



BOARD OF ENGINEERS MALAYSIA

GUIDELINE NO. 009

GUIDELINES ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FOR ENGINEERING CONSULTANCY PRACTICES (ECP) IN MALAYSIA

In exercise of the powers conferred by paragraph 4(1)(f) of the Registration of Engineers Act 1967 [Act 138], the Board of Engineers Malaysia hereby set out the Guidelines on ESG for ECP in Malaysia as stated herein below:

1.0 Purpose and Overview

- 1.1 ESG principles are increasingly recognised as essential elements of responsible business and professional practice. ECPs play a critical role in shaping infrastructure, development and environmental outcomes in Malaysia. As trusted professional advisors, engineers influence project planning, design and implementation that impact communities and the environment.
- 1.2 The purpose of these guidelines is to provide a high-level framework to support ECP's in understanding and adopting ESG principles within their organisations and project delivery processes.
- 1.3 These guidelines aim to:
 - Promote awareness of ESG concepts relevant to engineering consultancy firms;
 - Encourage integration of sustainability considerations into engineering practice;
 - Provide general guidance for ESG implementation and reporting;
 - Support alignment with national sustainability priorities and international ESG standards.
- 1.4 These guidelines recognise that ECP's are at different stages of ESG awareness and organisational maturity. The guidance is therefore intended to be principles-based and scalable, allowing firms to adopt ESG practices progressively according to their resources, size and operational complexity.
- 1.5 A reporting template is provided in Appendix A as a guide to assist ECP's in preparing ESG report.

2.0 ESG Framework and Principles

- 2.1 ESG refers to three key dimensions used to evaluate an organisation's sustainability performance and ethical management practices.

2.1.1 Environmental (E)

Environmental considerations relate to how organisations manage their impact on the natural environment. For engineering consultancy firms, this includes both operational impacts and the environmental outcomes of engineering design and advisory services.

Examples include:

- Energy consumption and carbon emissions;
- Resource efficiency and waste management;
- Environmental considerations in project planning and design;
- Climate resilience and sustainable infrastructure solutions.

2.1.2 Social (S)

Social considerations focus on how organisations manage relationships with employees, stakeholders and communities.

Relevant areas include:

- Workplace health, safety and wellbeing;
- Professional development and training of engineers;
- Diversity, equity and inclusion within the workforce;
- Responsible stakeholder and community engagement.

2.1.3 Governance (G)

Governance refers to organisational leadership, accountability and ethical business practices.

Key governance elements include:

- Corporate ethics and professional conduct;
- Compliance with regulatory and professional requirements;
- Risk management and internal controls;
- Transparency and responsible decision-making.

- 2.2 ESG should be viewed as the integration of sustainability and responsible practices into organisational strategy and engineering activities, rather than solely as a reporting exercise.

3.0 Scope and Applicability

- 3.1 These guidelines apply to ECP registered with the Board of Engineers Malaysia (BEM).
- 3.2 ESG considerations may be incorporated across several aspects of engineering consultancy operations, including:
- Corporate operations and office management;
 - Engineering design and technical advisory services;
 - Project planning and delivery;
 - Procurement and supply chain practices;
 - Stakeholder and community engagement;
 - Corporate governance and management practices.
- 3.3 The guidelines provide general guidance rather than mandatory requirements, and ECP's are encouraged to adopt ESG practices progressively based on their organisational capacity.

4.0 ESG Implementation Approach

- 4.1 Engineering consultancy firms may adopt ESG practices through a structured yet flexible approach.

