

# CIDB STRATEGIC ROLES AND INITIATIVES IN THE IMPLEMENTATION OF ESG

*VERITAS Lecture Series 2022*

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Construction Industry Development Board (CIDB)

19 October 2022



# PRESENTATION OUTLINE



Importance of The Construction Industry

About CIDB

CIDB Initiatives on ESG

Environment

Social

Governance



A black and white photograph of a construction site. In the foreground, two workers wearing hard hats and safety vests are visible. One worker on the left is standing on a wooden platform, looking towards the right. The other worker on the right is bent over, working on a rebar structure. In the background, a large crane with multiple cables is visible, lifting a heavy load. The image is overlaid with a large, semi-transparent teal and yellow geometric shape on the left side.

# IMPORTANCE OF THE CONSTRUCTION INDUSTRY

# IMPORTANCE OF THE CONSTRUCTION INDUSTRY

## CONSTRUCTION INDUSTRY IS IMPORTANT FOR ITS OUTPUT

<b>01</b>	<b>Social Amenities (Schools, Hospitals, Etc.)</b>	<b>06</b>	<b>Utility (Water, Electricity, Sewerage &amp; Telco)</b>	<b>11</b>	<b>Ports and Airports</b>
<b>02</b>	<b>Railways</b>	<b>07</b>	<b>Drainage and Irrigation</b>	<b>12</b>	<b>Telecommunication Infrastructure</b>
<b>03</b>	<b>Commercial Buildings</b>	<b>08</b>	<b>Mechanical and Electrical Works</b>	<b>13</b>	<b>Oil &amp; Gas Facilities</b>
<b>04</b>	<b>Housing</b>	<b>09</b>	<b>Dams and Reservoirs</b>	<b>14</b>	<b>Maintenance Works</b>
<b>05</b>	<b>Power Plants</b>	<b>10</b>	<b>Roads, Highways &amp; Bridges</b>	<b>15</b>	<b>Refurbishment &amp; Demolition</b>





# IMPORTANCE OF THE CONSTRUCTION INDUSTRY

CONSTRUCTION  
SUPPORTING 196  
INDUSTRIES

**4%**  
contribution to  
GDP growth

**2.03 X**  
multiplier  
effect

Cement, Lime &  
Plaster

Concrete & other  
non-metallic  
mineral products

Iron & steel

Professional  
Sector

Petroleum  
Filtration

Clay & Ceramic

Veneer sheets,  
plywood and  
boards

Carpentry works

Metal casting

Wholesale &  
Retail trade motor &  
vehicle

# IMPORTANCE

## OF THE CONSTRUCTION INDUSTRY

The construction industry involves many parties directly and indirectly ....



### DIRECT PLAYERS

- o Clients/Developers
- o Planners
- o Consultants
- o Main & Sub- contractors
- o Material Suppliers
- o Equipment & machinery suppliers
- o Project Management
- o Workers, foremen & supervisors
- o Professional
- o Facility Management Companies
- o Quarry Operators
- o Hardware Shops
- o Testing Lab
- o Soil Investigation work

