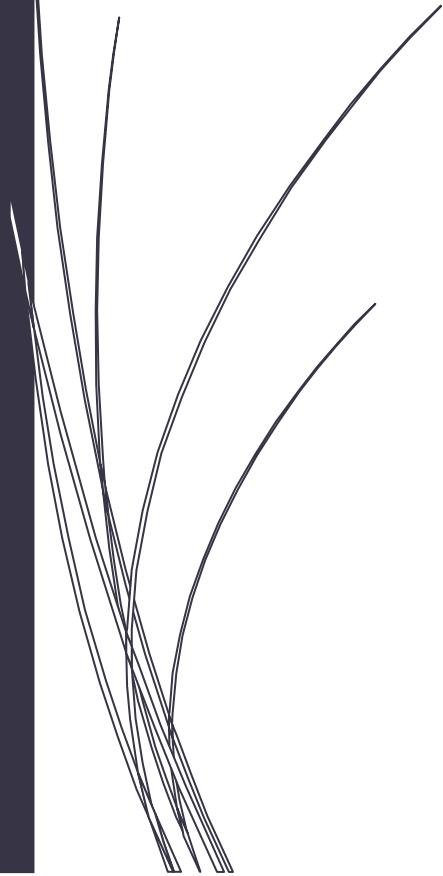




Guidance Notes

For Climate Change and
Principle-based
Taxonomy (CCPT)
Assessment



Version 2.0 (Updated in July 2026)

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General Guidance

1. In reference to the Frequently Asked Questions (FAQs) on the BNM Climate Change and Principle-based Taxonomy Reporting Template document, Non-Relationship Manager (RM)-managed Small and Medium Enterprise (SME) loan/ financing are exempted from CCPT assessment. These exposures can be reported as “X – Not Applicable” in CCRIS. This is the default option for all exempted exposures. If the customer is subjected to periodic review at the entity-level (not portfolio-level), then the exposure should be assessed for CCPT and tagged with the appropriate CCPT classification.
2. Subject to the above, SME clients that fall under the following sectors will require CCPT assessment:
 - a) Agriculture, forestry, and fishing
 - b) Manufacturing
 - c) Electricity, gas, steam, and air conditioning supply
 - d) Water supply, sewerage, waste management, and remediation activities
 - e) Construction
 - f) Transportation and storage
3. For RM-managed non-SME loans/financing, CCPT assessment is required for all sectors.
4. For a customer's environmental or climate initiatives to be recognised as part of the group's remedial measures, the following principles should be evaluated:
 - a) Depth of relationship between the parent and subsidiary i.e. power of control a parent has on its subsidiary to show evidence that the subsidiary is required to adopt, and is adopting its parent's remedial measures to transition; and
 - b) Whether the parent's environmental or climate initiatives address the subsidiary's harm caused to the environment and other climate risk concerns identified from the GP3 assessment.

Please note that this principle can be applied to all types of parent-subsidary relationships other than an SPV.
5. Justification for assessment must be supported by adequate documentation.
6. Existing loans/financing and investments need to be proactively reviewed (for event-triggered accounts) including additional loans/financing and investments to ensure that the CCPT classification reflects the current state of affairs at reporting date. For normal accounts, CCPT classification review should be conducted at least once a year.
7. Client's self-assessment at face value is not acceptable.

GP1 – Climate Change Mitigation

GP1 – Climate Change Mitigation	
No.	Guidance Notes
1.	Assessment needs to be conducted at the facility/ transaction level where purpose of the facility/ transaction must specifically address climate change mitigation. Non-exhaustive examples of activities that qualify for GP1 are provided in Appendix 1 (issued in April 2021) of these Guidance Notes.
2.	In circumstances where the specific purpose of the financing or investment cannot be ascertained, the assessment under GP1 may be evaluated based on the primary economic activity of the customer or investee company. This assessment should consider whether the customer's core business operations make a notable impact to climate change mitigation. For example, equity investments/ a bond issued by/working capital loan provided to a solar panel manufacturer can qualify to meet GP1. Conversely, equity investments/ a bond issued by/working capital loan provided to a mining company will not qualify to meet GP1. The same principles apply for other financing products that require CCPT assessment. In making this assessment, FIs may refer to quantitative thresholds set out in their internal sustainable finance frameworks, where available. In the absence of an FI-specific framework, the thresholds contained in the JC3 Sustainable & Transition Finance Guide (STFG) may serve as a useful reference point in determining whether climate mitigation activities constitute the primary economic activity of the customer or investee company. Such thresholds should be applied as a guide and should not replace the FI's overall assessment of the activity's climate mitigation objective.
3.	Assessment under GP1 should be supported by appropriate documentary evidence, where available. Examples of supporting documentation for activities being assessed as meeting GP1 include the following: - ISO or green certification - Detailed plans and technical specifications of the funded projects that demonstrate a climate mitigation objective. Common project-level documentations are project proposals, feasibility studies, technical specifications and impact assessments. - Certification for equipment (e.g. industrial boiler, vehicle fleet) that meets a specified low-emission of efficiency. - Renewable energy certificates from accredited parties, i.e. TNBX, Bursa Carbon Exchange (BCX), GET program, NOVA Certificate, Solar Power Purchase Agreement (PPA), Green Project Certificate (by GreenTech Malaysia), etc. - Carbon credit certification – BCX - Certificate of acknowledgement from reforestation efforts i.e. Malaysia Nature Society, WWF, etc. - Evidence on transition to green transportation i.e. invoices, list of registered vehicle models (either EV and/or HEV), etc. - Evidence of energy efficiency projects - Company-level evidence (e.g. annual reports, sustainability disclosures, revenue breakdowns by activity), where the financing purpose cannot be determined at the facility level. May be applied if a threshold % (see Note 2 above) of revenue is derived from climate mitigation activities. - Use of proceeds evidence for bonds investment (E.g. information memorandum, pricing supplement, monitoring reports on actual use of proceeds, green bonds) Where such documentation is not available, FIs may rely on declarations or representations from customers, provided they have assessed the information to be credible and appropriate, taking into account the nature, size and risk profile of the transaction. FIs should retain sufficient records to support the basis of their GP1 assessment.

GP2 – Climate Change Adaptation

GP2 – Climate Change Adaptation	
No.	Guidance Notes
1.	Assessment needs to be conducted at the facility/ transaction level where purpose of the facility/ transaction must specifically address climate change adaptation. Non-exhaustive examples of activities that qualify for GP2 are provided in Appendix 2 (issued in April 2021) of these Guidance Notes.
2.	In circumstances where the specific purpose of the financing or investment cannot be ascertained, the assessment under GP2 may be evaluated based on the primary economic activity of the customer or investee company. This assessment should consider whether the customer's core business operations make a notable impact to climate change adaptation. This approach should consider whether the customer's core business operations materially contribute to climate change adaptation or resilience outcomes, such as enhancing adaptive capacity, reducing vulnerability to physical climate risks, or improving climate resilience of infrastructure, ecosystems, or communities. For example, financing provided to a company whose main business involves climate-resilient infrastructure development, water resource management, flood prevention, or climate-smart agriculture may be considered to meet GP2, as these activities inherently address climate adaptation objectives. In making this assessment, FIs may refer to quantitative thresholds set out in their internal sustainable finance frameworks, where available. In the absence of an FI-specific framework, the thresholds contained in the JC3 Sustainable & Transition Finance Guide (STFG) may serve as a useful reference point in determining whether climate adaptation-related activities constitute the primary economic activity of the customer or investee company. Such thresholds should be applied as a guide and should not replace the FI's overall assessment of the activity's climate adaptation objective.
3.	Assessment under GP2 should be supported by appropriate documentary evidence, where available. Examples of supporting documentation for activities being assessed as meeting GP2 include the following: - Architectural or engineering designs that explicitly incorporate climate-resilient features. - Documentation showing the expected improvement in resilience i.e. the capacity of the projects/asset to cope with or recover from climate shocks. - Records showing how the activities align with the climate supporting activities for adaptation (refer to Appendix 2) - Reports that identify the specific climate hazards (e.g. increased flooding, heat stress, drought) and quantify the adaptation needs for the projects - Company-level evidence (e.g. annual reports, sustainability disclosures, revenue breakdowns by activity), where the financing purpose cannot be determined at facility level. May be applied if a threshold % of revenue is derived from climate adaptation-related activities. - Use of proceeds evidence for bonds investment (E.g. information memorandum, pricing supplement, monitoring reports on actual use of proceeds, green bonds) Where such documentation is not available, FIs may rely on declarations or representations from customers, provided they have assessed the information to be credible and appropriate, taking into account the nature, size and risk profile of the transaction. FIs should retain sufficient records to support the basis of their GP2 assessment.

