MITI i-ESG, and Bursa-related expectations where relevant;
- g. climate-related risks and energy transition;
- h. water stress or local environmental context;
- i. labour and migrant worker context;
- j. supply chain complexity and smallholder-linked sourcing;
- k. community and land-related context; and
- l. company size, maturity, and resource capacity.

For example, water use should be explained not only as total m<sup>3</sup> withdrawn, but also in relation to whether the site operates in a water-stressed area, whether water is used in production, and whether effluent is treated. Traceability should be explained in relation to natural rubber sourcing complexity, supplier tiers, data availability, and customer expectations.

## **Timeliness**

Timely reporting means information should be made available regularly and soon enough to support decisions. ESG reports are normally prepared annually, but ESG data should be collected more frequently where possible.

A practical reporting rhythm may include:

Frequency	Reporting or Review Activity
Monthly	Energy, water, waste, OHS incidents, grievances, payroll corrections, supplier corrective actions.
Quarterly	ESG KPI dashboard, risk register, supplier screening progress, action plan updates, management review.
Annually	ESG report, materiality review, stakeholder engagement summary, policy review, target review.
Incident-based	Serious OHS incident, spill, regulatory notice, forced labour concern, child labour concern, corruption allegation, major customer finding.
Customer-request-based	ESG questionnaires, traceability requests, emissions requests, EUDR-oriented evidence requests, audit responses.

IFRS S1 requires sustainability-related financial disclosures to cover the same reporting period as the related financial statements and to be reported at the same time as those financial statements, where IFRS Sustainability Disclosure Standards are applied. (IFRS Foundation)

## Verifiability

Verifiability means the company can show the source of its ESG information. ESG reporting should be supported by evidence that can be reviewed by management, customers, auditors, certification bodies, financiers, or assurance providers.

To support verifiability, companies should maintain:

- a. ESG evidence register;
- b. ESG data ownership matrix;
- c. source documents;
- d. calculation workbooks;
- e. methodology notes;
- f. assumptions and estimates register;
- g. management approval records;
- h. disclosure review checklist;
- i. omission explanation register;
- j. supplier due diligence files;
- k. corrective action tracker; and
- l. final ESG evidence pack.

Verifiability is especially important for claims relating to traceability, no-deforestation, emissions, renewable energy, waste recycling, forced labour prevention, wage compliance, OHS performance, anti-corruption training, and supplier screening.



## 40.2 Reporting Boundary and Scope

The reporting boundary defines what parts of the company, operations, sites, entities, activities, suppliers, and value chain are included in the ESG report. The scope defines which ESG topics, indicators, data points, and reporting frameworks are covered.

IFRS S1 requires sustainability-related financial disclosures to be for the same reporting entity as the related financial statements. It also requires data and assumptions used in sustainability-related disclosures to be consistent, to the extent possible, with those used in the related financial statements. (IFRS Foundation)

For these Guidelines, companies should clearly define the reporting boundary before collecting data. This avoids confusion, double-counting, missing data, and unsupported claims.

### Boundary types

Boundary Type	What It Covers	Example
<b>Organisational boundary</b>	Legal entities, subsidiaries, branches, or business units included in the report.	"This report covers ABC Rubber Manufacturing Sdn. Bhd. only."
<b>Operational boundary</b>	Sites, facilities, departments, and activities included.	"This report covers the main manufacturing plant, warehouse, office, and wastewater treatment facility."
<b>Geographical boundary</b>	Locations or countries included.	"This report covers Malaysian operations only."
<b>Value chain boundary</b>	Suppliers, contractors, customers, logistics, waste contractors, or downstream impacts included.	"Supplier due diligence covers priority suppliers of natural rubber, chemicals, packaging, waste, logistics, and labour services."
<b>Topic boundary</b>	ESG topics included or excluded.	"Deforestation applies through natural rubber sourcing, not through company-owned plantations."
<b>Data boundary</b>	Specific data coverage for each KPI.	"Energy and emissions data cover the main manufacturing site only; Scope 3 data is under development."
<b>Product boundary</b>	Product categories, product lines, or customer-specific products included.	"EUDR-oriented traceability applies to selected natural rubber products supplied to EU-linked customers."
<b>Reporting framework boundary</b>	Standards or frameworks referenced.	"The report is prepared with reference to the MRC ESG Guidelines and selected GRI disclosures."

## Boundary statement

Each ESG report should include a boundary statement. A practical format is:

## Reporting Boundary

*This report covers [company name]'s [operations/sites/entities] for the period [start date] to [end date]. Environmental data covers [sites and activities]. Social data covers [worker groups]. Governance data covers [policies, risks, supplier due diligence, ethics, compliance]. Supplier data covers [supplier categories or priority suppliers]. Any exclusions, estimates, or limitations are explained in the relevant sections.*

## Boundary by ESG area

Different ESG data may have different boundaries. This should be explained clearly.

ESG Area	Boundary Considerations
Energy	Which sites, meters, equipment, vehicles, and fuels are included?
Emissions	Are Scope 1, Scope 2, and relevant Scope 3 included? Which sites and sources are covered?
Water	Which sites, water sources, wastewater systems, and discharge points are included?
Waste	Which waste streams, sites, contractors, and disposal or recycling routes are included?
Hazardous substances	Which chemicals, production areas, storage areas, laboratories, and contractors are included?
Deforestation	Does the topic apply through natural rubber sourcing, supplier traceability, or customer requirements?
Workforce	Are permanent, temporary, contract, migrant, outsourced, apprentice, and contractor workers included?
OHS	Are employees, contractors, visitors, and outsourced workers included in incident and training data?
Wages and working hours	Which worker categories and payroll systems are included?
Training	Are internal employees, contractors, suppliers, and external training included?
Supplier due diligence	Which suppliers are covered: all suppliers, priority suppliers, high-risk suppliers, or selected categories?

ESG Area	Boundary Considerations
Anti-corruption	Are employees, directors, suppliers, contractors, agents, and business partners included?
Stakeholder engagement	Which stakeholder groups and engagement channels are included?

## Own operations and value chain

Companies should distinguish between:

- own operations**, such as factories, offices, warehouses, laboratories, vehicles, wastewater systems, and worker accommodation; and
- value chain activities**, such as suppliers, contractors, recruitment agents, logistics providers, waste contractors, customers, and end-of-life impacts.

For example:

Topic	Own Operations Boundary	Value Chain Boundary
Deforestation	Usually not direct unless company owns land or plantations.	Natural rubber suppliers, sourcing areas, dealers, smallholders, plantations.
Forced labour	Company recruitment, employment, payroll, document access, accommodation.	Recruitment agents, labour suppliers, contractors, suppliers.
Waste	Waste generated at company sites.	Waste contractors, recyclers, treatment and disposal facilities.
Emissions	Scope 1 and Scope 2 from company operations.	Scope 3 from suppliers, logistics, waste, purchased materials, product use, end-of-life.
OHS	Workers, contractors, visitors at company sites.	Supplier and contractor OHS practices where relevant.
Anti-corruption	Company employees and decisions.	Suppliers, agents, brokers, contractors, customers, public official interactions.

## Boundary changes

If the reporting boundary changes, the company should explain the change and its effect on comparability.

Boundary changes may include:

- a. adding a new site;
- b. closing a site;
- c. acquiring a company;
- d. outsourcing a process;
- e. changing supplier scope;
- f. adding Scope 3 emissions categories;
- g. including contractor workers for the first time;
- h. changing from priority supplier coverage to all supplier coverage;
- i. changing product or customer scope; or
- j. improving data availability.

Example wording:

“In the current reporting period, waste data includes the main manufacturing site and warehouse. In the previous period, only the manufacturing site was included. As a result, total waste data is not directly comparable to the prior year. The company will maintain this expanded boundary in future reporting.”

### Boundary limitations

Where the company cannot include all relevant data, it should disclose the limitation and improvement plan.

Examples include:

Limitation	Disclosure Example
Site excluded	“Water data excludes the rented warehouse because separate water bills are not yet available.”
Supplier scope limited	“Supplier ESG screening covers priority suppliers based on spend, risk, and customer exposure.”
Scope 3 not complete	“Scope 3 emissions have not yet been fully calculated. Initial screening has identified purchased materials, logistics, and waste as priority categories.”
Contractor data incomplete	“Contractor training data is recorded for contractors working onsite but does not yet cover offsite service providers.”
Geolocation incomplete	“Geolocation data is available for selected natural rubber suppliers only. The company is working to improve coverage.”

### 40.3 Reporting Period

The reporting period is the time covered by the ESG report. It should be clearly stated, consistently applied, and aligned with the company's internal data collection process.

A standard ESG reporting period is normally 12 months. Companies may align the ESG reporting period with the financial year, calendar year, customer reporting cycle, certification cycle, or group reporting cycle. IFRS S1 allows reporting periods other than 12 months in specific circumstances, but requires disclosure of the period covered, the reason for using a longer or shorter period, and the fact that disclosed amounts are not entirely comparable. (IFRS Foundation)

#### Reporting period statement

A practical reporting period statement is:

#### Reporting Period

*This ESG report covers the period from [start date] to [end date]. Unless otherwise stated, all data, activities, incidents, corrective actions, targets, and performance information relate to this reporting period.*

#### Aligning reporting periods

Companies should aim to align ESG reporting with:

- a. financial reporting period;
- b. customer reporting cycle;
- c. regulatory submission timelines;
- d. annual management review;
- e. materiality review;
- f. supplier due diligence review;
- g. annual training plan;
- h. annual OHS review;
- i. annual environmental performance review; and
- j. annual ESG action plan.

Where possible, monthly data collection should feed into the annual reporting period. For example, monthly electricity bills should be consolidated into annual energy and emissions data.

## Reporting period by topic

Some ESG data may follow different collection cycles. The company should explain this where relevant.

Data Type	Common Reporting Period Issue
Energy and water	Usually monthly bills covering calendar months; may not exactly match financial year dates.
Waste	Waste contractor records may be by collection date, not generation date.
Emissions	Emissions are calculated annually using activity data and emission factors.
Training	Training records may follow calendar year or HR training calendar.
OHS	Incident data should follow the ESG reporting period.
Payroll and wages	Payroll periods may be monthly and should be consolidated into reporting-year data.
Supplier due diligence	Supplier reviews may occur throughout the year; report status as at year-end or by review cycle.
Customer requests	Customer ESG submissions may occur outside the annual report cycle.
Certification audits	Audit cycles may not match ESG reporting periods.
Corrective actions	Some actions may start in one period and close in another.

## Events after the reporting period

Companies should decide how to handle events that occur after the reporting period but before the ESG report is approved. IFRS S1 requires disclosure of events after the reporting period if non-disclosure could reasonably influence decisions by users of general purpose financial reports. (IFRS Foundation)

For these Guidelines, companies should consider disclosing significant post-period events where they materially affect ESG understanding, such as:

- a. serious OHS incident;
- b. major environmental incident;
- c. regulatory enforcement notice;
- d. confirmed forced labour or child labour case;
- e. major customer ESG audit failure;
- f. supplier suspension due to ESG risk;
- g. major change in reporting boundary;
- h. major acquisition, closure, or expansion;
- i. major policy or legal change;

- j. major emissions, water, waste, or compliance issue; or
- k. major sustainability-linked financing or customer requirement.

## **Comparative information**

Where data is available, companies should provide prior-year comparison. This helps show trends and progress.

Examples include:

- a. total energy consumption compared with prior year;
- b. Scope 1 and Scope 2 emissions compared with prior year;
- c. water withdrawal and intensity compared with prior year;
- d. waste generated and recycling rate compared with prior year;
- e. OHS incident count compared with prior year;
- f. training hours compared with prior year;
- g. employee turnover compared with prior year;
- h. supplier screening coverage compared with prior year; and
- i. corrective action closure rate compared with prior year.

Where prior-year data is not available, the company should state that the current year is the baseline year.

Example wording:

“This is the company’s first year of ESG reporting. Prior-year comparative data is not available for all indicators. The current reporting period will be used as the baseline for future comparison.”

## **Restatements**

If previously reported data was materially incorrect, the company should correct the error and explain the restatement. IFRS S1 requires correction of material prior-period errors by restating comparative amounts unless impracticable. (IFRS Foundation)

Restatement may be needed where:

- a. utility data was omitted;
- b. fuel conversion was wrong;
- c. waste data was double-counted;
- d. worker headcount was calculated incorrectly;

- e. Scope 2 emission factor was misapplied;
- f. supplier assessment coverage was overstated;
- g. training hours were overcounted;
- h. contractor incidents were omitted; or
- i. reporting boundary was incorrectly described.

Example wording:

“The prior-year waste figure has been restated because scheduled waste quantities were previously reported in kilograms but consolidated as tonnes. The corrected figure is shown in the comparative table.”

#### **40.4 Disclosure of Omissions**

An omission occurs when the company does not disclose a topic, indicator, data point, or requirement that may otherwise be expected. Omissions should be explained clearly and honestly. Leaving items blank or simply stating “N/A” without explanation weakens credibility.

Omissions may arise because a topic is not applicable, information is unavailable, the disclosure is legally prohibited, the information is confidential, the boundary is limited, or the topic is covered elsewhere.

IFRS S1 provides relief from disclosing information where law or regulation prohibits disclosure and also contains relief for commercially sensitive information about sustainability-related opportunities in specified circumstances. (IFRS Foundation) For these Guidelines, companies should apply omission explanations carefully and should not use confidentiality or non-applicability to hide material risks.



## Acceptable reasons for omission

Omission Reason	When It May Apply	Required Explanation
<b>Not applicable</b>	Topic does not apply to the company's operations, products, supply chain, workforce, or reporting boundary.	Explain why it is not applicable and when it will be reassessed.
<b>Information unavailable</b>	Data is relevant but not yet collected or incomplete.	Explain what is missing, why it is missing, and what the company will do to collect it.
<b>Information incomplete</b>	Partial data is available, but not enough for full disclosure.	Disclose available data, boundary, limitations, and improvement plan.
<b>Legal prohibition</b>	Law or regulation prevents disclosure.	State that disclosure is prohibited and provide aggregated or alternative information where possible.
<b>Confidentiality constraint</b>	Data contains sensitive worker, supplier, customer, commercial, geolocation, or personal information.	Explain confidentiality issue and disclose aggregated or anonymised information where possible.
<b>Commercial sensitivity</b>	Disclosure could seriously prejudice commercial position, negotiations, or opportunity, where relevant.	Provide general information without exposing sensitive details and explain limitation.
<b>Boundary limitation</b>	Data covers only selected sites, suppliers, products, or operations.	State the boundary and whether expansion is planned.
<b>Managed under another topic</b>	The topic is covered under a related ESG topic.	State where the topic is disclosed and why it is grouped.
<b>Methodology under development</b>	Company has not yet finalised a calculation or reporting method.	Explain development status and target timeline.
<b>First-year reporting</b>	Prior-year data is not available.	State that current year is the baseline and comparison will be provided in future.

## Omission explanation table

Companies should maintain an **Omission Explanation Register**.

Field	Description
ESG topic	Topic affected by omission.
Indicator or data point	Specific item omitted.
Expected disclosure	What would normally be disclosed.
Reason for omission	Not applicable, unavailable, confidential, legal prohibition, boundary limitation, etc.
Explanation	Clear reason for omission.
Available information	Any partial or alternative data disclosed.
Risk assessment	Whether omission affects understanding of material impacts.
Improvement action	Action to collect data or improve disclosure.
Responsible person	Data owner or department.

Field	Description
Target timeline	Date by which omission may be resolved.
Approval	Management or ESG Committee approval.
Review date	Next reassessment date.

### Examples of omission explanations

Situation	Poor Explanation	Better Explanation
Scope 3 emissions not calculated	"N/A."	"Scope 3 emissions have not yet been calculated because supplier and logistics data is incomplete. The company has completed initial Scope 3 screening and will prioritise purchased materials, logistics, and waste in the next reporting cycle."
Deforestation not applicable	"Not relevant."	"Deforestation is not directly applicable because the company does not use natural rubber or rubberwood in its current products. The topic will be reassessed annually if sourcing changes."
Geolocation incomplete	"Data unavailable."	"Geolocation data is currently available for selected natural rubber suppliers only. The company will prioritise high-volume and EU-linked customer suppliers for further data collection."
Wage data confidential	"Confidential."	"Detailed wage data is confidential personal information. The company reports aggregated wage compliance and payroll control information while maintaining payroll-level evidence internally."
No community data	"No community programme."	"The company operates in an established industrial zone with limited direct residential interface. Community impact risk is monitored through complaint channels, environmental controls, and local authority correspondence."
Supplier audits not conducted	"Not applicable."	"Supplier audits were not conducted during the reporting period. Supplier ESG screening was conducted through questionnaires and document review. Audits will be considered for high-risk suppliers."

### Cautions when omitting information

Companies should not omit information where omission would mislead stakeholders. Particular care is required for:

- serious OHS incidents;
- forced labour or child labour concerns;
- wage non-compliance;
- major environmental incidents;

- e. regulatory enforcement;
- f. significant supplier traceability gaps;
- g. corruption allegations;
- h. major community complaints;
- i. material climate or emissions data gaps;
- j. major customer audit findings; and
- k. repeated unresolved corrective actions.

If a topic is sensitive but material, the company should disclose it at an appropriate level, protect confidentiality, and explain corrective action.

## **40.5 Use of Data, Estimates, and Assumptions**

ESG reporting relies on both quantitative and qualitative information. Quantitative data includes numbers, such as energy consumption, emissions, water withdrawal, waste generated, training hours, number of workers, injury rates, supplier assessment coverage, and grievance closure rates. Qualitative information includes policies, procedures, management approaches, risk descriptions, stakeholder feedback, corrective actions, and improvement plans.

Companies should prioritise actual measured data wherever possible. However, estimates may be necessary where actual data is not yet available, especially during early reporting stages or where supplier and value chain data is incomplete.

IFRS S1 requires disclosure of information that enables users to understand the most significant uncertainties affecting amounts reported in sustainability-related financial disclosures. It also requires disclosure of significant judgements made in preparing sustainability-related disclosures. (IFRS Foundation)

## Data hierarchy

Companies should use the best available data and explain the source.

Data Quality Level	Description	Example
Measured data	Directly measured from meters, bills, systems, or instruments.	Electricity bills, water meter readings, fuel invoices, effluent test reports.
Calculated data	Calculated using measured activity data and recognised formulas or factors.	Scope 1 and Scope 2 emissions calculated from fuel and electricity data.
Supplier-provided data	Provided by suppliers, contractors, or service providers.	Waste contractor report, supplier origin declaration, logistics distance data.
Estimated data	Estimated using reasonable assumptions where actual data is unavailable.	Fuel allocation between equipment where separate meters are not available.
Proxy data	Based on secondary data, industry averages, spend-based factors, or prior-period data.	Estimated Scope 3 emissions using average emission factors.
Qualitative explanation	Narrative disclosure where quantitative data is unavailable or not yet developed.	Explanation of supplier traceability improvement plan.

## When estimates may be used

Estimates may be used when:

- actual data is not available;
- data collection systems are still being developed;
- supplier data is incomplete;
- historical data is missing;
- meters are shared across sites or processes;
- contractors provide partial information;
- Scope 3 calculations require secondary data;
- the cost of collecting exact data is disproportionate at current maturity level;
- the estimate does not materially mislead users; and
- the method, assumption, and limitation are disclosed.

## Estimate documentation

Every material estimate should be documented.

Field	Description
Data point estimated	Energy, water, emissions, waste, training hours, supplier coverage, etc.
Reason for estimate	Why actual data was not available.
Estimation method	How the estimate was calculated.
Source data used	Bills, invoices, production data, prior-year data, supplier data, industry factors.
Assumptions	Key assumptions used.
Emission factor or conversion factor	Factor used, where relevant.
Uncertainty	Whether uncertainty is low, medium, or high.
Limitation	How the estimate may affect interpretation.
Reviewer	Person who reviewed estimate.
Approval	Management or ESG Committee approval.
Improvement plan	How actual data will be collected in future.

## Examples of estimates and assumptions

ESG Area	Possible Estimate	Required Disclosure
Energy	Fuel used by each machine estimated from total fuel purchase and operating hours.	Explain allocation method and plan for equipment-level logs.
Emissions	Scope 3 logistics emissions estimated using shipment weight and distance.	Explain distance assumptions, emission factor source, and limitations.
Water	Water consumption estimated as withdrawal minus discharge.	Explain lack of direct consumption meter.
Waste	General waste estimated using contractor collection frequency and bin capacity.	Explain absence of weighing records and plan to obtain vendor reports.
Training	Training hours calculated as session duration multiplied by attendees.	Explain calculation basis.
Supplier screening	Percentage based on priority suppliers by spend, not all suppliers.	Explain supplier scope and prioritisation method.
Workforce	Average headcount based on monthly headcount average.	Explain headcount methodology.
OHS rates	Injury rate calculated using estimated hours worked.	Explain how hours were estimated and future improvement plan.

## Assumptions register

Companies should maintain an **ESG Assumptions and Estimates Register**.

Field	Description
ESG topic	Emissions, water, waste, training, suppliers, workforce, etc.
Indicator	Specific KPI or disclosure item.
Actual or estimated	Whether data is measured, calculated, estimated, or proxy-based.
Methodology	Calculation formula or estimation method.
Assumptions	Key assumptions used.
Source documents	Data used to support the estimate.
Limitation	Data uncertainty or boundary limitation.
Impact on disclosure	Whether estimate materially affects reported performance.
Reviewer	Person checking reasonableness.
Approval	Person approving use of estimate.
Improvement action	Action to improve data quality.
Next review date	When estimate will be reassessed.

## Data quality review

Before reporting, companies should review data quality.

Review Question	Yes / No / Remarks
Is the data source identified?	
Does the data match the reporting boundary?	
Does the data cover the full reporting period?	
Are units correct and consistent?	
Are formulas checked?	
Are emission factors or conversion factors documented?	
Is the data measured, calculated, estimated, or proxy-based?	
Are estimates and assumptions explained?	
Are data gaps recorded?	
Has the data owner reviewed the data?	
Has management approved the data for disclosure?	
Is supporting evidence stored in the evidence register?	

## **Improving data quality over time**

Companies should treat estimates and assumptions as part of continuous improvement. Early-stage ESG reporting may rely on basic records and estimates. Over time, companies should improve data quality by:

- a. assigning data owners;
- b. collecting data monthly;
- c. using standard templates;
- d. installing meters where needed;
- e. obtaining supplier data;
- f. improving contractor reporting;
- g. maintaining calculation workbooks;
- h. using consistent emission factors;
- i. improving traceability systems;
- j. conducting internal reviews;
- k. training data owners;
- l. preparing evidence packs; and
- m. reviewing data gaps annually.

## **Avoiding misleading data use**

Companies should not use estimates in a way that hides material impacts or creates a misleading impression. High-uncertainty estimates should be disclosed as such. Where data is too uncertain to report quantitatively, the company may provide a qualitative explanation and improvement plan instead.

For example, if upstream supplier data is highly incomplete, the company should not report that its natural rubber is “fully traceable.” It should report the current traceability level, such as “direct supplier traceability is available for all natural rubber suppliers; sourcing area data is available for selected priority suppliers.”

## Minimum Implementation Outputs for Section 40

At the end of this section, each company should aim to have the following ESG reporting records or tools:

Output	Purpose
ESG reporting procedure	Defines how ESG reports, customer responses, and disclosures are prepared, reviewed, approved, and stored.
Reporting principles checklist	Checks accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability.
Reporting boundary statement	Defines entities, sites, operations, worker groups, suppliers, value chain activities, and data boundaries included.
Scope matrix by ESG topic	Explains which topics cover own operations, suppliers, contractors, customers, or value chain activities.
Reporting period statement	Defines start date, end date, reporting frequency, and alignment with financial or operational reporting.
Data ownership matrix	Assigns data owners, source documents, reviewers, approvers, and evidence locations.
ESG data collection templates	Standardises energy, emissions, water, waste, OHS, workforce, training, supplier, grievance, and governance data.
ESG data quality checklist	Checks completeness, accuracy, consistency, traceability, timeliness, units, formulas, and assumptions.
ESG assumptions and estimates register	Records estimated data, calculation methods, assumptions, limitations, approvals, and improvement actions.
Omission explanation register	Records non-applicability, unavailable data, confidentiality constraints, legal restrictions, boundary limitations, and planned improvements.
Comparative data tracker	Tracks year-on-year performance and explains changes or restatements.
Restatement record	Documents correction of prior-period errors and reasons for restatement.
Disclosure review checklist	Ensures ESG disclosures and customer submissions are accurate, balanced, approved, and evidence-backed.
ESG evidence register	Indexes all documents supporting reported ESG information.
ESG evidence pack	Stores final report, data files, source documents, calculations, methodology notes, assumptions, omissions, and approval records.
Confidentiality and data protection procedure	Protects worker, supplier, customer, geolocation, payroll, medical, commercial, and investigation information.
Disclosure approval record	Shows review and approval by ESG lead, data owners, senior management, Board, owner, or authorised approver.
Disclosure commitment tracker	Tracks promises, targets, improvement actions, and future commitments made in ESG reports or customer responses.
Management review minutes	Shows management review of ESG data, report content, omissions, assumptions, risks, and improvement actions.

Used properly, these reporting principles help rubber processors and manufacturers prepare ESG disclosures that are accurate, balanced, clear, comparable, complete, contextual, timely, and verifiable. They also help companies respond more confidently to



customer requests, strengthen ESG data quality, prepare for assurance, and use reporting as a driver for continuous improvement.

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## 41. Preparing an ESG Report

An ESG report is the company's structured disclosure of its material environmental, social, and governance performance, risks, impacts, management approach, targets, and improvement actions. For Malaysian rubber processors and manufacturers, the ESG report should not be treated only as a public relations document. It should be a practical management and market access tool that helps the company respond to customer expectations, demonstrate compliance readiness, organise ESG evidence, strengthen internal accountability, and plan continuous improvement.

The report may be prepared as:

- a. a standalone ESG or sustainability report;
- b. a section within the company's annual report;
- c. an internal ESG performance report for management review;
- d. a customer-facing ESG disclosure pack;
- e. a supplier due diligence response;
- f. a financing or bank ESG submission; or
- g. a phased ESG readiness report for SMEs.

Companies do not need to produce an overly complex report in the first year. A simple, honest, evidence-based report is more useful than a lengthy report with unsupported claims. The report should clearly explain what the company has done, what data is available, what gaps remain, what actions are planned, and how progress will be reviewed.