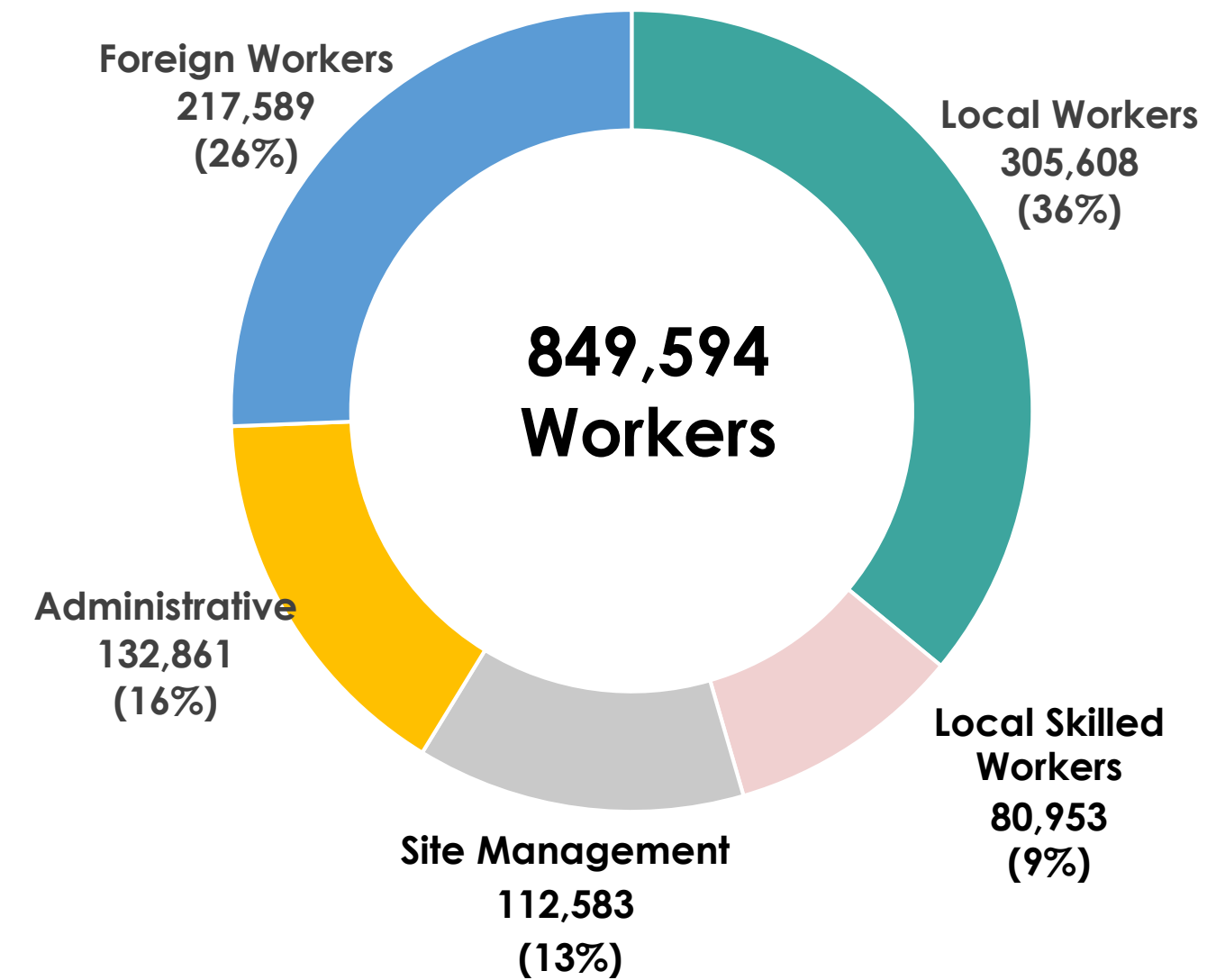
### INDIRECT PARTIES / AGENCIES:

- PBTs
- Authorities
- Financiers & Insurers
- Legal firms
- Accountancy & Audit Firms
- Company Secretaries
- ICT Firms etc.

