

SOURCE BY SEDG, I-ESG AND UNGCMYB | COMPILED BY TAN ZHAI YUN | INFOGRAPHIC BY LEE WAN YEE / THE EDGE | IMAGE BY PIKISUPERSTAR ON FREEPIK

# ESG resources for SMEs

In 2022, there were hardly any sustainability conferences that did not touch on the importance of including small and medium enterprises (SMEs) in the low-carbon transition. Many tools targeted at SMEs – for whom ESG reporting is not mandatory currently – were offered, with the goal of getting them started on the journey.

This is to meet investor or client demands, since SMEs are suppliers to many bigger companies that are on the decarbonisation pathway. The idea is that if SMEs can become familiar with ESG reporting, they can be more marketable and ready to serve the needs of different clients. Here is a snapshot of some available resources in Malaysia.

## Simplified ESG Disclosure Guide (SEDG) by Capital Markets Malaysia

The SEDG provides a simple and standard set of 35 disclosures for SMEs to track and report. It has three different maturity levels with varying indicators to report on.

The standards and frameworks referenced include Bursa Malaysia's Listing Requirements and Sustainability Reporting Guide, FTSE4Good, Global Reporting Initiative, IFRS S1 and S2 by the International Sustainability Standards Board, the Task Force on Climate-related Financial Disclosures and CDP (formerly known as Carbon Disclosure Project).

The SEDG comprises a 17-page PDF, Microsoft Excel template and two other disclosure documents.

PILLARS	ENVIRONMENTAL	SOCIAL	GOVERNANCE
15 topics	Emissions	Human rights and labour standards	Governance structure
	Energy	Employee management	Policy commitments
	Water	Diversity, equity and inclusion	Risk management and reporting
	Waste	Occupational health and safety	Anti-corruption
	Materials	Community engagement	Customer privacy

Example of indicators under emissions (environmental):

	BASIC	INTERMEDIATE	ADVANCED
SEDG-E1: Emissions	<input type="checkbox"/> <b>SEDG-E1.1:</b> Report total Scope 1 (direct) GHG emissions in metric tonnes of CO <sub>2</sub> equivalent  <input type="checkbox"/> <b>SEDG-E1.2:</b> Report total Scope 2 (indirect) GHG emissions in metric tonnes of CO <sub>2</sub> equivalent	<input type="checkbox"/> <b>SEDG-E1.3:</b> Report total Scope 1 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO <sub>2</sub> equivalent  <input type="checkbox"/> <b>SEDG-E1.4:</b> Report total Scope 2 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO <sub>2</sub> equivalent	<input type="checkbox"/> <b>SEDG-E1.5:</b> Report total Scope 3 (other indirect) GHG emissions in metric tonnes of CO <sub>2</sub> equivalent  <input type="checkbox"/> <b>SEDG-E1.6:</b> Report total Scope 3 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO <sub>2</sub> equivalent

## SME ESG Jumpstart Guide by the Joint Committee on Climate Change (JC3)

The JC3, which is co-chaired by Bank Negara Malaysia and the Securities Commission Malaysia, launched the ESG Jumpstart for SMEs on its new website. The portal highlights resources to help SMEs understand what is ESG, how to build a sustainability action plan, what are the certifications they can get in various sectors, and what financial institutions can offer.

It references all the resources that have been highlighted in this infographic as well. In a way, this platform congregates the available tools, resources, incentives and programmes into one website.

### Step 3: Implement

In Step 3, your company would now undertake the planned ESG-related initiatives. To facilitate implementation, you should take advantage of available ESG-related financing as well as incentives schemes offered by the relevant government entities and financial institutions.

#### Jumpstart Action Checklist

- Explore available financing and incentives to carry out planned ESG-related initiatives.
- Communicate progress made to key stakeholders on a frequent basis (this may likely include, among others, the sharing of critical

#### Recommended Resources

- Financing and Incentive Schemes [View More](#)
- Certification [View More](#)

## i-ESG Starter Kit by the Ministry of Investment, Trade and Industry (Miti)

Miti's i-ESG Framework is meant to help the manufacturing sector become more environmentally sustainable, economically beneficial and socially equitable.

One of the strategies is to offer a ESG-readiness assessment (i-ESGReady) for companies to evaluate their status, and for the ministry to formulate a sustainability reporting guideline for manufacturers (i-ESGStart).

The i-ESGReady is currently available on Miti's website. It comprises 42 questions across ESG principles. At the end, users are given a score out of 108 points and are prompted to download a 226-page i-ESGStart PDF.

The i-ESGStart booklet is a detailed guide introducing sustainability reporting guidelines and how to do it, including calculation formulas for energy intensity, for instance, and where to source relevant data.

### 30. Minimum Wage

- Organization **pays wages lower than the national minimum wage requirement**
- Organization **ensures that all employees are paid at least the minimum wage** mandated by the applicable labour laws and regulations
- Organization not only meets the minimum wage requirements but also **considers factors such as cost of living and industry standards when determining employee compensation**. Periodic reviews is conducted to ensure that wage rates remain competitive and equitable within the industry
- Organization **proactively assess and adjust the compensation structure to provide a living wage that enables employees to meet their basic needs and maintain a decent standard of living**, and adopt progressive wage policies to support the financial well-being to the workforce

Companies may use MITI's iESG Starter Kit to embark on sustainability reporting. Click done at the bottom of the page to access and download the i-ESGStart

**Score: 23.1%**  
25/108 points

## SME ESG Hub by the UN Global Compact Network Malaysia & Brunei (UNGCMYB)

The hub comprises four gateways, which users can access for free once they have logged in:

INSPIRE	PLAN	ACT	COMMUNICATE
Case studies of companies that have adopted ESG	Resources to get started	Resources to implement ESG actions	Resources and best practices to communicate sustainability plan
	<ul style="list-style-type: none"> <li>Sustainability business purpose matrix</li> <li>ESG Readiness Assessment based</li> <li>E-learning course</li> </ul>	<ul style="list-style-type: none"> <li>Six-step framework, following eight ESG indicators</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability customer management matrix</li> <li>Sustainability communications plan</li> <li>Sustainability reporting guide</li> <li>Scopes 1 and 2 calculation tool</li> </ul>
	<ul style="list-style-type: none"> <li>Materiality matrix</li> <li>Stakeholder engagement matrix</li> </ul>		

## THE RESOURCES & TOOLS

The resources and tools based on the 6 Step Framework have been segmented under the following eight (8) ESG indicators:

- CLIMATE ACTION** [GET RESOURCES](#)
- ENERGY MANAGEMENT** [GET RESOURCES](#)
- WATER** [GET RESOURCES](#)
- WASTE** [GET RESOURCES](#)