



Sustainable Batik Disclosure Guide (SBDG)

SEDG Sector Guidance for
the Malaysian Batik Industry

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ACKNOWLEDGEMENT

The Sustainable Batik Disclosure Guide (SBDG) is developed by Capital Markets Malaysia (CMM), an affiliate of the Securities Commission Malaysia (SC). It is aligned with the Simplified ESG Disclosure Guide for SMEs in Supply Chains (SEDG) published by CMM in October 2023.

CMM would like to express its sincere appreciation to our consultants Thoughts in Gear. Further, we would like to acknowledge the contributions of respondents to the SBDG Public Consultation and the feedback of Batik industry stakeholders that participated in focus group sessions. Queries and clarifications may be directed to **general@capitalmarketsmalaysia.com**

Disclaimer

The Sustainable Batik Disclosure Guide (SBDG) is published to assist and provide guidance to companies operating within the Malaysian Batik Industry in preparing to disclose Environmental, Social and Governance (ESG) data to their stakeholders, aligned with international standards. While the SBDG is intended to provide guidance on ESG disclosures and care has been taken to curate relevant and pertinent information in the SBDG, it is not exhaustive in its coverage. Users of the SBDG are expected to exercise discernment and diligence in relying on the Guide to the extent that it commensurate with their respective business operations and activities as well as ESG risk profiles.

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FOREWORD

Malaysia's vibrant batik industry is more than an emblem of our national identity - it is a living heritage that weaves together artistry, culture, and entrepreneurship. As the industry grows with the times, its progress must align with the demands for sustainability, inclusivity, and responsible business practices.

The Sustainable Batik Disclosure Guide (SBDG) provides tailored guidance for artisans, producers, and businesses across the batik value chain. It is adapted from the Sustainable ESG Disclosure Guide (SEDG) that was designed to support small and medium enterprises (SMEs) in embracing environmental, social and governance (ESG) practices. SBDG recognises the sector's unique characteristics - from traditional dyeing techniques and textile sourcing to community-based production - and provides actionable steps for integrating ESG considerations into daily operations.

Adopting sustainable practices will strengthen the environmental and social integrity of Malaysia's batik industry as well as enhance its global competitiveness. As consumers, investors, and fashion houses increasingly prioritise sustainability, batik enterprises that demonstrate responsible sourcing, ethical production, and cultural authenticity will gain greater recognition and access to premium markets.

This shift towards sustainability can potentially uplift artisans and communities through fairer livelihoods, skill development, and long-term business resilience - positioning Malaysian batik as a symbol of both cultural excellence and sustainable innovation.

Through the SBDG, we hope to empower batik entrepreneurs to adopt sustainable practices that enhance efficiency, preserve the environment, and strengthen their social impact. This will ensure continued access to markets and investment opportunities. Embedding ESG values within this sector not only contributes to national sustainability goals but also elevates Malaysian batik as a globally responsible and high-value cultural product.

The Securities Commission Malaysia remains committed to fostering a more sustainable and inclusive market ecosystem. By supporting SMEs in their ESG journey, we can ensure that every enterprise - regardless of its size or tradition - contributes towards a resilient and forward-looking economy.

Let this guide serve as a catalyst for the batik community to embrace sustainability, both as a responsibility and a source of enduring value.



Dato' Mohammad Faiz Azmi
Executive Chairman
Securities Commission Malaysia

What is the Sustainable Batik Disclosure Guide?

The SBDG is a voluntary guide to help companies in the Malaysian Batik industry decide what Environmental, Social and Governance (ESG) disclosures to track and report on. This simple guide can be the company's first step towards producing more sustainable batik to serve the evolving needs of the local and global community.

What are the objectives of the Sustainable Batik Disclosure Guide?



To provide the Malaysian Batik industry (as the data preparers) with a guided, simple and tiered set of ESG disclosures to track and report.



To provide the Malaysian Batik industry with progressively more challenging disclosures help guide businesses towards sustainable and ethical batik production practices.



To provide a means of differentiation while expanding the viable market to more conscious buyers and investors - locally, regionally and globally.

What does it cover?

- It covers indicators that can be tracked and disclosed to measure ESG progress.
- It covers links to global and local standards as direct references.
- It does not cover adoption of sustainability, assessment and mitigation of risks, and identification of business opportunities.

What references are included?

The standards and frameworks referenced include IFRS S1 and S2, GRI, FTSE4Good, Bursa Malaysia's Listing Requirements, Malaysian Standard MS 692-1:2025 Batik - Bahagian 1: Batik Malaysia - Spesifikasi, Standard Kraftangan Malaysia 1:2022-Penilaian bagi Pengelasan Industri Kraf Tangan Malaysia and Department of Environment's Guidance on Green Industry Practices for Batik Industry.

Who are the target users?

The target users of this Guide are companies in the Malaysian Batik industry that are compelled to identify, track and report on ESG data. This could include grassroots artisans and enterprise owners to large Malaysian Batik houses – usually because they want to, they are being asked to, they would like to expand their addressable market, or they want to qualify for incentives.

What about different sustainability capabilities?

There are 10 topics across the Environmental, Social and Governance pillars with 10 Basic disclosures and a total of 34 disclosures that are divided into Basic, Intermediate and Advanced to cater for the different levels of sustainability maturity in each company. There is no mandatory adoption timeline for the disclosures.

1

Review the full map of **Disclosures** and rank your most important topics.

2

The **Basic** disclosures are your starting point. Once you are able to complete the Basic disclosures, move on to the **Intermediate** disclosures, and then on to the **Advanced** disclosures.