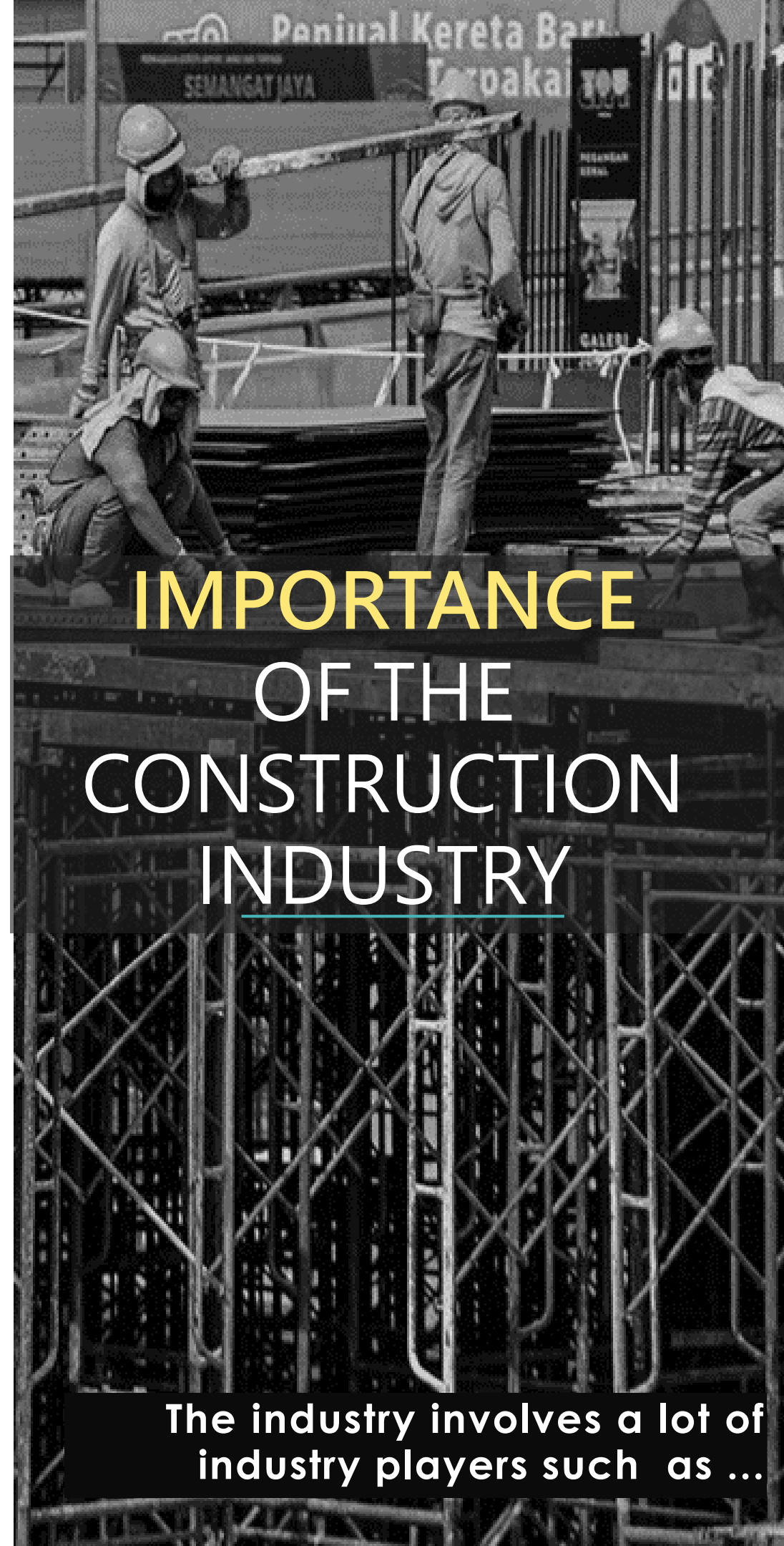


- Local Skilled Workers
- Foreign Workers
- Local Workers
- Site Management
- Administrative