The GRI Standards are widely used to help organisations report impacts on the economy, environment, and people in a comparable and credible way, while IFRS S1 focuses on sustainability-related risks and opportunities useful to users of general purpose financial reports. (Global Reporting Initiative) Malaysia's NSRF provides a phased approach to sustainability reporting and gradual adoption of ISSB standards, while Bursa Malaysia's Sustainability Reporting Guide provides practical guidance on embedding sustainability and preparing sustainability disclosures. (Securities Commission Malaysia)

For these Guidelines, the ESG report should be prepared using the following practical sequence:

- a. confirm the reporting purpose and intended users;
- b. define reporting boundary, scope, and reporting period;
- c. confirm material ESG topics;
- d. assign data owners;
- e. collect ESG data and evidence;
- f. prepare topic-level disclosures;
- g. prepare targets, action plans, and progress updates;

- h. prepare framework mapping, where relevant;
- i. review omissions, estimates, and assumptions;
- j. validate data with departments;
- k. obtain management approval; and
- l. publish, circulate, or submit the report according to the intended use.

## 41.1 Suggested ESG Report Structure

The ESG report structure should be simple, logical, and easy to review. It should allow readers to understand the company, its ESG governance, material topics, performance, targets, and evidence basis.

A suggested ESG report structure is provided below.

Report Section	Purpose	Suggested Contents
<b>Cover Page</b>	Identifies the report clearly.	Company name, report title, reporting year, reporting period, version, and publication date.
<b>Table of Contents</b>	Helps users navigate the report.	Main sections, subsections, appendices, tables, and framework mapping.
<b>Management Statement / Foreword</b>	Shows leadership commitment.	Short message from Board, owner, Managing Director, CEO, or senior management.
<b>About This Report</b>	Defines reporting basis.	Reporting boundary, scope, period, reporting principles, frameworks referenced, assurance status, and contact point.
<b>Company Profile and Business Overview</b>	Explains business context.	Company activities, products, value chain role, sites, workforce, markets, materials, certifications, and customer segments.
<b>Sustainability Governance</b>	Explains ESG accountability.	ESG governance structure, roles, responsibilities, management review, policies, risk oversight, and approval process.
<b>Stakeholder Engagement and Materiality</b>	Explains how material topics were selected.	Stakeholder groups, engagement methods, materiality assessment process, material topics, and materiality matrix.
<b>ESG Performance Summary</b>	Provides a snapshot of key performance.	Key environmental, social, governance KPIs, highlights, incidents, gaps, and improvement actions.
<b>Environmental Performance by Topic</b>	Reports environmental topics.	Deforestation, land use, biodiversity, emissions, material use, hazardous substances, energy, soil, water, and waste, as applicable.
<b>Social Performance by Topic</b>	Reports social topics.	Human rights, DEI, workers' rights, OHS, child labour, forced labour, Indigenous Peoples, local communities, freedom of association, training, and pay.

Report Section	Purpose	Suggested Contents
<b>Governance Performance by Topic</b>	Reports governance topics.	Supply chain due diligence, corporate governance, business ethics, transparency and risk management, tax, anti-corruption, stakeholder engagement, and regulatory risk.
<b>Targets, Action Plans, and Progress</b>	Shows improvement direction.	Targets, baseline, action owner, timeline, progress status, corrective actions, and next steps.
<b>Framework Mapping</b>	Links disclosures to frameworks.	GRI, SDG, NSRF, Bursa, TCFD, TNFD, MSNR, EUDR, GPSNR, MITI i-ESG, or customer-specific mapping where relevant.
<b>Omissions, Data Limitations, and Assumptions</b>	Explains reporting limitations.	Non-applicability, unavailable data, estimates, confidentiality constraints, boundary limitations, and improvement plans.
<b>Management Approval</b>	Confirms internal review.	Approval statement, approving body or person, date, and version control.
<b>Appendices</b>	Provides supporting detail.	ESG Checklist summary, KPI tables, GRI content index, SDG mapping, supplier due diligence summary, glossary, evidence index.

Companies may simplify or expand this structure based on size and maturity. SMEs may begin with a shorter report covering company profile, governance, material topics, ESG performance, action plan, and evidence summary. Larger companies may include more detailed KPI tables, framework mapping, climate disclosures, supplier traceability, and external assurance information.

### Suggested first-year SME ESG report structure

For companies preparing an ESG report for the first time, the following shorter structure may be used:

Section	Suggested Contents
1. About the Company	Business activities, products, sites, workforce, and markets.
2. About This Report	Boundary, period, scope, and limitations.
3. ESG Governance	ESG responsibilities, policies, management review, and data owners.
4. Material ESG Topics	Materiality process and selected topics.
5. ESG Performance	Key environmental, social, and governance data by topic.
6. Supplier Due Diligence	Supplier screening, traceability, and corrective actions where relevant.
7. Targets and Action Plan	Priority actions, owners, timelines, and progress.
8. Framework Mapping	Basic GRI, SDG, or customer mapping where relevant.
9. Approval and Next Steps	Management approval, reporting limitations, and future improvements.

## 41.2 Company Profile and Business Overview

The company profile provides context for ESG performance. Readers need to understand what the company does before they can properly interpret its ESG topics, risks, and data.

For rubber processors and manufacturers, the company profile should explain the company's position in the rubber value chain. This is important because ESG risks differ across natural rubber processing, latex processing, rubber product manufacturing, synthetic rubber use, chemical-intensive manufacturing, trading, exporting, and outsourced production.

### Recommended company profile contents

Profile Item	Suggested Disclosure
Company name and legal entity	Registered company name, business registration details where appropriate, group or subsidiary relationship.
Business activities	Processing, manufacturing, trading, exporting, compounding, latex processing, product manufacturing, or related services.
Role in rubber value chain	Midstream processor, downstream manufacturer, trader, exporter, supplier to brands, supplier to industrial customers, or mixed role.
Products	Main rubber materials or products, such as latex concentrate, rubber compound, gloves, rubber goods, industrial rubber products, components, or other products.
Raw materials	Natural rubber, synthetic rubber, latex, chemicals, additives, packaging, recycled materials, or other inputs.
Sites and facilities	Manufacturing plant, warehouse, office, laboratory, wastewater treatment plant, worker accommodation, distribution facility.
Workforce profile	Number of workers, employment categories, migrant workers, contract workers, shift workers, and key workforce groups.
Markets served	Domestic market, export markets, customer segments, EU-linked customers where relevant, multinational buyers where relevant.
Certifications and systems	ISO, MSNR, FSC, PEFC, Preferred by Nature, social audits, product certifications, customer qualifications, or other systems.
Supply chain overview	Main supplier categories, natural rubber sourcing exposure, chemical suppliers, logistics, waste contractors, recruitment agents.
ESG context	Main ESG drivers, such as customer requirements, EUDR readiness, emissions, labour standards, OHS, waste, water, and traceability.
Reporting maturity	First-year report, internal ESG report, customer ESG response, public report, or externally assured report.

## Example company profile wording

### Company Profile and Business Overview

[Company Name] is a Malaysian rubber [processor / manufacturer / trader / exporter] operating in the [midstream / downstream] segment of the rubber industry. The company's main activities include [describe activities], and its products are supplied to [domestic customers / export customers / industrial customers / multinational buyers].

The company uses [natural rubber / synthetic rubber / latex / rubber compound / chemicals / packaging] in its operations. Its ESG priorities are shaped by manufacturing activities, raw material sourcing, customer requirements, environmental management, labour standards, occupational health and safety, supplier traceability, and governance controls.

This ESG report covers [sites / operations / business units] for the period [start date] to [end date]. Any exclusions, data gaps, estimates, or limitations are explained in the relevant sections.

### Guidance for describing the rubber value chain role

Company Type	ESG Context to Explain
Natural rubber processor	Origin traceability, land use, deforestation risk, water, effluent, odour, waste, supplier due diligence.
Latex processor	Water, wastewater, chemical use, effluent, energy, OHS, supplier traceability, customer quality requirements.
Rubber product manufacturer	Energy, emissions, material use, chemicals, waste, OHS, labour practices, customer ESG requirements.
Synthetic rubber user	Emissions, chemical safety, hazardous substances, material use, supplier environmental data, waste and circularity.
Trader or exporter	Supplier screening, traceability, documentation, customer due diligence, anti-corruption, customs and regulatory risk.
SME supplier	Core compliance, worker safety, labour records, supplier documents, basic ESG data, customer questionnaire readiness.

The company profile should be factual and evidence-based. It should avoid overstating market position, certifications, traceability, or ESG maturity.

## 41.3 Sustainability Governance

The sustainability governance section explains how ESG is overseen, managed, reviewed, and approved. It should show that ESG responsibilities are not informal or unclear.

IFRS S1 requires disclosure of governance processes, controls, and procedures used to monitor and manage sustainability-related risks and opportunities, as well as disclosures on strategy, risk management, and metrics and targets. (IFRS Foundation) Bursa Malaysia's Sustainability Reporting Guide also provides guidance on embedding sustainability into the organisation, which is useful for companies preparing structured ESG disclosures. (my.bursamalaysia.com)

### Recommended sustainability governance contents

Governance Item	Suggested Disclosure
Governance structure	Board, owner, senior management, ESG Committee, ESG lead, department heads, and data owners.
Oversight responsibilities	Who approves ESG policy, material topics, ESG risks, targets, customer submissions, and ESG report.
Management responsibilities	Who implements ESG actions and monitors performance.
ESG Committee or review process	Meeting frequency, topics reviewed, action tracking, escalation process.
ESG policies	ESG Policy, Environmental Policy, Human Rights Policy, OHS Policy, Supplier Code of Conduct, ABAC Policy, Code of Conduct.
ESG risk management	ESG Risk Register, legal compliance register, supplier risk assessment, corrective action tracker.
Data governance	Data ownership matrix, evidence register, data quality review, disclosure approval process.
Stakeholder and grievance mechanisms	Worker grievance, community complaint, supplier feedback, whistleblowing, customer feedback.
Management review	How ESG performance, risks, incidents, complaints, and corrective actions are reviewed.
Approval process	How ESG report and external disclosures are reviewed and approved.

## Example sustainability governance wording

### Sustainability Governance

*ESG oversight is led by [Board / owner / Managing Director / senior management], supported by [ESG Committee / ESG lead / department heads]. The ESG lead coordinates ESG data collection, checklist completion, evidence management, reporting preparation, and follow-up actions. Department-level data owners are responsible for maintaining source records and supporting evidence for their respective topics.*

*ESG performance is reviewed through [monthly / quarterly / annual] management review meetings. The review covers ESG risks, legal compliance, environmental data, OHS performance, labour standards, supplier due diligence, stakeholder feedback, customer requirements, corrective actions, and progress against ESG action plans.*

*ESG disclosures are reviewed by relevant data owners and approved by [senior management / Board / owner] before publication or submission to external parties.*

### Governance disclosure table

Companies may include a table such as:

ESG Governance Role	Responsibility	Evidence
Board / Owner / Managing Director	Approves ESG policy, report, material topics, targets, and major risk decisions.	Approval records, minutes, signed ESG report.
ESG Committee / Management Team	Reviews ESG performance, risks, customer requirements, supplier issues, and corrective actions.	Meeting minutes, action tracker.
ESG Lead	Coordinates reporting, data collection, evidence register, and checklist completion.	ESG workplan, evidence register.
HR	Manages workforce, wages, training, grievances, labour standards.	HR records, payroll, training, grievance register.
EHS / OHS	Manages environmental and safety data.	Permits, HIRARC, incident records, waste, water, energy data.
Procurement	Manages supplier due diligence and traceability.	Supplier master list, questionnaires, supplier CAP.
Finance	Provides payroll, utility, fuel, tax, and cost data.	Bills, invoices, payroll, tax records.
Production / Maintenance	Implements operational controls and improvement actions.	Production records, maintenance records, process data.



## 41.4 Materiality Assessment Results

The materiality assessment section explains how the company identified its most important ESG topics. It should describe the process, stakeholder input, criteria used, and final material topics.

GRI 3 provides guidance on determining material topics and reporting how the organisation manages those topics. (Global Reporting Initiative) For these Guidelines, the 29 ESG topics should be used as the starting topic library. Companies should screen all 29 topics, identify applicability, assess materiality, validate results with management, and explain omissions or non-applicability.

### Recommended materiality disclosure contents

Materiality Item	Suggested Disclosure
Topic universe	Explain that the company reviewed the 29 ESG topics under Environmental, Social, and Governance.
Stakeholder input	Identify stakeholder groups considered, such as workers, customers, suppliers, regulators, communities, financiers, and management.
Assessment criteria	Impact severity, likelihood, stakeholder concern, regulatory exposure, customer relevance, business risk, market access, data availability.
Scoring method	Explain whether topics were scored as high, medium, low, monitored, or not applicable.
Validation	Explain how management reviewed and approved the material topics.
Material topics	List selected material topics.
Monitored topics	List topics monitored but not reported in detail.
Non-applicable topics	Explain topics not applicable and why.
Review cycle	State that materiality will be reviewed annually or when business context changes.

### Example materiality process wording

#### Materiality Assessment

The company assessed material ESG topics using the 29-topic structure in these Guidelines. Each topic was reviewed for relevance to the company's own operations, workforce, supply chain, products, customers, regulatory exposure, stakeholder concerns, and business risks.

Inputs considered included customer ESG requirements, worker feedback, supplier information, legal compliance obligations, environmental and OHS records, management priorities, audit findings, and operational data. Topics were prioritised based on impact, likelihood, stakeholder importance, customer relevance, compliance exposure, and business significance.

The final list of material topics was reviewed and approved by [senior management / ESG Committee / Board / owner]. Topics classified as not applicable or not fully reported are explained in the omissions section.

### Suggested materiality results table

ESG Pillar	Material Topic	Why It Is Material	Boundary	Reporting Treatment
Environmental	Energy	High electricity and fuel use affects cost and emissions.	Own operations.	Report KPI, actions, and targets.
Environmental	Waste	Production scrap, packaging, and scheduled waste require controls.	Own operations and waste contractors.	Report waste by type, contractor controls, and reduction actions.
Social	OHS	Manufacturing operations involve machinery, chemicals, and contractor work.	Workers and contractors onsite.	Report incidents, training, HIRARC, and corrective actions.
Social	Forced Labour	Migrant workers or recruitment channels may create risk.	Own operations, recruitment agents, labour suppliers.	Report controls, risk assessment, grievance channels.
Governance	Supplier Due Diligence	Natural rubber, chemicals, waste contractors, and customer traceability requirements create supply chain risk.	Priority suppliers.	Report supplier screening coverage and corrective actions.
Governance	Anti-Corruption	Procurement, agents, licences, and third-party dealings create corruption exposure.	Own operations and third parties.	Report policy, training, declarations, cases.

### Materiality matrix

Companies may present a matrix showing:

- stakeholder importance on one axis;
- business impact or ESG impact on the other axis;
- topic position based on scoring;
- high-priority topics identified for reporting; and
- topics monitored but not prioritised.

A matrix is useful, but not mandatory. A clear table may be sufficient for SMEs.

## 41.5 ESG Performance by Topic

The ESG performance section is the core of the report. It should disclose performance by material topic using the topic-specific guidance in Parts 4, 5, and 6 of these Guidelines.

Each topic disclosure should answer:

- a. Why is this topic material?
- b. What is the company's policy or commitment?
- c. Who is responsible?
- d. What risks and impacts are associated with the topic?
- e. What actions were taken during the reporting period?
- f. What data or KPIs are reported?
- g. What evidence supports the disclosure?
- h. What incidents, grievances, findings, or corrective actions occurred?
- i. What targets or improvement actions are planned?
- j. What limitations or omissions apply?

### Suggested topic disclosure format

Topic Element	Suggested Contents
Topic title	Name of ESG topic.
Materiality explanation	Why the topic is relevant to the company.
Boundary	Own operations, suppliers, contractors, customers, communities, or specific sites.
Policy or commitment	Relevant policy, procedure, or statement.
Management approach	Responsibilities, controls, SOPs, monitoring, training, grievance, due diligence.
Performance data	KPIs, quantitative data, qualitative progress, and trend information.
Incidents and findings	Non-compliance, grievances, audit findings, incidents, supplier findings, where material.
Corrective actions	Actions taken and closure status.
Targets and next steps	Future improvement actions.
Evidence	Source documents and verifier examples.
Limitations	Data gaps, estimates, confidentiality, boundary limitations, or omissions.

## Environmental topic disclosure examples

Environmental Topic	Suggested Performance Data
Deforestation	Natural rubber suppliers screened, traceability coverage, sourcing area data, geolocation coverage where required, supplier declarations, EUDR-oriented evidence status.
Emissions	Scope 1, Scope 2, relevant Scope 3 status, emissions intensity, methodology, emission factor source, reduction initiatives.
Energy	Electricity use, fuel use, energy intensity, renewable energy use, energy efficiency actions.
Water	Water withdrawal, consumption, discharge, intensity, water stress assessment, effluent compliance, reuse initiatives.
Waste	Waste generated by type, scheduled waste, recycling, recovery, waste contractor verification, waste-related incidents.
Hazardous Substances	Chemical register, SDS coverage, storage inspections, spill incidents, restricted substance controls, worker training.

## Social topic disclosure examples

Social Topic	Suggested Performance Data
Human Rights and Social Impact	Human rights risk assessment coverage, grievances, corrective actions, supplier social screening.
Workers' Rights	Contracts, working hours, overtime, leave, wage records, grievance channels, payroll corrections.
OHS	HIRARC coverage, incidents, near misses, training, PPE, machine safety, emergency drills, corrective action closure.
Child Labour	Age verification coverage, young worker controls, supplier screening, confirmed cases, remediation procedure.
Forced Labour	Recruitment fee checks, passport access, migrant worker orientation, worker interviews, grievance records, supplier screening.
Training and Development	Training hours, induction coverage, OHS training, ESG training, skills training, effectiveness review.
Pay and Equal Remuneration	Minimum wage compliance, payslip coverage, payroll corrections, wage grievances, benefits and allowance controls.

## Governance topic disclosure examples

Governance Topic	Suggested Performance Data
Supply Chain Traceability and Due Diligence	Supplier master list, suppliers assessed, Supplier Code acknowledgement, traceability coverage, supplier CAP closure.
Corporate Governance	ESG governance structure, ESG meetings, data owners, policies approved, management review actions.
Business Ethics	Code of Conduct acknowledgement, conflict declarations, gift register, ethics cases, training coverage.

Governance Topic	Suggested Performance Data
Transparency and Risk Management	ESG Risk Register, high-priority risks, data gaps, evidence pack completion, disclosure review.
Tax Practices	Tax compliance calendar, filings, e-Invoice readiness, tax risk review, employer tax records.
Anti-Corruption	ABAC policy, corruption risk assessment, training, third-party due diligence, reports and investigations.
Stakeholder Engagement	Stakeholder groups engaged, feedback received, customer ESG requests, complaints, corrective action closure.
Regulatory Risk and Public Policy	Licences tracked, regulatory updates reviewed, permit renewals, public policy engagement, non-compliance actions.

## Example topic disclosure wording

### Waste

Waste is material to the company because manufacturing activities generate production scrap, packaging waste, scheduled waste, and wastewater treatment residues. The company manages waste through waste classification, segregation, designated storage areas, approved contractors, recycling initiatives, and scheduled waste controls.

During the reporting period, the company recorded [quantity] of total waste, of which [quantity or percentage] was diverted to recycling or recovery. Scheduled waste was managed through approved contractors and supported by consignment records. Internal inspections identified [number] waste-related findings, of which [percentage] were closed by year-end.

The company will continue improving waste data accuracy, contractor verification, recycling opportunities, and waste reduction initiatives in the next reporting cycle.

## 41.6 Targets, Action Plans, and Progress

Targets and action plans show how the company intends to improve ESG performance. They also help management track whether ESG reporting is leading to practical action.

Targets should be realistic, measurable, time-bound, and linked to material ESG topics. They should not be vague statements such as “improve sustainability” or “become greener.” They should define what will be improved, by when, who is responsible, and what evidence will show progress.

### Types of ESG targets

Target Type	Example
Compliance target	Close all high-risk legal compliance findings within 60 days.
Data improvement target	Establish monthly energy, water, and waste trackers by the next reporting cycle.
Environmental performance target	Reduce electricity intensity by 5% over two years.
Emissions target	Calculate Scope 1 and Scope 2 emissions annually and conduct Scope 3 screening.
Waste target	Increase waste diversion rate or reduce production scrap rate.
Water target	Complete water stress assessment and reduce water intensity.
OHS target	Complete HIRARC review for all high-risk processes and reduce repeat incidents.
Labour target	Complete wage and working hour review for all worker categories.
Supplier target	Screen 80% of priority suppliers using ESG questionnaire by year-end.
Traceability target	Obtain origin information from priority natural rubber suppliers.
Governance target	Establish ESG data ownership matrix and disclosure review checklist.
Training target	Train all supervisors on OHS, grievance escalation, and respectful workplace conduct.

## ESG action plan template

ESG Topic	Target Action /	Baseline	KPI	Responsible Owner	Timeline	Status	Evidence
Energy	Conduct energy audit for main manufacturing site.	No audit conducted.	Audit completed.	Facilities / EHS	Q3 2027	Planned	Energy audit report.
Waste	Improve waste segregation and recycling records.	Recycling data incomplete	Recycling records available monthly.	EHS / Warehouse	Q2 2027	In progress	Waste tracker, vendor records.
OHS	Review HIRARC for all high-risk production areas.	Partial HIRARC coverage.	100% high-risk areas reviewed.	EHS / Production	Q4 2027	Planned	HIRARC register.
Forced Labour	Conduct recruitment fee checks for migrant workers.	Fee checks not formalised.	100% migrant workers interviewed	HR	Q2 2027	Planned	Interview records.
Supplier Due Diligence	Screen priority suppliers using ESG questionnaire	30% screened.	80% screened.	Procurement / ESG	Q4 2027	In progress	Supplier questionnaires.

## Progress reporting

Companies should report progress against prior commitments. This is important for credibility.

Prior Commitment	Status	Progress Explanation	Next Step
Establish ESG data ownership matrix.	Completed	Data owners assigned for 29 ESG topics.	Review annually.
Calculate Scope 1 and Scope 2 emissions.	Completed	Emissions calculated for main manufacturing site.	Expand data boundary to warehouse.
Screen priority suppliers.	In progress	45% of priority suppliers completed ESG questionnaire.	Complete remaining suppliers by Q4.
Improve waste data.	Delayed	General waste vendor did not provide weighing data.	Require monthly vendor reporting.
Develop ABAC training.	Planned	Training materials drafted.	Deliver training to procurement and finance teams.

## Cautions on targets

Companies should avoid unrealistic or unsupported targets. For example, “100% deforestation-free” should not be used unless the company has sufficient traceability, geolocation, legality, no-deforestation evidence, and verification for the defined scope. “Net zero” should not be used unless there is a clear baseline, scope, methodology, reduction pathway, residual emissions approach, and governance process.

## 41.7 GRI, SDG, and Framework Mapping

Framework mapping helps readers understand how the company’s ESG disclosures relate to recognised standards, goals, regulations, and customer requirements. It also helps the company organise ESG topics and avoid duplicating reporting work.

Mapping should be used carefully. A company should not claim full compliance with a framework unless it has met the framework’s requirements. For many SMEs, it may be more appropriate to state that the report is “prepared with reference to” selected frameworks.

The UN Sustainable Development Goals comprise 17 goals adopted as part of the 2030 Agenda for Sustainable Development, and companies may map relevant ESG topics to the SDGs to show contribution to broader sustainability objectives. (Sustainable Development



Goals) The SDG mapping should be selective and evidence-based; companies should avoid linking every topic to every goal without explaining the relevance.

### Frameworks that may be mapped

Framework / Requirement	How It May Be Used
MRC ESG Guidelines	Main structure for the 29 ESG topics and practical implementation guidance.
ESG Checklist	Internal self-assessment, evidence tracking, gap identification, and reporting support.
GRI Standards	Impact reporting structure, topic disclosures, and content index.
SDGs	High-level alignment of company actions to global sustainability goals.
NSRF / ISSB / IFRS S1 and S2	Sustainability-related risks and opportunities, governance, strategy, risk management, metrics and targets.
Bursa Malaysia Sustainability Reporting Guide	Reference for sustainability reporting practices and disclosures, especially for listed companies and suppliers to listed entities.
MITI i-ESG Framework	Manufacturing sector ESG adoption and transition reference.
MSNR	Natural rubber sustainability, traceability, legality, and responsible production reference.
EUDR	Deforestation, legality, geolocation, traceability, and due diligence evidence where relevant.
CSDDD	Human rights and environmental due diligence expectations where customer value chains are affected.
GPSNR	Sustainable natural rubber policy and responsible sourcing reference.
FSC, PEFC, Preferred by Nature	Chain-of-custody, forest-linked sourcing, certification, and responsible material controls where applicable.
TCFD / IFRS S2	Climate governance, strategy, risk management, metrics, and targets.
TNFD	Nature-related dependencies, impacts, risks, and opportunities where relevant.
Customer Codes of Conduct	Buyer-specific labour, environmental, governance, traceability, and audit requirements.

MITI's i-ESG Framework aims to build and strengthen systems to encourage and enhance ESG practices in Malaysia's manufacturing sector, making it relevant to rubber manufacturers adopting ESG in phases. (MITI)

## GRI content index

A **GRI Content Index** may be included in the appendix where the company reports with reference to selected GRI disclosures.

GRI Disclosure	Disclosure Title	Report Section	Page / Reference	Remarks
GRI 2-1	Organisational details	Company Profile	Section 41.2	Reported.
GRI 2-22	Statement on sustainable development strategy	Management Statement	Foreword	Reported.
GRI 2-29	Approach to stakeholder engagement	Stakeholder Engagement	Section 38 / ESG Report Section	Reported.
GRI 3-1	Process to determine material topics	Materiality	Section 41.4	Reported.
GRI 3-2	List of material topics	Materiality	Section 41.4	Reported.
GRI 302	Energy	Environmental Performance	Energy section	Reported where data available.
GRI 303	Water and Effluents	Environmental Performance	Water section	Partial; discharge data under improvement.
GRI 306	Waste	Environmental Performance	Waste section	Reported.
GRI 403	Occupational Health and Safety	Social Performance	OHS section	Reported.
GRI 414	Supplier Social Assessment	Governance / Supply Chain	Supplier Due Diligence section	Priority suppliers only.

## SDG mapping table

SDG mapping should link specific company actions and indicators to relevant goals.

ESG Topic	Relevant SDG	Company Contribution	Evidence / KPI
Water	SDG 6: Clean Water and Sanitation	Effluent monitoring, wastewater treatment, water efficiency.	Water withdrawal, effluent reports, water reuse actions.
Energy and Emissions	SDG 7 and SDG 13	Energy efficiency, emissions calculation, renewable energy assessment.	Energy intensity, Scope 1 and Scope 2 emissions.
Workers' Rights and Pay	SDG 8: Decent Work and Economic Growth	Wage compliance, working hour controls, grievance channels.	Payroll records, working hour records, grievances closed.