3

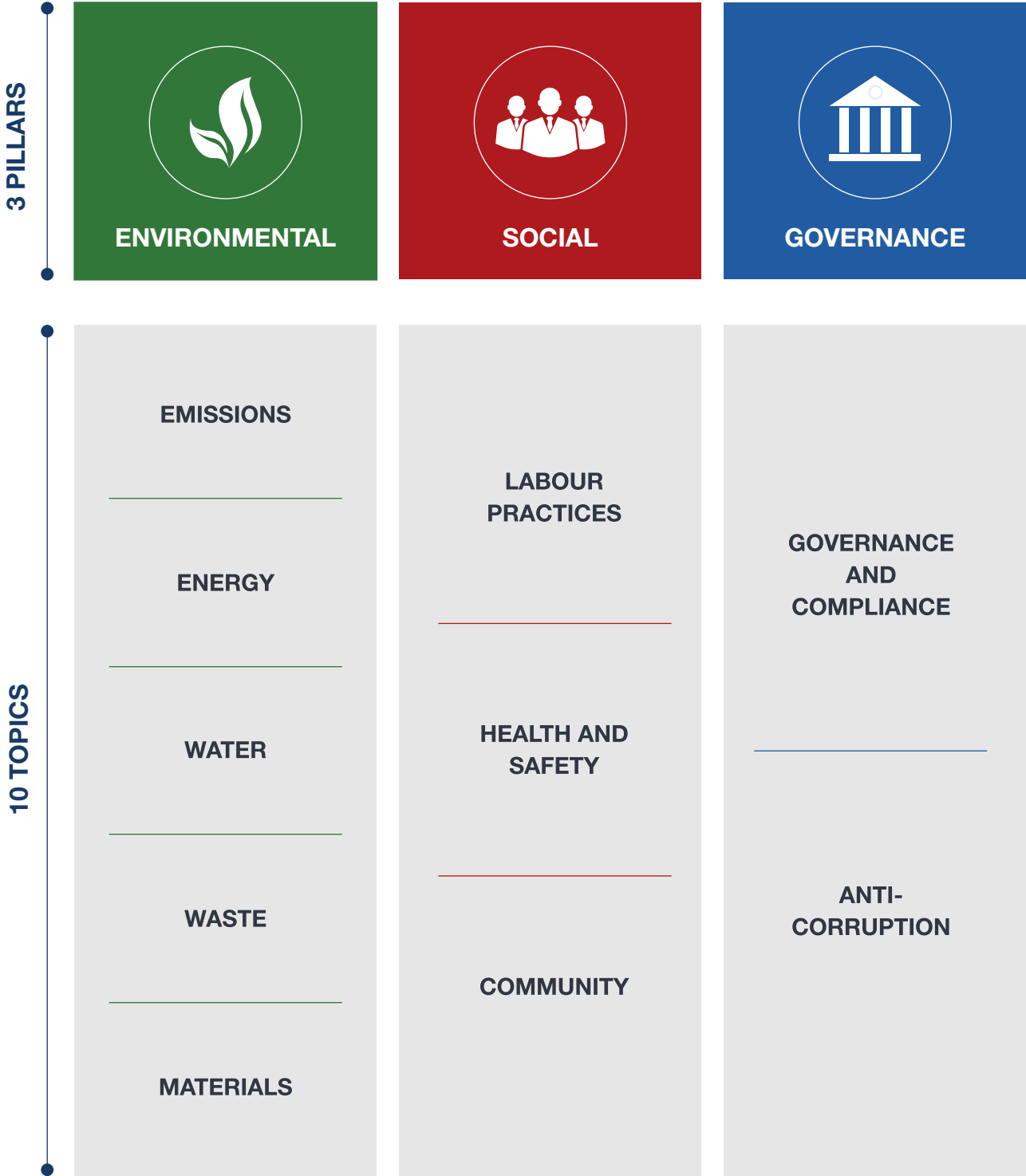
Use the **Self-Check Questions** to help guide you towards identifying the data points for reporting on the disclosures.

4

Refer to the **Additional Guidance** on what you are required to report.

For companies who are looking to report on more than the disclosures found in this Sustainable Batik Disclosure Guide (SBDG), you may consider reporting on the Simplified ESG Disclosure Guide (SEDG) for SMEs in Supply Chains.

DISCLOSURES





DISCLOSURES

ENVIRONMENTAL DISCLOSURES

TOPICS	BASIC	INTERMEDIATE	ADVANCED
EMISSIONS	☐ SB-E1.1a : List where Scope 1 GHG emissions would come from, including: • Equipment that burns fuel (e.g. stoves, generators, etc.) • Company vehicles (e.g. trucks, vans, cars, motorcycles, etc.)	☐ SB-E1.1b : Report total Scope 1 GHG emissions	☐ SB-E1.1c : Report reduction in Scope 1 GHG emissions
	☐ SB-E1.2a : List where Scope 2 GHG emissions would come from (e.g. purchased electricity, etc.)	☐ SB-E1.2b : Report total Scope 2 GHG emissions	☐ SB-E1.2c : Report reduction in Scope 2 GHG emissions
ENERGY	☐ SB-E2.1a : List how energy is obtained, including: • Purchased electricity • Solar energy • Fuel types (e.g. wood, charcoal, petrol, diesel, kerosene, gas, etc.)	☐ SB-E2.1b : Report the amount used, including: • Purchased electricity • Solar energy • Fuel by type	☐ SB-E2.1c : Report reduction in the amount used, including: • Purchased electricity • Solar energy • Fuel by type
WATER	☐ SB-E3.1a : List where water is obtained from, including: • Purchased water • Rivers and streams • Wells	☐ SB-E3.1b : Report the amount of water used, including from: • Purchased water • Rivers and streams • Wells	☐ SB-E3.1c : Report the reduction in the amount of water used, including from: • Purchased water • Rivers and streams • Wells
		☐ SB-E3.2a : List how wastewater is treated before being released, including: • No wastewater treatment • Filters • Chemicals • Wastewater treatment system	

ENVIRONMENTAL DISCLOSURES

TOPICS	BASIC	INTERMEDIATE	ADVANCED
WASTE		☐ SB-E4.1a : List the types of waste generated, including: • Hazardous/ scheduled waste (e.g. solidified wax with dye, chemicals, etc.) • Non-hazardous/ non-scheduled waste (e.g. fabric scraps, packaging, solidified wax without dye, etc.)	☐ SB-E4.1b : Report the amount of waste generated, including: • Hazardous /scheduled waste • Non-hazardous/ non-scheduled waste
		☐ SB-E4.2a : List how waste is recovered, including: • By reuse • By recycling • By repurposing	☐ SB-E4.2b : Report the amount of waste recovered
MATERIALS	☐ SB-E5.1a : List the materials used, including: • Materials to produce the product • Materials to package the product	☐ SB-E5.1b : Report the amount of materials used, including: • Materials to produce the product • Materials to package the product	

SOCIAL DISCLOSURES

TOPICS	BASIC	INTERMEDIATE	ADVANCED
LABOUR PRACTICES	☐ SB-S1.1a : Report the number of child labour incidents, if any	☐ SB-S1.1b : Report the number of forced labour incidents, if any (e.g. excessive working hours, withholding identity documents, etc.)	
	☐ SB-S1.2a : Report the total number of: • Employees • Employees who received training	☐ SB-S1.2b : Report the total number of training hours	
		☐ SB-S1.3a : Report the percentage of employees meeting or above applicable minimum wage laws, if any	
HEALTH AND SAFETY	☐ SB-S2.1a : Report the number of fatalities and injuries, if any	☐ SB-S2.1b : Report the total number of employees trained on health and safety (e.g. safe working conditions, use of protective gear like face masks, gloves, etc.)	
COMMUNITY	☐ SB-S3.1a : List engagements with the community, for example: • Skills training or apprenticeships to build capability and livelihoods • Participating in local cultural events to promote batik heritage • Working together on projects to protect the community and environment	☐ SB-S3.1b : Report the total number of hours and/or monetary amount donated to the community	

GOVERNANCE DISCLOSURES

TOPICS	BASIC	INTERMEDIATE	ADVANCED
GOVERNANCE AND COMPLIANCE	☐ SB-G1.1a : Report the type of business (e.g. sole proprietorship, partnership, private limited company, public limited company, etc.)	☐ SB-G1.1b : Report the year of the last submitted audited financial report, if any	
		☐ SB-G1.2a : List the principles that the business is committed to, including: • Ethics • Safety	☐ SB-G1.2b : List the company's policies, including: • Code of Conduct • Health and Safety Policy • Anti-Corruption Policy
ANTI-CORRUPTION		☐ SB-G2.1a : Report the total number of confirmed incidents of corruption, if any	☐ SB-G2.1b : Report the total number of employees trained on anti-bribery and anti-corruption



ENVIRONMENTAL PILLAR



ENVIRONMENTAL PILLAR

TOPIC SB-E1 :
EMISSIONS

TOPIC SB-E2 :
ENERGY

TOPIC SB-E3 :
WATER

TOPIC SB-E4 :
WASTE

TOPIC SB-E5 :
MATERIALS

OVERVIEW

Greenhouse gases (GHG) are gases that trap heat and warm the planet. The emission of these gases is a major contributor to climate change. Common greenhouse gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and fluorinated gases. There are 3 types of emissions known as Scope 1, Scope 2, and Scope 3.