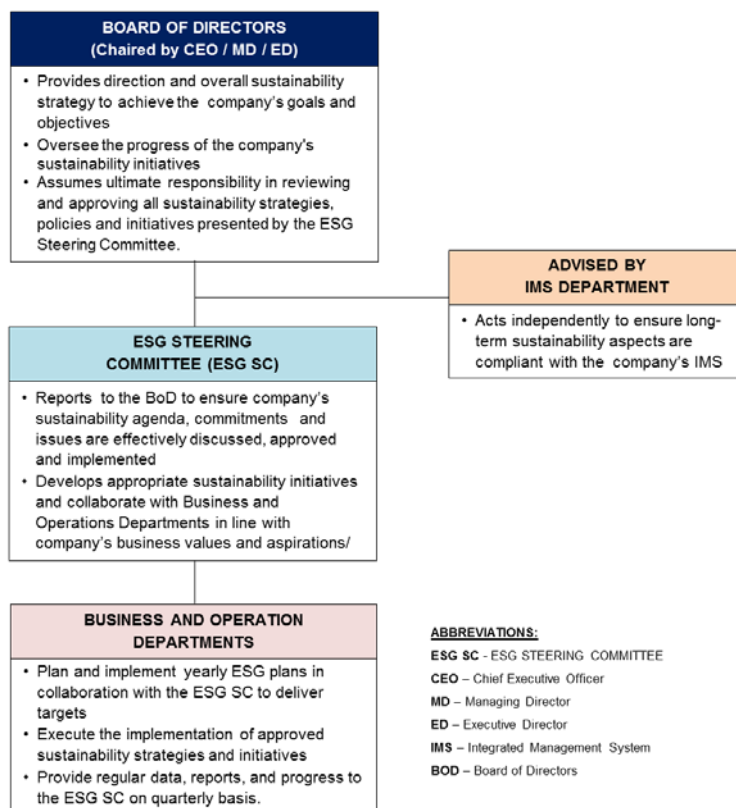
4.2 Leadership Commitment

Senior leadership should demonstrate commitment to ESG principles and ensure that sustainability considerations are incorporated into organisational strategy and management practices. Firms may assign responsibility for ESG oversight to designated personnel or committees.

4.3 Cross-Functional ESG Team

Establishing a dedicated ESG reporting team that includes representatives from various departments such as Technical, Finance, HR, Sustainability and Legal will facilitate the ESG initiatives and adoption. A diverse team ensures that all aspects of ESG are covered and promotes comprehensive data collection and analysis, see Figure 1.0.

Figure 1.0: Organisation's Structure For ESG



4.4 Policy Development

ECP's may establish internal policies that support ESG principles, such as:

- Environmental management policies;
- Workplace health and safety policies;
- Diversity and inclusion practices;
- Ethical conduct and anti-corruption policies.

These policies provide the foundation for integrating ESG into organisational operations and project delivery.

4.5 Identification of Material ESG Issues

ECP's are encouraged to identify ESG issues that are most relevant to their business activities and stakeholder expectations. This process, referred to as a '*materiality assessment*', helps organisations prioritise sustainability initiatives and reporting focus areas.