GP3 – No Significant Harm to the Environment

General Guidance

1. For relationship-managed customers, in the absence of publicly available information, RMs are expected to discuss and obtain information from customers.
2. The extent of focus when assessing a customer should ideally cover all of its operations, branches, plants, outlets, and outlets that fall under the customer's direct management oversight/ operational control, as well as its supply chain and procurement of goods and services in the context of GHG emissions and environmental impact. However, the latter is not mandatory. In the event the assessment is for a subsidiary of a parent, the extent of control of the parent over the subsidiary, to adopt the parent's remedial measures to transition (legally or otherwise) must be considered. If the parent's environmental or climate initiatives will also address the harm caused to the environment by the subsidiary, then consideration for this can be acknowledged at the subsidiary level. If this is not the case or cannot be justified, then the subsidiary's assessment must be conducted independently of the parent.
3. RMs can rely on tools such as [ENCORE](#), and [VBIAF sectorial guides](#) to identify environmental risks inherent to various sectors.
4. When assessing GP3, RMs shall, at a minimum, obtain the necessary supporting documents from clients, in accordance with these Guidance Notes. All responses in relation to risk management must be supported by relevant documentary evidence, which are at least, but not limited to, the minimum documents specified in these Guidance Notes.
5. RMs must identify, assess, document and ascertain if remedial action has commenced and is applicable in mitigating the risks identified. Clients' commitments do not need to be publicly disclosed. It is sufficient that the remedial actions are formally documented and approved internally by the appropriate governance authority (e.g., management committee, sustainability steering committee, or Board-level oversight body). RMs are not expected to validate or assess the effectiveness of the remediation action. Their role is to capture if these are in place and have commenced. Nevertheless, common sense should prevail
6. In assessing if a remediation of harm is qualified, certifications can be used (e.g. MSPO, RSPO, FSC, ASC, ISO14001. etc) (Refer to [Appendix 3](#)) – as aligned to the industry that clients operate in. For example, having ISO14001 can indicate that a customer has a waste management plan in place and therefore, meet the risk management for Pollution. However, this certification cannot be used as the basis for meeting GP3 in totality.
7. Scope of assessment must be for the borrowing customer which refers to the immediate borrowing entity.
8. The review/ assessment must be refreshed periodically (e.g. during annual credit reviews, in line with a risk-based approach).

Due Diligence Questions: GP3 – No Significant Harm to the Environment	
No	Guidance Notes
GP3 – General	
1.1 Risk identification (General)	
a)	Use existing internal databases or any other publicly available source to screen for the customer's related legal/ negative news vis-à-vis climate/ environment related issues. Suggested reference: SC5 Climate Data Catalogue No.127 - Litigation claims and cases (https://www.doe.gov.my/en/court-case-list/)
1.2 Risk management (General)	
a)	The customer should list down measures being taken to address the climate / environmental concerns. This may include obtaining necessary approvals or permits in the jurisdiction where it operates.
GP3 – Pollution	
2.1 Risk identification (Pollution)	
a)	<u>Hazardous chemicals and materials</u> Hazardous chemicals and materials include Dichlorodiphenyltrichloroethane (“DDT”), Polychlorinated biphenyl (“PCBs”) and other chemicals listed in the Industry Code of Practice on Chemical Classification and Hazard Communication issued by the Department of Occupational Safety and Health Malaysia (“DOSH”), as well as those listed in international conventions such as the Stockholm Convention on Persistent Organic Pollutants, the Montreal Protocol, or Basel Convention (Annex VIII hazardous wastes list). Note: See list of Hazardous Substances under Regulation 15, Environment Quality Act 2014. <u>Waste and pollutants</u> The customer should avoid the release of waste and pollutants or, when avoidance is not feasible but still within permissible limits, minimise and/or control the intensity and mass flow of their release to the air, water and/or soil. Assessment of waste and pollution can be considered in accordance with the Environmental Quality Act (1974). <u>Specifically for water pollution:</u> Water quality parameters that can be assessed include, but are not limited to the following: • Biochemical oxygen demand (“BOD”) • Chemical oxygen demand (“COD”) • Total suspended solids (“TSS”) • Mass of nutrients (e.g. nitrogen and phosphorous) • Mass of inorganic pollutants (e.g. heavy metals and chemical compounds) <i>Sectoral data can be used as a benchmark in assessing the significance of hazardous chemical/materials and waste/pollutants produced by the customer.</i>

	Required document: For customers operating in sectors that use and/or generate hazardous/ scheduled waste as listed in the Environmental Quality (Scheduled Wastes) Regulations 2005 - Notification of Scheduled Waste slip to Department of Environment (DOE) (regulatory) or equivalent (https://www.doe.gov.my/en/environmental-quality-scheduled-waste-regulations-2005-p-u-a-294-2005/) Suggested reference: Items in the SC5 Climate Data Catalogue No.84 - Waste Management Indicators (e.g. Solid Waste Disposed) No. 85 - Waste recycled No.86 - Treated Wastewater No.88 - Water management indicators (e.g. water allocation and management) No.89 - Water quality at river basins No. 90 - Marine water quality No. 91 - Water: Standardised Precipitation - Evapotranspiration Index No. 92 - Soil Water Index No. 93 - Groundwater quality No. 103 - Volume of pesticides No. 104 - Volume of plastics No. 105 - Coastal and freshwater eutrophication No. 106 - Air Quality No. 107 - Air pollution index ("API")
2.2 Risk management (Pollution)	
a)	<u>Hazardous chemicals and materials</u> The customer should implement control measures for hazardous waste management relevant to the substances resulting from its business activities, in line with regulatory requirements. This should cover production cycles from hazardous waste generation, transportation, recycling, disposal, and treatment. For further reference, refer to DOE's Hazardous Substances Management. <u>Waste and pollutants</u> Where waste cannot be recovered or reused, the customer should treat, destroy, or dispose of waste in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material. • The customer should demonstrate within its waste and effluent management efforts that the separation process between hazardous waste (as listed by the regulators), characteristic waste (not listed but nevertheless might still be hazardous due to it being ignitable, corrosive, reactive, or toxic), and universal waste. Hazardous waste would require stricter handling than characteristic and universal wastes. • The customer should provide details of the key waste streams generated and how these are managed and disposed of, including any particular waste management initiatives that have been implemented to minimise and/or recycle waste. • The customer should, as best practice, report evidence of reduction in plastic use and waste from operations, identifying the proportion of recycled plastic products and proportion of virgin polymer use and single-use plastics, with indications on reduction targets. • The customer should, as best practice, regularly report air quality parameters of air emissions identified as harmful pollutants by the relevant regulations and international bodies for its industry. This shall include nitrous oxides ("NOx"), sulphur oxides ("SOx"),

	persistent organic pollutants (“POP”), volatile organic compounds (“VOC”), hazardous air pollutants (“HAP”), particulate matter (“PM”) and other standard categories of air pollutants. For further reference, refer to: DOE’s Environmental Quality Air Regulations 1978 and DOE’s guidelines on emission monitoring systems. • A customer in the agriculture sector should demonstrate that it has implemented an integrated pest management and/or integrated vector management approach, where the use of chemical pesticides has minimal effects on non-target species and the environment. Pest management activities include the use of chemical pesticides, where the customer should select chemical pesticides that are low in human toxicity, that are known to be effective against the target species and have minimal effects on non-target species as well as the environment. The selection of chemical pesticides should consider its packaging (i.e. packaged in safe containers), labelling (i.e. clearly labelled for safe and proper use), and that the pesticides have been manufactured by an entity licensed by relevant regulatory agencies. For further reference, refer to DOE’s Regulations on Scheduled Waste Management. <u>Required document(s) where applicable to the Customer:</u> - Standard operating procedure (SOP) or equivalent and/or internal policies on waste management, - SOP or equivalent and/or internal policies on effluent management (for reference: Environmental Quality (Industrial Effluents) Regulations 2009), - Environmental Impact Assessment (EIA) Report or Executive Summary of EIA Report (regulatory) or equivalent.
GP3 – Ecosystem & Biodiversity	
3.1 Risk identification (Ecosystem & Biodiversity)	
a)	Environmentally sensitive areas (“ESAs”) or key biodiversity areas (“KBAs”) typically refer to geographic regions or locations that are recognised for their high ecological significance and the presence of diverse and often unique species of flora and fauna. Such areas are considered important for the conservation of biodiversity due to the richness and variety of life forms they support. These areas are commonly: • Protected areas on national, regional, and international lists • Areas of high biodiversity value and high conservation value (“HCV”) • Biodiversity hotspots • IUCN Protected Area Management Categories • IUCN Green List • UNESCO Man and the Biosphere Reserves • UNESCO Natural World Heritage Sites • Sites recognised under the Ramsar Convention The customer should disclose the location of its business operations that are in or adjacent to ESAs and KBAs. As best practice, this is to be done by including GPS coordinates in decimal degrees, i.e. Decimal degrees (“DD”): 41.40338, 2.17403; Degrees, minutes, and seconds (“DMS”): 41°24’12.2”N 2°10’26.5”E; or Degrees and decimal minutes (“DMM”): 41 24.2028, 2 10.4418. Examples of assessment tools for identification of ESAs and KBAs: Integrated Biodiversity Assessment Tool (“IBAT”) Malaysia Biodiversity Information System (“MyBIS”) Global Forest Watch National Physical Plan 3 and 4 published by the Department of Town and Country Planning (https://myplan.planmalaysia.gov.my/portal-main/publication-details?id=23)