Scope 1 emissions are direct emissions from sources owned or controlled by the company, like fuel burning in company vehicles or onsite manufacturing processes.

Scope 2 emissions are indirect emissions from the generation of purchased energy, such as electricity used in company buildings but produced elsewhere.

Scope 3 emissions are all other indirect emissions occurring in the value chain, such as emissions from suppliers, product use, and disposal, which are not owned or controlled by the company but triggered by its activities.

For the Malaysian Batik industry, emissions and environmental impacts come mainly from the production and packaging processes involving waxing, dyeing, boiling, and drying the fabric for production and plastics, paper, cardboard, etc. for packaging. In this simplified guide, we have recommended the disclosure of Scope 1 and Scope 2.

The disclosures in this topic provide information about a company's emissions and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
☐ SB-E1.1a : List where Scope 1 GHG emissions would come from, including: • Equipment that burns fuel (e.g. stoves, generators, etc.) • Company vehicles (e.g. trucks, vans, cars, motorcycles, etc.)	☐ SB-E1.1b : Report total Scope 1 GHG emissions	☐ SB-E1.1c : Report reduction in Scope 1 GHG emissions
☐ SB-E1.2a : List where Scope 2 GHG emissions would come from (e.g. purchased electricity, etc.)	☐ SB-E1.2b : Report total Scope 2 GHG emissions	☐ SB-E1.2c : Report reduction in Scope 2 GHG emissions

ADDITIONAL GUIDANCE

SCOPE 1

Sources

Scope 1 GHG emissions can come from the following sources in a company. The table below captures general Scope 1 emissions sources and are mapped to potential Malaysian Batik industry Scope 1 sources. For a comprehensive methodology for calculating Scope 1 emissions, please refer to the 'GHG Protocol Scope 1 Guidance' document.

General Scope 1 Emissions Sources	Potential Malaysian Batik Industry Scope 1 Emissions Sources
• Generation of electricity, heating, cooling, and steam: these emissions result from combustion of fuels in stationary sources, such as boilers, furnaces, and turbines – and from other combustion processes such as flaring,	• Generation of electricity and heating: these emissions result from combustion of fuels in stationary sources, such as equipment that burns fuel (e.g. stoves, generators, etc.)
• Transportation of materials, products, waste, workers, and passengers: these emissions result from the combustion of fuels in mobile combustion sources owned or controlled by the company, such as trucks, trains, ships, airplanes, buses, and cars,	• Transportation of raw materials, batik products, and employees: these emissions result from the combustion of fuels in mobile combustion sources owned or controlled by the company, such as company vehicles (e.g. trucks, vans, cars, motorcycles, etc.)
Others: • Physical or chemical processing • Fugitive emissions • Hydrofluorocarbons (HFCs) emissions	• Likely not applicable

ENVIRONMENTAL : EMISSIONS

Scope 1 emissions calculation

$$\text{Scope 1 Emissions} = \text{Activity Data} \times \text{Emission Factor}$$

SCOPE 2

Sources

Scope 2 GHG emissions sources include, but are not limited to, the CO₂ emissions from the generation of purchased electricity, heating, cooling, and steam acquired by a company. Relevant to the batik industry, Scope 2 GHG emissions would mainly be purchased electricity. The location-based method from GHG Protocol (reflecting the average emission factor for the electricity grid in a specific region or country) is recommended.

For a comprehensive methodology for calculating Scope 2 emissions, please refer to the 'GHG Protocol Scope 2 Guidance' document. The simplified way to calculate Scope 2 emissions is provided below.

Calculating Scope 2:

Scope 2 emissions calculation (for location-based method and simplified to electricity consumption only):

$$\text{Scope 2 Emissions} = \text{Electricity Consumption} \times \text{Emission Factor}$$

Note:

- Total electricity consumption can be found in the company's electricity bills.
- The emission factor is the amount of GHG emissions released by the provider when generating electricity and specific to location: Example in Malaysia – in Peninsular Malaysia (Tenaga Nasional Bhd), in Sarawak (Sarawak Energy Bhd) or in Sabah (Sabah Electricity Sdn Bhd).



ENVIRONMENTAL PILLAR

OVERVIEW

A company can consume energy in various forms, such as fuel, electricity, heating, cooling, or steam. Energy can be self-generated or purchased from external sources and it can come from renewable sources (e.g., wind, hydro or solar) or from non-renewable sources (e.g., coal, petroleum, or natural gas).

Energy consumption can occur throughout the company's operations. For the Malaysian Batik industry, energy is mainly used for heating, boiling wax, use of sago starch dyeing and drying fabric. Some examples are:

- Kerosene or coal-fired stoves for heating water and boiling wax, use of sago starch and
- Electricity for lighting, powering machines, and drying fabrics.

There are ways to reduce the use of energy or to move to cleaner sources of energy (e.g. energy-efficient appliances and solar power).

The disclosures in this topic provide information about a company's energy use and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

TOPIC SB-E1 :
EMISSIONS

TOPIC SB-E2 :
ENERGY

TOPIC SB-E3 :
WATER

TOPIC SB-E4 :
WASTE

TOPIC SB-E5 :
MATERIALS

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
☐ SB-E2.1a : List how energy is obtained, including: • Purchased electricity • Solar energy • Fuel types (e.g. wood, charcoal, petrol, diesel, kerosene, gas, etc.)	☐ SB-E2.1b : Report the amount used, including: • Purchased electricity • Solar energy • Fuel by type	☐ SB-E2.1c : Report reduction in the amount used, including: • Purchased electricity • Solar energy • Fuel by type

ADDITIONAL GUIDANCE

ENERGY SOURCES

Renewable fuel sources are defined as fuel sources capable of being replenished naturally in a short time. This includes:

Renewable Fuel Sources	Potential Malaysian Batik Industry Renewable Fuel Sources
• Solar	• Solar power harnessed using solar panels installed
• Biomass	• Wood, charcoal and/ or any other sources used in stoves in the wax melting and removal processes
Others: • Wind • Geothermal • Hydropower	• Likely not applicable

ENVIRONMENTAL : ENERGY

Non-renewable fuel sources are defined as fuel sources that cannot be replenished in a short period. This includes fuel distilled from:

Renewable Fuel Sources	Potential Malaysian Batik Industry Renewable Fuel Sources
Petroleum or crude oil (e.g., gasoline, diesel fuel, jet fuel and heating oil)	Petrol and/ or diesel used in trucks, cars, motorcycles and in generators
Fuels extracted from natural gas processing and petroleum refining (e.g., butane, propane, and liquefied petroleum gas- LPG)	LPG used in stoves in the wax melting and removal processes
Others - Natural gas (compressed natural gas - CNG, and liquefied natural gas – LNG) - Coal - Nuclear power	Likely not applicable

ENERGY REDUCTION

The company can begin reporting on the reduction initiatives implemented in the reporting period and highlight those that have the potential to contribute significantly to reductions.

