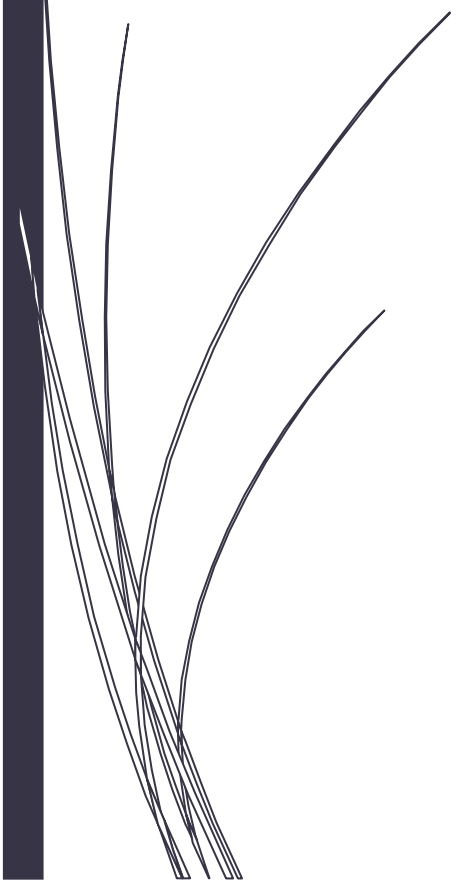
# Guidance Notes for SMEs

# (Construction Sector)

## In answering the due diligence questions for Guiding Principles 3 and 4 for SMEs

Note: This document is developed to assist financial institutions **("FIs")** in supporting small and medium enterprise **("SME")** clients to provide data and input in answering the CCPT Due Diligence Questions **("CCPT DDQ")**. The focus of this document is to provide additional clarifications, practical guidance and simplified approaches where needed, to further facilitate assessment of SME clients.



**Introduction to Construction Sector**

| Term | Impact of the Construction Sector to Climate Change |
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| Pollution | Air pollution:<br>• Emissions from construction equipment, trucks and other vehicles used in construction work could be a source of greenhouse gas **("GHG")** emissions.<br>• Dust from construction activities is also a possible source of air pollution.<br><br>Waste management:<br>• Discharge of liquid and solid wastes, which could include contaminated soil, construction refuse, wastewater and dredging sediments and other toxic materials.<br>• Solid wastes from construction processes, such as dredging sediments, garbage or refuse, construction materials, and other discarded materials.<br>• Construction and decommissioning activities may release petroleum-based products, such as lubricants, hydraulic fluids, or fuels during their storage, transfer, or use in equipment.<br>• Solid wastes (production and disposal), non-hazardous solid waste generated at construction and decommissioning sites include excess fill materials from grading and excavation activities, scrap wood and metals, and small concrete spills.<br><br>Noise pollution:<br>• Noise and vibrations arising from the operation of pile drivers, earth moving and excavation equipment, concrete mixers, cranes and the transportation of equipment, materials and people.<br>• Strain on existing infrastructure and public nuisance from noise and traffic.<br>• Noise, light pollution and public disturbances/ nuisance from use of equipment and activities.<br><br>Land pollution:<br>• Land contamination may be encountered in sites under decommissioning (or construction) due to known or unknown historical releases of hazardous materials or oil, or due to the presence of abandoned infrastructure formerly used to store or handle these materials, including underground storage tanks. |
| Ecosystem & Biodiversity | • Significant loss of natural habitat/ biodiversity and ecosystem services from land access, land-use, land-use change.<br>• Land acquisitions could lead to loss of economically productive land/water (e.g., agricultural lands, forests, and fishing grounds).<br>• Removal of natural land cover, excavation, extraction of construction materials, and other construction-related activities may result in soil erosion and in many cases unwanted soil deposition.<br>• Impacts on wildlife and biodiversity and encroachments on protected or high-conservation value areas, wildlife habitats, biodiversity hotspots. |
| Efficient Use of Resources | • Use of inefficient machinery and equipment that utilise high amounts of fossil fuels may result in excessive energy usage and pollution.<br>• Heavy and energy-intensive operations tend to have high pressure on natural resources such as power and water. |