	Suggested reference: Items in the SC5 Climate Data Catalogue No. 95 - Map of Biodiversity Risks Hotspots (e.g. high conservation value forests, high biodiversity value ecosystems etc.) No. 97 - Map of ESAs No. 98 - Forest Change (e.g. Forest Loss, Tree Cover Loss, Location of Tree Cover Loss, FAO Deforestation)
b)	Business activities may impact nature through, but not limited to the following: • Habitat Destruction: Clearing land/ deforestation for infrastructure, agriculture, or other business activities can lead to the destruction of natural habitats, directly impacting the species living there. • Invasive Species: The introduction of non-native species through business activities (intentionally or unintentionally) can disrupt local ecosystems, outcompeting or preying on native species. To gain a comprehensive understanding of the customer's operations, including production processes and distribution channels to identify key activities that may have an impact on biodiversity, the following can be considered: • Lifecycle analysis of the customer's products or services to understand the end-to-end environmental impact. • Land use changes associated with the customer's operations. This includes deforestation, habitat conversion, or changes in land cover. • Threat to endangered or vulnerable species (e.g. protected species on national and regional conservation lists and IUCN Red List) and consider the presence of invasive species associated with the customer's operations. Examples of tools to assess the client's sectoral impact on biodiversity and ecosystem services: ENCORE WWF Biodiversity Risk Filter¹ Malaysia Biodiversity Information System ("MyBIS") Integrated Biodiversity Assessment Tool ("IBAT") WRI Aqueduct

¹ WWF's BRF tool uses location-specific company and supply chain data to help companies screen, assess and respond to biodiversity risks and potential opportunities across direct operations and value chains. The tool launched in January 2023, as part of an integrated WWF Risk Filter Suite, which will also host WWF's Water Risk Filter tool.

3.2 Risk management (Ecosystem & Biodiversity)	
a)	Internal measures incorporated into the processes by the customer may include the following: • Produce and expand production exclusively on lands that were deforested or converted prior to any agreed cut-off date. • Rehabilitate degraded land and preserve ecosystem services through responsible production practices on already converted land. • Reduce the need for expansion into natural ecosystems by improving smallholders' yields through the implementation of more sustainable and efficient agricultural practices. • Adopt a No Deforestation, Peat, and Exploitation ("NDPE") policy. • Have science-based metrics that integrate biodiversity (e.g. IUCN Guidelines for planning and monitoring corporate biodiversity performance and Species Threat Abatement and Restoration ("STAR") metrics). <u>Required document(s) where applicable to the Client</u> i. NDPE policy/commitment or equivalent ii. EIA Report or Executive Summary of EIA Report (regulatory) or equivalent iii. For Palm Oil, Forestry and other sectors with deforestation activities - HCV assessment or equivalent iv. Specific to client in Forestry sector - Forest Management Plan or equivalent
GP3 – Efficient Use of Resources	
4.1 Risk identification (Efficient Use of Resources)	
a)	Customers with high dependency on water/other natural resources must show good resource management within their business to ensure the sustainability of the natural resources. Sectoral data can be used as a benchmark in assessing the significance of water/other natural resource consumption within a customer's business operations. Tools such as ENCORE and WWF's BRF can be used to identify and assess a customer's dependence on natural capital based on its geographic location and sector. Examples of tools to assess the client's sectoral impact on biodiversity and ecosystem services: i. ENCORE ii. WWF Risk Filter Suggested reference: Items in the SC5 Climate Data Catalogue No. 87- Water consumption No. 88 - Water management indicators (e.g. water allocation and management) No. 89 - Water quality at river basins No. 90 - Marine water quality No. 91 - Water: Standardised Precipitation - Evapotranspiration Index No. 92 - Soil Water Index No. 93 - Groundwater quality No.94 - Water stress area
4.2 Risk management (Efficient Use of Resources)	
a)	Internal measures incorporated into the processes by the client may include the following: • Use appliances that fulfil requirements of relevant national legislations • Use of additional technically feasible resource conservation measures within the customer's operations

	• Use of alternative resource supplies to reduce total demand for resources to be within the available supply • Evaluation of alternative project locations to areas where resources are abundant • Disclose resources and inputs used according to an international standard • Disclose organisms that are exploited for commercial uses, including wild animal and plant species • Disclose remediation measures related to direct exploitation of resources, to avoid overexploitation negative effects on rare, endangered, or threatened species. <u>Required document(s) where applicable to the client:</u> - SOP or equivalent and/or internal policies on natural resource management - Specific to customers in the Forestry sector - Forest Management Plan or equivalent Examples of metrics: <u>Water Efficiency</u> • Water Intensity (m³ per tonne of product / m³ per RM million revenue) • Recycled / reused water ratio <u>Energy Efficiency</u> • Energy consumption per unit of output or revenue (kWh per tonne of product, or kWh per RM million revenue) • Energy savings achieved (% reduction year-on-year) <u>Materials and Resource Use</u> • Material intensity (total material use per unit of output or revenue) • Use of recycled / sustainable materials (Portion of materials sourced from recycled or certified sustainable sources, as a % of total input materials) • Packaging reduction (reduction in packaging weight or volume per product unit)
5.1 Risk identification (GHG Emissions)	
a)	Annual GHG assessment must be complete, accurate, transparent, consistent, and relevant. Factors that should be taken into consideration: • The intensity of the customer's GHG emissions in comparison with the industry average or other acceptable benchmark • Indicating GHG emission verification or assurance status, if any • Sectoral data can be used as a benchmark in assessing the significance of GHG emissions within a customer's business operations Examples of GHG emission metrics: • Absolute Scope 1, Scope 2, and Scope 3 GHG emissions • Weighted average carbon intensity • GHG emissions per MWh of electricity produced/ per physical unit (e.g. building floor area) / per economic unit (e.g. revenue) The production and consumption of energy contribute significantly to GHG emissions, primarily through the burning of fossil fuels such as coal, oil, and natural gas. The key aspects related to energy usage that are considered in assessing GHG emissions include: 1. Scope 1 Emissions: These are direct emissions from sources that are owned or controlled by the customer. This can include on-site combustion of fossil fuels for heating, cooling, or power generation. 2. Scope 2 Emissions: These are indirect emissions associated with the generation of

	purchased or acquired electricity, heat, or steam. The carbon intensity of the electricity grid in the region where the customer operates plays a significant role in determining Scope 2 emissions. Organizations can assess and report these emissions by using factors such as the emissions factor of the grid. 3. Scope 3 Emissions: These are indirect emissions that occur in both the upstream and downstream activities of the customer. Energy usage throughout the transportation of goods, and the use of products and services by customers fall under Scope 3 emissions. To quantify the GHG emissions from energy usage, customers may often use emission factors that represent the amount of carbon dioxide or other greenhouse gases emitted per unit of energy consumed. These factors can vary based on the type of energy source (e.g., coal, natural gas, renewable sources) and the location. Suggested reference: Items in the SC5 Climate Data Catalogue No. 1 - Greenhouse Gas (GHG) emissions Scope 1, Scope 2 No. 2 - GHG emissions Scope 3 No. 3 - GHG inventory No. 5 - GHG emission intensity No. 6 - Economic sectors' contribution to gross domestic product (GDP) and GHG emissions No. 7 - Vehicle GHG emissions No. 11 - Emission intensity performance of buildings in Malaysia No. 12 - Emission factors by Scope 1, 2 and 3 No. 13 - Emission intensity per revenue No. 14 - Monitoring of insurance-related emissions No. 16 - Source of the global warming potential (GWP) rates used
5.2 Risk management (GHG Emissions)	
a)	Common measures to reduce emissions/decarbonisation strategy, include but are not limited to: • Use of renewable energy ○ Onshore and/or offshore wind power generation ○ Onshore and floating solar photovoltaic ("PV") power generation • Rehabilitation, retrofitting and/or replacement with energy-efficient technology ○ Replacement of existing heating/cooling systems in buildings with non-fossil fuel powered systems ○ Energy-efficient vehicles and transport (e.g. hybrid cars) • Restoring, maintaining, conserving, and strengthening of natural land-based carbon stock and sinks (for LULUCF only) ○ Avoidance/ suspension of deforestation ○ Afforestation and reforestation ○ Restoration or rehabilitation of forests, croplands, peatlands, grasslands and wetlands ○ Sustainable forest and agricultural management ○ Forest and peatland conservation <u>Required document(s)</u> i. GHG emission reduction initiatives and outcomes

GP4 – Remedial Measures to Transition

General Guidance

1. For relationship-managed clients, in the absence of publicly available information, RMs are expected to discuss and obtain information from customers.
2. Scope of assessment must be for the customers. In the event the assessment is for a subsidiary of a parent, the extent of control of the parent over the subsidiary, to adopt the parent's remedial measures to transition (legally or otherwise) must be considered. If the parent's environmental or climate initiatives will also address the harm caused to the environment by the subsidiary, then consideration for this can be acknowledged at the subsidiary level. If this is not the case or cannot be justified, then the subsidiary's assessment must be conducted independently of the parent.
3. The review/ assessment must be refreshed periodically (e.g. during annual credit reviews, in line with a risk-based approach).