Energy Reduction Initiatives Examples	Potential Malaysian Batik Industry Energy Reduction Initiatives Examples
Process redesigns	- Improving the frequency of dyeing and wax removal - Using clay and sago starch that do not involve boiling for wax removal as alternatives to using batik wax color blockers.
Conversions and retrofitting of equipment	- Converting to energy-efficient air conditioning, water filtration or effluent treatment systems (if any) in Batik premises - Adopting cleaner energy fuel sources for fuel-burning equipment (e.g. replacing kerosene stove with LPG gas stove or electric stove using self-generated electricity
Changes in behaviour	Encouraging the best use of fuels in fuel-burning equipment
Operational changes	Adapting process flows to increase energy efficiency

In the Malaysian Batik industry, energy reduction focuses on lowering the energy used in heating, boiling, dyeing, and drying, which are the most energy-intensive steps. The company can report reductions in energy consumption by combining energy types, or separately, by individual initiatives or groups of initiatives.



ENVIRONMENTAL PILLAR

TOPIC SB-E1 :
EMISSIONS

TOPIC SB-E2 :
ENERGY

TOPIC SB-E3 :
WATER

TOPIC SB-E4 :
WASTE

TOPIC SB-E5 :
MATERIALS

OVERVIEW

It is important to protect and limit the use of an essential resource – water. The amount of water used by a company and the quality of its wastewater can have an impact on the ecosystem. Wastewater is water that has been used and polluted by activities.

For the Malaysian Batik industry, water is an important resource used mainly in the dyeing, rinsing, and washing steps of fabric production. Clean water is used to apply dyes, remove wax and excess chemicals from the fabric. Wastewater may contain dye residues, wax, and chemicals. Having efficient water management and wastewater treatment is an important step in the production process.

The disclosures in this topic provide information about a company’s water usage and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
☐ SB-E3.1a : List where water is obtained from, including: • Purchased water • Rivers and streams • Wells	☐ SB-E3.1b : Report the amount of water used, including from: • Purchased water • Rivers and streams • Wells	☐ SB-E3.1c : Report the reduction in the amount of water used, including from: • Purchased water • Rivers and streams • Wells
	☐ SB-E3.2a : List how wastewater is treated before being released, including: • No wastewater treatment • Filters • Chemicals • Wastewater treatment system	

ADDITIONAL GUIDANCE

WATER WITHDRAWAL

Water withdrawal is the taking of water from natural sources for use. Water withdrawal sources can include:

Water Withdrawal Sources	Potential Malaysian Batik Industry Water Withdrawal Sources
• Purchased water/Third-party water: Municipal water suppliers and municipal wastewater treatment plants, public or private utilities, and other companies involved in the provision, transport, treatment, disposal, or use of water.	• Water that is purchased from the local water utilities and services companies
• Surface water: Water that occurs naturally on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, streams, collected and harvested rainwater.	• Water that is withdrawn from rivers and streams relevant to Batik producers located nearby these sources
• Groundwater: Water that is being held in, and that can be recovered from, an underground formation	• Water that is withdrawn from wells relevant to Batik producers located nearby these sources
• Produced water: Water that enters a company's boundary as a result of extraction (e.g., crude oil), processing (e.g., sugar cane crushing), or use of any raw material	• Likely not applicable

ADDITIONAL GUIDANCE

WATER REDUCTION

The company can begin reporting on their water reduction initiatives in the reporting period and highlight those that have a significant potential for reductions. Reduction initiatives can include:

- Process redesigns,
- Conversions and retrofitting of equipment,
- Changes in behaviour,
- Operational changes (such as recycling and reuse), and
- Leak detection and repair.

In the Malaysian Batik industry, water reduction focuses on using less water in the fabric dyeing, waxing, and rinsing processes to save resources and reduce pollution. The business can report water reductions by combining withdrawal sources, or separately by initiatives. Some methods can include:

- Soaking fabric in bulk to reduce water use per piece
- Recycling and reusing water within the production process
- Using natural dyes that require less water usage and reduces toxic wastewater
- Installing proper drainage and wastewater treatment



ENVIRONMENTAL PILLAR

OVERVIEW

Waste can be generated in the company's activities, for example, during the production process where there is leftover material that is not used. There can be hazardous waste and non-hazardous waste. It is important to manage waste properly by collecting the leftover material carefully and treating them before releasing them, if necessary.

There are a few responsible ways to manage recovered waste, e.g. to recycle, reuse or repurpose them.

For the Malaysian Batik industry, waste can include waste from dyes, wax, chemicals, and solids from washing, dyeing, and rinsing. Some examples are:

- Solid Waste - sludge from wastewater treatment, leftover wax, fabric scraps, and dye residues,
- Chemical Waste - excess chemicals used in the dyeing and finishing stages, and
- Heavy Metals - toxic metals can be found in dye chemicals

For the Malaysian Batik industry, responsible waste management starts at prioritising waste prevention, followed by recovery operations that divert waste from being sent to disposal, such as preparation for reuse, recycling, and other recovery operations.

The disclosures in this topic provide information about a company's waste generation and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

TOPIC SB-E1 :
EMISSIONS

TOPIC SB-E2 :
ENERGY

TOPIC SB-E3 :
WATER

TOPIC SB-E4 :
WASTE

TOPIC SB-E5 :
MATERIALS

ENVIRONMENTAL : WASTE

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
	☐ SB-E4.1a : List the types of waste generated, including: • Hazardous/ scheduled waste (e.g. solidified wax with dye, chemicals, etc.) • Non-hazardous/ non-scheduled waste (e.g. fabric scraps, packaging, solidified wax without dye, etc.)	☐ SB-E4.1b : Report the amount of waste generated, including: • Hazardous /scheduled waste • Non-hazardous/ non-scheduled waste
	☐ SB-E4.2a : List how waste is recovered, including: • By reuse • By recycling • By repurposing	☐ SB-E4.2b : Report the amount of waste recovered

ADDITIONAL GUIDANCE

WASTE GENERATED

The quantity, quality, and type of waste generated in the company's activities to produce goods (e.g., during extraction, processing, procurement of materials, product design, production) is to be disclosed here.

Types of waste can be defined by hazardous versus non-hazardous waste. Below are some examples of the types:

Types of Waste	Potential Malaysian Batik Industry Types of Waste
• Hazardous	• Solidified wax mixed with dyes if not reused and the dyes and sodium silicate containers, copper blocks, used brushes and screens that are disposed without washing, packaging materials contaminated with chemicals, expired dyes and chemicals
• Non-Hazardous	• Fabric scraps, solidified used wax (without dyes mixed), packaging waste (both from purchased items and excess packaging from packing Batik products)

WASTE RECOVERED

When reporting on waste recovered, the company can specify how the waste is recovered (e.g. recycling, reusing, repurposing, etc). When reporting on waste recovery, it is important to report on the collecting and treating of leftover materials like wax, dyes, and wastewater, in order for them to be reused or safely disposed of. This can include reclaiming excess wax for reuse in new batik patterns and repurposing fabric.



ENVIRONMENTAL PILLAR

TOPIC SB-E1 :
EMISSIONS

TOPIC SB-E2 :
ENERGY

TOPIC SB-E3 :
WATER

TOPIC SB-E4 :
WASTE

TOPIC SB-E5 :
MATERIALS

OVERVIEW

Materials in a company are the items needed to make the final product. Companies take raw materials, like metals, plastics, or fabric, and change or combine them through different processes to create finished products. The materials used to produce and package products can fall under different categories, such as non-renewable materials, such as minerals, metals, oil, gas, or coal; or renewable materials, such as wood or water.

For the Malaysian Batik industry, this includes batik production by means of organising and controlling raw materials (like fabric, wax, clay, sago starch, dyes, packaging) efficiently, for smooth production without delays or unnecessary waste, reduction in cost and quality control. This also includes the materials used for packaging the products.