DEI	SDG 5 and SDG 10	Non-discrimination, equal opportunity, respectful workplace.	Workforce data, training, grievances.
Waste and Circularity	SDG 12: Responsible Consumption and Production	Waste segregation, recycling, material efficiency.	Waste generated, recycling rate, scrap reduction.
Anti-Corruption	SDG 16: Peace, Justice and Strong Institutions	ABAC policy, whistleblowing, conflict controls.	ABAC training, conflict register, gift register.
Supplier Due Diligence	SDG 12 and SDG 15	Traceability, no-deforestation, supplier ESG screening.	Supplier assessments, origin data, corrective actions.

## Framework alignment matrix

A practical framework alignment matrix may include:

MRC ESG Topic	GRI Reference	SDG Link	Other Framework / Requirement	Report Section
Deforestation	GRI 304 where biodiversity impacts are relevant; topic-specific disclosure	SDG 15	MSNR, EUDR, GPSNR, FSC, PEFC	Environmental Performance
Emissions	GRI 305	SDG 13	IFRS S2 / TCFD, customer carbon data	Environmental Performance
Energy	GRI 302	SDG 7, SDG 13	MITI i-ESG, customer ESG	Environmental Performance
Water	GRI 303	SDG 6	DOE compliance, customer requirements	Environmental Performance
Waste	GRI 306	SDG 12	DOE scheduled waste requirements	Environmental Performance
OHS	GRI 403	SDG 3, SDG 8	DOSH requirements, customer audits	Social Performance
Forced Labour	GRI 409 or human rights-related disclosure where applicable	SDG 8	Customer social compliance, ethical recruitment	Social Performance
Supplier Due Diligence	GRI 308, GRI 414 where applicable	SDG 12, SDG 15	EUDR, MSNR, GPSNR, customer supplier codes	Governance Performance
Anti-Corruption	GRI 205	SDG 16	MACC Section 17A, adequate procedures	Governance Performance
Stakeholder Engagement	GRI 2-29	SDG 17	Materiality, grievance mechanisms	Governance Performance

## Cautions on framework mapping

Companies should:

- a. map only relevant topics;
- b. avoid claiming full compliance unless all requirements are met;
- c. explain partial reporting;
- d. identify omissions and data gaps;
- e. ensure mapped disclosures are supported by evidence;
- f. avoid symbolic SDG mapping without actual actions or KPIs;
- g. ensure customer-specific mapping is approved before submission; and
- h. update mapping annually.

Suggested wording:

“This report is prepared with reference to the MRC ESG Guidelines and selected GRI disclosures. The SDG mapping is provided to show areas of alignment between the company’s material ESG topics and relevant global goals. The mapping does not imply that the company contributes to every SDG or fully reports against all GRI Standards.”

## 41.8 Management Approval and Publication

Before an ESG report is published, submitted to customers, or circulated externally, it should be reviewed and approved by authorised management. This ensures that disclosures are accurate, evidence-backed, consistent with company policy, and aligned with legal and confidentiality requirements.

### Management approval process

A practical approval process should include:

Step	Action
1. Draft report prepared	ESG lead consolidates data, topic disclosures, action plans, framework mapping, and limitations.
2. Data owner review	HR, EHS, Procurement, Finance, Production, Compliance, and other data owners review relevant sections.
3. Evidence check	ESG team confirms evidence is available for material disclosures and claims.

Step	Action
4. Legal and confidentiality review	Sensitive worker, supplier, customer, geolocation, payroll, and commercial information is checked.
5. Management review	Senior management reviews material topics, risks, incidents, targets, claims, omissions, and commitments.
6. Final approval	Board, owner, Managing Director, CEO, or authorised management approves the report.
7. Version control	Final approved version is locked, dated, and stored.
8. Publication or circulation	Report is published, submitted, or distributed according to intended use.
9. Commitment tracking	Promises, targets, and next steps are transferred into the ESG action plan.
10. Feedback review	Feedback from customers, workers, suppliers, financiers, or stakeholders is recorded for next cycle.

## Approval checklist

Before publication or submission, companies should confirm:

Review Question	Yes / No / Remarks
Has the reporting boundary been clearly stated?	
Has the reporting period been clearly stated?	
Have material ESG topics been identified and approved?	
Are all reported data points supported by evidence?	
Have estimates and assumptions been explained?	
Have omissions and limitations been explained?	
Are all claims accurate and not overstated?	
Has confidential information been protected?	
Have data owners reviewed their sections?	
Has management reviewed high-risk disclosures?	
Has the final report been approved by authorised management?	
Has the final version been stored with the evidence pack?	
Have targets and commitments been added to the action tracker?	

## Publication options

Companies may publish or circulate ESG reports in different ways.

Publication Option	Suitable For
Internal ESG report	Early-stage companies, management review, internal improvement planning.

Publication Option	Suitable For
Customer-facing ESG report	Suppliers responding to buyer requirements, audits, tenders, or customer ESG questionnaires.
Public ESG report on website	Companies seeking transparency with customers, financiers, workers, and stakeholders.
Annual report sustainability section	Companies with annual reporting obligations or group-level reporting.
ESG data pack	Companies that need to provide structured evidence to customers or financiers.
Summary ESG factsheet	SMEs that need a concise external summary supported by internal evidence.

## ESG report version control

Every report should have version control.

Version Control Item	Requirement
Report title	ESG Report / Sustainability Report / ESG Disclosure Pack.
Company name	Legal entity or reporting entity.
Reporting period	Start and end date.
Version number	Draft 1, Draft 2, Final, Revised Final.
Prepared by	ESG lead or reporting team.
Reviewed by	Data owners and management reviewers.
Approved by	Board, owner, Managing Director, CEO, or authorised person.
Approval date	Date approved.
Publication date	Date released or submitted.
Distribution list	Public, customer-specific, internal, confidential, or restricted.
Evidence pack reference	Location of supporting records.

## Post-publication review

After publication, companies should review feedback and update the ESG action plan.

Feedback may come from:

- a. customers;
- b. auditors;
- c. financiers;
- d. workers;
- e. suppliers;
- f. regulators;
- g. industry bodies;

- h. management;
- i. communities; and
- j. internal data owners.

Feedback should be recorded and considered during the next reporting cycle.

## Minimum Implementation Outputs for Section 41

At the end of this section, each company should aim to have the following ESG reporting records or tools:

Output	Purpose
ESG report outline	Defines the structure and contents of the ESG report.
Company profile template	Provides consistent information on business activities, value chain role, products, sites, workforce, and markets.
Reporting boundary and scope statement	Clarifies what operations, sites, worker groups, suppliers, and topics are included.
Sustainability governance disclosure	Explains ESG oversight, roles, data owners, management review, and approval process.
Materiality assessment summary	Records how the company selected material ESG topics.
Materiality results table or matrix	Shows material topics, boundaries, relevance, and reporting treatment.
ESG topic disclosure template	Standardises topic-level disclosure across Environmental, Social, and Governance topics.
ESG KPI tables	Presents quantitative data by topic, reporting period, unit, and boundary.
Targets and action plan tracker	Links ESG gaps and targets to owners, timelines, status, and evidence.
Progress update table	Shows progress against prior commitments and future actions.
GRI content index, where relevant	Maps report content to selected GRI disclosures.
SDG mapping table, where relevant	Links material ESG actions to relevant SDGs.
Framework alignment matrix	Maps MRC topics to GRI, SDG, NSRF, Bursa, MSNR, EUDR, GPSNR, TCFD, TNFD, MITI i-ESG, or customer requirements where relevant.
Omission and limitation statement	Explains data gaps, non-applicability, confidentiality constraints, estimates, and partial boundaries.
Disclosure review checklist	Checks accuracy, balance, clarity, completeness, evidence, and approval before release.
ESG evidence pack	Stores data files, source documents, calculations, assumptions, approvals, and final report.
Management approval record	Confirms authorised approval before publication or submission.
Version control record	Tracks draft, review, final, revised, and published versions.

Output	Purpose
Publication or distribution record	Records whether the report is internal, customer-facing, public, or restricted.
Disclosure commitment tracker	Tracks targets, promises, and next steps made in the ESG report.
Post-publication feedback log	Captures stakeholder feedback for the next reporting cycle.

Used properly, this section helps rubber processors and manufacturers prepare ESG reports that are structured, credible, evidence-backed, and useful for customers, management, financiers, regulators, suppliers, workers, and other stakeholders. It also helps convert ESG reporting into a practical cycle of measurement, review, improvement, and accountability.



## 42. ESG Data Collection and Evidence Management

ESG data collection and evidence management are the foundation of credible ESG reporting. A company may have good ESG practices, but if it cannot provide accurate data and supporting evidence, it may not be able to satisfy customer requests, audits, certification reviews, financing assessments, regulatory expectations, or future assurance requirements.

For Malaysian rubber processors and manufacturers, ESG data may come from many sources, including electricity bills, fuel invoices, water bills, effluent test reports, scheduled waste consignment notes, chemical registers, SDS files, payroll records, attendance records, HIRARC records, OHS incident reports, training records, supplier declarations, traceability documents, geolocation records, customer questionnaires, management review minutes, and corrective action trackers.

ESG data should be managed with the same discipline as financial, quality, tax, and compliance data. IFRS S1 requires disclosures about sustainability-related risks and opportunities, including governance processes, strategy, risk management, and metrics and targets; it also highlights the importance of useful information for users making resource-allocation decisions. (IFRS Foundation) GRI reporting principles also emphasise accuracy, completeness, timeliness, and verifiability, meaning ESG information should be correct, sufficiently detailed, and supported by records that can be examined. (Global Reporting Initiative)

For these Guidelines, companies should establish a practical ESG data and evidence system that includes:

- a. an ESG Data Inventory;
- b. named data owners and reviewers;
- c. source documents and evidence files;
- d. data quality checks;
- e. record retention rules;
- f. version control and confidentiality controls;
- g. disclosure review and approval;
- h. evidence packs for ESG reports and customer submissions; and
- i. assurance and verification readiness.

The objective is to ensure that ESG information is **complete, accurate, traceable, timely, consistent, protected, reviewable, and verifiable**.

## 42.1 ESG Data Inventory

An **ESG Data Inventory** is a structured list of the ESG data that the company collects, monitors, reports, and verifies. It identifies each data point, its source, owner, frequency, calculation method, evidence, reviewer, and reporting use.

The ESG Data Inventory should be aligned with the company's material ESG topics and the ESG Checklist. It should not be limited to data already available. It should also identify data gaps and improvement actions.

### Purpose of the ESG Data Inventory

The ESG Data Inventory helps the company:

- a. identify which ESG indicators are required;
- b. assign responsibility for each data point;
- c. avoid missing or duplicate data;
- d. standardise units and calculation methods;
- e. track data collection frequency;
- f. identify source documents;
- g. support customer questionnaires and ESG reporting;
- h. prepare evidence packs;
- i. identify data gaps and assumptions; and
- j. support assurance or verification readiness.

### ESG data categories

Companies should organise ESG data according to the Environmental, Social, and Governance structure used in these Guidelines.

ESG Pillar	Data Category	Examples of Data
Environmental	Energy	Electricity consumption, fuel consumption, renewable energy, energy intensity, energy-saving initiatives.
Environmental	Emissions	Scope 1, Scope 2, relevant Scope 3, emission factors, calculation methodology, emissions intensity.
Environmental	Water	Water withdrawal, consumption, discharge, water source, effluent quality, water reuse, water stress assessment.
Environmental	Waste	Waste by type, scheduled waste, recycling, recovery, disposal method, waste contractor records, waste intensity.
Environmental	Hazardous substances	Chemical inventory, SDS coverage, restricted substances, storage inspections, spills, chemical waste.

ESG Pillar	Data Category	Examples of Data
Environmental	Deforestation and land use	Natural rubber origin, sourcing area, geolocation, supplier declarations, legality evidence, no-deforestation evidence.
Social	Workforce	Headcount, employment type, gender, nationality, migrant workers, contract workers, turnover.
Social	Workers' rights	Employment contracts, working hours, overtime, rest days, leave, wage records, grievances.
Social	OHS	HIRARC, incidents, near misses, PPE, inspections, training, emergency drills, corrective actions.
Social	Human rights	Risk assessment, forced labour controls, child labour controls, recruitment records, grievance records.
Social	Training	Training hours, training category, attendance, competency assessments, refresher training, effectiveness review.
Social	Pay and remuneration	Minimum wage compliance, payroll, payslips, deductions, benefits, allowances, payroll corrections.
Governance	Supplier due diligence	Supplier master list, Supplier Code acknowledgements, ESG questionnaires, risk ratings, corrective actions.
Governance	Traceability	Purchase records, batch records, origin data, geolocation, chain-of-custody records, customer evidence packs.
Governance	Ethics and anti-corruption	Code acknowledgements, ABAC training, conflict declarations, gift register, whistleblowing reports.
Governance	Compliance and risk	Legal register, permits, licences, regulatory updates, ESG Risk Register, corrective action tracker.
Governance	Reporting and disclosure	ESG report data, assumptions, omissions, evidence register, approval records, framework mapping.

## ESG Data Inventory template

A practical ESG Data Inventory may include the following fields.

Field	Description
ESG pillar	Environmental, Social, or Governance.
ESG topic	Energy, Water, OHS, Forced Labour, Anti-Corruption, Supplier Due Diligence, etc.
Indicator	Specific data point or KPI to be collected.
Description	Explanation of what the data measures.
Unit	kWh, litres, m <sup>3</sup> , tonnes, tonnes CO <sub>2</sub> e, number, percentage, RM, hours, etc.
Reporting boundary	Site, department, worker group, supplier group, product, or customer scope covered.
Data source	Bill, invoice, log, register, system, supplier form, laboratory report, inspection checklist, etc.
Data owner	Person or department responsible for providing the data.
Reviewer	Person or department responsible for checking the data.
Approver	Person authorised to approve data for external disclosure.

Field	Description
Frequency	Monthly, quarterly, annually, upon incident, upon supplier onboarding, upon customer request.
Calculation method	Formula, conversion factor, emission factor, allocation method, or estimation method.
Evidence required	Source documents needed to support the data.
Data quality status	Complete, partial, estimated, unavailable, under review, or not applicable.
Confidentiality level	Public, internal, restricted, confidential, or highly confidential.
Reporting use	ESG report, customer questionnaire, certification, internal dashboard, financing, audit, assurance.
Gap or action required	Improvement action needed for missing or weak data.

### Example ESG Data Inventory entries

ESG Topic	Indicator	Unit	Source Document	Data Owner	Reviewer	Frequency
Energy	Purchased electricity consumption	kWh	Electricity bills, meter readings	Finance / Facilities	ESG Lead	Monthly
Emissions	Scope 2 emissions	tCO <sub>2</sub> e	Electricity data, emission factor register, GHG workbook	ESG Lead / EHS	Finance / Management	Annually
Water	Water withdrawal	m <sup>3</sup>	Water bills, meter logs	Facilities / Finance	EHS	Monthly
Waste	Scheduled waste generated	kg / tonnes	Scheduled waste inventory, consignment notes	EHS	Procurement / ESG Lead	Monthly
OHS	Work-related injuries	Number	Incident register, investigation reports	EHS	Management	Monthly
Training	Training hours	Hours	Attendance records, training calendar	HR	ESG Lead	Quarterly
Pay	Payroll corrections	Number / RM	Payroll correction log	HR / Finance	Management	Monthly
Supplier Due Diligence	Priority suppliers assessed	Number / %	Supplier questionnaires, risk matrix	Procurement	ESG Lead	Quarterly
Anti-Corruption	Employees trained on ABAC	Number / %	Training records	HR / Compliance	Management	Annually

## Data gap classification

Not all data will be complete in the first reporting year. Companies should classify data gaps and track improvement.

Data Status	Meaning	Required Action
<b>Complete</b>	Data and evidence are available for the full boundary and reporting period.	Use for reporting and retain evidence.
<b>Partial</b>	Data is available for some sites, months, suppliers, or worker groups only.	Report boundary clearly and plan expansion.
<b>Estimated</b>	Data is estimated using documented assumptions.	Explain method, assumptions, and improvement plan.
<b>Unavailable</b>	Data is relevant but not yet collected.	Record as data gap and assign action.
<b>Under review</b>	Data exists but requires validation or methodology clarification.	Assign reviewer and finalise method.
<b>Not applicable</b>	Data does not apply to the company's current context.	Document reason and review annually.
<b>Confidential</b>	Data exists but cannot be disclosed in detail.	Maintain internal evidence and report aggregated or anonymised data where appropriate.

## 42.2 Data Owners and Review Responsibilities

ESG data should have clearly assigned owners. A data owner is responsible for collecting, maintaining, explaining, and submitting ESG data and supporting evidence. A reviewer checks whether the data is complete, accurate, consistent, and evidence-backed. An approver confirms that the data may be used in external disclosures, reports, customer responses, or certifications.

Without clear ownership, ESG data may become fragmented, inconsistent, late, or unsupported.

### ESG data responsibility levels

Role	Responsibility
<b>Data Owner</b>	Collects the data, maintains source documents, explains methodology, identifies gaps, and submits information on time.
<b>Data Reviewer</b>	Checks completeness, accuracy, units, calculation, evidence, boundary, and consistency.
<b>Approver</b>	Approves data for ESG reporting, customer submission, certification, financing, or public disclosure.
<b>ESG Lead</b>	Coordinates data collection, consolidates information, manages the evidence register, tracks gaps, and prepares reporting outputs.

Role	Responsibility
<b>Department Head</b>	Ensures data owners in the department perform their responsibilities and close data gaps.
<b>Senior Management / ESG Committee</b>	Reviews material ESG data, risks, limitations, and disclosures before approval.
<b>Internal Audit / Independent Reviewer, where applicable</b>	Tests whether data controls, evidence, and reporting processes are reliable.

### Typical data owners by topic

ESG Topic / Data Area	Typical Data Owner	Typical Reviewer
Energy	Finance, Facilities, Maintenance	ESG Lead / EHS
Emissions	ESG Lead, EHS, Finance, Maintenance	Management / Technical Reviewer
Water	Facilities, EHS, Finance	ESG Lead
Effluent	EHS, Wastewater Treatment Operator	EHS Manager / Management
Waste	EHS, Warehouse, Procurement	ESG Lead / Management
Scheduled waste	EHS / Compliance	Management
Chemicals	EHS, Warehouse, Production, Procurement	EHS Manager
OHS	EHS / OHS Team	Safety Committee / Management
Workforce data	HR	ESG Lead / Management
Payroll and wages	HR, Finance	Management / Compliance
Working hours	HR, Production	Finance / Management
Training	HR, Department Heads	ESG Lead
Grievances	HR, Compliance, ESG Team	Management
Supplier due diligence	Procurement	ESG Lead / Compliance
Traceability	Procurement, Warehouse, Production	ESG Lead / Management
Anti-corruption	Compliance, HR, Procurement	Management
Tax practices	Finance / Tax Lead	Management / Tax Advisor
Regulatory compliance	Compliance, Department Owners	Management
ESG reporting	ESG Lead	Data Owners / Management

## Data ownership matrix

Companies should maintain a **Data Ownership Matrix**.

ESG Indicator	Data Owner	Source Document	Reviewer	Approver	Frequency	Evidence Location
Electricity consumption	Finance	Monthly electricity bills	Facilities / ESG Lead	Management	Monthly	ESG Evidence Register / Energy folder
Scope 1 emissions	EHS / Maintenance	Fuel invoices, generator logs	ESG Lead	Management	Annually	Emissions workbook
Waste generated	EHS	Waste register, vendor records	Procurement / ESG Lead	Management	Monthly	Waste evidence file
Training hours	HR	Attendance sheets	ESG Lead	Management	Quarterly	Training register
Supplier ESG assessment	Procurement	Supplier questionnaires	ESG Lead / Compliance	Management	Quarterly	Supplier due diligence file

## Review responsibility

Reviewers should check:

- whether the data covers the correct reporting boundary;
- whether the data covers the full reporting period;
- whether source documents are available;
- whether units are correct;
- whether formulas are correct;
- whether calculation methods are documented;
- whether estimates and assumptions are explained;
- whether data is consistent with prior periods;
- whether unusual changes are explained;
- whether confidential information is protected; and
- whether the data is ready for disclosure.

## Approval responsibility

Approval should be required before ESG data is used externally. Examples of external use include ESG reports, customer questionnaires, supplier declarations, financing applications, audit responses, certification submissions, traceability statements, emissions disclosures, and public claims.

Disclosure Type	Recommended Review and Approval
ESG report	Data owners review; ESG Lead consolidates; senior management, Board, owner, or authorised approver approves.
Customer ESG questionnaire	Relevant data owners, Sales, ESG Lead, Compliance, and management review.
Emissions data	Finance, EHS, Maintenance, ESG Lead, and management review.
Labour data	HR, Finance where payroll-related, ESG Lead, and management review.
Supplier traceability data	Procurement, Warehouse, Production, ESG Lead, and management review.
Anti-corruption disclosure	Compliance, HR, Procurement, and management review.
Tax governance disclosure	Finance, tax advisor where relevant, ESG Lead, and management review.

### 42.3 Source Documents and Evidence Types

Source documents are the original records that support ESG data. Evidence types may include documents, registers, logs, reports, calculations, approvals, photographs, certificates, declarations, system records, meeting minutes, and audit findings.

Companies should define what evidence is acceptable for each ESG indicator. The evidence should be sufficient to support the claim being made. For example, a statement that “scheduled waste is disposed through approved contractors” should be supported by scheduled waste records, consignment notes, contractor licence or approval documents, and disposal or treatment evidence.

#### Types of ESG evidence

Evidence Type	Examples
<b>Primary records</b>	Bills, invoices, payslips, contracts, permits, licences, consignment notes, test reports, certificates.
<b>Operational logs</b>	Meter readings, machine logs, generator logs, boiler logs, WWTP logs, maintenance logs, vehicle logs.
<b>Registers</b>	Chemical register, waste register, training register, grievance register, supplier register, gift register, conflict register.
<b>Calculation files</b>	GHG workbook, water balance, waste intensity calculation, training hours calculation, KPI dashboard.
<b>Policies and procedures</b>	ESG Policy, OHS Policy, Human Rights Policy, Supplier Code, ABAC Policy, SOPs, work instructions.
<b>Meeting records</b>	ESG Committee minutes, management review minutes, safety committee minutes, stakeholder engagement minutes.



Evidence Type	Examples
<b>Inspection records</b>	Chemical storage inspections, waste storage inspections, workplace safety inspections, accommodation inspections.
<b>Supplier evidence</b>	Supplier declarations, questionnaires, certificates, licences, audit reports, traceability documents, geolocation records.
<b>Incident and corrective action records</b>	Incident reports, investigation reports, root cause analysis, corrective action tracker, closure evidence.
<b>Training evidence</b>	Attendance sheets, training materials, certificates, competency assessments, toolbox talk records.
<b>Photographic or visual evidence</b>	Photos of storage areas, signage, equipment, spill kits, improvement projects, training sessions.
<b>System-generated evidence</b>	ERP records, HR system exports, payroll system data, e-Invoice records, meter system downloads, digital dashboards.
<b>External evidence</b>	Laboratory reports, certification documents, third-party audit reports, assurance reports, regulatory correspondence.

### Evidence by ESG area

ESG Area	Common Source Documents
Energy	Electricity bills, fuel invoices, meter readings, generator logs, solar generation reports, energy audit reports.
Emissions	Activity data, emission factor register, GHG calculation workbook, methodology notes, assumptions register.
Water	Water bills, meter logs, water balance, effluent test reports, WWTP logs, water stress assessment.
Waste	Waste inventory, scheduled waste consignment notes, disposal invoices, recycling records, contractor licences.
Hazardous substances	Chemical register, SDS, restricted substance declarations, storage inspections, spill reports.
Deforestation and traceability	Supplier declarations, purchase records, batch records, origin data, sourcing maps, geolocation, certification evidence.
OHS	HIRARC, incident reports, near-miss records, PPE issuance, machine inspections, emergency drill records.
Workers' rights	Employment contracts, attendance records, overtime approvals, payroll records, payslips, leave records.
Child labour	Age verification records, worker master list, young worker register, supplier declarations.
Forced labour	Recruitment agent files, worker-paid fee checks, passport access logs, worker interviews, grievance records.
Training	Training matrix, attendance records, materials, certificates, competency assessments.
DEI	Workforce data, grievance records, anti-harassment training, promotion records, training participation records.
Supplier due diligence	Supplier master list, Supplier Code acknowledgement, questionnaires, risk matrix, supplier CAPs.

ESG Area	Common Source Documents
Business ethics	Code acknowledgements, conflict register, gift register, whistleblowing register, investigation records.
Anti-corruption	ABAC Policy, corruption risk assessment, training records, third-party due diligence, case records.
Tax practices	Tax filings, payment receipts, payroll tax records, e-Invoice records, transfer pricing documentation where applicable.
Regulatory compliance	Legal register, permits, licences, renewal records, inspection findings, correspondence.

## Evidence sufficiency

Evidence should be sufficient for the disclosure being made.

Disclosure Claim	Minimum Evidence Expected
Electricity consumption reported	Electricity bills or meter readings covering the reporting period.
Scope 2 emissions calculated	Electricity data, emission factor, calculation workbook, methodology note.
Scheduled waste disposed legally	Scheduled waste inventory, consignment notes, contractor evidence, disposal records.
Workers trained on OHS	Training attendance, topic, date, trainer, participant list, materials or briefing record.
No confirmed child labour	Age verification procedure, worker master list, age records, recruitment records, grievance check.
Supplier screened for ESG	Supplier questionnaire, supplier declaration, risk score, review record.
Natural rubber traceability available	Supplier list, purchase records, origin records, batch records, sourcing area data where applicable.
ABAC training completed	Training material, attendance records, acknowledgement, training matrix.
Grievance closed	Grievance register, investigation summary, action taken, closure evidence.
Target achieved	Baseline, KPI calculation, progress evidence, management review.

## Evidence hierarchy

Where possible, companies should prioritise stronger evidence.

Evidence Strength	Example
Strong	Official bills, permits, lab reports, consignment notes, payroll system records, signed contracts, verified supplier documents.
Moderate	Internal logs, signed checklists, management minutes, supplier declarations, internal calculations.
Supporting	Photographs, email confirmations, meeting notes, toolbox talk records, screenshots.
Weak if used alone	Verbal confirmation, undocumented claims, unsigned forms, unverified supplier statements, memory-based estimates.

Weak evidence may be acceptable for early internal assessment, but companies should improve evidence quality before using such claims externally.

## Evidence register

Companies should maintain an **ESG Evidence Register**.