15.5% from total workforce in Malaysia

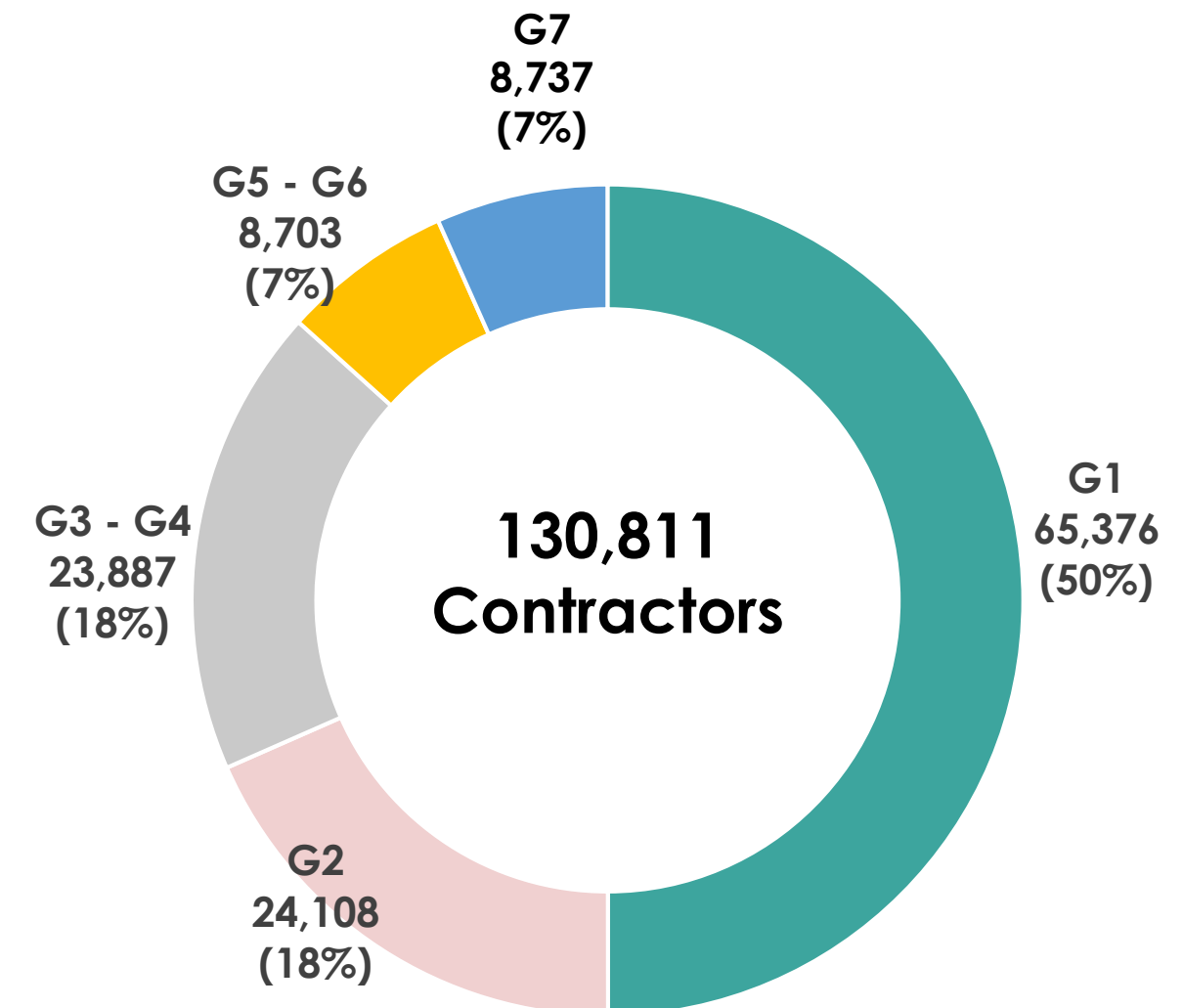


As of September 2022



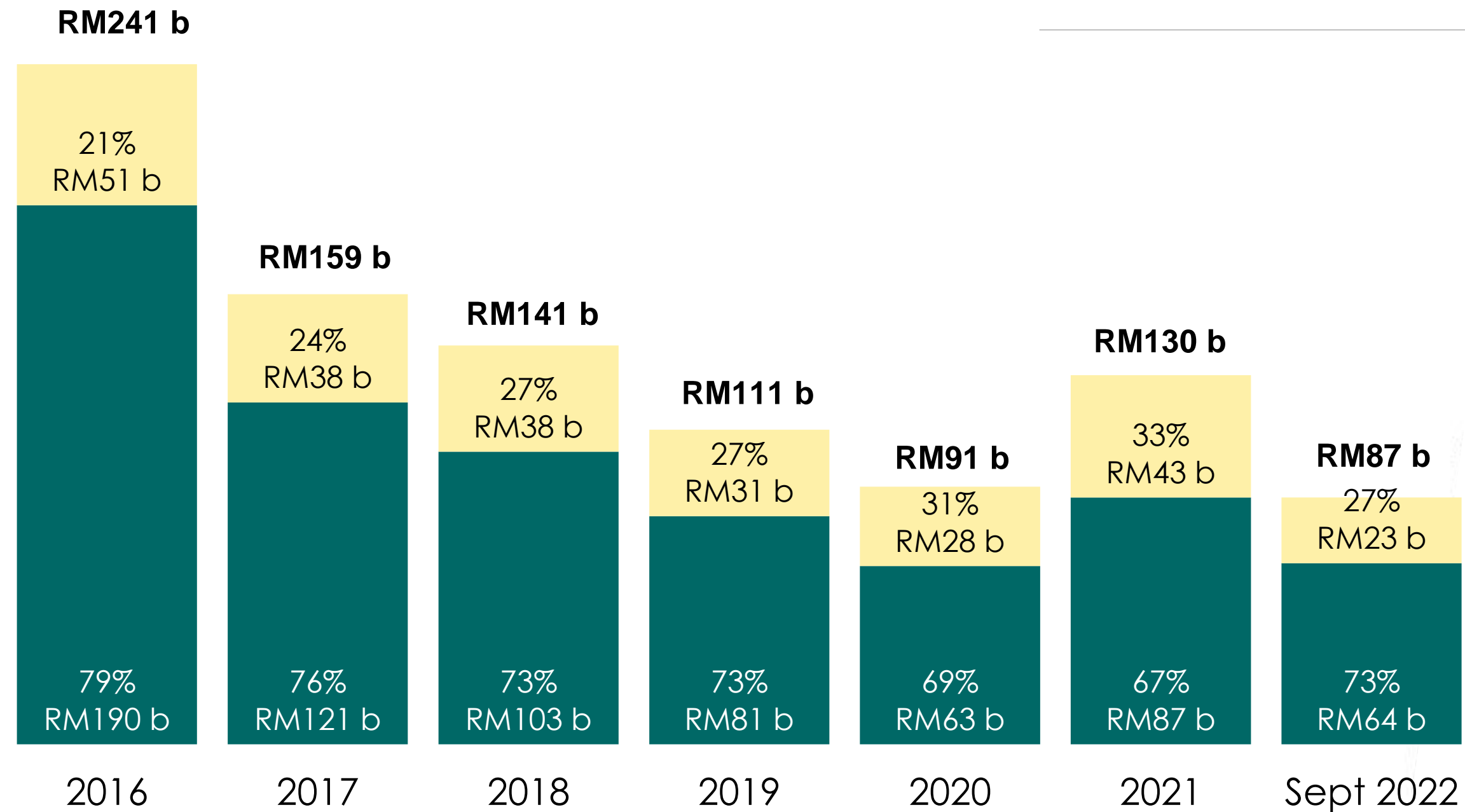
# IMPORTANCE OF THE CONSTRUCTION INDUSTRY

The industry involves a lot of industry players such as ...



# PROJECTS AWARDED

## BY SECTOR & YEAR



Kerajaan	3,265	2,552	2,001	3,304	3,697	5,023	2,374
Swasta	4,898	6,248	6,755	7,396	6,755	8,245	5,570
<b>Jumlah</b>	<b>8,163</b>	<b>8,800</b>	<b>8,756</b>	<b>10,700</b>	<b>10,452</b>	<b>13,268</b>	<b>7,944</b>

As of September 2022