The disclosures in this topic provide information about a company's materials usage to produce and package its products and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
☐ SB-E5.1a : List the materials used, including: • Materials to produce the product • Materials to package the product	☐ SB-E5.1b : Report the amount of materials used, including: • Materials to produce the product • Materials to package the product	

ADDITIONAL GUIDANCE

TOTAL MATERIALS

In the calculation of total materials used, various material types should be considered, including:

Types of Material	Potential Malaysian Batik Industry Types of Material
• Raw materials - Natural resources used for conversion to products and services	• Natural dye resists (clay and sago starch) alternative to wax
• Associated process materials – Materials needed for the manufacturing process but are not part of the final product, such as lubricants for manufacturing machinery	• Chemicals used in Batik production: ○ Wax ○ Cleaning agents to clean the equipment and work areas ○ Water filter or effluents treatment chemicals (if any) ○ Water, wood and charcoal (if any) ○ Others • Natural ingredients as a colour blocker: ○ Clay ○ Sago starch ○ Others
• Semi-manufactured goods or parts – Materials and components that present as a produced material and not raw materials	• Fabrics, dyes, etc
• Materials for packaging purposes	• Wrapping paper, plastics, cardboards etc



SOCIAL PILLAR



SOCIAL PILLAR

TOPIC SB-S1 :
LABOUR PRACTICES

TOPIC SB-S2 :
HEALTH AND SAFETY

TOPIC SB-S3 :
COMMUNITY

OVERVIEW

Child labour refers to children who are working at ages when they should be going to school. Forced labour refers to people are made to work against their will, under threat or force. There are specific conditions that can define what these situations are and more details can be found in the references.

Some forms of child labour include depriving children of their childhood, bringing harm to them, both physically or mentally and disrupting their education. Some forms of forced labour include withholding identity papers, debt burden, working under threat of firing and working hours beyond that allowed or agreed upon.

The specific details and more information can be found in international references like the International Labour Organisation (ILO) Convention 138 Minimum Age Convention and ILO Convention 29 Forced Labour Convention.

For the Malaysian Batik industry, it means providing a safe and fair working environment that respects worker rights and promotes decent working conditions.

The disclosures in this topic provide information about a company's child labour and forced labour incidents and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
☐ SB-S1.1a : Report the number of child labour incidents, if any	☐ SB-S1.1b : Report the number of forced labour incidents, if any (e.g. excessive working hours, withholding identity documents, etc.)	
☐ SB-S1.2a : Report the total number of: • Employees • Employees who received training	☐ SB-S1.2b : Report the total number of training hours	
	☐ SB-S1.3a : Report the percentage of employees meeting or above applicable minimum wage laws, if any	

ADDITIONAL GUIDANCE

HUMAN RIGHTS

When reporting, the company should provide the number of validated incidents, if any, concerning child and forced labour. Validated incidents refer to incidents that have been identified or reported and substantiated, either internally or by regulatory or similar official bodies identifying child or human rights violations.

TRAINING

When reporting, the company should provide the total number of employees who received training and the total number of hours. In reporting on total training hours, possible areas can include:

- All types of vocational training,
- Paid educational leave provided by a company for its employees, and
- Training or education pursued externally and paid for in whole or in part by a company.

SOCIAL : LABOUR PRACTICES

WAGE

Minimum wage refers to the minimum compensation for employment allowed under law. An employee is defined as an individual who is in an employment relationship with the company, according to national law or its application. An employee's wage should be calculated based on the standard working hours as defined by local labour laws.

Companies should maintain the records of, among others:

- Current applicable minimum wage rates by jurisdiction,
- Date of last wage review, and
- Frequency of wage compliance audits



SOCIAL PILLAR

OVERVIEW

Healthy and safe work conditions involve both prevention of physical and mental harm. Healthy and safe working conditions are seen as a human right. This covers areas around work-related hazards, ill health, and injuries. It is important for a company to look into health and safety practices that allow preparation, communication, training, prevention, identification and investigation.

For the Malaysian Batik industry, this includes identifying and managing risks such as those related to air quality in the work environment, chemical exposure from dyes and waxes, ergonomic strain from repetitive movements and manual tasks, and physical hazards in the workspace. Effective health and safety practices reduce workplace accidents, prevent long-term health problems such as respiratory or musculoskeletal disorders, and create a culture of safety where employees feel protected and valued.

The disclosures in this topic provide information about a company's health and safety incidents and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

TOPIC SB-S1 :
LABOUR PRACTICES

TOPIC SB-S2 :
HEALTH AND SAFETY

TOPIC SB-S3 :
COMMUNITY

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
☐ SB-S2.1a : Report the number of fatalities and injuries, if any	☐ SB-S2.1b : Report the total number of employees trained on health and safety (e.g. safe working conditions, use of protective gear like face masks, gloves, etc.)	

ADDITIONAL GUIDANCE

FATALITIES AND INJURIES

When reporting, the company should provide the number of work-related hazards, ill health, injuries and fatalities. It also covers both short and long delays due to work-related ill health. Delays refer to the period between exposure and the onset of ill health. Importantly captured are high-consequence work-related injuries such as fatalities.

A company has a responsibility to make efforts in health and safety measures in batik production that requires careful attention to chemical exposure, physical strain, protective gear, and workplace conditions to protect workers and improve their quality of life.

HEALTH AND SAFETY TRAINING

Training programmes that help batik employees work safely and reduce health risks can include:

- Workplace safety - Training workers on common hazards in batik production such as hot wax and chemicals,
- Use of personal protective equipment (PPE) – Training on the importance of protective equipment (e.g. gloves, masks, aprons, and proper footwear),
- Emergency readiness – Training on fire safety, first aid, and evacuation drills,
- Chemical handling and waste management - Training on storage, use and disposal of dyes and chemicals, and
- Legal and regulatory compliance - Training on occupational safety and health laws.



SOCIAL PILLAR

OVERVIEW

A community can be a group of people who share something in common, may it be living in the same place, having shared values, interests, culture, or identity. Communities can be based on location, like neighbourhoods, villages, towns, or cities. It can range from those living adjacent to the company's operations to those living at a distance. Communities provide people with social connections, support, identity, and opportunities to work together for common goals. Engaging with the community can create shared values that benefits both the artisans and the community.

The unique heritage and culture in batik making makes this topic one of the most important considerations for the industry. It can actively capture and harness decades of experience and expertise to ensure the continued conservation and preservation of the art and the industry.

Current community activities in the Malaysian Batik industry include running training, mentoring or internship programmes, engaging with children for early exposure to the industry, donation of goods services and time, and showcasing the art and product, among others.

The disclosures in this topic provide information about a company's community engagements. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

TOPIC SB-S1 :
LABOUR PRACTICES

TOPIC SB-S2 :
HEALTH AND SAFETY

TOPIC SB-S3 :
COMMUNITY

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
☐ SB-S3.1a : List engagements with the community, for example: • Skills training or apprenticeships to build capability and livelihoods • Participating in local cultural events to promote batik heritage • Working together on projects to protect the community and environment	☐ SB-S3.1b : Report the total number of hours and/or monetary amount donated to the community	

ADDITIONAL GUIDANCE

COMMUNITY ENGAGEMENTS

Some examples of community engagements in the Malaysian Batik industry include:

1. Workshops and Training: Engaging the community in batik-making workshops to teach traditional skills and encourage creativity.
2. Group Activities and Events: Organising batik painting sessions, cultural celebrations, and team-building events that bring local artisans and the community together.
3. Exhibitions and Markets: Showcasing batik art and products in fairs and galleries to promote artisan work and connect with buyers.
4. Collaborations with Schools: Partnering with educational institutions to introduce batik art to students, to be able to nurture cultural appreciation and new talent.
5. Social Enterprise Support: Organising programmes that empower artisans with business skills, fair wages, and market access while preserving heritage.
6. Cultural Tourism: Inviting visitors to Batik villages or art centres for hands-on experiences, boosting local economy and cultural pride.