4.6 Performance Monitoring

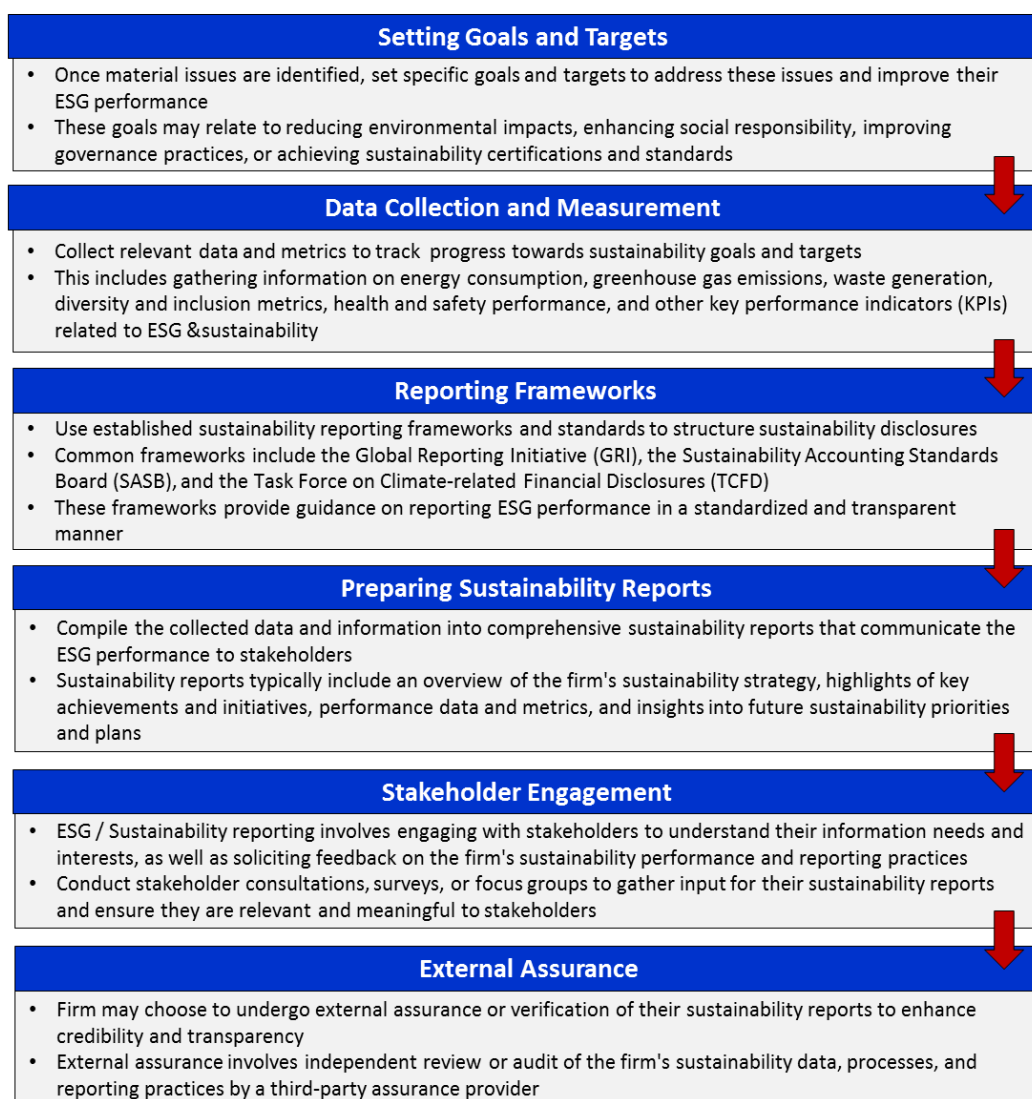
Where appropriate, ECP's may monitor ESG performance through measurable indicators related to environmental impact, workforce wellbeing and governance practices.

Examples include energy consumption, safety performance, employee development and compliance practices.

Define Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) goals for the ESG initiatives. Establish Key Performance Indicators (KPIs) to measure progress towards these goals to stay focused and demonstrate accountability.

Figure 2.0 depict a typical ESG activity flowchart.

Figure 2.0: ESG Activity Flowchart



5.0 ESG Reporting and Disclosure

5.1 Engineering consultancy firms are encouraged to disclose ESG-related information in a transparent and structured manner where appropriate.

5.2 Typical ESG reporting may include:

- ESG policies and governance structures;
- Key environmental initiatives and performance indicators;
- Workforce and social performance metrics;
- Governance and compliance practices;
- Progress against sustainability objectives.

5.3 Firms may reference recognised sustainability reporting frameworks when preparing disclosures, including:

- Bursa Malaysia Sustainability Reporting Guide (<http://www.bursamalaysia.com>)
- Global Reporting Initiative (GRI) (<http://www.globalreporting.org>)
- IFRS Sustainability Standards (IFRS S1 & S2) (<https://www.ifrs.org>)
- Task Force on Climate-related Financial Disclosures (TCFD) (<https://www.fsb-tcf.org>)

5.4 The selection of reporting frameworks should be proportionate to the organisation's size and reporting needs.

6.0 Roles and Responsibilities

6.1 Effective ESG implementation requires commitment across the organisation.

- 6.1.1 **Senior Leadership**
Provide strategic oversight, set ESG direction and ensure alignment with organisational objectives.
- 6.1.2 **Management**
Integrate ESG principles into operational practices, project delivery and risk management processes.
- 6.1.3 **Employees**
Comply with organisational policies and contribute to responsible engineering and sustainability practices.

7.0 Other Considerations for Successful Implementation

7.1 Implement Data Collection and Automation

Leverage technology to streamline data collection and management. Use software tools for automated data gathering, analysis, and reporting to reduce manual errors and ensures timely and accurate reporting.

7.2 Training & Awareness

Invest in training programs to educate the team on the importance of ESG reporting and how to effectively implement it. Promote awareness across the organization to foster a culture of sustainability and responsibility.