Field	Description
ESG topic	Topic supported by the evidence.
Indicator	Data point or disclosure supported.
Evidence name	Name or title of document.
Evidence type	Bill, invoice, certificate, register, log, photo, report, declaration, calculation, approval, etc.
Reporting period	Period covered.
Site / department / supplier	Scope of evidence.
Data owner	Person responsible for maintaining evidence.
Reviewer	Person who checked the evidence.
Storage location	Digital folder, system, file path, or physical file.
Version	Draft, reviewed, final, approved, archived.
Confidentiality level	Public, internal, restricted, confidential, highly confidential.
Retention period	Minimum period to retain evidence.
Status	Complete, incomplete, expired, under review, replaced, archived.
Remarks	Limitations, missing pages, data gaps, or follow-up actions.

## 42.4 Data Quality Checks

Data quality checks ensure that ESG information is reliable before it is used in reports, dashboards, customer submissions, certification files, or public claims. Data quality checks should be performed before consolidation and again before disclosure.

IFRS S1 notes that where sustainability-related amounts cannot be measured directly and must be estimated, measurement uncertainty arises; it also states that the use of reasonable estimates does not undermine usefulness if the estimates are accurately described and explained. (IFRS Foundation) This supports the approach in these Guidelines: estimates may be used where necessary, but they must be transparent, documented, reviewed, and improved over time.

### Data quality principles

Principle	Practical Meaning
Completeness	Data covers the required sites, period, suppliers, worker groups, and indicators.
Accuracy	Data is correct, calculated properly, and supported by evidence.
Consistency	Units, methods, definitions, and boundaries are applied consistently.
Traceability	Data can be traced back to source documents.
Timeliness	Data is collected and reviewed within reporting deadlines.
Comparability	Data can be compared across periods or sites where relevant.
Transparency	Assumptions, estimates, exclusions, and limitations are documented.
Verifiability	Another reviewer can check how the data was produced.
Confidentiality	Sensitive information is protected.
Approval	Data is reviewed and approved before external disclosure.

### Data quality check process

A practical data quality check process should include:

Step	Action
1. Check boundary	Confirm data covers the correct sites, operations, workers, suppliers, products, or customer scope.
2. Check period	Confirm data covers the full reporting period.
3. Check source documents	Confirm bills, logs, registers, reports, or system exports are available.
4. Check units	Confirm units such as kWh, litres, m <sup>3</sup> , kg, tonnes, hours, number, percentage, or RM are correct.
5. Check formulas	Review calculations, conversions, emission factors, and intensity metrics.
6. Check duplicates	Remove double-counted records or duplicated entries.

Step	Action
7. Check gaps	Identify missing months, missing suppliers, missing worker groups, or missing evidence.
8. Check reasonableness	Compare against prior period, production volume, invoices, or operational context.
9. Check estimates	Confirm assumptions, methods, and limitations are documented.
10. Check confidentiality	Remove or protect personal, supplier, customer, geolocation, payroll, and commercial details where needed.
11. Obtain review	Data owner and reviewer sign off.
12. Obtain approval	Management approves data for external disclosure where required.

## ESG data quality checklist

Review Question	Yes / No / Remarks
Is the data owner identified?	
Is the reporting boundary clear?	
Does the data cover the full reporting period?	
Are all source documents available?	
Are units correct and consistent?	
Are formulas and conversion factors checked?	
Are assumptions and estimates documented?	
Are data gaps recorded?	
Are unusual changes explained?	
Is data consistent with related records?	
Has the reviewer checked the data?	
Has management approved external use?	
Is confidential information protected?	
Is evidence stored in the evidence register?	

## Common data quality issues

Issue	Example	Corrective Action
Missing months	Water bills missing for two months.	Request bill copies, use meter readings, document estimate if needed.
Wrong unit	Waste recorded in kg but reported as tonnes.	Correct conversion and add unit check.
Boundary mismatch	Energy covers main plant, but report says all sites.	Correct boundary statement or collect missing site data.
Double counting	Same waste collection recorded by EHS and Finance.	Reconcile waste tracker with invoices.
Unsupported claim	Report says “all suppliers screened” but only priority suppliers were assessed.	Correct wording and disclose actual coverage.

Issue	Example	Corrective Action
Outdated supplier certificate	Supplier certificate expired before reporting year-end.	Request updated certificate or classify as expired.
Inconsistent headcount	HR headcount differs from payroll headcount.	Reconcile definitions and reporting date.
Missing methodology	Emissions calculated but factor source not recorded.	Add emission factor register and methodology note.
Unexplained variance	Electricity use increased significantly.	Investigate production changes, equipment, errors, or leaks.
Confidential data exposed	Supplier geolocation included in public report.	Restrict disclosure and report aggregated data.

## Reasonableness checks

Companies should compare ESG data against related operational information.

Data Area	Reasonableness Check
Energy	Compare electricity use with production volume, operating days, equipment changes, and prior year.
Fuel	Compare fuel invoices with generator logs, boiler logs, vehicle logs, and maintenance records.
Water	Compare water bills with production volume, discharge records, and leak reports.
Waste	Compare waste quantities with production output, scrap records, and contractor invoices.
Emissions	Compare Scope 1 and Scope 2 emissions with energy and fuel records.
Workforce	Compare HR headcount with payroll and attendance records.
Training	Compare training attendance with worker list and training matrix.
OHS	Compare incident register with first aid records, medical records, and safety committee minutes.
Payroll	Compare payroll with attendance, overtime approvals, and payslips.
Supplier data	Compare supplier questionnaires with supplier master list, spend analysis, and certificates.
Grievances	Compare grievance register with HR cases, worker feedback, and management review records.

## Data correction and restatement

If an error is found before publication, the report should be corrected before approval. If an error is found after publication, the company should assess whether the error is material. If material, the company should correct it and explain the restatement in the next report or through an update where necessary.

A data correction record should include:

Field	Description
Data point corrected	Indicator or KPI affected.
Original value	Previously recorded or disclosed value.
Corrected value	Revised value.
Reason for correction	Unit error, formula error, missing bill, double count, boundary issue, source error.
Impact	Whether correction affects trends, targets, or disclosure conclusions.
Corrective action	Action to prevent recurrence.
Reviewed by	Person who reviewed correction.
Approved by	Person who approved correction.
Date	Date correction was made.

## 42.5 Record Retention

Record retention refers to how long ESG data, evidence, source documents, working files, approvals, and reports are kept. Retention is important because customers, regulators, auditors, certification bodies, financiers, and assurance providers may request evidence after the reporting period.

Companies should define retention periods based on:

- a. legal requirements;
- b. customer requirements;
- c. certification requirements;
- d. tax and financial audit requirements;
- e. labour and OHS requirements;
- f. environmental permit requirements;
- g. supplier due diligence requirements;
- h. dispute or grievance risk;
- i. assurance and verification needs; and
- j. internal management needs.

Malaysia's Companies Act 2016 requires companies to keep accounting and other records that sufficiently explain transactions and financial position and retain those records for seven years after the relevant transactions or operations. (SSM) LHDN's Tax Audit Framework on Income Tax and Employer also states that taxpayers and employers are required to maintain sufficient and complete records, including books of account, financial statements, invoices, vouchers, agreements, payroll listings, payslips, EA / EC statements, Form E, CP.8D, MTD payment declarations, and other records needed for audit purposes.

## ESG record retention principles

Principle	Practical Meaning
Legal minimum first	Always meet applicable legal retention periods.
Longest applicable period	Where multiple requirements apply, retain records for the longest relevant period.
Evidence-linked retention	Retain records for as long as claims, reports, customer submissions, or certifications may be reviewed.
Secure storage	Protect records from loss, unauthorised access, alteration, or damage.
Version control	Keep final approved versions and avoid confusion with drafts.
Confidentiality	Restrict sensitive records such as payroll, grievances, medical records, supplier geolocation, and investigations.
Retrieval readiness	Records should be easy to locate when needed.
Disposal control	Dispose of expired records securely and only when no longer required.

## Suggested ESG retention schedule

The table below provides general guidance. Companies should adjust the schedule based on applicable laws, customer contracts, certification rules, and internal policy.

Record Category	Examples	Suggested Retention Approach
ESG reports and disclosure packs	Final ESG report, customer ESG submission, framework mapping, management approval.	Retain at least 7 years or longer if required by customer, assurance, or legal obligations.
ESG data workbooks	KPI trackers, GHG workbook, water balance, waste tracker, training tracker, supplier dashboard.	Retain at least 7 years where linked to reporting or financial data.
Source documents	Bills, invoices, consignment notes, permits, licences, lab reports, payroll evidence.	Retain according to legal and customer requirements; at least 7 years where financial or tax-related.
Environmental records	Effluent reports, waste records, chemical records, spill reports, permits, monitoring records.	Retain according to legal, permit, and customer requirements; consider at least 7 years for ESG evidence packs.
OHS records	HIRARC, incident reports, training, PPE, emergency drills, inspections.	Retain according to OHS requirements, customer requirements, and risk; longer for serious incidents.
Labour records	Contracts, payroll, attendance, leave, deductions, grievances, recruitment records.	Retain according to employment, tax, audit, and customer requirements; protect personal data.
Supplier due diligence	Supplier questionnaires, declarations, certificates, audits, traceability, corrective actions.	Retain for the supplier relationship period and for at least 7 years after relevant reporting or transaction where practical.



Record Category	Examples	Suggested Retention Approach
Traceability records	Purchase records, batch records, origin, geolocation, production timing, chain-of-custody.	Retain according to customer, certification, EUDR-oriented, and reporting requirements.
Ethics and anti-corruption	Code acknowledgements, ABAC training, gift register, conflict register, whistleblowing cases.	Retain according to legal, investigation, audit, and governance requirements; restrict access.
Tax-related ESG evidence	Tax filings, employer tax, e-Invoice, payment receipts, payroll tax records.	Retain according to tax and company law requirements.
Management review records	ESG Committee minutes, approvals, risk reviews, action plan reviews.	Retain at least 7 years where linked to governance and reporting evidence.
Corrective action records	Audit findings, incidents, supplier CAPs, closure evidence.	Retain at least until closure plus reporting and audit review period; longer for serious cases.

## Record retention register

Companies should maintain a **Record Retention Register**.

Field	Description
Record category	ESG report, energy data, payroll, supplier file, OHS incident, ABAC case, etc.
Record owner	Department or person responsible.
Storage location	Digital folder, system, physical file, cloud storage, archive.
Confidentiality level	Public, internal, restricted, confidential, highly confidential.
Retention period	Minimum period to retain.
Legal / customer basis	Law, contract, certification, internal policy, assurance need.
Review date	Date to check whether record is still needed.
Disposal method	Secure deletion, shredding, archive, transfer to long-term storage.
Approval for disposal	Person authorised to approve disposal.
Remarks	Litigation hold, investigation hold, customer requirement, audit requirement.

## Secure storage and confidentiality

Companies should protect ESG records from unauthorised access or alteration. This is especially important for:

- payroll records;
- worker identity documents;
- medical and OHS case records;
- grievance and investigation files;
- child labour or forced labour case records;
- recruitment fee records;

- g. supplier contracts and pricing;
- h. customer data;
- i. geolocation data;
- j. tax records;
- k. whistleblowing reports; and
- l. anti-corruption investigation records.

The Malaysian Personal Data Protection Act 2010 includes rights of access and correction for personal data and includes circumstances where access may be refused, including where access would disclose another individual's personal data or confidential commercial information. This reinforces the need to handle ESG records containing worker, supplier, and commercial information carefully. (Invest Malaysia)

## **Record disposal**

Records should not be deleted or destroyed casually. Before disposal, the company should confirm that:

- a. the retention period has expired;
- b. no audit, investigation, grievance, dispute, litigation, customer request, certification review, or assurance process is ongoing;
- c. legal requirements allow disposal;
- d. customer or certification requirements do not require longer retention;
- e. management has approved disposal where required; and
- f. confidential records are destroyed securely.

## **42.6 Assurance and Verification Readiness**

Assurance and verification readiness means that the company's ESG data, evidence, controls, and disclosures are organised so they can be checked by internal reviewers, customers, auditors, certification bodies, financiers, or external assurance providers.

Assurance may be voluntary or required by customers, parent companies, financiers, certification bodies, regulators, or reporting frameworks. Even where external assurance is not required, companies should prepare for verification because customer audits and ESG questionnaires increasingly require evidence.

The IAASB has issued ISSA 5000 as a comprehensive, stand-alone standard for sustainability assurance engagements across sustainability topics and reporting frameworks. (IAASB) ISSA 5000 is effective for periods beginning on or after 15 December 2026, with early

application permitted. (IAASB) This means companies should progressively strengthen ESG data controls, evidence management, and review processes so they are ready for more formal assurance expectations.

### Difference between internal review, verification, and assurance

Term	Meaning	Example
<b>Internal Review</b>	The company reviews its own data, evidence, and disclosures before submission, approval, or publication.	ESG team reviews electricity consumption data, utility bills, and calculation files before the sustainability report is approved.
<b>Customer Verification</b>	A customer, buyer, or client checks information submitted by the company to confirm accuracy, compliance, or supplier requirements.	A buyer reviews supplier traceability records, labour documentation, or emissions data as part of supplier assessment.
<b>Certification Audit</b>	An accredited or recognised certification body audits the company against a specific standard, scheme, or certification requirement.	Audit for ISO, MSNR, FSC, PEFC, Preferred by Nature, or other recognised certification schemes.
<b>External Assurance</b>	An independent assurance practitioner evaluates sustainability information and provides an assurance conclusion.	Limited assurance over selected ESG indicators, GHG emissions data, or sustainability report disclosures.
<b>Regulatory Inspection</b>	A government agency or authority inspects the company to check compliance with legal or regulatory requirements.	Inspection by DOE, DOSH, Labour Department, tax authority, customs, or local authority.

### Assurance readiness principles

Companies should prepare ESG data so that an independent reviewer can understand:

- a. what was reported;
- b. why it was reported;
- c. what boundary applies;
- d. who collected the data;
- e. what source documents support it;
- f. how it was calculated;
- g. what estimates and assumptions were used;
- h. what controls were applied;
- i. who reviewed and approved it;
- j. what limitations exist;
- k. how corrections were handled; and
- l. where the evidence is stored.

## Assurance-ready evidence pack

For each ESG report or major customer submission, companies should prepare an **Assurance-Ready Evidence Pack**.

Evidence Pack Component	Purpose
Final approved disclosure	Shows what was reported or submitted.
Reporting boundary statement	Explains sites, entities, worker groups, suppliers, and topics covered.
Reporting period statement	Confirms the time period covered.
Materiality assessment summary	Shows why topics were reported.
Data ownership matrix	Shows who provided, reviewed, and approved data.
Source documents	Provides original evidence.
Calculation workbooks	Shows formulas, conversions, and calculations.
Methodology notes	Explains methods, emission factors, intensity calculations, and assumptions.
Estimates and assumptions register	Identifies estimates and limitations.
Omission register	Explains non-applicability, missing data, confidentiality, or partial boundaries.
Evidence register	Indexes documents and file locations.
Management review minutes	Shows oversight and review.
Disclosure approval record	Shows authorised approval.
Corrective action tracker	Shows gaps and closure status.
Version control record	Shows final version and review history.

## Verification readiness by data type

Data Type	Verification Questions
Energy	Are bills or meters available for all months and sites? Are units consistent?
Emissions	Is activity data complete? Are emission factors documented? Is the calculation workbook checked?
Water	Are water sources, meters, bills, discharge records, and water balance available?
Waste	Are waste quantities supported by vendor records, consignment notes, or weighing records?
OHS	Are incidents supported by incident reports, investigations, and corrective actions?
Training	Are attendance records, training materials, and hours calculation available?
Payroll	Do payslips, payroll, attendance, overtime, and deduction records reconcile?
Supplier due diligence	Are supplier questionnaires, declarations, risk ratings, and CAPs complete?
Traceability	Can material be traced from supplier to purchase to production to shipment?

Data Type	Verification Questions
Anti-corruption	Are training records, gift register, conflict register, and case records maintained?
Regulatory compliance	Are licences, permits, renewals, submissions, and inspection records complete?

## Internal pre-assurance review

Before external assurance or customer audit, the company should conduct an internal pre-assurance review.

Step	Action
1. Select scope	Identify topics, indicators, sites, suppliers, and period to review.
2. Confirm evidence	Check evidence exists for each selected disclosure.
3. Test samples	Select sample records and trace them from disclosure to source documents.
4. Check calculations	Review formulas, units, emission factors, conversions, and assumptions.
5. Check approvals	Confirm data owner, reviewer, and management approvals.
6. Check omissions	Confirm omissions and limitations are properly explained.
7. Check confidentiality	Ensure sensitive information is protected.
8. Identify gaps	Record missing evidence, weak controls, or unsupported claims.
9. Correct issues	Close gaps before external review where possible.
10. Document review	Retain pre-assurance checklist and corrective action status.

## Assurance readiness maturity levels

Companies may assess their readiness using a maturity scale.

Level	Description	Recommended Action
Level 1: Basic	Data collected informally; evidence scattered; limited review.	Create data inventory, assign owners, organise evidence.
Level 2: Developing	Data owners identified; some evidence files exist; gaps remain.	Standardise templates, review data quality, track gaps.
Level 3: Structured	Evidence register, data checks, management review, and approval process in place.	Conduct internal pre-assurance review and strengthen controls.
Level 4: Verification-ready	Data traceable to evidence; calculations reviewed; omissions explained; audit trail available.	Prepare evidence packs and respond to customer or certification verification.

Level	Description	Recommended Action
Level 5: Assurance-ready	Controls tested, evidence complete, management approved, external assurance feasible.	Consider limited assurance or assurance over selected high-priority indicators.

### Common assurance findings to prevent

Common Finding	Prevention
Data does not match source documents	Conduct data reconciliation and reviewer sign-off.
Boundary unclear	Prepare boundary statement by ESG topic.
Missing months or sites	Use data collection tracker and completeness check.
Calculation formula error	Review calculation workbooks and lock final formulas.
Unsupported claim	Require claim substantiation before disclosure.
Estimates not explained	Maintain assumptions and estimates register.
Supplier evidence incomplete	Prioritise high-risk suppliers and maintain supplier evidence file.
No approval record	Use disclosure approval checklist and management sign-off.
Evidence difficult to retrieve	Maintain evidence register and folder structure.
Confidential data exposed	Apply confidentiality classification and access controls.

### Preparing for customer verification

Customer verification may be more frequent than formal assurance. Companies should prepare standard evidence packs for common customer requests, such as:

- a. energy and emissions data;
- b. water and effluent compliance;
- c. waste and scheduled waste records;
- d. hazardous substance controls;
- e. OHS records;
- f. labour standards and wage controls;
- g. child labour and forced labour prevention;
- h. migrant worker protection;
- i. supplier traceability;
- j. no-deforestation and EUDR-oriented evidence;
- k. Supplier Code of Conduct;
- l. anti-corruption policy and training; and
- m. ESG governance structure.

Customer-specific information should be reviewed before submission to ensure accuracy, confidentiality, and consistency with the ESG report.

## Minimum Implementation Outputs for Section 42

At the end of this section, each company should aim to have the following ESG data and evidence management records or tools:

Output	Purpose
ESG Data Inventory	Lists ESG indicators, units, boundaries, sources, owners, frequency, evidence, and reporting use.
ESG Data Ownership Matrix	Assigns data owners, reviewers, approvers, and evidence locations.
ESG Data Collection Calendar	Tracks monthly, quarterly, annual, incident-based, and customer-request-based data deadlines.
ESG Source Document List	Identifies acceptable evidence for each ESG topic and indicator.
ESG Evidence Register	Indexes source documents, file locations, confidentiality level, retention period, and status.
ESG Evidence Folder Structure	Organises governance, environmental, social, supplier, compliance, reporting, and corrective action evidence.
ESG Data Quality Checklist	Checks completeness, accuracy, consistency, traceability, timeliness, assumptions, and approval.
Reasonableness Review Worksheet	Compares ESG data against prior periods, production data, financial records, and operating context.
Assumptions and Estimates Register	Records estimated data, methods, assumptions, limitations, reviewers, and improvement actions.
Data Gap Register	Tracks missing, partial, estimated, unavailable, confidential, or under-review data.
Data Correction and Restatement Log	Records errors, corrections, reasons, impacts, approvals, and preventive actions.
Record Retention Register	Defines retention periods, owners, storage locations, confidentiality levels, and disposal controls.
Confidential Records Control Procedure	Protects worker, supplier, customer, payroll, medical, geolocation, commercial, and investigation records.
Disclosure Review Checklist	Ensures ESG reports and customer submissions are evidence-backed and approved.
ESG Report Evidence Pack	Stores final report, data files, source documents, calculations, assumptions, omissions, and approval records.
Customer ESG Evidence Pack	Provides controlled evidence for customer questionnaires, audits, and due diligence requests.
Assurance-Ready Evidence Pack	Organises ESG data and evidence for external verification or assurance.
Internal Pre-Assurance Checklist	Tests selected ESG indicators before external review, customer audit, or assurance.
Corrective Action Tracker	Tracks data quality issues, missing evidence, audit findings, and control weaknesses to closure.
ESG Data and Evidence KPI Dashboard	Tracks data completeness, evidence readiness, data gaps, corrective actions, and review status.
Management Review Record	Shows senior management review of ESG data quality, evidence gaps, disclosure readiness, and improvement actions.

Used properly, this section helps rubber processors and manufacturers build a reliable ESG data system, support credible reporting, respond confidently to customer requests, prepare for verification or assurance, protect confidential information, and use ESG data as a practical tool for continuous improvement.

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## **PART 8:**

### Self-Assessment, Gap Analysis, and Improvement Planning

## **Part 8: Self-Assessment, Gap Analysis, and Improvement Planning**

### **43. ESG Self-Assessment Methodology**

The ESG self-assessment is a structured process for companies to evaluate their current ESG practices against the MRC ESG Guidelines, the ESG Checklist, and the 29 ESG topics covered under the Environmental, Social, and Governance pillars. It helps rubber processors and manufacturers understand what is already in place, what evidence is available, what gaps remain, and what improvements should be prioritised.

The self-assessment should be practical and evidence-based. It should not be treated as a one-time scoring exercise or a paperwork activity. The purpose is to support implementation, reporting readiness, customer response, risk management, compliance monitoring, and continuous improvement.

For Malaysian rubber processors and manufacturers, the self-assessment should cover:

- a. ESG governance and management system readiness;
- b. applicability of the 29 ESG topics;
- c. availability of policies, procedures, records, and evidence;
- d. maturity of implementation;
- e. data quality and reporting readiness;
- f. supplier and value chain coverage where relevant;
- g. customer, regulatory, certification, and framework alignment;
- h. corrective actions and improvement priorities; and
- i. management review and sign-off.

The self-assessment should be conducted at least annually and updated whenever there are major changes in operations, products, workforce, suppliers, customers, regulations, certifications, incidents, audit findings, or ESG reporting requirements.

#### **43.1 Purpose of the Self-Assessment**

The self-assessment helps companies determine how prepared they are to implement ESG requirements and disclose ESG performance credibly. It should support both internal management and external expectations.

The self-assessment is intended to help companies:

Purpose	Practical Outcome
Understand ESG readiness	Identify which ESG topics are already managed and which require improvement.
Confirm topic applicability	Determine whether each of the 29 ESG topics is directly applicable, indirectly applicable, not applicable, or applicable through suppliers or customers.
Identify evidence gaps	Check whether policies, records, data, and verifiers are available for each topic.
Prioritise improvement actions	Focus resources on high-risk, high-impact, customer-facing, or compliance-critical gaps.
Support ESG reporting	Provide the basis for topic disclosure, omissions, data limitations, and evidence packs.
Support customer requests	Prepare responses to customer questionnaires, audits, supplier assessments, and traceability requests.
Strengthen risk management	Link ESG gaps to the ESG Risk Register and corrective action tracker.
Improve governance	Clarify responsibilities, data ownership, review processes, and management accountability.
Track progress over time	Compare maturity year-on-year and show continuous improvement.
Prepare for verification	Organise evidence for customer review, certification audits, financing due diligence, or external assurance.

The self-assessment should answer five practical questions:

- a. **Is the topic applicable?**
- b. **What is the current maturity level?**
- c. **What evidence is available?**
- d. **What gaps or risks remain?**
- e. **What improvement action is required?**

## Self-assessment users

The self-assessment should be used by:

User	Role in Self-Assessment
Board, owner, or senior management	Approves results, priorities, resources, and action plans.
ESG lead or ESG team	Coordinates the assessment, consolidates evidence, and tracks gaps.
HR	Assesses labour, wages, working hours, training, grievances, DEI, forced labour, child labour, and worker welfare.
EHS / OHS	Assesses environmental management, OHS, chemicals, waste, water, emissions, incidents, and emergency readiness.
Procurement	Assesses supplier due diligence, traceability, supplier ESG screening, contractor controls, and corrective actions.
Finance	Provides payroll, utility, fuel, tax, expenditure, and financial control evidence.
Production and Maintenance	Provides operational controls, machine safety, energy, process efficiency, material use, and maintenance evidence.
Compliance / Legal / Company Secretary	Assesses legal registers, permits, governance, ethics, anti-corruption, contracts, and regulatory risk.
Internal audit or independent reviewer, where applicable	Reviews completeness, consistency, evidence quality, and corrective action closure.

## Self-assessment cycle

A practical annual self-assessment cycle is shown below.

Step	Action
1. Prepare	Confirm assessment scope, reporting period, sites, topics, data owners, and timeline.
2. Screen applicability	Determine whether each ESG topic applies directly, indirectly, through suppliers, or not at present.
3. Collect evidence	Gather policies, procedures, records, data, registers, reports, and supporting documents.
4. Score maturity	Assess current maturity level for each applicable topic.
5. Identify gaps	Record missing controls, weak evidence, incomplete data, or implementation gaps.
6. Assess risk	Prioritise gaps based on legal, customer, environmental, social, governance, and business significance.
7. Define action plan	Assign actions, owners, due dates, resources, KPIs, and evidence requirements.
8. Review internally	Validate results with data owners and department heads.
9. Obtain management sign-off	Present findings and action plan to management for approval.
10. Monitor progress	Track action closure and update maturity scores in the next cycle.

## 43.2 Applicability of Topics

Before scoring maturity, the company should determine whether each ESG topic applies to its operations, workforce, supply chain, customers, products, or reporting boundary. Applicability should be assessed carefully because some topics may not apply directly to the company's own factory operations but may still apply through suppliers, contractors, customer requirements, or upstream natural rubber sourcing.

For example, a downstream manufacturer may not own plantations, but **Deforestation, Sustainable Land Use, Biodiversity, Rights of Indigenous Peoples, and Supply Chain Traceability** may still be relevant through natural rubber sourcing. Similarly, a company may not directly employ migrant workers, but **Forced or Compulsory Labour** may still be relevant if it uses labour suppliers, recruitment agents, contractors, or high-risk suppliers.