Number of Projects

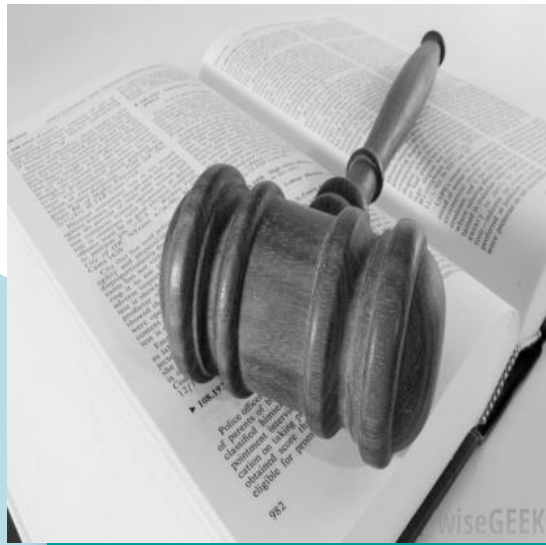


A black and white photograph of a construction site. In the foreground, two workers wearing hard hats and safety vests are visible. One worker on the left is standing on a wooden platform, looking towards the right. Another worker on the right is bent over, working on a rebar structure. In the background, a large crane hook is suspended, and several vertical steel beams are visible. The image is overlaid with a teal and yellow geometric design on the left side.