| Term | Impact of the Construction Sector to Climate Change |
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| | • Inefficient resource planning leading to excessive clearance of vegetation, disruption to soil and groundwater, negative impacts to freshwater and to surrounding areas adjacent to the project site. |
| GHG Emissions | • Buildings are the major single largest contributor to global warming and account for one-third of global carbon emissions.<br>• Land clearing removes the carbon sequestration potential and may release carbon from the soil and vegetation.<br>• Machineries and logistics including material transportation release GHG.<br>• Long term impact from ozone depletion and global warming from GHG emissions from energy consumption.<br>• The emissions in operating a building include energy used to heat, cool and light buildings.<br>• Emissions arising from decomposition of waste materials including organic and inorganic materials such as wastewater and chemical residues. |

<table>
<tr><th colspan="2">Due Diligence Questions: GP3 – No Significant Harm to the Environment</th></tr>
<tr><th>No</th><th>Guidance Notes</th></tr>
<tr><td colspan="2">GP3 – General</td></tr>
<tr><td colspan="2">1.1 Risk identification (General)</td></tr>
<tr><td>a)</td><td>Use existing internal databases or any other publicly available sources to screen for the Client’s related legal/ negative news vis-à-vis climate/ environment related issues (e.g., media publications such as newspapers, specialised climate/environmental news sites, NGO reports).<br><br>• The Client is to provide details of the nature of any adverse incident, and whether there is/was any corresponding regulatory action (e.g., enforcement/ prosecution/ quantity of fine/ pending court decision/ pending appeal by the Client), to be backed by documentary evidence; and<br>• The FI is recommended to verify the Client's information through the following websites:<br>○ https://www.doe.gov.my/en/court-case-list/; and/or<br>○ https://www.doe.gov.my/penguatkuasaan/paparan-kes-mahkamah/<br><br>Indicate if there are any matching records and data in the database(s). Any discrepancies with the Client's statements should be explained by the Client and documented accordingly.</td></tr>
<tr><td colspan="2">1.2 Risk management (General)</td></tr>
<tr><td>a)</td><td>The Client should list down measures being taken to address any climate/ environmental concerns. This should include obtaining necessary legal approvals and/or permits under the jurisdiction where it operates.</td></tr>
<tr><td colspan="2">GP3 – Pollution</td></tr>
<tr><td colspan="2">2.1 Risk identification (Pollution)</td></tr>
<tr><td>a)</td><td>The following are ways to identify whether the Client’s business operations have contributed to the pollutions accordance to pollution types including but not limited to: -<br><br>
<table>
<tr><th>No.</th><th>Type of Pollutions</th><th>Identification</th></tr>
<tr><td>1.</td><td>Air pollution</td><td>• Unsafe working conditions due to dusts whereby high consumption of raw materials (i.e., cements, sand, clay, gravel, and calcium carbonate) increase risks of exposure to dust.<br>• Heavy smoke created public nuisance due to congested traffic by amongst others, trucks and lorries.<br>• Site works/ construction done beyond the specified time and disturb local community.</td></tr>
<tr><td>2.</td><td>Waste</td><td>• No standard operating procedures (“SOPs”) on the waste management for any garbage or refuse; construction material, residual waste from a wastewater treatment plant, water supply treatment plant, or air pollution control facility; and other discarded material.<br>• Other non-hazardous solid wastes include office, kitchen, and dormitory waste not properly disposed of.<br>• Waste management is not accordance to waste/ effluent management</td></tr>
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| | | plan (from Jabatan Alam Sekitar).<br>• The Client's business activities is using/releasing hazardous materials listed in EQA 1974*;<br>• The Client produces reports to the Department of Environment **("DOE")** for hazardous substances, waste, or water pollution generated from construction activities**;<br>• Any adverse findings or that it is in non-compliance with regulatory requirements concerning the management of hazardous chemicals and materials, waste and/or water. |
| 3. | Noise pollution | • Noise and vibration generated by construction equipment, truck traffic, work vessels and other similar sources that affecting the surrounding. |
| 4. | Land pollution | • Deforestation of virgin land and encroachment into forest reserves.<br>• Any accidental events reported as: -<br>o Accidental spills of hazardous materials;<br>o Accidental release of hazardous chemicals, substances, sludge, contaminated wastewater and stormwater discharge and/ or acid drainage (from lorry/trucks) to land or groundwater; and<br>o Accidental event of spills from construction process, leaks in tanks or pipes, and disposal of waste. |
| 5. | Others | • A party mentioned in relation to matters of sustainability in amongst others, newspapers, online publications, interviews or social media.<br>• Acquisition of local community home/ land/ properties/ public infrastructure (e.g., schools, parks), religious and cultural sites (e.g., cemetery, mosque, temple) cause community fear / unrest, with possible liabilities from relocation and compensation. |