### Applicability classifications

Companies should classify each ESG topic using clear categories.

Applicability Classification	Meaning	Example
<b>Directly applicable</b>	Topic applies to the company's own operations, sites, workforce, or management system.	Energy use, OHS, waste, wages, anti-corruption, legal compliance.
<b>Indirectly applicable</b>	Topic applies through suppliers, contractors, customers, logistics, waste contractors, or value chain relationships.	Supplier labour practices, natural rubber deforestation risk, waste contractor compliance.
<b>Partially applicable</b>	Topic applies only to selected sites, departments, products, suppliers, or worker groups.	Water applies to manufacturing site but not sales office; migrant worker controls apply only to one site.
<b>Customer-triggered</b>	Topic becomes applicable because customers, buyers, financiers, or certification bodies request information or evidence.	EUDR-oriented traceability, product carbon footprint, supplier ESG questionnaire.
<b>Regulatory-triggered</b>	Topic applies because of legal, permit, licensing, reporting, or compliance obligations.	Scheduled waste, effluent monitoring, OHS reporting, tax, e-Invoice.
<b>Not currently applicable</b>	Topic does not apply based on current operations, materials, workforce, suppliers, or customers.	Deforestation where no natural rubber, rubberwood, biomass, or forest-linked material is used.
<b>Under review</b>	Applicability cannot yet be confirmed due to missing information or changing circumstances.	Supplier origin data incomplete; new customer may request EUDR evidence.
<b>Managed under another topic</b>	Topic is relevant but disclosed or controlled under a related topic to avoid duplication.	Soil contamination managed under Hazardous Substances, Waste, and Water.

A topic should not be marked “not applicable” simply because the company has not started managing it. If the topic creates risk, customer relevance, regulatory exposure, or stakeholder impact, it should be treated as applicable or under review.

## Applicability screening questions

For each ESG topic, the company should ask:

Screening Question	Purpose
Does the topic apply to our own operations?	Identifies direct operational relevance.
Does the topic apply to any site, process, product, or department?	Identifies partial applicability.
Does the topic apply through suppliers, contractors, agents, logistics, or waste contractors?	Identifies value chain relevance.
Does the topic apply because of natural rubber sourcing?	Identifies upstream land, deforestation, traceability, and human rights relevance.
Does the topic apply because of customer, export market, certification, or financing expectations?	Identifies market access relevance.
Does any law, permit, licence, or regulatory requirement relate to the topic?	Identifies compliance relevance.
Have stakeholders raised concerns about the topic?	Identifies stakeholder relevance.
Has the topic appeared in audits, incidents, grievances, or corrective actions?	Identifies implementation risk.
Could the topic affect reporting, claims, reputation, cost, or business continuity?	Identifies business significance.
Is data missing, making applicability uncertain?	Identifies topics that should be classified as under review.

## Applicability matrix for the 29 ESG topics

Companies should prepare an applicability matrix covering all 29 ESG topics.

ESG Pillar	Topic	Applicability	Reason	Boundary	Review Frequency
Environmental	Deforestation	Direct / Indirect / Partial / N.A. / Under Review	Natural rubber sourcing, customer request, or no forest-linked materials.	Own operations / suppliers / customer scope.	Annual or upon sourcing change.
Environmental	Energy	Usually directly applicable	Electricity and fuel used in operations.	Sites and energy sources.	Monthly and annual.

ESG Pillar	Topic	Applicability	Reason	Boundary	Review Frequency
Social	Forced or Compulsory Labour	Direct or indirect	Workforce, migrant workers, contractors, recruitment agents, suppliers.	Own workforce and business partners.	Annual and upon recruitment changes.
Governance	Supply Chain Traceability	Direct and indirect	Supplier mapping, customer requirements, natural rubber sourcing.	Priority suppliers and relevant materials.	Quarterly or annual.

### Applicability documentation

For each topic classified as not applicable, partially applicable, or under review, the company should document the reason.

Applicability Situation	Example Explanation
Not applicable	“The company does not source natural rubber, rubberwood, biomass, or other forest-linked materials. Deforestation will be reassessed annually or if sourcing changes.”
Partially applicable	“Water data covers the main manufacturing site. The sales office is excluded because water use is minimal and not separately metered.”
Indirectly applicable	“The company does not own plantations, but land use, deforestation, and Indigenous Peoples’ rights may be relevant through natural rubber suppliers.”
Customer-triggered	“Product carbon data is not currently reported publicly but is applicable for selected customer requests.”
Under review	“Supplier geolocation data is incomplete. Applicability to EUDR-oriented reporting will be reviewed once customer scope and supplier origin data are confirmed.”
Managed elsewhere	“Soil contamination risks are managed under Hazardous Substances, Waste, Water, and Soil Health. Related evidence is cross-referenced in those sections.”

### 43.3 Scoring or Maturity Levels

Scoring or maturity levels help companies assess how developed their ESG practices are for each topic. The score should reflect implementation, evidence quality, data availability, management review, and continuous improvement.

The scoring system should not reward unsupported claims. A company should not score itself highly because a policy exists if there is no implementation, data, evidence, or review. Similarly, a topic should not be scored as “not applicable” just because evidence is missing.

## Recommended maturity scale

A six-level maturity scale is recommended.

Score	Maturity Level	Description
0	Not Started	Topic is applicable, but no formal action, policy, data, or evidence is available.
1	Initial Awareness	Topic is recognised, but controls are informal, incomplete, or not consistently documented.
2	Basic Implementation	Basic policy, procedure, data, or records exist, but coverage is limited and evidence gaps remain.
3	Implemented and Documented	Controls are implemented, records are maintained, data owners are identified, and evidence is available for most requirements.
4	Managed and Monitored	Topic is integrated into management review, KPIs are tracked, risks are assessed, corrective actions are monitored, and evidence quality is reliable.
5	Advanced / Verified / Continuous Improvement	Practices are mature, data is consistently reviewed, targets are tracked, supplier or value chain coverage is strong where relevant, and information is ready for verification or assurance.
N.A.	Not Applicable	Topic is not applicable based on documented screening and is reviewed periodically.
U.R.	Under Review	Applicability or data is not yet confirmed; further investigation is required.

## Maturity level guidance

Maturity Level	Policy / Procedure	Implementation	Data and Evidence	Management Review
0. Not Started	No policy or procedure.	No structured implementation.	No evidence.	Not reviewed.
1. Initial Awareness	Policy may be absent or informal.	Some ad hoc practices exist.	Limited evidence, often incomplete.	Informal discussion only.
2. Basic Implementation	Basic policy or SOP exists.	Controls implemented in selected areas.	Some records available, but gaps remain.	Reviewed occasionally.
3. Implemented and Documented	Policy and SOPs are documented.	Controls applied consistently within defined boundary.	Evidence supports most indicators.	Reviewed through department or ESG process.



Maturity Level	Policy / Procedure	Implementation	Data and Evidence	Management Review
4. Managed and Monitored	Policies and SOPs are reviewed.	Controls are monitored with KPIs and corrective actions.	Evidence is complete and data quality checks are performed.	Reviewed by management or ESG Committee.
5. Advanced / Verified	Integrated into business systems and supplier controls where relevant.	Performance improvement and targets are tracked.	Evidence is assurance-ready or verified.	Regular management review, external verification, or audit readiness.

### Example scoring by topic

ESG Topic	Score	Reason
Energy	3	Monthly electricity and fuel data are collected, energy intensity is calculated, and evidence is available. Energy reduction targets are not yet formalised.
Waste	4	Waste is classified, tracked, stored, and disposed through approved contractors. Scheduled waste records and corrective actions are reviewed by management.
Scope 3 Emissions	1	Scope 3 has been recognised as relevant, but only initial screening has been conducted. Supplier data is not yet available.
Forced Labour	2	Policy and basic worker communication exist, but recruitment fee checks and migrant worker interviews are not yet systematic.
Supplier Traceability	2	Direct supplier records are available, but upstream origin and geolocation data are incomplete.
Anti-Corruption	3	ABAC policy, training, conflict register, and gift register exist. Third-party due diligence requires improvement.

### Weighted scoring

Companies may use weighted scoring where some topics are more material than others. For example, a company with natural rubber sourcing may weight Deforestation, Supplier Traceability, Forced Labour, and Supply Chain Due Diligence more heavily. A water-intensive processor may weight Water, Effluent, Waste, Hazardous Substances, and OHS more heavily.

A simple weighting approach is:

Materiality Weight	Meaning
High	Topic is material due to legal, customer, environmental, social, governance, or market access importance.
Medium	Topic is relevant but not among the highest priorities.
Low	Topic is monitored but not a major risk or performance driver.
Not applicable	Topic does not apply based on documented screening.

Companies should avoid overly complicated scoring in early years. A clear topic-level score, reason, evidence status, and action plan is usually more useful than a complex numerical model.

### Traffic light rating

A traffic light rating may also be used.

Rating	Meaning	Action
Red	Significant gap or high risk.	Immediate action and management review required.
Amber	Partial implementation or evidence gaps.	Improvement action required.
Green	Implemented and evidence-backed.	Maintain and improve.
Blue	Advanced or verified.	Continue monitoring and share good practice.
Grey	Not applicable or under review.	Document reason and reassess periodically.

### Scoring cautions

Companies should follow these cautions:

- score based on evidence, not intention;
- avoid high scores where records are missing;
- do not score “N.A.” where the topic is applicable but unmanaged;
- explain partial coverage clearly;
- separate own operations from supplier coverage where needed;
- update scores after corrective actions are verified, not merely planned;
- ensure department heads agree with scores for their topics;
- use scoring to drive improvement, not to hide weaknesses; and
- review scoring criteria annually.

## 43.4 Minimum Evidence Requirements

The self-assessment should be supported by evidence. Evidence proves that a policy, procedure, action, control, or data point exists. Without evidence, the company should score cautiously and record a gap.

Minimum evidence requirements should be defined for each ESG topic and maturity level. The evidence required does not need to be the same for every company, but it should be sufficient to support the score and any disclosure.

### Minimum evidence by maturity level

Score	Minimum Evidence Expected
0	None. Gap recorded.
1	Informal evidence such as meeting notes, draft policy, initial checklist, or management awareness.
2	Basic policy, procedure, register, or record exists; limited data or partial evidence available.
3	Approved policy or SOP, assigned owner, data records, evidence file, and implementation records available.
4	KPI tracking, risk assessment, management review, corrective action tracking, and data quality review available.
5	Complete evidence pack, internal audit or verification readiness, targets and progress, supplier coverage where relevant, and assurance-ready records.

### Core evidence types

The following evidence types should be considered across ESG topics.

Evidence Type	Examples
Policies	ESG Policy, Environmental Policy, Human Rights Policy, OHS Policy, Supplier Code, ABAC Policy, Code of Conduct.
Procedures and SOPs	Waste management procedure, chemical handling SOP, recruitment procedure, grievance procedure, supplier due diligence procedure.
Registers	Legal register, risk register, chemical register, waste register, supplier master list, training register, grievance register, gift register.
Data records	Energy bills, fuel records, water bills, emissions workbook, payroll records, attendance records, training records.
Monitoring records	Effluent reports, OHS inspections, waste storage inspections, supplier monitoring, water stress assessment, chemical storage checks.
Transaction records	Purchase orders, invoices, delivery orders, batch records, consignment notes, shipment records.
Supplier evidence	Supplier declarations, questionnaires, certificates, licences, geolocation, traceability records, audit reports, corrective action plans.

Evidence Type	Examples
Incident and grievance records	Incident reports, investigation records, grievance register, complaint logs, whistleblowing cases, corrective action records.
Training evidence	Attendance sheets, materials, certificates, toolbox talks, competency assessments.
Management evidence	Meeting minutes, approval records, management review, ESG Committee minutes, Board or owner sign-off.
Corrective action evidence	Action tracker, closure photos, revised SOPs, training records, supplier responses, management decisions.
Disclosure evidence	ESG report, disclosure checklist, framework mapping, evidence pack, omission register, assumptions register.

### Minimum evidence by ESG topic group

Topic Group	Minimum Evidence Expected
Environmental topics	Environmental policy or commitment, legal register, operational records, monitoring data, incident records, corrective actions, management review.
Social topics	Human rights or labour policy, employment records, training records, grievance records, OHS records, payroll or working hour records, corrective actions.
Governance topics	Governance structure, roles matrix, Code of Conduct, risk register, compliance register, supplier due diligence records, approval records, whistleblowing records.
Supplier topics	Supplier master list, Supplier Code acknowledgement, supplier risk assessment, questionnaires, traceability records, supplier corrective action tracker.
Reporting topics	Data inventory, evidence register, disclosure checklist, omission register, assumptions register, management approval.

### Evidence sufficiency test

Before assigning a score, the company should ask:

Question	Purpose
Is there a documented policy or commitment?	Confirms governance foundation.
Is there a procedure or process?	Confirms implementation pathway.
Is there an assigned owner?	Confirms accountability.
Are records available for the reporting period?	Confirms implementation.
Are KPIs or data tracked?	Confirms performance monitoring.
Is the data source clear?	Confirms traceability.
Has the data been reviewed?	Confirms quality control.
Are incidents, grievances, or gaps recorded?	Confirms balanced assessment.
Are corrective actions tracked?	Confirms improvement process.
Has management reviewed the topic?	Confirms oversight.
Is supplier evidence available where relevant?	Confirms value chain coverage.
Can an auditor or customer verify the claim?	Confirms evidence readiness.

## Evidence gap classification

Where evidence is missing or weak, the company should classify the gap.

Evidence Gap Type	Example	Required Action
No evidence	No policy, data, or record exists.	Create policy, assign owner, start records.
Partial evidence	Data available for only some months or sites.	Complete records or disclose boundary limitation.
Weak evidence	Verbal confirmation but no document.	Create documented record and retain evidence.
Outdated evidence	Expired certificate or old policy.	Update document and review control.
Unverified supplier evidence	Supplier declaration received but not reviewed.	Validate with documents, audit, or risk-based review.
Inconsistent evidence	Payroll data differs from attendance records.	Reconcile and correct.
Confidential evidence	Data exists but cannot be disclosed publicly.	Retain internally and disclose aggregated information.
Estimated data	Actual data unavailable.	Document methodology, assumptions, and improvement plan.

## Evidence storage

Evidence should be stored in a controlled manner using the ESG Evidence Register described in Section 42. The evidence file should allow the company to retrieve documents quickly for reporting, customer audits, internal reviews, or verification.

A topic-level evidence folder may include:

- a. policy or commitment;
- b. procedure or SOP;
- c. data records;
- d. monitoring records;
- e. training records;
- f. supplier records where relevant;
- g. incident or grievance records;
- h. corrective actions;
- i. KPI tracker;
- j. management review; and
- k. disclosure notes.

## 43.5 Internal Review and Management Sign-Off

The self-assessment should be reviewed internally before it is used for ESG reporting, customer submission, management decisions, or external communication. Internal review helps ensure that the assessment is accurate, balanced, evidence-backed, and accepted by responsible departments.

Management sign-off confirms that leadership has reviewed the results, understands key gaps and risks, and approves the improvement plan.

### Internal review process

A practical internal review process should include:

Step	Action
1. ESG lead prepares draft assessment	ESG lead consolidates topic applicability, scores, evidence status, gaps, and proposed actions.
2. Data owners review topic sections	HR, EHS, Procurement, Finance, Production, Compliance, and other owners confirm data and evidence.
3. Evidence check is completed	ESG lead or reviewer confirms that evidence supports the score.
4. Gaps are validated	Department heads confirm whether gaps are accurate and whether proposed actions are practical.
5. Risk level is assigned	High-risk gaps are linked to the ESG Risk Register.
6. Action plan is prepared	Actions are assigned owners, due dates, evidence requirements, and priorities.
7. Management review is conducted	Senior management reviews key findings, high-risk gaps, resources, and timelines.
8. Sign-off is obtained	Authorised management signs off the assessment and action plan.
9. Actions are monitored	Progress is tracked through the corrective action tracker or ESG action plan.
10. Results inform reporting	Scores, gaps, omissions, and actions support ESG report preparation.

### Review responsibilities

Reviewer	Review Focus
ESG Lead	Completeness, consistency, topic structure, evidence register, reporting readiness.
HR	Workforce, wages, working hours, training, grievances, child labour, forced labour, DEI, pay.
EHS / OHS	Environmental records, OHS, incidents, waste, water, chemicals, emissions, emergency preparedness.

Procurement	Supplier list, supplier ESG assessment, traceability, supplier corrective actions, contractor controls.
Finance	Payroll, tax, utility data, fuel data, cost records, e-Invoice, payments, financial evidence.
Production / Maintenance	Operational controls, machine safety, energy use, maintenance records, process data.
Compliance / Legal	Legal register, permits, Code of Conduct, ABAC, conflicts, whistleblowing, regulatory risk.
Senior Management	Risk prioritisation, resources, approval of action plan, accountability, disclosure readiness.
Internal Audit / Independent Reviewer, where applicable	Evidence quality, control effectiveness, scoring consistency, assurance readiness.

## Management sign-off contents

The management sign-off should confirm that:

- the self-assessment scope and reporting period are clear;
- applicability of topics has been reviewed;
- maturity scores are based on available evidence;
- material gaps and risks have been identified;
- high-risk gaps have been escalated;
- improvement actions have owners and timelines;
- resource needs have been considered;
- omissions and limitations have been documented;
- the results may be used for ESG reporting or internal planning; and
- the assessment will be reviewed in the next cycle.

## Self-assessment approval template

Field	Description
Company name	Legal entity or reporting entity.
Assessment period	Period covered by the self-assessment.
Assessment scope	Sites, operations, worker groups, suppliers, and topics included.
Prepared by	ESG lead or assessment coordinator.
Reviewed by	Department heads and data owners.
Key high-risk gaps	Summary of major gaps requiring management attention.
Improvement plan approved	Yes / No / Conditional.
Resources required	Budget, manpower, training, system, supplier support, external advisor.
Approved by	Managing Director, owner, Board, General Manager, or authorised person.
Approval date	Date of sign-off.

Field	Description
Next review date	Planned reassessment date.
Remarks	Conditions, exclusions, or management instructions.

## Management review questions

Management should ask:

Question	Purpose
Are the topics correctly classified as applicable or not applicable?	Prevents incorrect omissions.
Are high-risk topics properly prioritised?	Focuses resources on significant issues.
Are scores evidence-backed?	Prevents overstatement.
Are supplier and value chain gaps clearly identified?	Supports responsible sourcing and customer readiness.
Are customer and regulatory requirements addressed?	Protects market access and compliance.
Are data gaps and assumptions transparent?	Improves reporting credibility.
Are corrective actions realistic and resourced?	Supports implementation.
Are owners and deadlines assigned?	Ensures accountability.
Are public or customer-facing claims supported?	Reduces disclosure risk.
Is the company ready for verification or audit?	Improves assurance readiness.

## Use of self-assessment results

After management sign-off, self-assessment results should be used to:

- a. update the ESG Risk Register;
- b. prepare the ESG gap analysis;
- c. prepare the ESG improvement action plan;
- d. update the ESG evidence register;
- e. support ESG report preparation;
- f. support customer questionnaire responses;
- g. prioritise training;
- h. prioritise supplier engagement;
- i. plan budgets and resources;
- j. support internal audits;
- k. prepare for customer verification or assurance; and
- l. track year-on-year progress.



## Minimum Implementation Outputs for Section 43

At the end of this section, each company should aim to have the following records or tools:

Output	Purpose
ESG self-assessment procedure	Defines how the company assesses ESG topic applicability, maturity, evidence, gaps, and actions.
ESG self-assessment checklist	Provides structured questions for all 29 ESG topics.
Topic applicability matrix	Records whether each topic is directly applicable, indirectly applicable, partially applicable, customer-triggered, regulatory-triggered, not applicable, or under review.
Maturity scoring guide	Defines scores from 0 to 5, including evidence expectations for each level.
ESG self-assessment scorecard	Records topic scores, reasons, evidence status, gaps, and improvement priorities.
Evidence requirement matrix	Defines minimum evidence expected for each topic and maturity level.
ESG Evidence Register	Stores and indexes documents supporting self-assessment results.
Data gap and evidence gap register	Tracks missing, partial, outdated, weak, confidential, or estimated evidence.
ESG Risk Register linkage	Links high-risk self-assessment gaps to risk management actions.
Corrective action and improvement tracker	Records actions, owners, due dates, evidence required, and closure status.
Department review records	Shows that HR, EHS, Procurement, Finance, Production, Compliance, and other data owners reviewed relevant topics.
Management review presentation	Summarises scores, material gaps, risks, priorities, resource needs, and proposed actions.
Management sign-off record	Confirms leadership review and approval of self-assessment results and action plan.
Annual reassessment schedule	Defines the next self-assessment cycle and review frequency.
ESG reporting linkage note	Explains how self-assessment results inform ESG reporting, omissions, framework mapping, and evidence packs.

Used properly, the ESG self-assessment helps rubber processors and manufacturers understand their ESG maturity, identify practical gaps, strengthen evidence, prioritise improvements, prepare for customer and regulatory expectations, and support credible ESG reporting and continuous improvement.

## 44. Gap Analysis and Prioritisation

Gap analysis is the process of comparing the company's current ESG practices, controls, data, and evidence against the expectations set out in these Guidelines, the ESG Checklist, customer requirements, legal obligations, certification requirements, and relevant reporting frameworks. It helps the company move from assessment to action.

A gap is not automatically a failure. Many companies, especially SMEs, will have gaps during early ESG adoption. The purpose of the gap analysis is to identify those gaps honestly, understand their risk level, and prioritise practical improvement actions.

For Malaysian rubber processors and manufacturers, gap analysis is especially useful because ESG requirements may come from several sources at the same time: Malaysian legal requirements, customer ESG questionnaires, supplier codes of conduct, natural rubber traceability expectations, environmental permits, OHS requirements, labour standards, anti-corruption obligations, certification schemes, and emerging reporting expectations.

The gap analysis should be linked to:

- a. ESG self-assessment results;
- b. topic applicability matrix;
- c. ESG Risk Register;
- d. legal and regulatory compliance register;
- e. supplier due diligence findings;
- f. customer audit findings;
- g. stakeholder feedback;
- h. ESG data and evidence gaps;
- i. corrective action tracker; and
- j. ESG improvement action plan.

The company should not try to close all gaps at once. Gaps should be prioritised based on severity, urgency, legal exposure, customer relevance, stakeholder impact, resource needs, and business opportunities.

### 44.1 Identifying Gaps

A gap is the difference between the company's current ESG condition and the expected requirement, control, evidence, or performance level. Gaps may relate to policies, procedures, implementation, records, data, supplier coverage, legal compliance, monitoring, training, disclosure, or management review.

## Common types of ESG gaps

Gap Type	Description	Example
<b>Policy gap</b>	Required policy or commitment is missing, outdated, incomplete, or not approved.	No Human Rights Policy, no ABAC Policy, no Supplier Code of Conduct.
<b>Procedure gap</b>	Policy exists, but there is no practical SOP, workflow, form, or control process.	Child labour is prohibited, but there is no age verification procedure.
<b>Implementation gap</b>	Procedure exists, but is not consistently applied.	Chemical storage SOP exists, but chemicals are found unlabelled or stored without containment.
<b>Evidence gap</b>	Action may be taking place, but records are missing or weak.	Workers are trained, but attendance sheets are not retained.
<b>Data gap</b>	KPI data is missing, incomplete, inconsistent, or not calculated.	Electricity data exists, but Scope 1 and Scope 2 emissions have not been calculated.
<b>Boundary gap</b>	Data or controls cover only part of the business.	Waste data covers the main factory but excludes the warehouse.
<b>Supplier gap</b>	Supplier information, declarations, traceability, licences, or ESG assessments are incomplete.	Natural rubber origin is known for direct suppliers but not for upstream sourcing areas.
<b>Compliance gap</b>	Legal, permit, licence, or regulatory requirement is not fully met or not monitored.	Scheduled waste records are incomplete or permit renewal dates are not tracked.
<b>Training gap</b>	Relevant workers, supervisors, contractors, or suppliers have not been trained.	Supervisors have not been trained on grievance escalation or non-retaliation.
<b>Governance gap</b>	ESG roles, approvals, review processes, or accountability are unclear.	ESG data is collected by departments but no one reviews it before customer submission.
<b>Performance gap</b>	Data shows poor performance or repeated incidents.	Repeated OHS incidents, high waste generation, recurring payroll corrections.
<b>Disclosure gap</b>	Reported information is incomplete, unsupported, unclear, or overstated.	Report claims “fully traceable” but supporting supplier origin evidence is incomplete.

## Sources for identifying gaps

Gaps may be identified through several channels.

Source	Examples of Gaps Identified
ESG self-assessment	Missing policies, low maturity scores, incomplete topic coverage.
ESG Checklist	Missing indicators, missing verifiers, lack of evidence.
Legal compliance register	Expired licence, missing submission, unclear permit condition.
ESG Risk Register	High-risk topics without controls or action plans.
Customer ESG questionnaire	Missing emissions data, incomplete supplier traceability, no ABAC declaration.
Customer or certification audit	Non-conformity, weak records, incomplete corrective action.
Supplier due diligence	Missing supplier declaration, expired certificate, incomplete geolocation data.
Internal audit or inspection	Weak implementation of SOPs, poor storage, incomplete registers.
Worker grievances	Wage errors, supervisor conduct concerns, accommodation issues, OHS concerns.
Community complaints	Odour, traffic, drainage, waste, noise, or pollution concerns.
Incident investigation	Root cause linked to lack of training, poor maintenance, weak supervision.
Management review	Resource gaps, delayed actions, recurring findings, unclear accountability.
ESG reporting process	Missing data, inconsistent units, unsupported claims, unclear boundary.

## Gap identification process

A practical process is shown below.

Step	Action
1. Confirm scope	Define the sites, departments, suppliers, worker groups, and ESG topics included.
2. Review requirements	Compare current practice against Guidelines, Checklist, laws, permits, customer requirements, and frameworks.
3. Review evidence	Check whether policies, procedures, data, records, and verifiers exist.
4. Identify gap	Record the specific gap clearly and factually.
5. Classify gap type	Policy, procedure, data, evidence, supplier, compliance, training, governance, or performance.
6. Identify root cause	Determine why the gap exists.
7. Assess severity and urgency	Determine the risk level and timing needed.
8. Define action	Identify corrective or improvement action.
9. Assign owner	Assign department or person responsible.
10. Track closure	Add to corrective action tracker or ESG improvement plan.

## Gap analysis register

Companies should maintain a **Gap Analysis Register**.