SOCIAL : COMMUNITY

In support of the community engagements, usually hours or a monetary amount is also additionally donated to the community. The monetary amounts refer to actual expenditures and donations made in the reporting period, not just commitments. These can include:

- Contributions to community engagement programmes
- Funds to support community infrastructure, such as recreational facilities
- Direct costs of social programmes, including arts and educational events



GOVERNANCE PILLAR

GOVERNANCE : GOVERNANCE AND COMPLIANCE



GOVERNANCE PILLAR

TOPIC SB-G1 :
**GOVERNANCE AND
COMPLIANCE**

TOPIC SB-G2 :
ANTI-CORRUPTION

OVERVIEW

Good governance and compliance practices in a company will promote business accountability, growth and prosperity. In line with this, decisions on business types, policies and processes depend on a company's business goals, size, capital, risks, and plans for the future.

In the Malaysian Batik industry, operations may range from sole proprietorships, partnerships to larger or more established batik businesses. The company's policies, processes and commitments represent guidelines, rules and procedures that govern the behaviour and decision-making. This makes sure that the company operates in an ethical and responsible manner, and that it maintains its legal and regulatory obligations.

A clear policy commitment benefits the Malaysian Batik industry by strengthening trust and credibility with customers, while also preserving cultural heritage through responsible practices. It opens access to wider markets and can potentially attract support from various interested parties.

The disclosures in this topic provide information about a company's governance and compliance and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

GOVERNANCE : GOVERNANCE AND COMPLIANCE

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
☐ SB-G1.1a : Report the type of business (e.g. sole proprietorship, partnership, private limited company, public limited company, etc.)	☐ SB-G1.1b : Report the year of the last submitted audited financial report, if any	
	☐ SB-G1.2a : List the principles that the business is committed to, including: • Ethics • Safety	☐ SB-G1.2b : List the company's policies, including: • Code of Conduct • Health and Safety Policy • Anti-Corruption Policy

ADDITIONAL GUIDANCE

BUSINESS TYPES

The types of businesses in Malaysia can include the following:

- Sole proprietorships are where one person owns and runs the business alone. It is a simpler way to start and control a business, though the owner is personally responsible for any debts.
- Partnerships are structures where two or more people share ownership, responsibilities, and profits. Partnerships enhance teamwork, and partners share liabilities.
- Private limited companies (Sdn Bhd) make the businesses a separate legal entity from owners, limit personal liability, and help raise capital. It also means more regulatory requirements.
- Public limited companies (Bhd) allow the businesses to offer shares among other requirements and benefits, and are required to adhere to relevant listing requirements, governance standards and regulatory requirements.

GOVERNANCE : GOVERNANCE AND COMPLIANCE

BUSINESS PRINCIPLES

The principles that the business is committed to reflect the company's priorities and decision-making priorities. Committing to principles will guide an ethical and responsible decision-making process. This is the first step towards beginning to establish some key policies that will help to govern the company in a desired direction.

A commitment to ethical practices ensures that companies are consistently managed responsibly and legally, with principles that are upheld across the organisation. Compliance with laws and regulations is standard practice for an ethical business. This includes continuous and transparent monitoring.

In the Malaysian Batik industry, ensuring safe and healthy working conditions is a critical commitment. Companies can look to establish workplace safety by following health standards, providing proper health and safety training, dealing with potential hazards, and developing a culture of wellbeing. This commitment not only protects employees but also contributes to higher productivity and morale.

POLICIES

When reporting, a company should provide a list of its policies that are in place. Some basic policies include a Code of Conduct, a Health and Safety Policy and an Anti-Corruption Policy. Among others, the company can also look to establish policies to govern the business such as an Employee Management Policy, a Risk Management Policy, a Sustainability Policy, etc. These policies are ideally supported by communications and enforcement in the organisation.



GOVERNANCE PILLAR

OVERVIEW

Corruption refers to dishonest or unfair actions by people in power, like bribery and fraud that has harmful consequences to a business. Corruption occurs when one uses their position, power, or influence for unethical actions. Typically, this can affect how materials are bought, how products are sold, and how business opportunities are managed.

Adopting anti-corruption practices in your business means running your business honestly, transparently, and fairly, without giving or receiving bribes, secret payments, or special favours. It is essential to practice anti-corruption to be able to build trust with customers, suppliers, and the community, to protect the business reputation, to enable fair competition within your industry and to protect your business from legal and financial risks.

In the Malaysian Batik industry, anti-corruption is critical to protect artisans, ensure fair trade, uphold cultural heritage, and foster sustainable economic development.

The disclosures in this topic provide information about a company's anti-corruption practices and how it manages them. Companies shall take into consideration regulatory guidance such as those prescribed by laws or regulations.

TOPIC SB-G1 :
**GOVERNANCE AND
COMPLIANCE**

TOPIC SB-G2 :
ANTI-CORRUPTION

GOVERNANCE : ANTI-CORRUPTION ---

DISCLOSURES

BASIC	INTERMEDIATE	ADVANCED
	☐ SB-G2.1a : Report the total number of confirmed incidents of corruption, if any	☐ SB-G2.1b : Report the total number of employees trained on anti-bribery and anti-corruption

ADDITIONAL GUIDANCE

NUMBER OF INCIDENTS

The total number of confirmed incidents should include incidents in which employees were disciplined or dismissed for corruption. The company can consider reporting the total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. Public legal cases regarding corruption can include current public investigations, prosecutions, or closed cases.

ANTI-CORRUPTION TRAINING

The communication and enforcement of the company’s anti-corruption and anti-bribery policies and procedures need to be consistent, pervasive and visible. The disclosure seeks to capture the extent and reach of anti-corruption and anti-bribery training among all the employees of the company.



ANNEX 1: RELATED REFERENCES

(As at November 2025)

ENVIRONMENTAL : EMISSIONS

GLOBAL	
GRI STANDARDS	• GRI 305-1 - Direct (Scope 1) GHG emissions (till end 2026) • GRI 305-2 - Energy indirect (Scope 2) GHG emissions (till end 2026) • GRI 102-5 - Scope 1 GHG emissions (from beginning 2027) • GRI 102-6 - Scope 2 GHG emissions (from beginning 2027)
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	ECC14 - Requires disclosure of 3 years of total operational Scope 1 and 2 GHG emissions
ISSB STANDARDS	• IFRS S2: 29(a)(i)(1) - Scope 1 greenhouse gas emissions • IFRS S2: 29(a)(i)(2) - Scope 2 greenhouse gas emissions
OTHERS	Greenhouse Gas (GHG) Protocol
MALAYSIA	
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	• SEDG-E1.1 : Report total Scope 1 (direct) GHG emissions in metric tonnes of CO₂ equivalent • SEDG-E1.2 : Report total Scope 2 (indirect) GHG emissions in metric tonnes of CO₂ equivalent • SEDG-E1.3 : Report total Scope 1 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO₂ equivalent • SEDG-E1.4 : Report total Scope 2 GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO₂ equivalent
OTHERS	• Malaysian Standard MS 692-1:2025 Batik - Bahagian 1: Batik Malaysia - Spesifikasi • Standard Kraftangan Malaysia 1:2022-Penilaian bagi Pengelasan Industri Kraf Tangan Malaysia • Industrial Processes and The Environment (handbook No.4) - Textile and Apparel Industry – Department of Environment