*Note:*
** Information regarding the use/ release of materials listed in EQA 1974 can be obtained from the EHS Officer.*
*** Companies involved in the use and release of hazardous chemicals or materials typically fall under the purview of the DOE.*

2.2 Risk management (Pollution)

a) In general, the following are the mitigation measures that can be undertaken by the Client in addressing the identified pollution in 2.1(a): -

- The Client has existing SOPs, policies or other control measures in place to manage the risks identified in 2.1(a). Documentary evidence of the SOPs/ policies/ control measures should be provided*;
- The Client has established SOP/ policy/ control measure documents (e.g., OSH SOP, ISO related certificates);
- The Client has obtained approval documents from the relevant authorities**.
- The Client has obtained relevant certifications**.
- The Client has adopted technologies/ machines/ appliances green/ new technologies/ machine/ appliances;
- The vehicles used for the Client's construction activities are using low energy consumption vehicles (e.g., for transportation of materials, people);
- Packaging materials used are from biodegradable materials; and
- Consult with local authorities on emissions, discharges, and solid waste disposal in regard to local communities.

In addition to the above, the following are the mitigations to the specific types of pollution identified in 2.1 (a) as above: -

| No. | Type of Pollution | Mitigations |
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| 1. | Air pollution | • Prepare an Air Quality Management Plan, with pollution abatement measures and continuous monitoring.<br>• Use low Volatile Organic Compound **("VOC")** materials for paints, coatings, sealants (for indoor) and adhesive.<br>• Implement traffic management procedures to address issue regarding traffic hazard and congestions such as sufficient signage and flagmen to control and direct traffic on the roads affected by the construction sites. |
| 2. | Waste | • Proper packaging, labelling and storage of waste, oil and grease as per 'Guidelines for Packaging, Labelling and Storage of Scheduled Wastes in published by DOE.<br>• All waste fuel oil and lubricant should be collected, sorted in leak proof drums and disposed of as per guideline by DOE.<br>• Provide adequate secondary containment for fuel storage tanks and for the temporary storage of other fluids such as lubricating oils and hydraulic fluids.<br>• Implement appropriate procedures and protocols for storage, handling and use and disposal of hazardous substances.<br>• Manage contaminated media with the objective of protecting the safety and health of occupants of the site, the surrounding community, and the environment post construction or post decommissioning.<br>• Assess the presence of hazardous substances in or on building materials (e.g., polychlorinated biphenyls, asbestos containing flooring or insulation) and decontaminating or properly managing contaminated building materials.<br>• No open burning and prohibition of solid waste disposal into waterways |

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| | | • Implement solid waste management (e.g., can be disposed at the approve dumpsite/ landfill).<br>• The biomass generated from site clearing and earthworks activities shall be disposed of using proper disposal methods such as: -<br>o Shredding Method: Use of shredded machines to shred trees into small pieces and fine biomass, and then transported to the designated areas for disposal.<br>o Mulching Method: Shredded biomass can be grounded into fibrous material and can be mulched on the site area. |
| 3. | Noise pollution | • Plan Noise Pollution Reduction and Management to ensure operations with regard to noise and light pollution are in line with local and environmental requirements (e.g., An Aircraft Noise Abatement and Management Plan includes flight path control, noise abatement technologies and continuous monitoring of noise levels to ensure compliance with legal requirements).<br>• Site works/ construction should be only done during specific times to minimise noise which disturb local community. |
| 4. | Land pollution | • Valid land-use term and planning permissions secured.<br>• Stakeholder consultation/ engagement programme designed through amongst others environmental impact assessment **("EIA")**, social impact assessment **("SIA")**, and social and environmental impact assessment **("SEIA")**.<br>• Soil condition test should be conducted on new development/ project on the brownfield area and safety measures should be implemented to neutralise contaminated soil<br>• Prepare a management plan to manage obsolete, abandoned, or hazardous materials or oil.<br>• Measures to avoid spillage/ waste during construction such as: -<br>o Installing spillage boxes to all concrete trucks to prevent spillage on public roads.<br>o Lorries that carry raw materials should be covered with tarpaulin to prevent spillage and pollution to atmosphere.<br>o Provide wash through area at all site exit points to clean lorries and trucks before entering public roads. |