7.3 Internal & External Auditing

Conduct internal audits to verify the accuracy and completeness of the ESG data. Consider engaging third-party auditors for external validation to enhance credibility and trust in ESG reporting.

7.4 Communicate and Disseminate the Report

Share the ESG report with stakeholders through various channels such as the company website, social media, and press releases. Use the report to tell the sustainability story and highlight the company's commitment to ethical practices.

7.5 Review and Improve

Regularly review the ESG reporting process and performance. Identify areas for improvement and update the strategies and goals accordingly. Continuous improvement ensures that the ESG efforts remain effective and relevant.

7.6 Monitor Regulatory Changes

Stay informed about changes in ESG regulations and standards to ensure that the reporting practices remain in compliance with and ahead of industry trends.

[368th Board Meeting / 26th June 2026]



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This ESG report template is provided as a practical guide to assist ECP's in capturing key ESG information in a clear and consistent manner.

1.0 TITLE PAGE

2.0 EXECUTIVE SUMMARY

- Key sustainability highlights for the organization during year
- Major project impact (e.g. carbon reduction enabled)
- Key priorities for next year

3.0 INTRODUCTION

- Introduce the purpose and scope of the sustainability report
- Emphasize the organization's commitment to environmental, social, and governance

4.0 ORGANIZATIONAL PROFILE

- Business overview (services, sectors, geography)
- Workforce profile (headcount, disciplines)
- The organization's mission, vision, values, and core business activities
- Overview of the company's structure, including key subsidiaries or divisions

5.0 MATERIALITY ASSESSMENT

- Explain the process used to identify and prioritize material sustainability topics for reporting.
- Key material topics (typical for ECP's):
 - ✓ Quality and Client satisfaction
 - ✓ Safety and Health
 - ✓ Talent retention & development
 - ✓ Digitalisation and technology
 - ✓ Sustainable solutions
- Discuss stakeholder engagement efforts and how they informed the selection of material issues. Stakeholder groups include:
 - ✓ Clients
 - ✓ Employees
 - ✓ Shareholders/ Partners

6.0 SUSTAINABILITY GOVERNANCE

- Governance structure (Board of Directors/ sustainability committee)
- Highlight the roles and responsibilities of the board of directors, sustainability committee, and executive leadership
- List key policies:
 - ✓ Environmental policy
 - ✓ Code of Conduct
 - ✓ Anti-bribery
 - ✓ Safety and Health

7.0 ENVIRONMENTAL PERFORMANCE

- Operational Footprint:
 - ✓ Energy consumption (MWh)
 - ✓ Office emissions (Scope 1 & 2) (tCO₂e)
 - ✓ Business travel emissions and Employee commute (Scope 3) (tCO₂e)
 - ✓ Waste management & recycling (kg)
 - ✓ Water management & consumption (m³)
- Project Impact
 - ✓ Key sustainability highlights of projects
- Targets
 - ✓ Reduction targets (% YoY)

8.0 SOCIAL PERFORMANCE:

- Workforce:
 - ✓ Headcount & diversity
 - ✓ Training hours per employee
 - ✓ Employee engagement
 - ✓ Talent recruitment/ retention
 - ✓ Employee benefits
- Safety & Health:
 - ✓ Safety and Health training
 - ✓ Number of Lost-time injuries (LTI)/ LTI rate
 - ✓ Risk identification and assessment
- Community Impact:
 - ✓ Corporate social responsibility (CSR) activities
 - ✓ Client satisfaction surveys
 - ✓ Awards for excellence

9.0 STAKEHOLDER ENGAGEMENT

- List key stakeholder groups
- Describe how the organization engages with stakeholders on sustainability issues
- Highlight key stakeholder concerns and responses.

10.0 GOALS AND TARGETS

- Outline the organization's sustainability goals and targets
- Discuss the organization's sustainability strategy for the future
- Address emerging opportunities to support sustainability efforts.

11.0 CONCLUSION

- Summarize key findings from the sustainability report
- Reiterate the organization's commitment to sustainability principles and continuous improvement.

12.0 REFERENCES

- Cite all references used in the report using standard & consistent citation style.

13.0 APPENDICES

- Enclose all supporting documents, charts, raw data etc.