# ABOUT CIDB



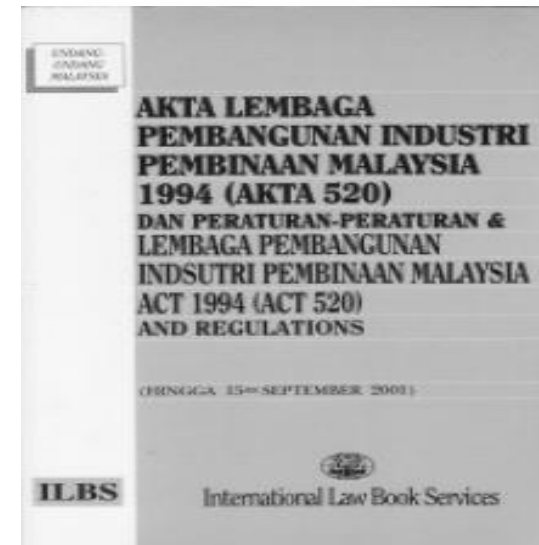
# ABOUT CIDB



**Statutory Body  
under  
the Minister of  
Works Malaysia**



**Established in  
1994**



**Construction  
Industry  
Development  
Board Act  
1994 (Act 520)**



**Self Financing**



**Private Sector  
Driven**





**Regulatory**



**Advisory**



**Developmental**

# **CIDB ROLES**

in line with 14 functions  
under the Act 520

# REGULATORY ROLES

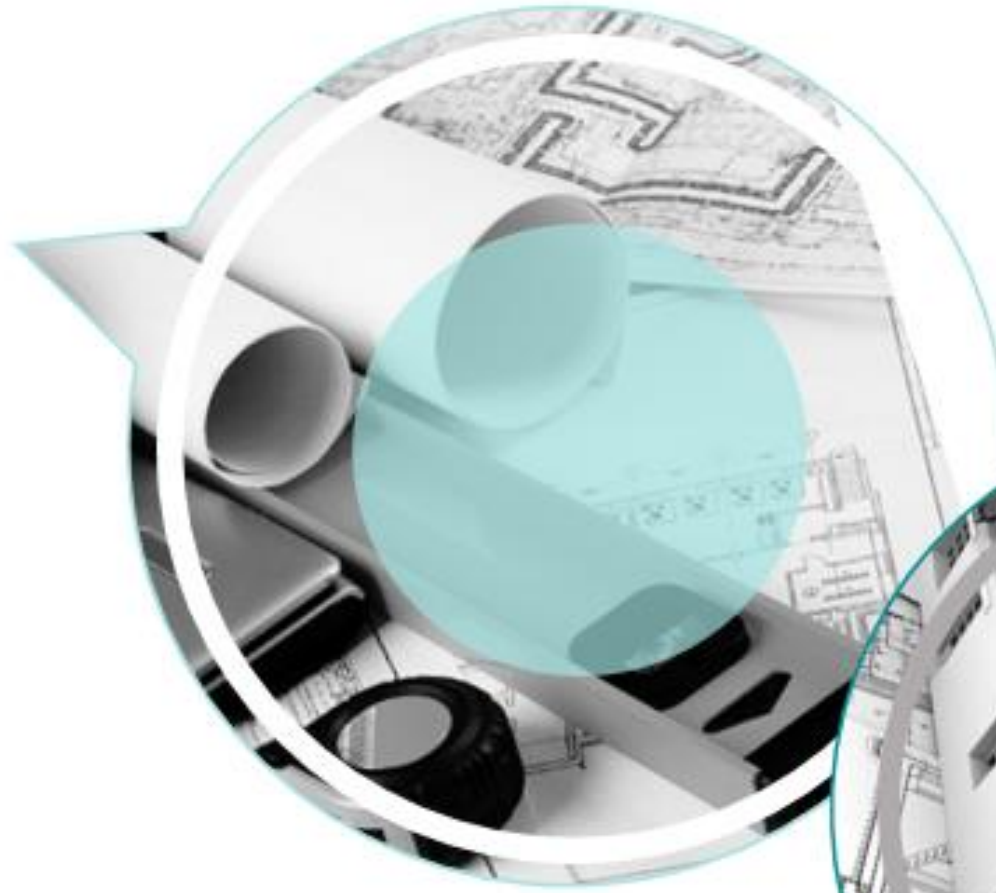


- 1 To register & accredit **Contractors**
- 2 To register, accredit and certifying **construction personnel**
- 3 To regulate the implementation of the **Industrialised Buildings System** in the construction industry
- 4 To regulate the **conformance of standards** for construction **workmanship and materials**
- 5 To regulate the implementation for **safe and quality** construction work