*Note:*

** The SOPs/ policies/ control measures provided by the Client should address the risks relating to the Client's management of hazardous chemicals and materials, waste and water, and may include the following processes:*

- *Waste management policy and procedure;*
- *Scheduled waste disposal and collection tracker;*
- *Standard procedures for safe handling, storage and disposal of waste; and*
- *Emergency response plan for spillages and/or leakages of waste, and related SOPs.*

*** Please refer to the listed standards that are relevant to the Construction Sector as references.*

| GP3 – Ecosystem & Biodiversity | |
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| 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.<br><br>To identify whether the Client's operations located in or near ESAs and KBAs**,** FIs can make use of tools such as **Integrated Biodiversity Assessment Tool ("IBAT")** and **Global Forest Watch**. Maps of ESAs can be referred to those published in the **National Physical Plan 3 and 4 (page 94)**.<br><br>Alternatively, FIs may conduct any online (e.g., Google Earth Pro) and offline map search to determine if the following example types of ESAs or KBAs are near the Client's business location(s) (e.g., within a 10 kilometre radius): -<br>• Marine and coastal biodiversity<br>• Mangrove forests<br>• Coral reefs<br>• Marine parks<br>• Critical coastal erosion areas<br>• Turtle landing sites<br>• Highlands and forested wetlands<br>• Economic and ecological significance<br><br>In addition to the above, FIs may refer to Reference List of Protected Areas (**https://www.mybis.gov.my/one/pamaps.php**) to identify whether the Client's business operations has impacted the ESAs and KBAs. |
| b) | Examples of tools and sources that can be used to assess whether the Client's operations have negative impacts on biodiversity and the surrounding ecosystem include:<br>• Exploring Natural Capital Opportunities, Risks and Exposure Tool **("ENCORE")** (**url: https://encorenature.org/en)*** <br>• WWF's Biodiversity Risk Filter **(url: https://riskfilter.org/biodiversity/home)**<br>• High Conservation Value **("HCV")** assessment<br>• High Carbon Stock **("HCS")** assessment<br>• International Union for Conservation of Nature **("IUCN")** red list species<br>• On-site/desktop biodiversity assessment<br>• Environmental Impact Assessment **("EIA")** report<br>• Erosion and Sedimentation Control Plan **("ESCP")**<br>• Strategic Environmental Assessment **("SEA")** and Cumulative Effects Assessments<br>• Guidance Document for Fuel Burning Equipment and Air Pollution Control Systems DOE<br><br>* *Please note that when using the tools (a) above, please select the 'Impacts' (alludes to the ways in which the Client's activities impact ecosystem services and natural capital) option as opposed to the 'Dependencies' option (used for GP4.1 & GP4.2).* |