Field	Description
Gap ID	Unique reference number.
ESG pillar	Environmental, Social, Governance, or cross-cutting.
ESG topic	Topic linked to the gap.
Requirement or expectation	Guideline, checklist item, legal requirement, customer request, certification, or internal policy.
Current status	What is currently in place.
Gap description	What is missing, weak, incomplete, or not implemented.
Gap type	Policy, procedure, implementation, evidence, data, supplier, compliance, training, governance, performance, disclosure.
Root cause	Why the gap exists.
Affected boundary	Site, department, supplier, worker group, product, customer, or process affected.
Severity	Low, medium, high, or critical.
Urgency	Immediate, short-term, medium-term, long-term.
Resource need	Low, medium, high, or external support required.
Responsible owner	Department or person responsible.
Action required	Corrective or improvement action.
Due date	Target completion date.
Evidence required	Record needed to prove closure.
Status	Open, in progress, completed, verified, delayed, escalated.
Management review	Whether the gap has been reviewed or approved by management.

## Example gap analysis entries

ESG Topic	Gap Identified	Severity	Priority Action
Emissions	Scope 1 and Scope 2 emissions not yet calculated.	Medium	Collect electricity and fuel data, assign data owner, prepare GHG workbook.
Waste	Scheduled waste records exist, but waste contractor licences are not stored centrally.	High	Create waste contractor due diligence file and verify licence validity.
Forced Labour	Migrant worker recruitment fee checks are not formalised.	High	Conduct confidential worker interviews and establish fee declaration process.
Supplier Traceability	Natural rubber origin data is incomplete for upstream suppliers.	High	Prioritise high-volume suppliers and collect sourcing area information.
Anti-Corruption	ABAC Policy exists, but supplier anti-corruption clauses are not included in all contracts.	Medium	Update supplier onboarding and contract templates.
ESG Reporting	ESG data owners are not formally assigned.	Medium	Establish ESG Data Ownership Matrix.

## 44.2 Assessing Severity, Urgency, and Resource Needs

After gaps are identified, the company should assess their severity, urgency, and resource needs. This helps management decide which gaps require immediate action, which can be addressed in phases, and which need budget or external support.

### Severity assessment

Severity measures how serious the gap could be if left unresolved.

Severity Level	Description	Examples
<b>Critical</b>	May cause severe legal, human rights, environmental, safety, corruption, market access, or reputational impact. Immediate management attention is required.	Suspected forced labour, child labour, serious OHS hazard, major pollution incident, expired critical permit, bribery allegation, false ESG claim submitted to customer.
<b>High</b>	Significant ESG, compliance, customer, worker, supplier, or operational risk. Action is required within a defined short timeframe.	Missing supplier traceability for customer-facing natural rubber, incomplete scheduled waste evidence, repeated wage complaints, lack of HIRARC for high-risk machinery.
<b>Medium</b>	Moderate risk or evidence gap that may affect reporting quality, audit readiness, or continuous improvement.	Missing ESG data owner, incomplete training records, partial supplier questionnaire coverage, no formal energy target.
<b>Low</b>	Minor gap with limited risk, usually administrative or improvement-oriented.	Policy formatting issue, outdated template, minor record organisation gap.

### Severity criteria

The company should consider the following when assigning severity.

Criterion	Guiding Question
Legal exposure	Could the gap breach a law, permit, licence, or regulatory requirement?
Human rights impact	Could workers, migrant workers, children, communities, or vulnerable groups be harmed?
Environmental impact	Could the gap cause pollution, waste leakage, deforestation risk, biodiversity harm, or resource inefficiency?
OHS impact	Could the gap cause injury, illness, unsafe work, or emergency risk?
Customer and market access	Could the gap affect customer approval, exports, audits, EUDR readiness, or certification?
Financial impact	Could the gap cause penalties, remediation costs, rejected shipments, higher costs, or lost business?

Reputational impact	Could the gap damage trust with customers, regulators, financiers, workers, or communities?
Evidence and disclosure risk	Could the gap lead to inaccurate reporting, unsupported claims, or failed verification?
Likelihood	Is the issue already occurring, likely to occur, or only possible?
Remediability	Can the impact be corrected easily, or would harm be difficult to remedy?

## Urgency assessment

Urgency measures how quickly the gap must be addressed.

Urgency Level	Timing	Examples
<b>Immediate</b>	Action required immediately or within days.	Serious safety hazard, major spill, forced labour allegation, expired critical permit, regulatory notice.
<b>Short-term</b>	Action required within 0–6 months.	Missing legal register, high-risk supplier data gap, incomplete OHS risk assessment, missing ABAC policy.
<b>Medium-term</b>	Action required within 6–18 months.	Improving Scope 3 data, expanding supplier ESG assessment, installing sub-metering, formalising career development review.
<b>Long-term</b>	Action required within 18–36 months or as part of strategic transformation.	Major renewable energy investment, full upstream traceability system, digital ESG dashboard, product carbon footprint system.

Companies may adjust these timelines based on their internal planning cycle, customer deadlines, regulatory requirements, or resource availability.

## Resource needs assessment

Resource needs should be assessed because some gaps can be closed quickly with internal effort, while others require budget, technical expertise, system upgrades, or supplier collaboration.

Resource Level	Description	Examples
<b>Low</b>	Can be completed internally with existing staff and basic templates.	Update policy, create register, assign data owner, collect missing bills.
<b>Medium</b>	Requires cross-functional work, training, management time, or moderate cost.	Develop supplier questionnaire, conduct HIRARC review, implement payroll correction log.

<b>High</b>	Requires significant budget, system changes, equipment, external expertise, or supplier engagement.	Install wastewater upgrade, conduct energy audit, implement digital traceability system, complete geolocation mapping.
<b>External support required</b>	Requires specialist knowledge or independent review.	GHG calculation support, legal review, transfer pricing documentation, EUDR due diligence, environmental testing, external assurance.

### Severity, urgency, and resource matrix

Gap Example	Severity	Urgency	Resource Need	Priority Decision
No age verification process	Critical	Immediate / Short-term	Low to Medium	Implement immediately through HR recruitment controls.
Incomplete scheduled waste evidence	High	Short-term	Medium	Verify waste contractors and consolidate records.
No Scope 3 emissions calculation	Medium	Medium-term	Medium to High	Start with Scope 3 screening and priority categories.
No renewable energy feasibility study	Low to Medium	Long-term	High	Consider after energy baseline and efficiency actions.
No formal stakeholder register	Medium	Short-term	Low	Create stakeholder map and engagement log.
Natural rubber geolocation incomplete	High	Short / Medium-term depending on customer scope	High / External support may be needed	Prioritise EU-linked or high-volume suppliers.

### Root cause assessment

For significant gaps, the company should identify root causes. This prevents repeated corrective actions that do not solve the underlying issue.

Gap	Possible Root Cause
Missing ESG data	No data owner assigned; data not collected monthly; source documents scattered.
Incomplete supplier traceability	Supplier not briefed; no traceability template; upstream visibility limited; customer requirement new.
Repeated waste storage findings	Poor housekeeping; no inspection schedule; workers not trained; storage area insufficient.
Payroll corrections recurring	Manual data entry error; supervisor overtime approvals late; payroll review checklist missing.



OHS incidents recurring	HIRARC outdated; machine guarding incomplete; training ineffective; production pressure.
ABAC declarations missing	No annual declaration process; employees not trained; policy not communicated.
ESG report contains unsupported claims	No disclosure review process; evidence register incomplete; management approval weak.

## Resource and budget planning

Gaps that require funding should be linked to budget planning. Examples include:

- a. energy audit;
- b. sub-metering;
- c. wastewater treatment upgrade;
- d. spill containment improvement;
- e. chemical storage upgrade;
- f. PPE improvement;
- g. worker accommodation improvement;
- h. supplier audits;
- i. traceability system;
- j. ESG software or data system;
- k. external consultant or assurance provider;
- l. training programmes;
- m. legal or tax review;
- n. emissions calculation support; and
- o. certification or verification costs.

Management should review whether actions are feasible within the current year or need phased implementation.

## 44.3 Prioritising Short-, Medium-, and Long-Term Actions

Once gaps are assessed, the company should prioritise actions into short-, medium-, and long-term improvement plans. This allows the company to address urgent risks quickly while building longer-term ESG maturity.

## **Prioritisation principles**

Companies should prioritise actions based on:

- a. legal and regulatory requirements;
- b. worker safety and human rights impact;
- c. environmental harm prevention;
- d. customer or market access deadlines;
- e. risk severity and likelihood;
- f. stakeholder concern;
- g. availability of evidence;
- h. cost and resource needs;
- i. feasibility of implementation;
- j. ability to produce quick improvements;
- k. dependency on suppliers or external parties; and
- l. contribution to long-term competitiveness.

## Short-term actions

Short-term actions should address urgent, high-risk, or easy-to-close gaps. These are usually actions that can be completed within 0–6 months. Examples include:

Short-Term Action Area	Examples
Governance basics	Appoint ESG lead, assign data owners, approve ESG policy, create ESG Committee or management review process.
Legal and compliance	Establish legal register, update licence tracker, verify permit expiry dates, review scheduled waste records.
Evidence management	Create evidence register, organise bills and records, consolidate ESG data folders.
OHS controls	Review high-risk HIRARC, close urgent safety findings, conduct PPE checks, update emergency contacts.
Labour controls	Review employment contracts, payroll records, overtime approvals, wage complaint process.
Forced labour controls	Review passport access, recruitment fee risks, migrant worker orientation, grievance channels.
Child labour controls	Implement age verification checklist and young worker restrictions.
Supplier basics	Update supplier master list, issue Supplier Code of Conduct, identify priority suppliers.
Anti-corruption basics	Approve ABAC Policy, create gift and conflict registers, communicate reporting channel.
Reporting controls	Prepare reporting boundary statement, disclosure checklist, omission register, assumptions register.

Short-term actions should normally focus on **risk control, compliance, evidence, and accountability**.

## Medium-term actions

Medium-term actions usually require coordination, training, system improvement, supplier engagement, or moderate investment. These may be completed within 6–18 months.

Examples include:

Medium-Term Action Area	Examples
ESG data improvement	Monthly ESG data collection templates, KPI dashboard, data quality review process.
Environmental performance	Energy efficiency assessment, water balance, waste reduction plan, chemical storage improvements.
Emissions	Scope 1 and Scope 2 calculation, Scope 3 screening, emissions intensity tracking.
OHS maturity	Full HIRARC review, incident trend analysis, contractor safety management, emergency drill programme.
Labour maturity	Working hour trend analysis, wage review, supervisor training, grievance trend review.
Supplier due diligence	ESG questionnaires for priority suppliers, supplier risk scoring, supplier corrective action tracker.
Traceability	Natural rubber origin data collection, sourcing area register, batch traceability improvement.
Governance maturity	Internal audit checklist, ESG risk register review, disclosure approval workflow, management review calendar.
Training	ESG awareness, OHS refresher, ABAC training, supplier briefing, data owner training.
Stakeholder engagement	Stakeholder map, engagement plan, feedback log, community complaint process.

Medium-term actions should normally focus on **system strengthening, monitoring, and supplier engagement**.

## Long-term actions

Long-term actions usually involve strategic investment, technology, deep supply chain engagement, certification, assurance, or performance transformation. These may take 18–36 months or longer.

Examples include:

Long-Term Action Area	Examples
Climate transition	Renewable energy investment, low-carbon process improvements, product carbon footprint capability.
Advanced traceability	Digital traceability system, geolocation expansion, upstream verification, chain-of-custody certification.
Supplier transformation	Supplier capacity-building programme, supplier audits, smallholder engagement, responsible sourcing programme.
Circularity	Material recovery projects, recycled content initiatives, packaging redesign, waste-to-resource partnerships.
Water resilience	Water reuse system, advanced effluent treatment, flood or drought resilience planning.
OHS excellence	Behaviour-based safety programme, automation of high-risk tasks, advanced machine guarding upgrades.
Human rights due diligence	Formal human rights impact assessment, third-party labour audits, deeper recruitment corridor controls.
ESG assurance	Limited assurance over selected ESG indicators, external verification, assurance readiness system.
Governance digitalisation	ESG software, integrated data dashboard, digital evidence management, automated approval workflow.
Certification and market access	MSNR, FSC, PEFC, Preferred by Nature, ISO, or customer-specific certification where relevant.

Long-term actions should focus on **strategic resilience, competitiveness, assurance readiness, and market access**.

## Action prioritisation matrix

A simple action prioritisation matrix may be used.

Priority Category	Criteria	Action Approach
<b>Priority 1: Immediate Critical Action</b>	Critical severity, legal breach, serious safety or human rights risk, customer deadline, major incident.	Act immediately, escalate to management, assign resources, track daily or weekly until controlled.
<b>Priority 2: Short-Term Risk Control</b>	High severity, high customer relevance, significant evidence gap, high audit risk.	Complete within 0–6 months, assign owner and evidence requirement.
<b>Priority 3: Medium-Term System Improvement</b>	Moderate risk, partial controls, data gaps, supplier coverage gaps, process improvement needed.	Complete within 6–18 months, integrate into ESG action plan.
<b>Priority 4: Long-Term Strategic Development</b>	Requires major investment, supplier transformation, digital systems, certification, or assurance.	Plan over 18–36 months, include in budget and strategic planning.
<b>Priority 5: Monitor</b>	Low risk, low materiality, not currently applicable, or dependent on future changes.	Review annually or when business context changes.

## ESG improvement action plan

The outcome of prioritisation should be an **ESG Improvement Action Plan**.

Field	Description
Action ID	Unique reference number.
Linked gap ID	Gap addressed by the action.
ESG topic	Topic related to action.
Priority level	Priority 1, 2, 3, 4, or Monitor.
Action description	What will be done.
Expected outcome	What improvement is expected.
Responsible owner	Department or person responsible.
Supporting departments	Departments needed for implementation.
Resource need	Budget, training, external support, system, supplier engagement.
Timeline	Short-, medium-, or long-term target date.
KPI	How progress or success will be measured.
Evidence required	Records needed to prove completion.
Status	Not started, in progress, completed, delayed, verified.
Management review	Date reviewed and decision made.

## Example ESG improvement action plan

ESG Topic	Gap	Action	Priority	Owner	Timeline	Evidence
Governance	ESG data owners not assigned.	Create ESG Data Ownership Matrix.	Short-term	ESG Lead	3 months	Approved matrix.
Emissions	GHG inventory not prepared.	Calculate Scope 1 and Scope 2 emissions.	Short-term	EHS / Finance	6 months	GHG workbook.
Supplier Traceability	Natural rubber origin incomplete.	Collect origin data from top 10 suppliers by volume.	Medium-term	Procurement	12 months	Supplier origin forms.
OHS	HIRARC outdated for production lines.	Review and update HIRARC for high-risk machinery.	Short-term	EHS / Production	4 months	Updated HIRARC.
Anti-Corruption	No gift register.	Establish Gifts and Hospitality Register and brief employees.	Short-term	Compliance / HR	2 months	Register and training record.

ESG Topic	Gap	Action	Priority	Owner	Timeline	Evidence
Energy	No energy efficiency plan.	Conduct internal energy review and identify quick savings.	Medium-term	Facilities	9 months	Energy review report.
Assurance	Evidence pack not standardised.	Create assurance-ready evidence pack for ESG report.	Medium-term	ESG Lead	12 months	Evidence pack index.

#### 44.4 Linking Gaps to ESG Risks and Opportunities

Gaps should be linked to ESG risks and opportunities so that management can understand their business significance. A gap is not just an administrative issue; it may create risk or reveal an opportunity.

For example:

- incomplete emissions data may create reporting risk, but also an opportunity to identify energy cost savings;
- supplier traceability gaps may create market access risk, but also an opportunity to strengthen responsible sourcing;
- OHS training gaps may create injury risk, but also an opportunity to improve productivity and worker trust;
- waste data gaps may create compliance risk, but also an opportunity to reduce disposal costs and recover materials;
- weak anti-corruption controls may create legal risk, but also an opportunity to improve procurement integrity.

#### Linking gaps to ESG risk categories

Gap	ESG Risk Link
No legal compliance register	Regulatory risk, permit expiry risk, audit readiness risk.
No Scope 1 and Scope 2 emissions calculation	Climate disclosure risk, customer response risk, energy management gap.
Incomplete waste contractor evidence	Environmental compliance risk, illegal disposal risk, customer audit risk.
No forced labour risk assessment	Human rights risk, customer audit risk, market access risk.
Incomplete supplier traceability	Deforestation risk, EUDR-oriented readiness risk, customer trust risk.



No ABAC training	Corruption risk, Section 17A readiness gap, supplier ethics risk.
No grievance mechanism	Worker rights risk, retaliation risk, unresolved impact risk.
No data ownership matrix	Reporting risk, evidence gap, inaccurate disclosure risk.

## Linking gaps to opportunities

Gap	Opportunity
Energy data not analysed	Identify energy savings and emissions reduction opportunities.
Waste not segregated	Increase recycling, reduce disposal cost, improve circularity.
Supplier data incomplete	Build stronger supplier relationships and improve customer readiness.
Training records weak	Improve worker competency and reduce audit findings.
OHS incidents recurring	Improve safety culture and reduce downtime.
Water data incomplete	Improve water efficiency and effluent control.
ESG governance informal	Strengthen accountability and customer confidence.
Materiality not documented	Improve reporting relevance and strategic focus.
Anti-corruption controls basic	Improve procurement integrity and reduce misconduct risk.

## Risk and opportunity linkage process

Companies should follow this process:

Step	Action
1. Identify gap	Record the gap in the Gap Analysis Register.
2. Identify related ESG risk	Link the gap to an existing risk or create a new risk in the ESG Risk Register.
3. Identify opportunity	Determine whether closing the gap may create cost savings, efficiency, market access, customer trust, worker retention, or performance improvement.
4. Assess priority	Consider severity, urgency, resource need, and opportunity value.
5. Define action	Include corrective and improvement actions in the ESG Improvement Action Plan.
6. Assign owner	Assign risk owner and action owner.
7. Track KPI	Define metric to monitor progress.
8. Review management decision	Present high-priority gaps, risks, and opportunities to management.
9. Update reporting	Disclose material gaps, actions, and progress where relevant.

## Risk-opportunity linkage table

Companies may use the following table.

Gap ID	ESG Topic	Gap Description	Linked Risk	Linked Opportunity	Priority	Action
G-01	Energy	Energy intensity not tracked.	Cost and emissions risk.	Energy efficiency savings.	Medium	Track kWh per tonne of product.
G-02	Supplier Traceability	Upstream natural rubber origin incomplete.	Market access and deforestation risk.	Improved customer readiness and responsible sourcing.	High	Collect origin data from priority suppliers.
G-03	OHS	Machine guarding inspections incomplete.	Injury and compliance risk.	Safer operations and reduced downtime.	High	Implement monthly machine safety checklist.
G-04	Anti-Corruption	Gift register not implemented.	Bribery and conflict risk.	Stronger procurement integrity.	Medium	Establish gift register and train staff.
G-05	ESG Reporting	Data gaps not explained.	Misleading disclosure risk.	More credible reporting.	Medium	Create omission and data gap register.

## Integrating gap analysis into management review

Management should review:

- top critical and high-priority gaps;
- gaps linked to legal compliance;
- gaps linked to customer or market access;
- gaps linked to human rights or worker safety;
- gaps linked to environmental harm;
- gaps linked to supplier traceability;
- gaps requiring budget or external expertise;
- repeated gaps or recurring findings;
- opportunities for cost savings or competitiveness;
- action progress and overdue items; and
- gaps that should be disclosed in ESG reporting.

## Reporting gap analysis results

Companies do not need to disclose every internal gap publicly. However, material gaps that affect ESG performance, data quality, reporting boundary, or customer claims should be disclosed appropriately.

A report may state:

“The company conducted an ESG self-assessment and identified priority gaps relating to emissions calculation, supplier traceability, ESG data ownership, and supplier ESG assessment coverage. These gaps have been incorporated into the ESG Improvement Action Plan with assigned owners and timelines. The company will report progress in the next reporting cycle.”

Where gaps involve serious legal, environmental, human rights, safety, or corruption matters, the company should handle disclosure carefully, protect confidentiality where needed, and follow legal, customer, and management approval requirements.

## Minimum Implementation Outputs for Section 44

At the end of this section, each company should aim to have the following records or tools:

Output	Purpose
Gap Analysis Procedure	Defines how ESG gaps are identified, classified, assessed, prioritised, and tracked.
Gap Analysis Register	Records gaps, ESG topics, requirements, current status, root cause, severity, urgency, resource needs, actions, owners, due dates, and evidence.
Gap Type Classification Guide	Helps classify gaps as policy, procedure, implementation, evidence, data, supplier, compliance, training, governance, performance, or disclosure gaps.
Severity Assessment Matrix	Defines low, medium, high, and critical severity levels.
Urgency Assessment Matrix	Defines immediate, short-term, medium-term, and long-term action timing.
Resource Needs Assessment	Identifies whether actions require internal effort, budget, systems, training, supplier engagement, or external support.
Root Cause Analysis Template	Helps identify why significant gaps exist and how recurrence will be prevented.
ESG Improvement Action Plan	Converts gaps into prioritised actions with owners, timelines, KPIs, resources, and evidence requirements.
Short-, Medium-, and Long-Term Action Plan	Organises improvement actions by implementation timeframe.

Output	Purpose
Risk and Opportunity Linkage Table	Links each significant gap to ESG risks and potential business opportunities.
ESG Risk Register Update	Ensures high-priority gaps are reflected in ESG risk management.
Budget and Resource Request Record	Supports management decisions on actions requiring funding or external support.
Corrective Action Tracker	Tracks closure of gaps, audit findings, incidents, supplier findings, and management actions.
Management Review Record	Shows senior management review of significant gaps, priorities, resources, risks, and opportunities.
ESG Reporting Linkage Note	Explains which material gaps, limitations, or improvement actions should be disclosed in ESG reports or customer responses.

Used properly, gap analysis helps rubber processors and manufacturers move from ESG assessment to practical improvement. It supports better prioritisation, clearer accountability, stronger evidence, reduced compliance and customer risk, and a more structured pathway towards ESG maturity and continuous improvement.

## 45. ESG Action Plan

The ESG Action Plan converts self-assessment results and gap analysis findings into practical, time-bound improvement actions. It is the company's roadmap for strengthening ESG governance, improving environmental and social performance, closing evidence gaps, meeting customer expectations, and preparing for ESG reporting, verification, or certification.

For Malaysian rubber processors and manufacturers, the ESG Action Plan should be realistic and proportionate. It should recognise the company's size, resources, maturity level, customer requirements, legal obligations, supplier complexity, and operational risks. The action plan should not be a list of broad intentions. It should clearly state what will be done, who is responsible, when it will be completed, what resources are needed, and what evidence will prove completion.

The ESG Action Plan should be linked to:

- a. ESG self-assessment results;
- b. ESG gap analysis;
- c. ESG Risk Register;
- d. materiality assessment results;
- e. legal and regulatory compliance register;
- f. customer and certification requirements;
- g. supplier due diligence findings;
- h. stakeholder feedback and grievances;
- i. audit findings and corrective actions;
- j. ESG data gaps and evidence gaps; and
- k. management review decisions.

The action plan should be reviewed regularly by management and updated as circumstances change. It should also support the company's ESG report by showing targets, progress, corrective actions, and continuous improvement.

### 45.1 Setting ESG Objectives and Targets

ESG objectives describe what the company wants to achieve. ESG targets translate those objectives into measurable or trackable commitments. Objectives and targets should be linked to material ESG topics, business risks, stakeholder expectations, and improvement priorities.

For example, "improve environmental performance" is too broad. A stronger objective would be: "Improve energy efficiency and reduce emissions intensity at the main manufacturing

site.” A measurable target could then be: “Reduce electricity intensity by 5% per tonne of product by 2027 compared with the 2026 baseline.”

## Characteristics of good ESG objectives and targets

ESG objectives and targets should be:

Characteristic	Practical Meaning
<b>Relevant</b>	Linked to material ESG topics, risks, customer expectations, or compliance needs.
<b>Specific</b>	Clearly states what will be improved or achieved.
<b>Measurable</b>	Includes a KPI, completion evidence, or measurable outcome.
<b>Achievable</b>	Realistic based on available resources, data, capability, and timeframe.
<b>Time-bound</b>	Includes a target date or milestone.
<b>Assigned</b>	Has a responsible owner and supporting departments.
<b>Evidence-backed</b>	Completion can be proven through records, data, reports, or verification.
<b>Reviewed</b>	Progress is monitored and reviewed by management.

## Types of ESG objectives

Companies may set different types of objectives depending on maturity level.

Objective Type	Example
<b>Governance objective</b>	Establish ESG governance structure, data ownership, and management review process.
<b>Compliance objective</b>	Ensure all licences, permits, and regulatory submissions are tracked and renewed on time.
<b>Data objective</b>	Improve ESG data collection for energy, emissions, water, waste, OHS, workforce, and suppliers.
<b>Environmental performance objective</b>	Reduce energy use, improve waste segregation, reduce water intensity, or improve chemical storage.
<b>Social performance objective</b>	Improve OHS training, wage controls, grievance handling, worker communication, or forced labour prevention.
<b>Supplier objective</b>	Improve supplier traceability, supplier ESG screening, and supplier corrective action closure.
<b>Reporting objective</b>	Prepare an evidence-backed ESG report and respond to customer ESG questionnaires more effectively.
<b>Assurance readiness objective</b>	Build evidence packs and data quality controls for customer verification or future assurance.

## Target-setting examples

ESG Topic	Objective	Target
ESG Governance	Strengthen ESG accountability.	Appoint ESG lead and assign data owners for all material ESG topics by Q2 2027.
Energy	Improve energy efficiency.	Reduce electricity intensity by 5% per tonne of product by 2028 from the 2026 baseline.
Emissions	Build GHG reporting capability.	Calculate Scope 1 and Scope 2 emissions annually starting from reporting year 2027.
Water	Improve water data and efficiency.	Complete water balance and leak inspection programme by Q3 2027.
Waste	Improve waste segregation and recovery.	Increase waste diversion rate by 10% by 2028 from the 2026 baseline.
OHS	Reduce workplace safety risks.	Complete HIRARC review for all high-risk production areas by Q4 2027.
Workers' Rights	Improve payroll and working hour controls.	Implement payroll correction log and overtime review process by Q2 2027.
Forced Labour	Strengthen ethical recruitment.	Conduct recruitment fee checks for all migrant worker recruitment batches by Q3 2027.
Supplier Due Diligence	Improve supplier ESG coverage.	Obtain ESG questionnaires from 80% of priority suppliers by Q4 2027.
Anti-Corruption	Strengthen corruption risk controls.	Train all procurement, finance, HR, logistics, and management staff on ABAC by Q3 2027.
ESG Reporting	Improve disclosure readiness.	Prepare annual ESG report with evidence pack and management approval by Q2 2028.