Due Diligence Questions: GP4 – Remedial Measures to Transition	
No	Guidance Notes
Plans undertaken for remediation of significant harm to the environment identified in GP3	
a)	Timebound remedial measures or action plan A customer's remedial plan must address each of the harms/ risks/ impacts that have been identified under GP3. Consideration should at least cover the principal business activities of the Customer. FIs may consider establishing baseline expectation(s) on the broader environmental strategy of the Customer which can be done by ensuring that they set timebound target(s), identify approaches to address the harms/ risks and establish implementation plans to meet the targets over a defined timeline. For instance, the Customer's remedial plan may include the following: • Targets should have clear and detailed plans outlining the specific strategies to address the harms/ risks identified in GP3 and how they plan to address them. • Targets should be designed in consideration of the Customer's strategy and risk management processes that best suits its business activities and strategy. • Targets should be linked to defined metrics in order to measure and track progress against targets. • The plan and associated targets should have been consulted with relevant stakeholders. Governance over internal policies and procedures should be in place.
b)	Progress of the remedial measures The Customer should establish a progress monitoring process, supported by defined performance indicators to track implementation and effectiveness of the remedial measures addressing the harms/ risks identified in GP3. FI should document the specific remedial action plan committed by the Customer and monitor their progress within the corresponding timelines through the following: • Periodically review and update its assessment of the Customer's progress • Conduct subsequent reviews post-remediation to confirm closure of identified issues • The frequency of such monitoring should be consistent with the annual review or completion of the Customer's remediation plan in accordance with FI's own approved internal policies and procedures • Engage the Customer to understand their challenges, if any. In assessing the remedial measures, FIs may consider but are not limited to the following: • FI should assess if the remediation measures commensurate with the Customer's capital structure, risk appetite, complexity, activities, size, and other appropriate risk-related factors. The remediation measures should be timebound, i.e. have a clearly defined and realistic timeline for completion. • For carbon intensive sectors, FIs should exercise due care to avoid supporting activities that

	promote long-term carbon lock-in and/or activities that maintain economic barriers to low carbon solutions. While public disclosure of this information is not mandatory, it is considered best practice for the FI to retain comprehensive documentation of the Customer's commitments and supporting evidence as part of its due diligence and internal assessment/ review process. The strength and suitability of remedial efforts may be evaluated based on the criteria illustrated in Appendix 4.
c)	Capability and financial capacity to implement remedial plan The FI should also assess if the Customer has the financial capacity, willingness and likelihood to fund the remedial measures (including if the Customer has secured financial facilities to do so) and to document it as part of the assessment.

Appendices

Appendix 1 – Examples of Activities that Generally Meet GP1

Energy Efficiency	
Real Estate (Commercial and Residential)	- Construction of new buildings and/or retrofit of existing buildings: - Buildings certified to an acceptable level under an internationally or domestically recognised green building certification scheme. - Buildings that achieve improvement in energy use and/or carbon emissions compared to baseline emissions. - Acquisition of green certified buildings and acceptance of provisional certification (in absence of the listed green building certification scheme) and put in place measures ensuring continuity of operations and lock-ins of lower emissions; whereas acceptance of provisional certification is to cater for work-in-progress/ buildings that are currently in construction stages. - Redevelopment or reconstruction that reduces GHG emissions or achieves significant energy efficiency improvements (defined as >15% reduction in energy use or emissions compared to baseline). Examples include recognized Green Building certification (e.g., GBI, GreenRE, LEED, or equivalent), converting old, inefficient buildings into energy-efficient ones, integrating renewable energy systems, use of sustainable construction materials)
Public Services and Utilities	- Improvement of energy and heat efficiency of utilities such as waste heat recovery improvements for district power generation, cooling systems, boilers with energy efficient alternatives, retrofit with renewable energy power. - Development, construction, retrofit and operation of electrical grid or transmission and distribution networks dedicated to: - Renewables to the power grid; or - Supporting the integration of at least 90% renewable electricity; or - Low carbon hydrogen or other low carbon gases with leak detection, repair mechanisms and mitigation measures in place.
Energy Efficiency Technology	- Installation or upgrades to energy saving technology such as smart meters and lighting for public, commercial, and domestic services (not including real estate). - Development, manufacturing and distribution of energy efficient components and technologies, whether for huge public utilities e.g. transmission & distribution infrastructure or for end-user energy efficiency. - Financing for construction, retrofitting or scaling of Data Centres that meet the industry's green framework and guidelines.
Transportation	
Infrastructure (for public use)	Development and operation of urban mass transit systems: - Electric mass passenger vehicles (trains and buses). - Infrastructure upgrades for electrified rails, trains and buses - Infrastructure for low-carbon and efficient transport (e.g. charging stations for electric vehicles). - Non-motorised transport (enabling bicycle and pedestrian mobility). - Urban planning and development that leads to a reduction in the use of passenger cars e.g. developing car-free city areas, high-occupancy vehicle lanes, road pricing, parking management.

Freight transportation	• Vehicle, rail or boat fleet retrofit or replacement with technologies including electric or hydrogen technologies. • Development or improvement of railway transport to ensure a modal shift from road to rail. • Development or improvement of water transport to ensure a modal shift from road to waterways. • Fleet optimisation and route management (e.g. eliminating backhauls and consolidating loads).
Technology	• Vehicle fleet energy efficiency technology and logistical software.
Green Technology / Manufacturing	
• Development, manufacturing and/or distribution of products or components designed to have a positive environmental impact in terms of reducing either carbon emissions, waste, energy use, or water use, and material use for circularity and/or adaptive re-use e.g. life cycle analysis. • Development, Manufacturing, Implementation, Use of, or Distribution of equipment or machinery that is energy and/or fuel efficient based on projected energy savings after installation. • Smart grid and energy internet. • Energy efficient retail/industrial appliances (e.g. energy efficient fridges, cookers). Low carbon transport vehicles, equipment and infrastructure, electric rail supply chain (related to electric, hydrogen, hybrid or alternative fuel vehicles). • Energy storage equipment or solutions. • Deployment of Carbon Capture and Utilisation (CCU) or Carbon Capture and Storage (CCS) technologies. Note: CCS/CCU can be eligible in any sector/activity if it enables that primary activity to operate in compliance with the threshold - for example, steel, cement or electricity production	
Renewable Energy	
Research and development (R&D), production of equipment, production, manufacturing, operation, and maintenance of renewable energy sources/infrastructure: • Solar generating facilities. • *Hydropower electricity generating facilities. • Tidal or wave energy generating facilities. • Geothermal electricity generating facilities. • Production of zero/low carbon fuels e.g. hydrogen, ammonia, etc. • Waste to energy (WtE) • Bioenergy producing biofuel, biomass, biogas including fuel preparation process facilities, pre-treatment facilities and bio refinery facilities for various purposes (e.g. heating, electricity production and transport). Note: * Should be accompanied by an EIA report to ascertain the negative impact to the environment and community before the commissioning of the project, with solutions in place to address these negative effects. The long-term benefits must outweigh the costs to the environment and impacted communities.	
Waste Management	
• Waste minimisation, collection, management, recycling, re-use, processing, disposal (such as methane capture) infrastructure, technologies and solutions, such as: ○ Solid waste management (municipal waste management projects that capture or combust methane emissions). ○ Liquid waste management (waste management projects that capture or combust methane emissions). ○ Sewage water treatment plant (treatment of wastewater that reduces GHG emissions). ○ Biological treatment facilities (anaerobic digestion facilities, composting facilities). • Recycling and utilisation of industrial solid wastes, exhaust gas and effluent. • Companies that engage in the 9R framework for circular economy (Refuse, Rethink, Reduce,	

Reuse, Repair, Refurbish, Remanufacture, Repurpose, Recycle and Recover). This includes, but is not limited to, companies focused on: Servicing & Processing, Enabling & Solutions Provider and Circular Inputs & Manufacturing.