| 3.2 Risk management (Ecosystem & Biodiversity) | |
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| a) | Internal measures incorporated into the processes by the Client may include any one or more the following (non-exhaustive):<br>• Conduct appropriate site alternative assessment and harmonisation of the project design with the natural landscape for avoidance of forest fragmentation, erosion, re-vegetation and reforestation to ensure key ecosystem services are maintained.<br>• Conduct detailed Soil Investigation and geological studies to determine suitable and safe foundation design.<br>• Impact assessments have been undertaken such as, EIA and SIA and, most importantly HCV, HCS - Impacts to protected species (i.e., IUCN Red List) - Land clearance methods have been selected to minimise impacts - Desktop and field biodiversity assessments have been done (e.g., SPOTT, GFW, Integrated Biodiversity Assessment Tool, Water Risk Filter, WWF-SIGHT).<br>• Take into account appropriate siting and design of infrastructure (i.e., slope stabilisation measures, avoid forest fragmentation, incorporate wildlife crossing, construct some form of fencing around the project site to prevent wildlife from entering the work site).<br>• Conserve natural landscape where protected areas shall remain protected and do not degrade.<br>• Install instrumentation to monitor ground movements during and after construction works that will allow mitigation of geotechnical issues in a timely manner.<br>• Preserve and protect existing soil and re-vegetation to specific site areas (cleared ground) during construction.<br>• Ensure proper drainage systems are in place as well as temporary drains to intercept runoff and divert away from work area.<br>• Minimise the disturbance of land by project design following the topography of the site in order to minimise cut and fill.<br>• Undertake earthwork activities in phases to minimise the disturbed area.<br>• Consult with Jabatan Perhilitan on guidance to deal with wildlife encounters, especially for endangered species.<br>• Implement Habitat Restoration/ Rehabilitation Plan.<br>• Develop full decommissioning, restoration and aftercare plan in consultation with local authorities, communities and stakeholders.<br>• Encourage new development/ project on brownfield areas instead of greenfield areas.<br>• Produce and expand production exclusively on lands that were deforested or converted prior to a specified/ stipulated cut-off date.<br>• Rehabilitate degraded land and preserve ecosystem services through responsible production practices on already converted land via the followings:<br>  ○ planting native vegetation/ wildflowers/ grasses<br>  ○ restoring agricultural lands into uplands/wetlands<br>  ○ reintroducing species<br>• Adopt No Deforestation, Peat and Exploitation **("NDPE")** Policy.<br>• Ecosystem restoration initiatives including but not limited to these:<br>  ○ planting native trees/ wildflowers/ grasses<br>  ○ planting/ replanting the trees<br>  ○ reintroduce native species<br>  ○ remove invasive species<br>  ○ restore agriculture/ mining land into wetlands or forest<br>  ○ restoring forest to open grassland<br>  ○ removing dams for river connectivity<br>  ○ clean up trash along rivers and coasts |

| GP3 – Efficient Use of Resources | |
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| 4.1 Risk identification (Efficient Use of Resources) | |
| a) | Clients with high dependencies on water/ energy/ other natural resources must show good resource management within their business to ensure sustainability of the natural resources. Sectoral data/ trends can be used as a benchmark or basis in assessing the significance of water/ energy/ other natural resource consumption within the Client's business operations. The tools below can be used to identify and assess the Client's dependence on specific natural capitals based on its sector as well as geographic location: -<br><br>• Exploring Natural Capital Opportunities, Risks and Exposure Tool ("ENCORE", url: **https://encorenature.org/en**); and<br>• WWF's Biodiversity Risk Filter (url: **https://riskfilter.org/biodiversity/home**)<br><br>*Please note that, when using the tools above, please select the 'Dependencies' (alludes to the ways and extent to which the Client's activities rely on certain resources/ natural capital) option as opposed to the 'Impacts' option (used for GP3.1 & GP3.2).*<br><br>*Note: Resource efficiency refers to sustainable use of natural resources such as land, minerals, water, fuels, timber, fertile soil, clean air and biodiversity. Common use in overall industry context is the use of fuel (energy) and water. Where possible, the Client should measure and compare the use of essential resources against an appropriate benchmark (e.g., a recognised local or international standard or industry best practice).*<br><br>*For more information pertaining to green certifications that are relevant to SMEs, please refer to:* ***https://www.jc3malaysia.com/esg-jumpstart-for-smes*****.**<br><br>Construction projects often rely heavily on materials, energy, and water. Inefficient use of these resources can lead to increased costs, project delays, and environmental harm, and can be observed from any of the following: -<br><br>• Ordering excessive materials or using them improperly can result in significant waste, escalating project costs and environmental impact.<br>• Inefficient energy usage during construction activities, such as excessive lighting or equipment operation, can inflate project costs and contribute to environmental pollution.<br>• Inadequate planning and management of water resources can lead to shortages, pollution, and regulatory compliance issues.<br>• Underutilisation or malfunctioning of construction equipment can lead to increased fuel consumption, downtime, and project setbacks.<br>• Failure to consider resource-efficient design and construction practices from the outset can result in missed opportunities for optimisation throughout the project lifecycle.<br>• Disruptions in the supply chain, including material shortages and transportation delays, can impede project progress and exacerbate resource inefficiencies.<br>• Limited involvement of stakeholders in resource management decision-making processes can hinder the identification and implementation of effective resource optimisation measures.<br>• Poor waste management practices, including improper handling, storage, and disposal of construction waste, can lead to inefficiencies in resource utilisation. |