## Baseline and target year

Where quantitative targets are used, the company should define:

- baseline year;
- baseline value;
- target value;
- target year;
- scope or boundary;
- calculation method;
- data owner;
- reviewer;
- evidence required; and
- review frequency.

For example:

Target Element	Example
Baseline year	2026
Baseline value	500 kWh per tonne of product
Target	Reduce to 475 kWh per tonne of product
Target year	2028
Boundary	Main manufacturing site
Data source	Electricity bills and production records
Data owner	Finance and Production
Reviewer	ESG Lead
Evidence	Energy tracker, production records, management review minutes

## Qualitative targets

Not all early-stage ESG targets need to be numerical. Companies may also set qualitative or completion-based targets, especially where the first priority is to establish systems.

Examples include:

- a. approve ESG Policy;
- b. establish ESG Committee;
- c. prepare ESG Risk Register;
- d. develop Supplier Code of Conduct;
- e. complete supplier mapping;
- f. implement grievance procedure;
- g. create waste contractor due diligence file;
- h. prepare GHG calculation workbook;
- i. conduct OHS training for all production workers;
- j. establish gifts and hospitality register; and
- k. prepare ESG evidence pack.

Qualitative targets should still have owners, deadlines, and completion evidence.



## 45.2 Assigning Responsibility

Every ESG action must have a responsible owner. Without clear ownership, actions may be delayed, duplicated, or left incomplete. Responsibility should be assigned to the person or department best placed to implement the action and maintain evidence.

The ESG lead may coordinate the action plan, but the ESG lead should not be responsible for every action. ESG implementation requires cross-functional ownership.

### Responsibility levels

Responsibility Level	Meaning
<b>Action Owner</b>	Person or department responsible for completing the action.
<b>Supporting Department</b>	Department that provides information, resources, technical input, or evidence.
<b>Reviewer</b>	Person responsible for checking whether the action and evidence are adequate.
<b>Approver</b>	Management or authorised person who approves completion, budget, policy, target, or disclosure.
<b>Accountable Management</b>	Senior manager, owner, Board, or ESG Committee responsible for ensuring progress and removing barriers.

### Typical responsibility assignment

ESG Action Area	Typical Action Owner	Supporting Departments
ESG governance structure	ESG Lead / Management	HR, EHS, Procurement, Finance, Production
ESG data ownership matrix	ESG Lead	All data owners
Legal compliance register	Compliance / ESG Lead	EHS, HR, Finance, Procurement
Energy tracker	Finance / Facilities	Production, Maintenance, ESG Lead
Emissions calculation	ESG Lead / EHS	Finance, Maintenance, Production
Water and effluent monitoring	EHS / Facilities	WWTP Operator, Production
Waste management improvement	EHS / Warehouse	Procurement, Production
Chemical register and SDS update	EHS / Warehouse	Procurement, Production
HIRARC review	EHS / OHS	Production, Maintenance
Payroll and working hour review	HR / Finance	Production, Management
Grievance mechanism	HR / ESG Lead	Compliance, Department Heads
Supplier ESG assessment	Procurement	ESG Lead, EHS, HR, Compliance
Natural rubber traceability	Procurement / Supply Chain	Warehouse, Production, ESG Lead
ABAC training	Compliance / HR	Procurement, Finance, Management

ESG Action Area	Typical Action Owner	Supporting Departments
ESG report preparation	ESG Lead	All data owners, Management
Evidence management	ESG Lead	All departments

## RACI approach for ESG actions

Companies may use a RACI structure to clarify roles.

RACI Role	Meaning
<b>Responsible</b>	Performs the work.
<b>Accountable</b>	Owns the final outcome.
<b>Consulted</b>	Provides input or technical advice.
<b>Informed</b>	Receives updates on progress or outcome.

Example:

ESG Action	Responsible	Accountable	Consulted	Informed
Calculate Scope 1 and Scope 2 emissions	ESG Lead / EHS	General Manager	Finance, Maintenance	ESG Committee
Conduct supplier ESG screening	Procurement	Procurement Manager	ESG Lead, HR, EHS	Management
Update chemical storage controls	EHS / Warehouse	EHS Manager	Production, Procurement	Management
Implement ABAC training	HR / Compliance	Managing Director	Procurement, Finance	All staff
Prepare ESG report	ESG Lead	Senior Management	Data owners, Compliance	Board / Owner

## Responsibility assignment record

The action plan should include clear responsibility fields.

Field	Description
Action owner	Person or department responsible for completion.
Accountable manager	Senior person accountable for the outcome.
Supporting departments	Departments needed for implementation.
Reviewer	Person who checks completion evidence.
Approver	Person or body that approves completion.
Escalation point	Person or committee to escalate delays, risks, or resource constraints.

## Escalation of overdue actions

Actions should be escalated when:

- a. the due date is missed;
- b. resources are insufficient;
- c. the action depends on another department or supplier;
- d. the risk becomes more severe;
- e. a customer deadline is approaching;
- f. legal compliance may be affected;
- g. a serious incident or grievance occurs;
- h. evidence is not available;
- i. management approval is required; or
- j. corrective action is repeatedly delayed.

Escalation should be documented in management review minutes or action tracker remarks.

## 45.3 Timeline and Milestones

Timelines and milestones help companies convert ESG goals into manageable steps. Without timelines, action plans may remain open-ended and difficult to monitor.

Actions should be organised into:

- a. immediate actions;
- b. short-term actions;
- c. medium-term actions;
- d. long-term actions; and
- e. ongoing monitoring actions.

### Recommended timeline categories

Timeline Category	Suggested Period	Typical Actions
Immediate	Now to 1 month	Serious safety issue, major compliance gap, urgent customer request, critical incident response.
Short-term	0–6 months	Assign ESG roles, create registers, update policies, collect missing data, close high-risk gaps.
Medium-term	6–18 months	Improve data systems, conduct supplier screening, implement training, develop targets, improve monitoring.
Long-term	18–36 months	Digital traceability, renewable energy investment, certification, advanced supplier engagement, assurance readiness.

<b>Ongoing</b>	Continuous	Monthly data tracking, management review, supplier monitoring, grievance handling, legal updates.
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## Milestone planning

For larger actions, companies should break the action into milestones. This makes progress easier to track.

### Example: Calculate Scope 1 and Scope 2 emissions

Milestone	Target Date	Evidence
Identify emission sources	Month 1	Scope 1 and Scope 2 source list
Collect electricity and fuel data	Month 2	Bills, invoices, fuel logs
Select emission factors	Month 3	Emission factor register
Prepare calculation workbook	Month 4	GHG workbook
Review data and assumptions	Month 5	Review checklist
Obtain management approval	Month 6	Approval record
Include in ESG report	Reporting cycle	ESG report section

### Example: Supplier ESG assessment for priority suppliers

Milestone	Target Date	Evidence
Define priority supplier criteria	Month 1	Supplier categorisation matrix
Update supplier master list	Month 2	Supplier master list
Send Supplier Code of Conduct	Month 3	Supplier acknowledgements
Issue ESG questionnaire	Month 4	Email records, questionnaire tracker
Review responses and risk-rate suppliers	Month 6	Supplier risk matrix
Request corrective actions	Month 8	Supplier CAP tracker
Review closure progress	Month 12	Supplier progress report

## Milestone status tracking

The company should use standard status categories.

Status	Meaning
Not started	Action has not begun.
In progress	Action has started and is within timeline.
Delayed	Action has started but is behind schedule.
Completed	Action has been completed.
Verified	Completion evidence has been reviewed and accepted.
On hold	Action paused due to dependency, budget, customer scope, or management decision.
Cancelled	Action no longer required, with reason documented.

## Timeline review

Timelines should be reviewed during management meetings. If deadlines are missed, the company should identify why and revise the action plan where justified.

Common reasons for delay include:

- a. unclear ownership;
- b. lack of budget;
- c. supplier non-response;
- d. missing data;
- e. insufficient training;
- f. system limitations;
- g. competing operational priorities;
- h. external consultant delay;
- i. customer requirement changes;
- j. regulatory uncertainty; or
- k. management approval pending.

Delays should not simply be carried forward without explanation. The action plan should record the reason, revised deadline, and escalation status.

## 45.4 Budget and Resource Planning

ESG improvement requires resources. Some actions can be completed with existing staff and simple templates. Others may require budget, technical expertise, training, equipment, software, consultant support, supplier engagement, certification costs, or capital investment.

Budget and resource planning helps management make realistic decisions about what can be done immediately and what should be phased.

## Types of ESG resources

Resource Type	Examples
<b>Human resources</b>	ESG lead time, HR staff, EHS staff, procurement staff, data owners, supervisors, management review time.
<b>Training resources</b>	ESG training, OHS training, ABAC training, supplier briefing, data owner training, supervisor training.
<b>Technical resources</b>	GHG calculation support, energy audit, water testing, soil testing, supplier traceability support, legal review.
<b>Operational resources</b>	Maintenance, meters, spill kits, chemical storage upgrade, PPE, waste segregation bins, signage.
<b>Systems and tools</b>	ESG data templates, digital dashboards, document management, traceability system, HR/payroll system improvements.
<b>Supplier resources</b>	Supplier audits, supplier training, traceability data collection, supplier corrective action follow-up.
<b>Certification resources</b>	MSNR, FSC, PEFC, Preferred by Nature, ISO, social audits, external verification.
<b>Assurance resources</b>	Internal audit, pre-assurance review, external assurance over selected indicators.
<b>Capital expenditure</b>	Renewable energy, wastewater treatment upgrade, energy-efficient equipment, ventilation, machine guarding.

## Resource need categories

Resource Level	Description	Example
<b>Low</b>	Can be done internally with existing staff and documents.	Create ESG data ownership matrix.
<b>Medium</b>	Requires cross-functional work, training, or minor cost.	Conduct supervisor training or supplier ESG screening.
<b>High</b>	Requires significant budget, equipment, system change, or external technical support.	Install solar PV, upgrade wastewater treatment, implement digital traceability system.
<b>External support required</b>	Requires specialist knowledge or independent review.	GHG inventory methodology, legal review, EUDR due diligence, assurance readiness.

## Budget planning process

A practical ESG budget process should include:

Step	Action
1. Identify resource needs	Review each action and determine staff, budget, tools, training, and external support required.
2. Estimate cost	Estimate internal and external costs.
3. Classify urgency	Determine whether budget is needed immediately, short-term, medium-term, or long-term.
4. Link to risk	Connect budget request to ESG risk, compliance, customer requirement, or opportunity.
5. Assess benefit	Identify expected benefits such as cost saving, risk reduction, market access, compliance, or customer approval.
6. Prioritise	Approve high-risk and high-impact actions first.
7. Assign budget owner	Identify who controls or approves the budget.
8. Monitor spending	Track actual cost against approved budget.
9. Review results	Compare actual outcome with expected benefit.
10. Update next cycle	Include unfinished or strategic actions in next-year planning.

## ESG budget table

ESG Action	Resource Needed	Estimated Cost	Budget Owner	Priority	Expected Benefit	Approval Status
Conduct energy audit	External energy consultant	RM [amount]	Facilities / Finance	Medium	Identify energy savings and emissions reduction.	Pending
Improve chemical storage	Bunding, labels, cabinets, spill kits	RM [amount]	EHS / Finance	High	Reduce spill and compliance risk.	Approved
Supplier ESG assessment	Procurement staff time, questionnaire platform	RM [amount]	Procurement	High	Improve customer readiness and supplier risk management.	In progress
ABAC training	Training material and staff time	RM [amount]	HR / Compliance	Medium	Reduce corruption risk and improve Section 17A readiness.	Approved

ESG report preparation	ESG lead time and evidence review	RM [amount]	ESG Team / Management	Medium	Improve disclosure and customer response readiness.	Approved
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## Cost-benefit considerations

When reviewing ESG budget requests, management should consider:

- a. legal compliance risk reduction;
- b. avoidance of fines, penalties, or enforcement;
- c. customer retention or market access;
- d. energy, water, or waste cost savings;
- e. reduced accident costs and downtime;
- f. improved worker retention and morale;
- g. improved supplier reliability;
- h. improved audit readiness;
- i. improved financing eligibility;
- j. reduced reputational risk;
- k. improved operational efficiency; and
- l. readiness for future reporting or assurance requirements.

## Funding and support options

Companies may explore support options such as:

- a. internal operating budget;
- b. capital expenditure budget;
- c. customer-supported improvement programmes;
- d. government grants or incentives where available;
- e. HRD Corp training claims where applicable;
- f. industry capacity-building programmes;
- g. bank financing or sustainability-linked financing;
- h. supplier cost-sharing;
- i. energy performance contracting;
- j. technical support from industry bodies; and
- k. phased implementation.



Companies should ensure that any funding, grant, donation, or sponsorship is managed transparently and in line with the company's anti-corruption and conflict of interest policies.

## 45.5 Monitoring and Progress Review

Monitoring and progress review ensure that the ESG Action Plan is implemented, not simply prepared. The company should track action status, evidence, delays, risks, budget, and outcomes.

The ESG Action Plan should be reviewed regularly by the ESG lead, action owners, department heads, senior management, and the ESG Committee where applicable.

### Monitoring frequency

Review Frequency	Recommended Use
Monthly	High-risk actions, OHS findings, environmental incidents, customer deadlines, urgent corrective actions.
Quarterly	ESG action plan progress, supplier due diligence, KPI dashboard, data gaps, training progress.
Semi-annually	Medium-term projects, budget use, policy updates, stakeholder feedback trends.
Annually	Overall ESG performance, maturity score improvement, target review, management approval, ESG reporting.
Incident-based	Major spill, serious OHS incident, forced labour concern, child labour concern, regulatory notice, corruption allegation.
Customer-request-based	Customer audit findings, ESG questionnaire gaps, traceability request, EUDR-oriented evidence request.

### Progress review questions

During review, management should ask:

Question	Purpose
Are priority actions progressing according to timeline?	Tracks implementation discipline.
Are high-risk gaps being addressed first?	Ensures risk-based prioritisation.
Are action owners clear and active?	Confirms accountability.
Is evidence available for completed actions?	Confirms closure is verifiable.
Are any actions delayed?	Identifies barriers and escalation needs.
Are resources sufficient?	Supports budget and manpower planning.

Have risks changed?	Updates the ESG Risk Register.
Have customer or regulatory requirements changed?	Keeps action plan relevant.
Are targets still realistic?	Allows adjustment where necessary.
Are improvements reflected in ESG data?	Connects actions to measurable performance.
Should progress be disclosed?	Supports ESG reporting and customer communication.

## Progress tracker

Companies should maintain an **ESG Action Plan Progress Tracker**.

Field	Description
Action ID	Unique reference.
ESG topic	Topic linked to action.
Objective / target	Desired outcome.
Action description	Specific action to be completed.
Priority	Critical, high, medium, low, or monitor.
Responsible owner	Department or person responsible.
Supporting departments	Departments contributing to action.
Start date	Planned start date.
Due date	Target completion date.
Milestones	Key steps or interim deliverables.
Budget	Approved or estimated budget.
Status	Not started, in progress, delayed, completed, verified, on hold.
Progress update	Short update on current status.
Evidence required	Documents needed for closure.
Evidence received	Yes, no, partial, under review.
Risk or issue	Delay reason, resource issue, dependency, supplier issue, customer change.
Escalation needed	Yes or no.
Management decision	Action, approval, revised timeline, budget, closure, or escalation.
Closure date	Date action completed and verified.

## Evidence-based closure

An action should not be marked complete unless evidence is available. Completion evidence may include:

- a. approved policy;
- b. updated SOP;
- c. training record;
- d. register created;
- e. data tracker completed;
- f. supplier response received;
- g. audit report;
- h. management approval;
- i. installation record;
- j. invoice or purchase record;
- k. photo evidence;
- l. calculation workbook;
- m. customer submission record;
- n. corrective action closure record; or
- o. KPI result.

Where an action is completed but effectiveness is not yet proven, it may be marked “completed, pending effectiveness review.”

## Effectiveness review

For significant actions, the company should check whether the action worked.

Action	Effectiveness Check
OHS training completed	Fewer repeat incidents, improved PPE compliance, supervisor observation confirms understanding.
Waste segregation improved	Waste contamination reduced, recycling records improved, storage inspection findings reduced.
Supplier ESG questionnaire issued	Supplier response rate increased, risk ratings completed, corrective actions assigned.
ABAC training delivered	Employees understand gift and conflict declaration requirements, register usage improves.
Energy efficiency project implemented	Electricity intensity reduced or equipment performance improved.
Grievance channel communicated	Workers know how to use the channel and grievance records are handled properly.
Emissions workbook prepared	Scope 1 and Scope 2 data can be traced to source documents and reviewed.

## Progress reporting

Progress should be reported internally and, where appropriate, in the ESG report.

A progress table may include:

ESG Objective	Target	Status	Progress During Reporting Period	Next Step
Strengthen ESG governance	Assign data owners for material topics.	Completed	Data ownership matrix approved by management.	Review annually.
Improve energy data	Track electricity monthly.	Completed	Energy tracker created and updated monthly.	Add energy intensity by production output.
Improve supplier due diligence	Screen 80% of priority suppliers.	In progress	45% of priority suppliers completed questionnaire.	Follow up remaining suppliers.
Strengthen OHS controls	Update HIRARC for high-risk areas.	In progress	6 of 10 areas reviewed.	Complete remaining areas by Q4.
Improve ESG reporting	Prepare evidence-backed ESG report.	Planned	Evidence register initiated.	Prepare first ESG report next cycle.

## Management review and continuous improvement

The ESG Action Plan should be reviewed as part of management review. Management should approve major changes to targets, timelines, budget, or priorities.

The review should consider:

- actions completed;
- actions overdue;
- high-risk gaps still open;
- new gaps identified;
- new customer or regulatory requirements;
- budget used and budget needed;
- supplier progress;
- stakeholder feedback;
- incidents and grievances;
- KPI trends;
- evidence readiness;
- reporting commitments; and

m. next-cycle priorities.

The action plan should be updated after each review. Closed actions should remain in the record for audit and reporting purposes.

## Minimum Implementation Outputs for Section 45

At the end of this section, each company should aim to have the following records or tools:

Output	Purpose
ESG Objectives and Targets Register	Records ESG objectives, targets, baselines, target years, KPIs, boundaries, and evidence requirements.
ESG Action Plan	Converts gaps and risks into actions with owners, timelines, milestones, resources, and status.
ESG RACI Matrix	Clarifies who is responsible, accountable, consulted, and informed for key ESG actions.
ESG Responsibility Assignment Record	Assigns action owners, reviewers, approvers, supporting departments, and escalation points.
Short-, Medium-, and Long-Term Action Plan	Organises actions by urgency and implementation timeframe.
Milestone Tracker	Breaks larger ESG actions into manageable steps and interim deliverables.
ESG Budget and Resource Plan	Identifies budget, manpower, training, system, technical, supplier, and external support needs.
Budget Approval Record	Shows management approval of ESG-related expenditure or resource allocation.
ESG Action Plan Progress Tracker	Tracks action status, progress updates, delays, risks, evidence, and closure.
Evidence-Based Closure Checklist	Confirms actions are completed with proper supporting evidence.
Effectiveness Review Record	Checks whether completed actions improved performance or reduced risk.
ESG KPI Dashboard	Tracks progress against targets, action closure, delays, and performance trends.
Management Review Minutes	Shows management review of objectives, targets, action progress, budget, risks, and corrective actions.
ESG Reporting Progress Table	Summarises progress for disclosure in ESG reports or customer responses.
Continuous Improvement Log	Records lessons learned, recurring issues, revised actions, and future improvement priorities.

Used properly, the ESG Action Plan helps rubber processors and manufacturers turn ESG commitments into measurable improvement. It supports accountability, resource planning, risk reduction, customer readiness, reporting credibility, and continuous progress across environmental, social, and governance topics.

## 46. Continuous Improvement

Continuous improvement is the process of reviewing ESG performance, learning from implementation, strengthening controls, updating priorities, and improving data, systems, policies, supplier requirements, and reporting practices over time. ESG adoption should not be treated as a one-time exercise. It should become part of the company's annual management cycle, operational decision-making, customer readiness, and long-term competitiveness.

For Malaysian rubber processors and manufacturers, continuous improvement is important because ESG expectations will continue to evolve. Customers may request more detailed traceability, emissions data, labour due diligence, supplier evidence, product-related information, or assurance readiness. Regulatory requirements may change. New customer markets may create new due diligence expectations. Operational risks may also change due to new products, new suppliers, new equipment, new workers, site expansion, or changes in production volume.

Continuous improvement should be based on evidence. Companies should review what worked, what did not work, what remains incomplete, what risks have increased, and what improvements should be prioritised next. This process should connect the ESG self-assessment, gap analysis, ESG Action Plan, ESG Risk Register, stakeholder engagement, ESG data system, supplier due diligence, and annual ESG reporting process.

Continuous improvement should help the company:

- a. strengthen ESG governance and accountability;
- b. improve environmental, social, and governance performance;
- c. close recurring gaps and corrective actions;
- d. improve ESG data quality and evidence readiness;
- e. update material ESG topics;
- f. improve customer and regulatory readiness;
- g. strengthen supplier engagement and traceability;
- h. improve worker and stakeholder trust;
- i. reduce risks and identify opportunities; and
- j. prepare for future reporting, verification, and assurance expectations.

## 46.1 Annual Review of ESG Performance

The company should conduct an annual ESG performance review. This review should assess progress against material ESG topics, ESG objectives, targets, action plans, KPIs, incidents, grievances, supplier findings, stakeholder feedback, and reporting commitments.

The annual review should be led by senior management, the ESG Committee, owner, Board, or highest governance body, depending on company size and structure. The ESG lead should coordinate the review and prepare the necessary data, evidence, and analysis.

### Purpose of the annual ESG review

Purpose	Practical Outcome
Review ESG performance	Understand how the company performed across material ESG topics.
Review action plan progress	Check whether ESG actions were completed, delayed, or still open.
Review target achievement	Determine whether targets were met, missed, revised, or carried forward.
Review incidents and grievances	Identify recurring issues and root causes.
Review supplier progress	Assess supplier screening, traceability, corrective actions, and supplier gaps.
Review data quality	Identify missing data, estimates, evidence gaps, and methodology issues.
Review compliance	Check legal, permit, licence, customer, certification, and reporting obligations.
Review stakeholder feedback	Understand concerns raised by workers, customers, suppliers, communities, regulators, and financiers.
Identify improvement priorities	Set new ESG objectives, targets, resources, and actions.
Prepare for reporting	Ensure ESG disclosures are accurate, balanced, and evidence-backed.

### Annual ESG review inputs

The annual ESG review should use the following inputs.

Input	Examples
ESG self-assessment results	Topic scores, maturity levels, applicability, evidence status, and gaps.
ESG Gap Analysis Register	Policy, procedure, data, evidence, supplier, compliance, training, and governance gaps.
ESG Action Plan	Completed, delayed, open, and verified actions.
ESG Risk Register	High and critical ESG risks, changing risks, emerging risks, and risk controls.

Input	Examples
ESG KPI dashboard	Energy, emissions, water, waste, OHS, labour, training, supplier, governance, and compliance data.
Legal compliance register	Permit renewals, submissions, regulatory updates, non-compliance, and corrective actions.
Supplier due diligence records	Supplier assessments, traceability data, supplier corrective actions, supplier risk ratings.
Incident and grievance records	OHS incidents, environmental incidents, worker grievances, community complaints, whistleblowing reports.
Stakeholder feedback	Customer requests, supplier feedback, worker engagement, community complaints, regulator feedback.
Audit findings	Internal audits, customer audits, certification audits, social audits, regulatory inspections.
ESG report commitments	Targets, next steps, and improvement commitments made in previous reports or customer responses.

## Annual ESG review agenda

A practical annual ESG review agenda may include:

Agenda Item	Review Questions
ESG governance	Are roles, responsibilities, data owners, and approval processes still effective?
Material topics	Are the current material topics still relevant? Have new topics emerged?
ESG performance	What were the main improvements, weaknesses, incidents, and trends?
ESG targets	Were targets met? If not, why? Should targets be revised?
Environmental performance	How did energy, emissions, water, waste, chemicals, and environmental compliance perform?
Social performance	How did OHS, wages, working hours, training, grievances, forced labour controls, and worker welfare perform?
Governance performance	How did supplier due diligence, ethics, anti-corruption, risk management, tax, and compliance controls perform?
Supplier performance	Are priority suppliers assessed? Are traceability gaps closing? Are supplier corrective actions effective?
Stakeholder feedback	What concerns or expectations were raised by customers, workers, suppliers, communities, regulators, or financiers?
Data quality	Which ESG data is complete, estimated, missing, or weak?
Corrective actions	Which actions are overdue or recurring? What root causes remain?
Resources	What budget, training, systems, or external support are needed?
Reporting readiness	Is the company ready to prepare the next ESG report or customer disclosure?
Next-year priorities	What are the top ESG improvement priorities for the next cycle?



## Annual ESG performance review record

The company should prepare an **Annual ESG Performance Review Record**.

Field	Description
Review period	Year or reporting cycle covered.
Date of review	Date management review was conducted.
Participants	Management, ESG lead, department heads, data owners, Board or owner where applicable.
ESG topics reviewed	Material topics and any monitored topics.
Key achievements	Improvements, completed actions, target progress, certifications, data improvements.
Key gaps	Significant gaps, missing evidence, delayed actions, weak controls.
Incidents and grievances	Summary of material incidents, complaints, grievances, and corrective actions.
Supplier findings	Supplier assessment coverage, traceability progress, supplier gaps, CAP status.
Data quality issues	Missing data, estimates, boundary limitations, assumptions, methodology changes.
Risks and opportunities	New or changed ESG risks and improvement opportunities.
Decisions made	Approved actions, revised targets, budget, policy updates, supplier actions.
Responsible owners	Owners assigned for next actions.
Next review date	Date of next review or interim review.
Approval	Management or Board / owner sign-off.

## Annual ESG review outputs

The annual ESG review should result in clear outputs, such as:

- a. updated ESG self-assessment scores;
- b. updated materiality assessment;
- c. updated ESG Risk Register;
- d. updated ESG Action Plan;
- e. revised ESG objectives and targets;
- f. updated policies, SOPs, and supplier requirements;
- g. updated training plan;
- h. updated ESG data inventory;
- i. updated evidence register;
- j. budget and resource plan;
- k. supplier engagement plan;
- l. ESG reporting plan; and
- m. management approval record.

## 46.2 Updating Material Topics

Material ESG topics should be reviewed at least annually and whenever the company's business context changes. A topic that was not material in one year may become material in the next year due to new customers, new regulations, supplier changes, new data, stakeholder concerns, or incidents.