# ADVISORY ROLES

**+**  
To provide  
consultancy and  
advisory services  
with respect to  
the construction  
industry



**+**  
To manage any complaints  
or reports made in respect of  
any failure of construction  
works

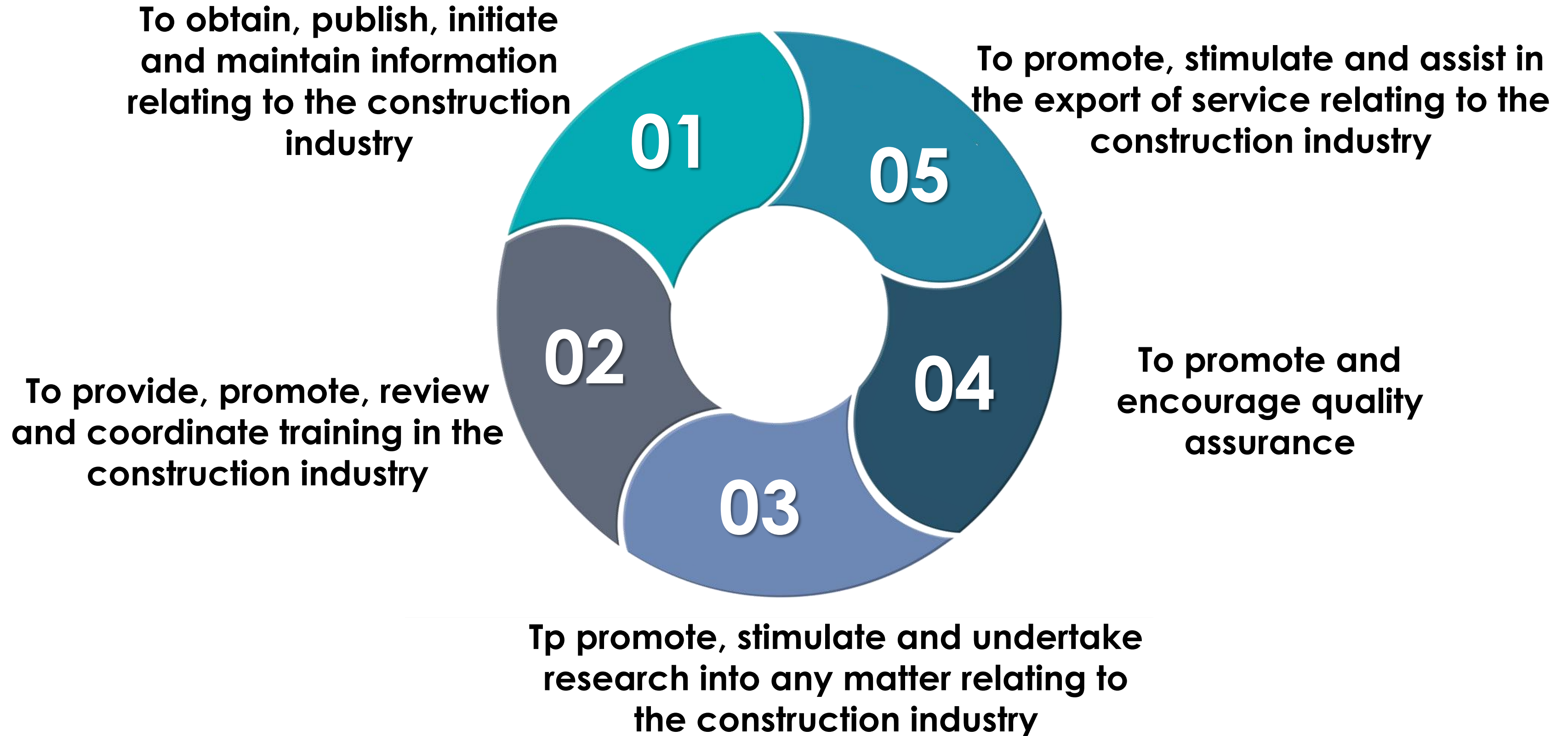


**+**  
To advise and make  
recommendations to the  
Federal Government and  
State Government



**+**  
To promote and  
stimulate the  
development,  
improvement and  
expansion of the  
construction  
industry

# DEVELOPMENTAL ROLES







# CIDB INITIATIVES ON ESG ENVIRONMENT



# CIDB INITIATIVES ON ESG

## ENVIRONMENT

- MyCREST
- Sustainable INFRASTAR
- Development of GHG
- Guideline & Standard on Resilience Construction
- Guideline on Construction on Peat & Organic Soils Inventory of Embodied Construction Materials

01

02

## SOCIAL

- QCLASSIC
- SHASSIC
- IBS
- Skill Trainings

03

## GOVERNANCE

- OACP
- ABMS
- Enforcement



## MyCREST

**M**alaysian **C**arbon  
**R**eduction and  
**E**nvironmental  
**S**ustainability **T**ool

## RATING TOOL

- Launched on **12 May 2016**
- Integrated **low carbon** and **sustainable practices** in the assessment tool.

## NO. OF PROJECTS ASSESSED

**38**  
projects

## COMMITTEES INVOLVED

- Kementerian Kerja Raya Malaysia
- Jabatan Kerja Raya Malaysia
- Sustainable Energy Development Authority Malaysia (SEDA)
- Institute of Engineers Malaysia (IEM)
- Building Sector Energy Efficiency Project (BSEEP), Environment and Energy Branch, JKR
- International Islamic University Malaysia