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| 4.2 Risk management (Efficient Use of Resources) | |
| a) | The measures which can be undertaken by the Client to mitigate the risks identified in 4.1(a), may include but not limited to: -<br><br>• Use taps with automatic shut-off valves and use high water pressure and optimised nozzles.<br>• Use counter-current wash techniques for primary wash of raw materials.<br>• Reduce water consumption through recycling process streams.<br>• Temporary drainage channels and perimeter swale to divert the pollutant water to the treatment device/facility (e.g., sediment basin and sediment trap).<br>• Construction of coastal erosion prevention structures in the area such as rock revetment, river training wall, groynes or sine slab.<br>• Optimise product conveying systems to reduce contact of raw material and product with water (e.g., by using dry instead of wet conveying systems).<br>• Put in place sewage treatment plants or processes to remove pollutants before discharge.<br>• Implement Storm Water Management Plan as per 'Urban Storm Water Management Manual for Malaysia' (Manual Saliran Mesra Alam **("MSMA")**).<br>• Segregate or divert clean water runoff to prevent it mixing with water containing a high solids content, to minimise the volume of water to be treated prior to release.<br>• Increasing on site infiltration and remove runoff pollutant by using natural mechanism (e.g., wetlands).<br>• Remove pollutant in runoff in impervious area by using structural measures (e.g., rainwater collection system, treatment device, manhole, ponds)<br>• Road sweeping can be carried out to remove sediment from roadways and prevent sediment from entering drains or water systems.<br>• Use sustainable raw materials such as PEFC/ FSC certified for wood product and timber flooring.<br>• Use recycled materials such as steel can reduce cost and improve energy efficiency.<br>• Take an integrated approach to minimising the building's energy consumption (e.g., reduce heating, cooling, and lighting demand through passive strategies such as climate-responsive design, daylighting, and conservation practices).<br>• Optimise building performance by employing Energy Modelling Programmes during design.<br>• Optimise system control strategies by using occupancy sensors, carbon dioxide ($CO_2$) sensors, and other air quality alarms during operation.<br>• Sustainable procurement policy defined to ensure a percent of raw materials are from sustainably certified sources (e.g., FSC certified timber). |
| **GP3 – GHG Emissions** | |
| 5.1 Risk identification (GHG Emissions) | |
| a) | The following activities collectively contribute to GHG emissions in the construction sector: -<br>• Running construction machinery such as excavators, bulldozers, and cranes emits carbon dioxide and other air pollutants.<br>• Manufacturing construction materials such as cement, steel, and bricks involves high energy consumption and emissions of carbon dioxide ($CO_2$) and air pollutants.<br>• Transporting construction materials to and from the construction site emits carbon dioxide ($CO_2$) and other pollutants from vehicles, including trucks, ships, and trains.<br>• Various on-site construction activities such as excavation, concrete pouring, and building erection emit carbon dioxide ($CO_2$) and other pollutants through the use of equipment, machinery, and materials. |