Agriculture, Forests and Land Conservation

- Avoidance of GHG emissions (e.g. livestock management, storage, and processing of manure and management of permanent forests).
- Lowering emissions for each calorie or kilogram of food produced.
- Maintaining or strengthening land carbon sinks, including:
 - Afforestation (non-forest to forest).
 - Reforestation (re-establishment of forest on land classified as forest).
 - Restoration or rehabilitation of forests, croplands, grasslands and wetlands.
 - Sustainable forest management.
 - Forest and peatland conservation.
- Regenerative agriculture (e.g. no till or conservation tillage).

Note: Based on LULUCF regulation, carbon stocks shall increase above the carbon baseline over a period of 20 years for afforestation and reforestation projects, and shall increase over the rotation period for restoration projects, and be maintained or increased in the case of existing forest management and conservation forests.

Appendix 2 - Examples of Activities that Generally Meet GP2

Activities to increase own resilience and enable others to adapt are generally interrelated and could overlap, depending on the purpose and context within which the activity takes place.

	Measures to increase own resilience	Measures to enable others to adapt to climate change
Forestry	• Use of early warning systems or wildfire control measures (to reduce damage due to wildfires induced by heatwaves). • Use of regeneration material (species and ecotypes) less sensitive to strong wind or timely management of seedling stand and timely thinning (to reduce damage to forest stands from increased wind). • Adoption of sound forestry practices and use of endemic tree species that are less vulnerable to storms and fires. • Afforestation or restoration of former forest areas utilizing natural seed banks and existing plants. • Adopt sustainable forest management and sound harvesting techniques to reduce soil erosion and vulnerabilities to wildfires.	• Conservation of forestry (e.g. to prevent soil erosion which will damage agricultural production, and disrupt local settlements or water supplies) with the primary objective of supporting the adaptation of others.
Fisheries	• Adoption of sustainable aquaculture, such as fish farming in ponds (addressing the worsening availability of fish stocks in natural habitats due to temperature increase).	• Mapping changes in the range of fish species and monitoring of fish stocks to understand the impacts of climate change.
Agriculture	• Adoption of diversified agricultural production (e.g. growing a mix of different crops or different varieties of each crop). • Soil and water management to increase water availability in areas experiencing increased water stress. • R&D or procurement of climate resilient cultivars such as resistance to biotic and abiotic stress, drought tolerance, heat tolerance, flood tolerance, and pest resistance crops.	• Research, development and commercialisation of drought-resistant crop varieties to increase crop yields.
Water Resources	• Increase of water storage capacity by building a dam², practicing aquifer storage and recovery³, removing accumulated sediment in	• Development and deployment of technology to treat and recycle wastewater, thus greatly reducing the use of new freshwater resources.

² EIA must be conducted to ascertain the negative impact to the environment and community before the commissioning of a dam, with solutions in place to address these negative effects. The long-term benefits must outweigh the costs to the environment and impacted communities.

³ Aquifer Storage and Recovery ("ASR") is a method to increase water supply using subsurface reservoirs. It offers an important tool to increase freshwater storage at a nominal cost.

	Measures to increase own resilience	Measures to enable others to adapt to climate change
	reservoirs or lowering water intake elevation. • Integrated planning and sound management of water resources (water supply, demand and quality). • Water conservation and rainwater harvesting in areas prone to water stress. • Improvement in drainage to cope with increased frequency/severity of floods arising from intense rainfall. • Deployment of early warning systems as pre-emptive measure to reduce damage from floods (especially during the monsoon season). • Building of flood barriers such as flood walls and seawalls to protect from future flooding. • Maintenance and/or upgrade of water supply and distribution infrastructure.	• Design and development of flood early warning systems and flood defense systems.
Construction	• Adapting buildings with capability to cope with future climate conditions and extreme weather events. • Redevelopment or reconstruction enhances resilience or helps cope with climate impacts (e.g., adding green spaces to reduce heat, improving stormwater management and drainage systems, building flood-resilient infrastructure, relocating communities from high-risk zones).	• Special-purpose building e.g. shelters, relief centres or safe buildings for evacuation from flooding.
Coastal Areas	• Consideration of sea-level rise in the design of a bridge. • Building of sea walls in low-lying islands to stop coastal erosion.	• Research on population exposure to sea level rise and related impacts. • Conservation of mangroves and coral reefs to protect coastal zones from weather-related catastrophes (storms and typhoons) and to preserve fish spawning grounds.
Health		• Development and deployment of heat waves early warning system to reduce associated illnesses and deaths. • Development or enhancement systems for monitoring drinking water, food and air quality (haze related risk), in areas affected by higher temperatures/forest burning, floods and rising sea-level. • Research on food waste data to facilitate the establishment of food waste strategies and baselines, and identify scalable solutions to transition to more sustainable food systems.
Information and Communication		• Development of technology for climate-vulnerable farmers to make informed

	Measures to increase own resilience	Measures to enable others to adapt to climate change
		decisions on production and sale of their crops. • Development of technology and information systems to enable national meteorological services to gather, analyse, and disseminate accurate weather information.
Transportation	• Design and construction of climate resilient/climate- proofed transport network.	• Research on technology to improve safety standards and design of rail assets to withstand adverse weather conditions. • Deployment of rail line detector to detect cracks along railway networks.

Appendix 3 – Examples of Certification and Independent Verification

Sector	Certification and/or Independent Verification
General	• MS ISO 14001: 2015 – Environmental Management Systems • MS 1722: 2011 and OHSAS 18001 – Occupational Safety and Health Management Systems* • ISO 50001 Energy Management Certification • EU Ecolabel • Cradle to Cradle
Climate	• ISO 14064: 2006 – Greenhouse gases • Science Based Targets Initiative • The Carbon Trust Standard • ISO 14067:2019 Greenhouse Gases – Carbon Footprint of Products • PAS 2050:2011 – Specification for the assessment of the life cycle greenhouse gas emissions of good and services • PAS 2060 Standard for Carbon Neutrality • PAS 2080 Carbon Management in Infrastructure • GHG Protocol Corporate Accounting and Reporting Standard • Verified Carbon Standard • International Sustainability and Carbon Certification
Water	• AWS International Water Stewardship Standard Corporate context-based water targets
Agriculture	• Malaysian Standards Palm Oil • Roundtable on Sustainable Palm Oil • Malaysian Good Agricultural Practice (myGap) • MyOrganic • IFOAM Organics • BONSUCRO • Better Cotton Initiative • Global Organic Textile Standard • Common Code for the Coffee Community • Tropical Commodities Coalition for Sustainable Tea Coffee and Cocoa • Ethical Tea Partnership • World Cocoa Foundation • Rainforest Alliance • Roundtable on Sustainable Biomaterials • Sustainable Rice Platform • UTZ Certified • Internal Sustainability & Carbon Certification • Fairtrade Certified • Roundtable for Responsible Soy
Fisheries	• Marine Stewardship Council • Aquaculture Stewardship Council • Natural Capital Protocol (2016) • ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019) • Value Balancing Alliance • Fairtrade Fisheries Standard
Forestry	• Malaysian Timber Certification Scheme - Programme for The Endorsement of Forest Certification • Forest Stewardship Council • Programme for the Endorsement of Forest Certification
Mining and Metals	• World Gold Council Conflict-free Gold Standard • Kimberley Process Certification Scheme • Aluminium Stewardship Initiative • Initiative for Responsible Mining Assurance • RJC Chain of Custody Certification
Infrastructure	• Sustainable INFRASTAR • Green Mark • GreenRE

Sector	Certification and/or Independent Verification
	• The Standard for Sustainable and Resilient Infrastructure • GRESB • BREEAM • USGBC LEED • CEEQUAL • Greenroads Certification • Hydropower Sustainability Assessment Protocol • Excellence in Design for Greater Efficiencies • Green Building Index
Tourism	• Green Key • Green Globe • Travelife
Energy	• International Hydropower Association (IHA) Hydropower Sustainability Assessment Protocol (HSAP) • International Atomic Energy Agency (IAEA) Safety Standards and Nuclear Security Series
Industrial	• Fairtrade Certified • Responsible Care