For example, a company that starts supplying EU-linked customers may need to treat deforestation, traceability, geolocation, supplier due diligence, and natural rubber legality as higher-priority topics. A company that begins employing migrant workers may need to strengthen forced labour prevention, recruitment controls, passport access, accommodation, and grievance channels.

### Triggers for updating material topics

Material topics should be reviewed when any of the following occurs:

Trigger	Example
New customer requirement	Customer requests emissions data, EUDR-oriented evidence, forced labour prevention records, or supplier traceability.
New market or export destination	Company begins supplying a market with stronger sustainability or due diligence expectations.
Regulatory change	New or revised environmental, labour, OHS, tax, anti-corruption, reporting, or traceability requirement.
New supplier or raw material	New natural rubber supplier, chemical supplier, labour supplier, waste contractor, or high-risk supplier.
Change in sourcing area	Natural rubber sourcing moves to a new region or higher-risk area.
Site expansion or new facility	New production line, warehouse, wastewater treatment plant, worker accommodation, or land expansion.
Workforce change	Increase in migrant workers, contract workers, temporary workers, or shift work.
Incident or grievance	Serious OHS incident, wage grievance, spill, forced labour concern, community complaint, corruption report.
Audit finding	Customer audit, regulatory inspection, certification audit, internal audit, or supplier audit finding.
Performance trend	Rising energy use, waste generation, water use, emissions, injuries, grievances, or supplier non-conformities.
Stakeholder feedback	Workers, customers, suppliers, communities, financiers, or regulators raise a new concern.
Data availability	New data reveals a topic is more significant than previously understood.

## Materiality update process

A practical process for updating material topics is shown below.

Step	Action
1. Review topic list	Review all 29 ESG topics and any emerging topics.
2. Review stakeholder input	Consider worker feedback, customer requests, supplier issues, community complaints, regulator updates, and financier expectations.
3. Review ESG data	Analyse KPIs, incidents, grievances, corrective actions, and supplier data.
4. Review external context	Consider regulatory, market, reporting, certification, and customer developments.
5. Reassess topic significance	Score topics based on impact, likelihood, stakeholder concern, customer relevance, and business risk.
6. Reclassify topics	Confirm whether topics are high, medium, low, monitored, not applicable, or under review.
7. Validate with management	Present proposed updates to senior management or ESG Committee.
8. Update documents	Update materiality matrix, ESG Risk Register, ESG Action Plan, reporting scope, and evidence requirements.
9. Communicate changes	Inform relevant departments, data owners, suppliers, and stakeholders where needed.
10. Report updates	Explain material topic changes in ESG reports or customer submissions where relevant.

## Materiality update record

Companies should maintain a **Materiality Update Record**.

Field	Description
Review date	Date of materiality review.
Previous material topics	Topics from previous cycle.
New material topics	Topics added or elevated.
Topics downgraded	Topics reduced in priority.
Topics removed or marked not applicable	Topics removed with explanation.
Trigger for change	Customer request, regulation, incident, supplier change, stakeholder feedback, data trend.
Evidence reviewed	Data, complaints, audit findings, customer letters, supplier records, legal updates.
Management decision	Approved, revised, deferred, or under review.
Action required	New KPI, policy update, training, supplier request, data collection, reporting change.
Reporting implication	Whether ESG report structure or boundary changes.
Next review date	Scheduled reassessment date.

### Example materiality update table

Topic	Previous Status	Updated Status	Reason for Change	Action Required
Deforestation	Monitored	High materiality	New EU-linked customer requested natural rubber origin evidence.	Collect supplier origin and geolocation data where required.
Scope 3 Emissions	Low	Medium	Customer requested value chain emissions screening.	Conduct Scope 3 category screening.
Forced Labour	Medium	High	Company began using recruitment agents for migrant workers.	Implement agent due diligence and worker-paid fee checks.
Water	High	Medium	Water use reduced after process change, and no water stress identified.	Continue monitoring and maintain effluent controls.
Anti-Corruption	Medium	High	New agents and customs brokers engaged for export market.	Conduct third-party ABAC due diligence.

## 46.3 Updating Policies, SOPs, and Supplier Requirements

Policies, SOPs, and supplier requirements should be reviewed and updated regularly. ESG controls become weak when documents are outdated, inconsistent with current practice, or not communicated to the people who need to follow them. Updates may be needed due to changes in laws, customer requirements, ESG risks, supplier expectations, incidents, audit findings, operational changes, or company maturity.

### Documents that should be reviewed

Document Type	Examples
ESG policies	ESG Policy, Environmental Policy, Human Rights Policy, OHS Policy, Responsible Sourcing Policy.
Governance policies	Code of Conduct, ABAC Policy, Conflict of Interest Policy, Whistleblowing Policy, Tax Policy.
Social procedures	Recruitment, age verification, ethical recruitment, wage and working hour controls, grievance, accommodation, DEI, training.
Environmental SOPs	Waste management, scheduled waste, chemical storage, spill response, water and effluent, energy, emissions data, hazardous substances.
OHS SOPs	HIRARC, PPE, machine safety, incident reporting, emergency preparedness, contractor safety.
Supplier documents	Supplier Code of Conduct, supplier questionnaire, traceability forms, supplier declaration, supplier corrective action template.

Reporting documents	ESG reporting procedure, data ownership matrix, evidence register, disclosure review checklist, omission register.
Compliance documents	Legal register, licence tracker, permit condition matrix, regulatory monitoring procedure.

## Review frequency

Document Type	Suggested Review Frequency
ESG Policy and core policies	Annually or every two years, and when major changes occur.
Legal compliance register	At least annually and when regulatory updates occur.
SOPs for high-risk activities	Annually and after incidents, audit findings, process changes, or new equipment.
Supplier requirements	Annually and when customer, certification, EUDR, MSNR, or due diligence expectations change.
ESG reporting templates	Annually before reporting cycle begins.
Emergency procedures	Annually and after drills, incidents, site changes, or new hazards.
Training materials	Annually or when policies, laws, or procedures change.

## Triggers for policy or SOP updates

Policies and SOPs should be updated when:

- a. laws or regulations change;
- b. customer requirements change;
- c. audit findings show gaps;
- d. incidents or grievances reveal weaknesses;
- e. new equipment, chemicals, processes, or sites are introduced;
- f. new suppliers, contractors, agents, or sourcing areas are used;
- g. new ESG topics become material;
- h. data collection or reporting methods change;
- i. certification or framework requirements change;
- j. staff roles and responsibilities change;
- k. digital systems are introduced; or
- l. management review identifies improvement needs.

## Policy and SOP update process

Step	Action
1. Identify need for update	Based on annual review, legal update, customer request, audit finding, incident, or gap analysis.
2. Assign document owner	Identify who is responsible for revision.
3. Review current document	Check whether it reflects current operations and requirements.
4. Consult relevant departments	Obtain input from HR, EHS, Procurement, Finance, Production, Compliance, or Management.
5. Update content	Revise requirements, roles, forms, controls, evidence, and escalation process.
6. Review and approve	Obtain management or authorised approval.
7. Communicate changes	Brief workers, supervisors, contractors, suppliers, or data owners where relevant.
8. Train users	Provide training where changes affect responsibilities or risks.
9. Replace old versions	Use document control to prevent outdated versions being used.
10. Monitor implementation	Check whether the updated document is being followed.

## Supplier requirement updates

Supplier requirements should be reviewed and updated when customer, regulatory, certification, or ESG due diligence expectations change. This is especially important for natural rubber suppliers, chemical suppliers, waste contractors, recruitment agents, logistics providers, and labour suppliers.

Supplier requirement updates may include:

- a. revised Supplier Code of Conduct;
- b. additional no-deforestation requirements;
- c. natural rubber origin and geolocation data requests;
- d. legality documentation requirements;
- e. labour and human rights declaration updates;
- f. child labour and forced labour prevention requirements;
- g. recruitment fee and ethical recruitment controls;
- h. chemical and restricted substance declarations;
- i. waste contractor licence and disposal evidence requirements;
- j. anti-corruption and conflict of interest declarations;
- k. climate and emissions data requests;
- l. grievance mechanism requirements;
- m. supplier corrective action requirements; and
- n. audit or verification rights.

## Supplier communication of updates

When supplier requirements are updated, the company should:

- a. notify affected suppliers;
- b. explain the reason for change;
- c. provide updated forms or templates;
- d. set a response deadline;
- e. provide training or briefing where needed;
- f. track acknowledgements;
- g. update supplier risk ratings;
- h. request corrective actions where required;
- i. escalate non-responsive high-risk suppliers; and
- j. retain communication evidence.

## Document control

All updated policies and SOPs should be controlled.

Document Control Field	Description
Document title	Name of policy, SOP, form, or template.
Document owner	Person or department responsible.
Version number	Version 1.0, 2.0, etc.
Effective date	Date the document applies.
Approval date	Date approved.
Approved by	Authorised person or body.
Revision summary	What changed and why.
Next review date	Planned review date.
Distribution list	Employees, suppliers, contractors, data owners, management.
Obsolete document control	How old versions are removed or archived.

## 46.4 Training and Capacity Building

Training and capacity building ensure that workers, supervisors, managers, data owners, suppliers, and contractors can understand and implement ESG requirements. Continuous improvement depends on people knowing what to do, why it matters, how to do it, and what evidence to retain.

Training should be updated based on annual review results, material topic changes, policy updates, incidents, audit findings, stakeholder feedback, and new customer or regulatory requirements.

## Training and capacity-building priorities

Target Group	Capacity-Building Focus
Board, owner, and senior management	ESG oversight, material risks, reporting expectations, targets, resource allocation, disclosure approval.
ESG lead and ESG team	ESG coordination, data systems, evidence management, framework mapping, reporting, assurance readiness.
Data owners	KPI definitions, source documents, calculation methods, data quality checks, evidence requirements.
HR	Labour standards, recruitment, wages, working hours, forced labour, child labour, DEI, grievances, training records.
EHS / OHS	Environmental compliance, OHS, HIRARC, incidents, emissions, waste, water, chemicals, emergency response.
Procurement	Supplier due diligence, traceability, supplier ESG assessment, anti-corruption, supplier corrective actions.
Finance	Payroll data, tax practices, utility data, fuel records, ESG cost data, e-Invoice, evidence control.
Production and Maintenance	OHS, energy efficiency, waste reduction, machine safety, operational data, maintenance records.
Supervisors	Worker communication, respectful workplace, OHS leadership, overtime control, grievance escalation.
Workers	OHS, PPE, grievance channels, waste segregation, chemical safety, worker rights, energy and water awareness.
Suppliers and contractors	Supplier Code, traceability, labour standards, OHS, ABAC, environmental evidence, corrective actions.

## Training update triggers

Training should be updated when:

- a. policies or SOPs are revised;
- b. new material topics are identified;
- c. new data owners are assigned;
- d. customer requirements change;
- e. new equipment or chemicals are introduced;
- f. new suppliers or contractors are engaged;
- g. incidents or grievances occur;
- h. audits identify training gaps;
- i. ESG data quality issues recur;
- j. supplier corrective actions require capacity building;
- k. new regulatory requirements apply; or
- l. ESG reporting or assurance expectations increase.



## Capacity-building methods

Method	Best Used For
Classroom training	Policy updates, labour standards, ABAC, ESG reporting, supplier due diligence.
Toolbox talks	OHS, chemical handling, waste segregation, energy and water awareness, incident reporting.
Practical demonstrations	Machine safety, PPE use, spill response, waste handling, emergency response.
On-the-job coaching	Supervisors, production workers, maintenance, data owners, new workers.
Supplier briefings	Supplier Code, traceability, EUDR-oriented data, labour expectations, ABAC requirements.
Workshops	Materiality review, ESG risk assessment, action planning, data quality improvement.
Digital learning	Basic ESG awareness, Code of Conduct, ABAC, reporting principles.
Peer learning	Sharing good practices across sites or departments.
External training	Technical topics such as GHG accounting, legal updates, tax, OHS, assurance, certification.

## Annual ESG training plan

The company should prepare or update an annual ESG training plan.

Field	Description
Training topic	ESG awareness, OHS, ABAC, supplier due diligence, emissions data, grievance handling, etc.
Target audience	Workers, supervisors, data owners, suppliers, contractors, management.
Reason for training	Legal requirement, gap, incident, policy update, customer requirement, annual refresher.
Training method	Classroom, toolbox talk, online, practical, external course, supplier briefing.
Trainer	Internal or external trainer.
Frequency	Once, annually, refresher, upon onboarding, upon change, or incident-based.
Evidence required	Attendance, materials, assessment, certificate, competency sign-off.
Responsible owner	HR, EHS, ESG Lead, Procurement, Compliance, department head.
Target date	Planned date.
Status	Planned, completed, delayed, repeated, under review.

## Training effectiveness

Training should be evaluated, especially where it addresses high-risk topics.

Training Area	Effectiveness Measure
OHS training	Reduced repeat incidents, improved PPE compliance, supervisor observation.
Waste training	Improved segregation, fewer storage findings, better recycling records.
ABAC training	More complete conflict and gift declarations, fewer policy breaches.
ESG data training	Fewer data gaps, improved evidence completeness, timely submission.
Supplier training	Improved supplier response rate, better traceability records, CAP closure.
Grievance training	Improved worker awareness, better case handling, reduced retaliation risk.
Payroll training	Fewer payroll corrections and clearer payslip communication.

Training records and effectiveness findings should feed into the next annual ESG review.

## 46.5 Digital Tools and ESG Data Systems

Digital tools and ESG data systems can improve data collection, evidence management, reporting efficiency, traceability, and audit readiness. However, companies should adopt digital systems progressively. A company should first understand its ESG data needs, data owners, evidence requirements, and reporting process before investing in complex systems.

For many SMEs, the first stage may be structured spreadsheets, shared folders, standard templates, and document control. Larger companies may adopt ESG software, digital dashboards, ERP integration, supplier portals, traceability platforms, or automated data collection tools.

### Purpose of digital ESG tools

Digital tools can help companies:

- centralise ESG data;
- reduce manual errors;
- improve data owner accountability;
- track deadlines and reminders;
- manage evidence files;
- improve supplier due diligence;
- manage customer questionnaires;
- track corrective actions;
- support traceability and chain-of-custody;
- improve ESG reporting efficiency;
- strengthen audit and assurance readiness; and
- protect confidential information through access controls.

## Progressive digital maturity levels

Level	Description	Suitable Tools
Level 1: Manual	Data collected through paper records and separate files.	Physical files, logbooks, basic checklists.
Level 2: Structured spreadsheets	Data tracked using standard templates and controlled folders.	Excel / spreadsheet trackers, evidence folders, shared drives.
Level 3: Centralised digital system	ESG data, evidence, and action plans stored centrally.	Shared database, document management system, dashboard.
Level 4: Integrated systems	ESG data linked with ERP, HR, finance, maintenance, procurement, and production systems.	ERP integration, HR system, e-Invoice system, energy monitoring, procurement system.
Level 5: Advanced ESG platform	Automated ESG reporting, supplier portal, traceability, audit workflow, assurance-ready evidence.	ESG software, supplier platform, digital traceability system, data analytics dashboard.

## Digital tools by ESG function

ESG Function	Possible Digital Tool
ESG data collection	Standard data templates, online forms, ESG software, dashboards.
Energy and emissions	Utility data tracker, emissions workbook, energy monitoring system, carbon accounting tool.
Water and effluent	Meter reading system, WWTP logs, laboratory result database.
Waste	Waste tracker, contractor reporting portal, scheduled waste records system.
Chemical management	Chemical inventory system, SDS database, restricted substance tracker.
OHS	Incident reporting system, HIRARC database, inspection app, training tracker.
HR and labour	HRIS, payroll system, attendance system, grievance tracking system.
Supplier due diligence	Supplier portal, ESG questionnaire platform, supplier risk dashboard, CAP tracker.
Traceability	Batch tracking, chain-of-custody system, geolocation database, QR or barcode system.
Governance	Policy register, legal register, risk register, approval workflow, whistleblowing system.
Reporting	ESG report data pack, disclosure checklist, evidence register, framework mapping tool.

## Selecting a digital ESG system

Before selecting a tool, companies should consider:

- a. What ESG data needs to be collected?
- b. Which topics are material?
- c. Which departments will use the system?
- d. What evidence must be stored?
- e. What customer requests must be supported?
- f. Does the company need supplier portal functions?
- g. Does the company need traceability or geolocation functions?
- h. Can the system link with existing ERP, HR, payroll, finance, or production systems?
- i. Is the system easy for SMEs or data owners to use?
- j. Does it support confidentiality and access control?
- k. Can data be exported for ESG reporting?
- l. Does it maintain version history and audit trails?
- m. What is the cost and implementation effort?
- n. What training is needed?
- o. Who will maintain the system?

## Digital data controls

Digital systems should include controls for:

Control Area	Requirement
Access rights	Users should access only data relevant to their roles.
Data ownership	Each data point should have an assigned owner.
Version control	Changes should be tracked.
Audit trail	System should show who entered, changed, reviewed, or approved data.
Evidence upload	Source documents should be linked to data points where possible.
Review workflow	Data should be reviewed before approval.
Confidentiality	Sensitive worker, supplier, customer, geolocation, payroll, and investigation data should be restricted.
Backup	Data should be backed up and protected from loss.
Data validation	Units, mandatory fields, date formats, and calculation formulas should be controlled.
Export function	Data should be exportable for reporting, audits, or customer requests.

## **Cautions on digital tools**

Companies should avoid the following mistakes:

- a. buying software before defining ESG data needs;
- b. collecting too much data without clear purpose;
- c. relying on digital dashboards without source evidence;
- d. giving broad access to confidential data;
- e. failing to train data owners;
- f. failing to validate imported data;
- g. assuming software automatically ensures compliance;
- h. using inconsistent units or definitions across systems;
- i. not maintaining backup and version control; and
- j. not integrating digital tools into management review.

Digital tools should support the ESG Management System, not replace management accountability.

## **46.6 Future Enhancement of the Guidelines**

The MRC ESG Guidelines should be treated as a living document. As ESG expectations evolve, the Guidelines should be reviewed and enhanced periodically to remain practical, relevant, and aligned with the needs of Malaysian rubber processors and manufacturers.

Future enhancements should be based on user feedback, implementation experience, regulatory developments, customer expectations, technology changes, reporting practices, and lessons from self-assessment and ESG reporting cycles.

### **Why the Guidelines should be enhanced over time**

The Guidelines may need to evolve because:

- a. ESG reporting standards may change;
- b. customer requirements may become more detailed;
- c. EUDR-oriented and other due diligence requirements may become clearer through implementation;
- d. natural rubber traceability tools may improve;
- e. climate, emissions, and product carbon footprint expectations may increase;
- f. supply chain human rights due diligence expectations may become more demanding;
- g. Malaysian policy and regulatory frameworks may develop further;

- h. digital ESG tools and verification methods may improve;
- i. SMEs may need more practical templates and examples;
- j. sector-specific data, benchmarks, and case studies may become available; and
- k. industry feedback may identify areas needing clarification.

## Sources of feedback for future enhancement

Future guideline reviews should consider feedback from:

Source	Feedback to Collect
Rubber processors and manufacturers	Practicality, clarity, implementation challenges, SME needs, data gaps.
Customers and buyers	ESG evidence needs, audit findings, traceability expectations, reporting requests.
Suppliers and smallholders	Feasibility of data collection, supplier capacity, traceability challenges.
Regulators and agencies	Legal updates, policy direction, compliance expectations, capacity-building needs.
Industry bodies	Sector trends, training needs, market access concerns, shared tools.
Auditors and certification bodies	Common non-conformities, evidence gaps, verification expectations.
Financial institutions	ESG data needed for financing, climate risk, governance, and risk assessment.
Workers and worker representatives	Labour, OHS, grievance, training, and welfare issues.
Communities and civil society	Community, environmental, human rights, and land-related concerns.
ESG practitioners and consultants	Technical gaps, framework alignment, assurance readiness, implementation tools.

## Future enhancement areas

The Guidelines may be strengthened in future through:

Enhancement Area	Possible Improvement
Sector-specific templates	Ready-to-use templates for data inventory, supplier screening, emissions calculation, gap analysis, and action planning.
SME implementation pathway	Simplified minimum requirements and phased maturity roadmap for SMEs.
Digital tools	Standard spreadsheet tools, digital checklist, evidence register, KPI dashboard, and supplier tracker.

Enhancement Area	Possible Improvement
Traceability guidance	More detailed natural rubber traceability, geolocation, chain-of-custody, and EUDR-oriented evidence guidance.
Climate guidance	More detailed Scope 3 screening, product carbon footprint, transition planning, and climate risk tools.
Supplier due diligence	Supplier risk scoring, audit checklist, corrective action templates, supplier training modules.
Human rights guidance	More detailed ethical recruitment, migrant worker protection, grievance remediation, and supplier labour due diligence tools.
Environmental metrics	Sector-specific energy, water, waste, effluent, and emissions indicators.
Assurance readiness	Evidence pack templates, internal verification checklists, and assurance preparation guidance.
Case studies	Examples from rubber processors, latex processors, product manufacturers, SMEs, and exporters.
Framework mapping	Updated alignment with GRI, SDGs, NSRF, Bursa, MITI i-ESG, MSNR, EUDR, GPSNR, TCFD, TNFD, FSC, PEFC, and customer frameworks.
Training materials	ESG awareness modules, supervisor training, supplier training, data owner training, and Board or management briefings.

## Guideline review cycle

The Guidelines should be reviewed periodically.

Review Type	Suggested Timing	Purpose
Minor review	Annually	Update terminology, examples, templates, and minor clarifications.
Major review	Every 2–3 years	Review structure, topics, indicators, framework alignment, and sector relevance.
Trigger-based review	When major changes occur	Update guidance in response to major regulatory, customer, market, or framework changes.
Pilot feedback review	After implementation by selected companies	Identify practical challenges and improve usability.
Post-reporting cycle review	After companies prepare ESG reports	Improve reporting guidance, data templates, and evidence requirements.

## Version control for Guidelines

Any future enhancement should be version-controlled.

Version Control Field	Description
Guideline title	Name of guideline document.
Version number	Version 1.0, 1.1, 2.0, etc.
Issue date	Date version is issued.
Review date	Date next review is planned.
Prepared by	Team or body responsible for drafting.
Reviewed by	Stakeholders or reviewers consulted.
Approved by	Approving authority.
Summary of changes	Key revisions from previous version.
Superseded version	Previous version replaced.
Transition guidance	How companies should apply new changes.
Feedback channel	How users can submit comments for future updates.

## Transition guidance for future updates

When the Guidelines are updated, companies should be given practical transition guidance. This may include:

- what changed;
- which sections are affected;
- whether new topics or indicators were added;
- whether any indicators were removed or merged;
- which companies are most affected;
- what evidence requirements changed;
- when companies should begin applying the update;
- how to treat prior-year reporting;
- whether templates have been updated; and
- what training or briefing will be provided.

## Feedback mechanism for guideline improvement

A simple feedback mechanism should be maintained to support continuous improvement of the Guidelines. Feedback may be collected through:

- user survey;
- implementation workshops;
- customer feedback;



- d. supplier feedback;
- e. ESG report review findings;
- f. training evaluation forms;
- g. pilot company interviews;
- h. industry roundtables;
- i. technical working groups; and
- j. dedicated email or feedback form.

Feedback should be reviewed and categorised as:

Feedback Category	Examples
Clarification needed	Users find wording unclear or difficult to interpret.
Template needed	Users need forms, checklists, registers, or examples.
SME simplification	SMEs need phased or simplified guidance.
Technical detail needed	More detail needed for emissions, EUDR, traceability, OHS, or supplier due diligence.
Framework update	External framework or regulation changed.
Sector-specific example needed	More rubber industry examples needed.
Reporting difficulty	Users find certain indicators hard to report.
Evidence challenge	Users need clearer verifier expectations.
Training need	Users need training materials or capacity-building support.

## Long-term improvement vision

Over time, the Guidelines can support a stronger ESG ecosystem for the Malaysian rubber industry by:

- a. improving consistency of ESG expectations across companies;
- b. reducing confusion around customer and framework requirements;
- c. supporting SMEs with practical implementation tools;
- d. strengthening traceability and responsible sourcing;
- e. improving environmental performance and climate readiness;
- f. protecting workers and strengthening social compliance;
- g. improving supplier due diligence;
- h. supporting market access and buyer confidence;
- i. improving financing and investment readiness;
- j. strengthening evidence-based reporting; and
- k. positioning the Malaysian rubber industry as a credible and responsible contributor to sustainable global supply chains.

## Minimum Implementation Outputs for Section 46

At the end of this section, each company should aim to have the following continuous improvement records or tools:

Output	Purpose
Annual ESG Performance Review Record	Documents annual review of ESG performance, targets, risks, incidents, gaps, and improvement priorities.
Updated ESG Self-Assessment Scorecard	Shows revised maturity scores and progress from the previous cycle.
Updated Materiality Assessment	Confirms whether material ESG topics have changed.
Materiality Update Record	Documents new, removed, upgraded, downgraded, or monitored topics and reasons for change.
Updated ESG Risk Register	Reflects new, changing, or reduced ESG risks.
Updated ESG Action Plan	Carries forward open actions and adds new priorities for the next cycle.
Policy and SOP Review Register	Tracks review status, updates, approvals, and next review dates for ESG documents.
Supplier Requirement Update Record	Tracks changes to Supplier Code, questionnaires, traceability forms, declarations, and supplier evidence requirements.
Supplier Communication and Acknowledgement Records	Shows suppliers were informed of updated expectations.
Annual ESG Training Plan	Defines updated training needs for workers, supervisors, data owners, management, suppliers, and contractors.
Training Effectiveness Review	Assesses whether training improved behaviour, data quality, compliance, or performance.
ESG Data System Review	Reviews whether current data tools, templates, folders, or digital systems remain suitable.
ESG Digitalisation Roadmap	Plans phased improvement of ESG data systems, dashboards, supplier portals, or traceability tools.
Guideline Feedback Log	Records user feedback, implementation challenges, requested clarifications, and improvement suggestions.
Guideline Version Control Record	Tracks updates to the Guidelines, issue date, changes, approvals, and transition guidance.
Continuous Improvement Log	Captures lessons learned, recurring issues, improvement actions, and next-cycle priorities.
Management Review Minutes	Shows leadership review and approval of continuous improvement actions.
ESG Reporting Improvement Plan	Identifies improvements for the next ESG report, including data quality, omissions, evidence, and framework mapping.

Used properly, continuous improvement helps rubber processors and manufacturers move from basic ESG compliance to stronger ESG maturity. It ensures that ESG management remains current, practical, evidence-based, and responsive to changing customer, regulatory, market, environmental, social, and governance expectations.