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| | • Demolishing existing structures and disposing of construction waste generate carbon dioxide ($CO_2$) emissions from machinery operation and transportation, as well as methane ($CH_4$) emissions from landfill decomposition of organic materials.<br>• Energy use in temporary facilities such as construction offices, trailers, and generators contributes to carbon dioxide ($CO_2$) emissions, particularly if fossil fuels are used for heating, lighting, and power generation.<br>• Various operations on construction sites, including lighting, heating, ventilation, and air conditioning **("HVAC")** systems, emit carbon dioxide ($CO_2$)and pollutants from energy consumption and equipment operation.<br>• Excavating and moving earth emit carbon dioxide ($CO_2$) and pollutants from machinery operation and fuel combustion, contributing to GHG emissions and air pollution.<br>• Clearing land for construction projects can result in deforestation and changes in land use, releasing stored carbon and reducing carbon sequestration potential, leading to increased GHG emissions.<br>• Managing construction waste through disposal, recycling, or reuse emits carbon dioxide ($CO_2$) and other pollutants, particularly during transportation and processing activities.<br><br>For a comprehensive assessment on whether the Client's core activities produce GHG emissions, please apply the below tools:<br>• Exploring Natural Capital Opportunities, Risks and Exposure Tool **("ENCORE")**<br><br>*Please note that when using the tools (a) above, please select the 'Impacts' (alludes to the ways in which the Client's activities impact ecosystem services and natural capital) option as opposed to the 'Dependencies' option (used for GP5.1 & GP5.2).*<br><br>** For the implementation of CCPT classification and 2024 CCPT reporting requirement for SMEs, FIs must prioritise the identified 6 high carbon emitting sectors, namely agriculture, construction, manufacturing, energy, transport & waste management.* |
| 5.2 Risk management (GHG Emissions) | |
| a) | The measures which can be undertaken by the Client to reduce GHG emissions or as part of its decarbonisation strategy in mitigating the identified impact of GHG emissions in 5.1(a), may include but not limited to: -<br>• Reduce the gas volumes and production (using technology or alternative processes) and set safeguards against high-emitting projects.<br>• Minimise facility footprint by optimisation of operations and processes to minimise energy and water usage.<br>• Use Best Available Techniques Not Entailing Excessive Costs **("BATNEEC")** in emission stack design, implement air quality monitoring and wastewater treatment design.<br>• Implement carbon sequestration strategy (e.g., preserving existing plant with good carbon storing characteristics on site).<br>• Phase-out ozone-depleting substances through GHG emissions/ climate change offset programmes.<br>• Encourage the use industrialised building system **("IBS")** to reduce site related operational carbon emissions. |

| Due Diligence Questions: GP4 – Remedial Measures | |
|---|---|
| **No** | **Guidance Notes** |
| Plans undertaken for remediation of significant harm to the environment | |
| b) | In assessing whether the Client has clearly defined remedial measures and realistic timeline for completion to address the harm identified in GP3, FIs may enquire the following questions (non-exhaustive): -<br>• Any time-bound targets set and specific steps to achieve the planned remedial measures.<br>• The suitability of the remedial measures with the Client's business activities and strategy.<br>• Sufficient resources (e.g., cash flow, expertise, data, technology) to execute the planned remedial measures in accordance with the timeline. |
| c) | In assessing whether the Client has proper tracking mechanism on the effectiveness of the planned remedial measures, the Client needs to provide timely progress updates on its milestones for achieving the targets set and to report any deviations during the execution of the remedial measures. |

The following are the primary and relevant acts and regulations and standards for the Construction Sector (non-exhaustive): -

| Relevant Act and Regulations | Applicable Standards |
|---|---|
| • Occupational Safety and Health Act 1994 and the relevant OSHA Regulations + Code of Practices<br>• Environment Quality Act 1974 and the relevant EQA Regulations<br>• Environmental Quality (Clean Air) Regulations 2014<br>• Solid Waste & Public Cleansing Management Act 2007<br>• Construction Industry Development Board Act (Act 520)<br>• Buildings Ordinance, 1994 (Sarawak)<br>• Town & Country Planning Act 1976<br>• Street, Drainage and Building Act 1974<br>• Town and Country Planning Ordinance (Sabah Cap. 141)<br>• Water Act 1920<br>• Factory and Machinery (Noise Exposure) Regulations 1989<br>• Environmental Quality (Industrial Effluents) Regulations 2009<br>• Environmental Quality (Sewage) Regulations 2009<br>• National Physical Plan (NPP), Central Forest Spine: Masterplan for Ecological Linkages (CFS) or Heart of Borneo (HoB)<br>• National Policy on the Environment,<br>• National Policy on Biological Diversity<br>• Environment Protection Enactment 1974<br>• Natural Resources and Environment Ordinance, 1993<br>• UNESCO World Heritage List | • Construction Industry Development Board (CIDB)<br>• Occupational Health and Safety Management Standard - ISO 45001: 2018<br>• MS 1722:2011 and OHSAS 18001 – Occupational Safety and Health Management Systems<br>• Green Building Index (GBI)<br>• Leadership in Energy and Environmental Design (LEED)<br>• Green Real Estate (GreenRE)<br>• Skim Penilaian Penarafan Hijau JKR (PH JKR)<br>• Environmental Management Standard- ISO 14001: 2015<br>• Construction Industry Standard (CIS 7)<br>• National Urbanisation Policy |