* Denotes national certification

Examples of certification/standards for investment instruments

Instrument	Certification/ Standard
Sukuk	• Sustainable and Responsible Investment Sukuk Framework
Bond	• ASEAN Green Bond Standards • ASEAN Sustainability Bond Standards • Green Bond Principles (International Capital Markets Association) • Sustainability Bond Guidelines (International Capital Markets Association) • Climate Bonds Standards
Equities	• FTSE4Good Bursa Malaysia Index • MSCI Emerging Markets ESG Leaders Index

Appendix 4 – An illustration of criteria to assess the strengths and suitability of remedial efforts

Background/Context Setting
A Business is assessed as causing significant harm to the climate and/or the environment.
Assessment Objectives
- The remedial efforts should directly contribute towards the outcomes in which unacceptable risks to the climate and/or environment can be eliminated or significantly reduced. - The commitment/willingness of the business is demonstrated through the development/practice/commitment of sustainable practices to ensure that the business is conducted in a sustainable manner where all parties involved understand the potential risks and take appropriate mitigating actions to reduce any adverse climate and/or environmental impacts.
Assessment Criteria
Sector/industry - What are the environmental-related risks commonly associated with the sector/industry? Have these risks been taken into consideration in business strategy and policies? - Is there any pollution management or mitigation plan? How effective is the policy implementation? - Is there a requirement for mandatory industry-specific certification? Purpose and possible impact of loan/financing/investment - What are the proceeds used for? - Will the use of proceeds help reduce GHG emissions? - Will the use of proceeds help increase climate resilience? - Will the use of proceeds help fund sustainable practices? - Will the use of proceeds help remediate, or at least not increase, the harm caused by the business to the environment? Business profile - Is the business strategy (proactiveness and willingness) aligned with climate change and environmental objectives? - Are the business operation(s) and asset(s) located in areas vulnerable to physical risk? - How extensive is the business supply chain and to what extent are the business' vendor(s) adopting sustainable practices? - Does the business have adequate financial capacity to fund the remedial efforts, including supporting remediation efforts by its vendor(s)? - What is the business' competitive position and its leadership role in the industry?
Determining remediation efforts for credit decision and monitoring
Remedial efforts and transition period - What is the business' current GHG emissions profile and does it have a plan to close gaps against acceptable benchmarks? - Has a plan with specific milestones been drawn up to outline appropriate measures to achieve GHG emissions reduction and reduce environment- related risks? - Is the remediation plan appropriate and does the plan commensurate with the size, complexity and financial capacity of the business? - Is there a plan and time-bound commitment to pursue external certification and/or validation (voluntary certifications)?
Tracking and monitoring of remedial outcomes
Progress of remedial efforts should be tracked by FIs against the agreed milestone and timelines i.e. short, medium, and long term.

Appendix 5 – Case Studies

Case Study 1

Key Assessment Consideration: Assessment of funding subsidiaries and application of the "follow-the-money" principle where financing proceeds are channelled to an operating group.

Alpha Capital is the funding subsidiary of Orion Group. Orion Group is a conglomerate with operations spanning Manufacturing, Construction, Accommodation and Wholesale Trading. The majority of Orion Group's revenue comes from the Wholesale Trading segment. None of Orion Group's business segments are related to green technology or activities that mitigate the impact of climate change.

Alpha Capital is seeking a financing facility for working capital of Orion Group. The assessment is conducted on Orion Group instead of Alpha Capital as the funds are channelled to Orion Group from Alpha Capital.

	Outcome	Justification
GP1	Climate change mitigation measures cannot be ascertained.	- As the purpose of the financing is for general working capital, the assessment falls back on Orion Group's primary economic activity. - The majority of Orion Group's revenue is derived from wholesale trading, and none of its principal business segments are primarily engaged in activities that contribute materially to climate change mitigation or GHG emissions reduction. - Accordingly, the company's core business operations do not make a notable contribution to climate change mitigation and GP1 is not met.
GP2	Climate change adaptation measures cannot be ascertained.	- The majority of Orion Group's revenue is derived from wholesale trading, and none of its principal business segments are primarily engaged in activities that contribute materially to climate change adaptation. - Accordingly, the company's core business operations do not contribute materially to climate change adaptation and GP2 is not met.
GP3	GP3 Is met (For Scenario A) GP3 not met (For Scenario B)	Because Alpha Capital is a funding subsidiary, the assessment of GP3 will be based on the parent company, Orion Group. Scenario A: Orion Group has implemented all risk mitigation measures for all the harms specified in GP3. Scenario B: Risk mitigation measures by Orion Group are inadequate to address the harms identified.
GP4	GP4 not required (For Scenario A) GP4 met (For Scenario B1) GP4 not met (For Scenario B2)	Scenario A: Not required Scenario B1: Orion Group has developed a credible remedial plan to address the harms identified in GP3. Scenario B2: No remedial plans committed by Orion Group that address all harms identified in GP3.
CCPT	Scenario A: C5B Scenario B1: C3 Scenario B2: C5A	

Case Study 2

Key Assessment Consideration: Application of GP1 using a customer's primary economic activity where financing is provided for general working capital.

Solara Energy is the funding subsidiary of SunCorp Group, a diversified conglomerate with operations in the Manufacturing of Solar Panels and Construction. SunCorp Group's solar panel manufacturing plant is located in Rawang and occupies an area of 55 hectares and contributes more than 90% of the Group's revenue.

As Solara Energy is a funding subsidiary established to raise financing for SunCorp Group, and the proceeds are intended for the working capital requirements of SunCorp Group, the assessment is conducted on SunCorp Group as the ultimate beneficiary and user of the financing proceeds.

In documents submitted by Solara Energy, SunCorp Group has a ISO14001 certification and provided a list of measures they have put in place to manage their environmental impact which include:

- Ensuring their construction projects are conducted in accordance with environmental standards, regulations, and relevant laws.
- Installed closed-loop chemical recycling systems.
- Collaborate with DOE-approved recyclers for panel disposal.
- Implemented zero-liquid discharge systems (supported by Malaysian Green Technology Corporation grants).
- Uses solar rooftop systems for manufacturing plants.
- Explores thin-film technology to reduce material intensity.
- Conducts EIA for all its projects including manufacturing plants

Has published Net-Zero commitment across its value chain by 2050, with an interim target of 40% Scope 1 & 2 reduction by 2030 (from a 2024 baseline).

	Outcome	Justification
GP1	Contribute to climate change mitigation.	• As the purpose of the financing is for general working capital, the assessment falls back on SunCorp Group's primary economic activity. • SunCorp Group's primary economic activity is the manufacturing of solar panels, which contributes more than 90% of the Group's revenue. • Solar panel manufacturing directly supports the deployment of renewable energy and contributes to the reduction of GHG emissions by enabling the generation of low-carbon electricity. • Accordingly, SunCorp Group's core business operations make a notable contribution to climate change mitigation and GP1 is met.
GP2	Climate change adaptation measures cannot be ascertained.	• There is no evidence that the Group's principal business activities are specifically intended to enhance climate resilience, reduce vulnerability to physical climate risks, or deliver climate adaptation outcomes. • Accordingly, GP2 is not met.
GP3	GP3 is met	Pollution/ Waste Management • Harm: SunCorp uses silicon purification and wafer production processes that emit nitrogen trifluoride (NF₃) and sulfur hexafluoride (SF₆); both potent greenhouse gases. From chemical waste perspective, acidic and alkaline solutions (e.g., hydrofluoric acid for wafer cleaning) and heavy metals can contaminate water sources if untreated. ▪ Mitigation: Adopts ISO 14001-certified hazardous waste protocols, promotes engineering and turnkey business activities to ensure that construction projects are conducted in accordance with environmental standards, regulations, and relevant laws, installed closed-loop chemical recycling systems and collaborate with DOE-approved recyclers for panel disposal. Efficiency Management of Resources • Harm: Wafer cleaning consumes large volumes of ultrapure water and high electricity demand for ingot casting and cell production. ▪ Mitigation: Implemented zero-liquid discharge systems (supported by Malaysian Green Technology Corporation grants), uses solar rooftop systems for manufacturing plants and explores thin-film technology to reduce material intensity. Biodiversity & Ecosystem

	Outcome	Justification
		• Harm: Excessive land use whereby the plant occupies an area of 55 hectares. • Mitigation: Conducted and complied to EIA (mandatory under Malaysia's Environmental Impact Assessment Order for projects >50 hectares.). EIA mitigation measures and environmental management requirements are incorporated into project development and operational activities to minimise adverse impacts on biodiversity and surrounding ecosystems. GHG Emissions • Harm: High Scope 1 & 2 from direct emissions from manufacturing and purchased electricity. High Scope 3 emissions from imported raw materials and logistics. • Mitigation: Committed to reducing its GHG emissions. Has set a goal with work in progress for net-zero across its value chain by 2050, with an interim target of 40% Scope 1 & 2 reduction by 2030 (from a 2024 baseline). Solar rooftop systems have been deployed at manufacturing facilities to reduce reliance on grid electricity. The Group continuously explores process improvements and technologies to improve energy efficiency and reduce emissions intensity.
GP4	Not required	-
CCPT	C1	

Case Study 3

Key Assessment Consideration: Use of publicly available sustainability disclosures as evidence of GP3 compliance.