GLOBAL	
GRI STANDARDS	• GRI 302-1 - Energy consumption within the organisation (till end of 2026) • GRI 302-4 - Reduction of energy consumption (till end of 2026) • GRI 103-2 - Energy consumption and self-generation within the organisation (from beginning of 2027) • GRI 103-5 - Reduction in energy consumption (from beginning of 2027)
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	• ECC15 - 3 years of total energy consumption data required (i.e., could align now if historic data is available, or could align in 3 years)
ISSB STANDARDS	IFRS S2 (IBG): 130a.1
MALAYSIA	
BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS	• Paragraph 29 in Part A, • Paragraph 14 in Part C, • Paragraph 15 in Part E of Appendix 9C read together with Practice Note 9A
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	• SEDG-E2.1 : Report the consumption of the following in joules or watt hours: (Renewable fuel sources and Non-renewable fuel sources – Electricity, Heating (if applicable), Cooling (if applicable), Steam (if applicable)) • SEDG-E2.2 : Report the reduction in consumption of the following (achieved as a direct result of conservation and efficiency initiatives) in joules or watt hours: (Non-renewable fuel sources – Electricity, Heating (if applicable), Cooling (if applicable), Steam (if applicable))
OTHERS	• Malaysian Standard MS 692-1:2025 Batik - Bahagian 1: Batik Malaysia - Spesifikasi • Standard Kraftangan Malaysia 1:2022-Penilaian bagi Pengelasan Industri Kraf Tangan Malaysia • Industrial Processes and The Environment (handbook No.4) - Textile and Apparel Industry – Department of Environment

ENVIRONMENTAL : WATER

GLOBAL	
GRI STANDARDS	GRI 303-3 - Water withdrawal
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	- EWT32 - 3 years of total water withdrawal data required (i.e., could align now if historic data is available, or could align in 3 years) - EWT13 - Policy or commitment on water use reduction which: - Addresses the issue - Includes commitment to reduce water use or improve efficiency
ISSB STANDARDS	IFRS S2 (IBG): 140a.1
MALAYSIA	
BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS	- Paragraph 29 in Part A, - Paragraph 14 in Part C, - Paragraph 15 in Part E of Appendix 9C read together with Practice Note 9A
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	- SEDG-E3.1 : Report the total water withdrawn from all areas, and a breakdown of this total by type in litres: (Purchased water, Surface water (if applicable), Groundwater (if applicable), Seawater (if applicable), Produced water (if applicable)) - SEDG-E3.2 : Report the reduction in total water withdrawn from all areas, and a breakdown of this total by type in litres: (Purchased water, Surface water (if applicable), Groundwater (if applicable), Seawater (if applicable), Produced water (if applicable))
OTHERS	- Malaysian Standard MS 692-1:2025 Batik - Bahagian 1: Batik Malaysia - Spesifikasi - Standard Kraftangan Malaysia 1:2022-Penilaian bagi Pengelasan Industri Kraf Tangan Malaysia - Industrial Processes and The Environment (handbook No.4) - Textile and Apparel Industry – Department of Environment

GLOBAL	
GRI STANDARDS	• GRI 306-3 - Waste generated • GRI 306-4 - Waste diverted from disposal • GRI 306-5 - Waste directed to disposal
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	• EPR24 - 3 years of hazardous waste generation data required • EPR25 - 3 years of total non-recycled waste generation required • EPR26 - 3 years of total recycled waste required (i.e., could align now if historic data is available, or could align in 3 years)
ISSB STANDARDS	IFRS S2 (IBG): 150a.1 and 150a.2
MALAYSIA	
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	• SEDG-E4.1 : Report total waste in metric tonnes (Generated, Diverted from disposal, Directed to disposal) • SEDG E4.2: Report total waste generated, diverted from disposal, and directed to disposal, each broken down into metric tonnes of (Hazardous and non-hazardous waste , Sector specific waste streams, Material composition)
OTHERS	• Malaysian Standard MS 692-1:2025 Batik - Bahagian 1: Batik Malaysia - Spesifikasi • Standard Kraftangan Malaysia 1:2022-Penilaian bagi Pengelasan Industri Kraf Tangan Malaysia • Industrial Processes and The Environment (handbook No.4) - Textile and Apparel Industry – Department of Environment

ENVIRONMENTAL : MATERIALS

GLOBAL	
GRI STANDARDS	GRI 301-1 - Materials used by weight or volume
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	EPR11 - 3 years of total metric tonnes of materials broken down by type required
ISSB STANDARDS	IFRS S2 (IBG): 440a.4 and 440b.1
MALAYSIA	
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	SEDG-E5.1 : List the materials and total weights used to produce and package the company's primary products and services in metric tonnes if any
OTHERS	- Malaysian Standard MS 692-1:2025 Batik - Bahagian 1: Batik Malaysia - Spesifikasi - Standard Kraftangan Malaysia 1:2022-Penilaian bagi Pengelasan Industri Kraf Tangan Malaysia - Industrial Processes and The Environment (handbook No.4) - Textile and Apparel Industry – Department of Environment - Test results from Department of Chemistry on the determination of dye resist (clay and sago starch) as eco-friendly materials

SOCIAL : LABOUR PRACTICES

GLOBAL	
GRI STANDARDS	• GRI 408-1 - Operations and suppliers at significant risk for incidents of child labour • GRI 409-1 - Operations and suppliers at significant risk for incidents of forced or compulsory labour • GRI 404-1 - Average hours of training per year per employee
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	• SLS21 - In relation to instances of labour standards non-compliance, the company: a. Disclose the number of incidents • SLS01 - In relation to the prevention of child labour, company: a. Addresses the issue/states it complies with local laws in general disclosures b. Publishes a Policy/Principles/Code • SLS14 - Company has taken action to address labour issues including: a. Prevention of child labour b. Prevention of forced labour c. Reduction of excessive working hours • SLS29 - Employee personal development training to enhance abilities to individual skills: a. Policy of commitment statement to provide employee personal development training b. Detailed description of the personal development training that is provided • SLS26 - Amount of time spent on employee development training to enhance knowledge or individual skills a. Total hours as a company, or b. Average hours per employee
ISSB STANDARDS	IFRS S1: Appendix B: B3

MALAYSIA	
BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS	• Paragraph 29 in Part A, • Paragraph 14 in Part C, • Paragraph 15 in Part E of Appendix 9C read together with Practice Note 9A
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	• SEDG-S1.1 : Report the number and nature of child labour and forced labour incidents, if any • SEDG-S2.1 : Report the average hours of training per employee • SEDG-S2.2 : Report the total number of employees and the turnover rate • SEDG-S2.3 : Report the percentage of employees meeting or above applicable minimum wage laws, if any

SOCIAL : HEALTH AND SAFETY

GLOBAL	
GRI STANDARDS	• GRI 403-9 - Work-related injuries • GRI 403-10 - Work-related ill health
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	• SHS13 - Number of staff trained on health and safety standards within the last year • SHS37 - In case of accidents or incidents leading to injuries or fatalities, the company discloses: a. Investigations and findings of reported incidents or that no health & safety incident leading to injuries or fatalities occurred b. Actions following reported incidents or that no health & safety incidents leading to injuries or fatalities occurred
ISSB STANDARDS	• IFRS S2 (IBG): 540a.4 • IFRS S2: Appendix A - Climate-related physical risks
MALAYSIA	
BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS	• Paragraph 29 in Part A, • Paragraph 14 in Part C, • Paragraph 15 in Part E of Appendix 9C read together with Practice Note 9A
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	• SEDG-S4.1 : Report the number of fatalities and injuries in the company, if any • SEDG-S4.2 : Report the total number and percentage of employees trained on health and safety standards

SOCIAL : COMMUNITY

GLOBAL	
GRI STANDARDS	GRI 413-1 - Operations with local community engagement, impact assessments, and development programmes
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	SHR17 - Total amount of corporate or group donations/ community investments made to registered not-for-profit companies
ISSB STANDARDS	IFRS S1: 33(c) - Strategy and decision making
MALAYSIA	
BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS	- Paragraph 29 in Part A, - Paragraph 14 in Part C, - Paragraph 15 in Part E of Appendix 9C read together with Practice Note 9A
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	SEDG-S5.1 : Report the total amount of community investments and donations

GOVERNANCE : GOVERNANCE AND COMPLIANCE

GLOBAL	
GRI STANDARDS	• 2-9 - Governance structure and composition • 2-23 - Policy commitments • 2-24 - Embedding policy commitments
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	• GCG03 - Number of Board Directors • GRM12 The company: a. Reviews compliance with its Code of Conduct/Code of Ethics and identifies any non-compliance Periodically reviews the effectiveness of its Code of Conduct/Code of Ethics
ISSB STANDARDS	• IFRS S1: 26 and 27 – Governance • IFRS S2: 5, 6 and 7 – Governance
MALAYSIA	
BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS	Chapter 15 of the Main Market and ACE Market Listing Requirements: • Part B – Directors • Part B(A) – Nominating Committee • Part C – Audit Committee • Part E- Corporate Governance Disclosure • Part H – Anti-Corruption and Whistle-Blowing
NATIONAL SUSTAINABILITY REPORTING FRAMEWORK	This framework references ISSB standards
MALAYSIAN CODE ON CORPORATE GOVERNANCE	Principle A - Board Leadership and Effectiveness • 3.1 - The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering • 3.2 - The board establishes, reviews and together with management implements policies and procedures on whistleblowing
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	• SEDG-G3.1 : Report the year of the last submitted audited financial report • SEDG-G2.1 : List the company's policies, including but not limited to (Code of Conduct, Anti-Corruption Policy, Whistleblowing Policy, Health and Safety Policy)

GOVERNANCE : ANTI-CORRUPTION

GLOBAL	
GRI STANDARDS	• 205-1 - Operations assessed for risks related to corruption • 205-2 - Communication and training about anti-corruption policies and procedures • 205-3 - Confirmed incidents of corruption and actions taken
FTSE RUSSELL ESG RATINGS METHODOLOGY DOCUMENT 2022	• GAC08 - Training for staff on the anti-corruption policy • GAC10 - Procedures are in place to address corruption in operations that are assessed to be 'high risk' covering
OTHERS	• Diagnosing Bribery Risk - Guidance for the Conduct of Effective Bribery Risk Assessment by Transparency International • Anti-Corruption Toolkit for SMEs by G20
MALAYSIA	
BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS	Chapter 15 of the Main Market and ACE Market Listing Requirements: • Part H – Anti-Corruption and Whistle-Blowing • Paragraph 29 in Part A, • Paragraph 14 in Part C, • Paragraph 15 in Part E of Appendix 9C read together with Practice Note 9A of the Main Market Listing Requirements
MALAYSIAN CODE ON CORPORATE GOVERNANCE	4.1.2 - Ensuring employees fully understand and appreciate the value of good corporate governance processes and procedures through training, awareness programmes and robust communication. Principle B - Effective Audit and Risk Management
SIMPLIFIED ESG DISCLOSURE GUIDE (SEDG) FOR SMES IN SUPPLY CHAIN	• SEDG-G4.1 : Report the total number and nature of confirmed incidents of corruption, if any • SEDG-G4.2 : Report the total number and percentage of employees who have received training on the company's anti-bribery and anti-corruption policy

ANNEX 2 : BASIS FOR CONCLUSIONS

The Sustainable Batik Disclosure Guide (SBDG) was designed based on various sources that were compiled and simplified for the Malaysian Batik industry. The benchmarking exercise for the Sustainable Batik Disclosure Guide (SBDG) included research into current standards and frameworks, and the needs of the market, site visits to local Batik artisans and a focus group with batik industry experts.

The sources of information from the above, together with references to current standards and frameworks including:

1. Global Sustainability Frameworks, Guidance, Benchmarks and Evaluations, including:

- International Finance Reporting Standard (IFRS S1 & S2) by the International Sustainability Standards Board (ISSB),
- Global Reporting Initiative (GRI),
- FTSE4Good (F4G), and
- Greenhouse Gas (GHG) Protocol

2. Malaysian Sustainability Frameworks, Guidance, Benchmarks and Evaluations, including:

- Bursa Malaysia's Listing Requirements,
- Malaysian Code on Corporate Governance (MCCG),
- Malaysian Code for Institutional Investors (MCII),
- Simplified ESG Disclosure Guide for SMEs in Supply Chain,
- Malaysian Standard MS 692-1:2025 Batik - Bahagian 1: Batik Malaysia - Spesifikasi
- Standard Kraftangan Malaysia 1:2022-Penilaian bagi Pengelasan Industri Kraf Tangan Malaysia
- Department of Environment's Guidance on Green Industry Practices for Batik Industry.

3. Stakeholder Consultations

Consultations were conducted through targeted stakeholder engagements to ensure that the SBDG Guide captures real-life best practices and yet remains practical to implement, including:

- Batik Industry Focus Group Sessions with industry representatives, and
- Batik Companies' Site Visits

ANNEX 3 : GLOSSARY

CH ₄	Methane
CNG	Compressed Natural Gas
CO ₂	Carbon Dioxide
CO _{2e}	Carbon Dioxide Equivalent
ECC	Climate Change Theme in FTSE4Good
EPR	Pollution and Resources Theme in FTSE4Good
ESG	Environmental, Social and Governance
EWT	Water Security Theme in FTSE4Good
F4G	FTSE4Good
GAC	Anti-Corruption Theme in FTSE4Good
GCG	Corporate Governance Theme in FTSE4Good
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GRM	Risk Management Theme in FTSE4Good
HFC	Hydrofluorocarbon
IBG	Industry-based Guidance
IFRS	International Financial Reporting Standards Foundation
ILO	International Labour Organisation
ISSB	International Sustainability Standards Board
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MCCG	Malaysian Code on Corporate Governance
MCII	Malaysian Code for Institutional Investors
N ₂ O	Nitrous Oxide
NF ₃	Nitrogen Trifluoride
NSRF	National Sustainability Reporting Framework
SBDG	Simplified Batik Disclosure Guide
SEDG	Simplified ESG Disclosure Guide for SMEs in Supply Chain
SF ₆	Sulphur Hexafluoride
SHR	Human Rights and Community Theme in FTSE4Good
SHS	Health and Safety Theme in FTSE4Good
SLS	Labor Standards Theme in FTSE4Good
SME	Small and Medium-sized Enterprises