Starcap Bhd. is a Financial Institution (FI) applying for a credit line. The purpose of financing is for working capital of their subsidiaries in Malaysia and outside of Malaysia. The company publishes Sustainability Reports on an annual basis. In the report, the company stated that it operates its own building and branches. The company also disclosed its risk management practices addressing its material risks in its sustainability report.

	Outcome	Justification
GP1	Climate change mitigation measures cannot be ascertained.	- As the purpose of the financing is for general working capital, the assessment falls back on Starcap Bhd.'s primary economic activity. - Starcap Bhd.'s primary business activity is the provision of financial services. - While the company may support sustainability initiatives through its business activities, there is no evidence that its core operations are primarily engaged in activities that contribute materially to climate change mitigation or result in a notable reduction of GHG emissions. - Accordingly, the company's core business operations do not make a notable contribution to climate change mitigation and GP1 is not met.
GP2	Climate change adaptation measures cannot be ascertained.	- There is no evidence that its principal business activities are specifically intended to enhance climate resilience, reduce vulnerability to physical climate risks, or deliver climate adaptation outcomes. - Accordingly, the company's core business operations do not contribute materially to climate change adaptation and GP2 is not met.
GP3	GP3 is met	- The company operates its own buildings and branches, where potential environmental harms identified include waste generation, resource consumption (e.g. energy and water usage), and GHG emissions. - The company's Sustainability/ESG/Annual Reports disclose environmental management measures that have been implemented to address these harms. Examples include: - Waste Management – recycling programmes, waste segregation practices, paper reduction initiatives and responsible disposal of office waste and electronic waste. - Efficient Use of Resources – energy efficiency initiatives within branches and office buildings, monitoring and reduction of electricity and water consumption, and deployment of energy-efficient equipment and lighting systems. - GHG Emissions – measurement and monitoring of operational emissions, implementation of emissions reduction initiatives, adoption of renewable energy where applicable, and/or commitments to reduce GHG emissions over time. - As the environmental harms arising from its operations have been identified and remedial measures have commenced to address the relevant concerns, the company is assessed to have met GP3.
GP4	Not required	-
CCPT	C5B	

Case Study 4

Key Assessment Consideration: Distinguishing between environmental certifications and effective implementation of environmental management controls when assessing GP3 compliance.

Hijau Vista Sdn. Bhd. is a private palm oil plantation company that is seeking financing for working capital. The company only has plantations and does not operate a palm oil mill. Their plantation is MSPO certified, and they have conducted an EIA on the land which is not located in or near any ESA or KBA.

	Outcome	Justification
GP1	Climate change mitigation measures cannot be ascertained.	- As the purpose of the financing is for general working capital, the assessment falls back on Hijau Vista Sdn. Bhd.'s primary economic activity. - The company's primary economic activity is oil palm cultivation. While the plantation has obtained MSPO certification, its principal business activity is not primarily engaged in activities that contribute materially to climate change mitigation or result in a notable reduction of GHG emissions. - Accordingly, the company's core business operations do not make a notable contribution to climate change mitigation and GP1 is not met.
GP2	Climate change adaptation measures cannot be ascertained.	- The company's primary economic activity is oil palm cultivation. There is no evidence that its principal business activities are specifically intended to enhance climate resilience, reduce vulnerability to physical climate risks, or deliver climate adaptation outcomes. - Accordingly, the company's core business operations do not contribute materially to climate change adaptation and GP2 is not met.
GP3	GP3 is not met	- While the plantation is MSPO-certified and has conducted an EIA, these do not automatically demonstrate that all environmental risks identified under GP3 are being adequately managed. - Due diligence identified weaknesses in the implementation of the company's environmental management controls, including inconsistent monitoring of fertiliser and agrochemical application, inadequate documentation of runoff management measures, and incomplete monitoring of GHG emissions from plantation activities. - These deficiencies increase the risk of pollution, inefficient resource management and unmanaged GHG emissions arising from the plantation's operations. - As the identified environmental harms are not being adequately managed through implemented controls and remediation measures, GP3 is assessed not to be met.
GP4	GP4 is met	- The company has established a time-bound remediation plan to address the deficiencies identified during the assessment. - The plan includes strengthening fertiliser and agrochemical management practices, implementing regular monitoring of water quality and runoff, establishing a GHG inventory and emissions monitoring process, and enhancing internal oversight over environmental management procedures. - Progress against the action plans is monitored through defined milestones, management reporting and internal audit reviews, with funding allocated for implementation. - Accordingly, GP4 is assessed to be met.
CCPT	C3	

Case Study 5

Key Assessment Consideration: Determining the appropriate assessment boundary for SPVs where information on the parent company is unavailable and the SPV has a clearly identifiable financed activity that can be assessed under the CCPT.

Jointech Sdn. Bhd. is an SPV formed to construct a data centre. Jointech Sdn. Bhd. is not involved in operations of the data centre post-construction.

The loan/financing facility is intended for building and infrastructure costs. The data centre is expected to be rented to a cloud service company. There is no evidence that the data centre is going to be a green building.

Information on the parent company and its environmental policies or practices is not available. Given that Jointech Sdn. Bhd. has been established for a specific and identifiable purpose, namely the construction of the data centre, and sufficient information exists to assess the financed activity itself, the CCPT assessment is conducted on Jointech Sdn. Bhd. and the financed activity rather than the parent company.

	Outcome	Justification
GP1	Climate change mitigation measures cannot be ascertained.	- The financing is intended for the construction of a data centre and associated infrastructure. - While data centres may support digital services and economic activity, the facility is not being financed for a specific climate change mitigation purpose. - There is no evidence that the facility has committed to recognized green building certification, renewable energy integration, energy efficiency targets, or other measures demonstrating that the project will make a notable contribution to climate change mitigation.
GP2	Climate change adaptation measures cannot be ascertained.	There is no evidence that the facility has been specifically designed to enhance climate resilience or address physical climate risks, such as flood protection measures, climate-resilient infrastructure design, water resilience measures or other adaptation-related features.
GP3	GP3 is not met	- The financing is intended for the construction and development of a data centre. As Jointech Sdn. Bhd. is an SPV established solely for this purpose, and no information on the parent company is available, the GP3 assessment focuses on the environmental harm arising from the financed activity that is within Jointech's control, namely the construction of the facility and the design features of the asset. - Potential environmental harm includes construction waste, dust and emissions from construction activities, land-use impacts, consumption of construction materials, water and energy use during construction, and embodied GHG emissions associated with building materials. - Accordingly, Jointech has not demonstrated that the environmental harms associated with the construction and design of the asset have been adequately addressed, and GP3 is assessed as not met.
GP4	GP4 is met (For Scenario A) GP4 not met (For Scenario B)	Scenario A: If there are time-bound remedial plans with funding capacity committed by Jointech Sdn. Bhd., then GP4 is met. Scenario B: If there are no remedial plans committed by Jointech Sdn. Bhd. that address all harms identified in GP3, then GP4 is not met.
CCPT	Scenario A: C3 Scenario B: C5A	

Case Study 6

Key Assessment Consideration: Recognition of infrastructure efficiency projects as climate mitigation activities and distinguishing mitigation benefits from climate adaptation outcomes.

Cool Sdn. Bhd. was incorporated in September 1998 as a developer of a District Cooling System (DCS) in District A. The company currently serves chilled water to 45 buildings (50 clients) in District A within a radius of 5km from its plants. The purpose of financing is to finance the piping expansion work or any related equipment to connect the District Council's new tower with Cool Sdn. Bhd.'s District Cooling Network in District A.

Brief description of the business activities is as follows:

- DCS is a system whereby the thermal energy is distributed in the form of chilled water from a central source to multiple buildings through a network of underground pipes for the process cooling. The cooling is provided from a central cooling plant, thus eliminating the need for a separate chiller system in individual buildings.
- In general, the DCS is an energy-efficient air-conditioning system as it consumes 35% and 20% less electricity as compared with traditional air-cooled air-conditioning systems and individual water-cooled air-conditioning systems using cooling towers respectively.

	Outcome	Justification
GP1	Contributes directly to climate change mitigation	• The purpose of the financing is to expand Cool Sdn. Bhd.'s District Cooling System (DCS) network through piping and related infrastructure works. • DCS is a centralized cooling system that is significantly more energy-efficient than conventional building-level cooling systems, consuming approximately 35% less electricity than traditional air-cooled systems and 20% less electricity than individual water-cooled systems. • The expansion of the DCS network will reduce overall electricity consumption and the associated GHG emissions from connected buildings. • In addition, centralized cooling systems reduce the number of individual chiller units and the associated refrigerant leakages, thereby reducing emissions from high global warming potential gases such as hydrofluorocarbons (HFCs). • Accordingly, the financed activity makes a notable contribution to climate change mitigation and GP1 is met.
GP2	Climate change adaptation measures cannot be ascertained.	There is no evidence that the financed activity is specifically intended to address physical climate risks, enhance climate resilience, or support adaptation to climate change.
GP3	GP3 is met	• Potential environmental harms identified include resource (water and energy) consumption, and operational pollution associated with cooling plant operations. • The company mitigates these impacts using a closed-loop chilled water system, which reduces water consumption, and a centralised cooling system that is significantly more energy-efficient than conventional alternatives. • The company also utilises waste energy from industrial processes to improve operational efficiency and reduce environmental impact. • As remedial measures have been implemented to address the identified environmental harms, GP3 is assessed to be met.
GP4	Not required	-
CCPT	C1	

Case Study 7

Key Assessment Consideration: Treatment of passive concession holders and the extent to which regulatory licences and forestry certifications can support GP3 assessments.

Green Timber Sdn. Bhd. is a licensed timber concession holder in Pahang. The company's focus is on harvesting forest timber for sales and is not involved in the logging activities as it subcontracts logging operations to third parties but retains ultimate responsibility for compliance with sustainable forest management requirements under the concession license. The forest area under its concession is certified under the Malaysian Timber Certification Scheme (MTCS) and endorsed by the Programme for the Endorsement of Forest Certification (PEFC). The MTCS certification (PEFC-endorsed) indicates that the forest is managed in accordance with Sustainable Forest Management (SFM) standards, including biodiversity conservation, reduced impact logging, and reforestation obligations.

Green Timber Sdn. Bhd. is seeking working capital financing. As a pure concession license holder, the company is only able to produce the concession license as a supporting document.

	Outcome	Justification
GP1	Climate change mitigation measures cannot be ascertained.	- As the purpose of the financing is for general working capital, the assessment falls back on Green Timber Sdn. Bhd.'s primary economic activity. - The company's primary activity is holding a timber concession licence and deriving revenue from the harvesting and sale of timber. - While sustainable forestry activities may contribute to climate change mitigation under certain circumstances, there is no evidence that the company is directly undertaking sustainable forest management, forest conservation, afforestation, reforestation or other activities that make a notable contribution to climate change mitigation. - Accordingly, the company's core business operations do not make a notable contribution to climate change mitigation and GP1 is not met.
GP2	Climate change adaptation measures cannot be ascertained.	- There is no evidence that the company's principal business activities are specifically intended to enhance climate resilience, reduce vulnerability to physical climate risks, or deliver climate adaptation outcomes. - Accordingly, the company's core business operations do not contribute materially to climate change adaptation and GP2 is not met.
GP3	GP3 is met	- To obtain a logging concession licence, a detailed forest harvesting plan must be submitted to the relevant state forestry department for approval, demonstrating compliance with applicable legal and environmental requirements (e.g. National Forestry Act and National Forestry Policy). - The concession licence reflects regulatory approval at the point of award, including prescribed obligations such as Reduced Impact Logging (RIL), environmental protection, and reforestation/forest rehabilitation. However, it does not by itself evidence ongoing management of environmental risks. - In this regard, MTCS certification (PEFC-endorsed) provides stronger evidence of ongoing environmental risk management practices, including: - Implementation of Sustainable Forest Management (SFM) standards; - Monitoring of biodiversity, soil, and water impacts; - Compliance with reforestation and regeneration requirements; and periodic independent audits. - As the concession holder, the company remains accountable for ensuring subcontractors comply with these environmental requirements. - In addition to the above, identification of parties responsible for replanting activities should be considered as part of the remediation and risk mitigation framework, particularly where operational activities are outsourced.
GP4	Not required	-
CCPT	C5B	

Case Study 8

Key Assessment Consideration: Assessment of businesses with limited direct environmental footprint and determining when environmental harms are not considered significant.

Dagang Link Sdn. Bhd. is a company that does pure wholesale trading of textile products (e.g. curtains, bedsheets etc.). The company has financing facilities for working capital. The company does not own any fleet vehicles where distribution and transportation of their products are handled by third parties.

	Outcome	Justification
GP1	Climate change mitigation measures cannot be ascertained.	- As the purpose of the financing is for general working capital, the assessment falls back on Dagang Link Sdn. Bhd.'s primary economic activity. - The company's primary economic activity is the wholesale trading of textile products. - The company's core business operations are not primarily engaged in activities that contribute materially to climate change mitigation or result in a notable reduction of GHG emissions. - Accordingly, GP1 is not met.
GP2	Climate change adaptation measures cannot be ascertained.	- There is no evidence that its principal business activities are specifically intended to enhance climate resilience, reduce vulnerability to physical climate risks, or deliver climate adaptation outcomes. - Accordingly, GP2 is not met.
GP3	GP3 is met	- The company's operations are limited to the wholesale trading of textile products and do not involve manufacturing, processing, plantation activities or other operations that typically result in significant environmental impacts. - Potential environmental harms arising from its operations are generally limited to office and warehouse-related waste generation, energy consumption and indirect GHG emissions. - The company does not own transportation fleets and distribution activities are handled by third parties, reducing its direct environmental footprint. - As no significant pollution, biodiversity, resource consumption or GHG emission concerns have been identified from the company's core operations, GP3 is assessed to be met.
GP4	Not required	-
CCPT	C5B	

Case Study 9

Key Assessment Consideration: Demonstrating GP3 compliance through measurable environmental targets, implemented mitigation measures and evidence of progress against commitments.

Alsas Sdn Bhd produces metal, lithographed tin cans, plastic jerry cans, and rigid containers for industries such as edible oil, food, and beverages.

The facility granted is a Term Loan to part finance the remaining purchase of shares in Cygal Sdn Bhd not owned by the Alsas Sdn Bhd.

GHG Inventory:

Emissions (tCO ₂ e)	2023	2024	2025
Scope 1	35,000	32,000	38,000
Scope 2	100,000	95,000	60,000
Scope 3 (Employee computing & Business Travel)	-	-	5,500
Total	135,000	127,000	103,500
Intensity (tCO ₂ e/RM'Mil)	45	35	30

Water Consumption: -

Water Consumption (Megalitres)	2023	2024	2025
Net Water Consumption	1,300	800	700

Alsas Sdn Bhd has committed to the following: -

2050 - Net Zero.

2030 - 75% reduction in Scope 2 CO₂ emission (base year: 2020)

Scope 3 target - 100% key suppliers increase recycling content and lower carbon emission

Alsas Sdn Bhd's progress against its commitments:

- 58% Reduction in Scope 1 & 2 GHG emissions intensity
- 506 MT CO₂e / year avoided from solar usage
- 72,346 MWh Green Electricity sourced through the national power grid
- 12% Reduction in water withdrawal intensity
- 97% Waste diverted from disposal

	Outcome	Justification
GP1	Climate change mitigation measures cannot be ascertained.	• The purpose of the financing is to support the acquisition of shares in Cygal Sdn. Bhd. • The financing is not intended for a specific activity that contributes to climate change mitigation. • Accordingly, climate change mitigation measures cannot be ascertained and GP1 is not met
GP2	Climate change adaptation measures cannot be ascertained.	• The financing is not intended for a specific activity that enhances climate resilience or contributes to climate change adaptation. • Accordingly, climate change adaptation measures cannot be ascertained and GP2 is not met.
GP3	GP3 is met	Pollution / Waste Management • Harm: Manufacturing metal cans, plastic containers and packaging products generates production waste and potential environmental pollution. • Mitigation: 97% of waste diverted from disposal through waste management and recycling initiatives. Efficient Use of Resources • Harm: Manufacturing operations consume significant water and energy. • Mitigation: 12% reduction in water withdrawal intensity and increased sourcing of green electricity to improve resource efficiency.

	Outcome	Justification
		GHG Emissions • Harm: Manufacturing activities generate material Scope 1, Scope 2 and Scope 3 emissions. • Mitigation: Net Zero commitment by 2050, 75% reduction target for Scope 2 emissions by 2030, 58% reduction in Scope 1 & 2 emissions intensity, 72,346 MWh of green electricity sourced, and 506 tCO₂e/year avoided through solar energy. As remedial measures have been implemented across the material environmental harms identified and the company has demonstrated measurable progress against its commitments, GP3 is assessed to be met.
GP4	Not required	-
CCPT	C5B	