- IJM Corporation Berhad
- EAG Consulting Sdn. Bhd.
- School of Environment, University of Brighton, UK (Reviewer)

# RELATIONSHIP BETWEEN ASSESSMENT CRITERIA IN MYCREST WITH ESG

Pre-design

Infrastructure & Sequestration

Energy Performance Impacts

Embodied carbon

Water Efficiency

Demolition & Disposal Factors

Focus on establishment of target and implementation of environment sustainability through out the project, from planning, design, construction until operation & maintenance

- i. Company/ Client to set up direction/ to have policy on sustainability
- ii. Green Budget reflected to target
- iii. Dedicated competent person

Pre-design

Innovation: MyCREST Facilitator



ENVIRONMENT



GOVERNANCE



SOCIAL



**Design :** Disable person accessibility, cultural value  
**Construction:** public and workers safety, health & comfort

Pre-design

Infrastructure & Sequestration

Energy Performance Impacts

Occupants and Health

Social & Cultural Sustainability





## Sustainable INFRASTAR

The **Sustainable  
Infrastructure**  
Rating Tool

## RATING TOOL

Launched on **19  
March 2019** by  
Minister of Work,  
Malaysia

## NO. OF PROJECTS ASSESSED

**7**  
projects

## COMMITTEES INVOLVED

- Kementerian Tenaga, Sains, Teknologi, Alam Sekitar dan Perubahan Iklim
- CIDB
- CREAM
- Jabatan Kerja Raya Malaysia
- Lembaga Lebuhraya Malaysia
- Suruhanjaya Perkhidmatan Air Negara (SPAN)
- Konsortium Lebuhraya Utara-timur (KL) Sdn Bhd
- IJM Corporation Berhad
- Lebuhraya DUKE Fasa 3 Sdn Bhd
- Suruhanjaya Perkhidmatan Awam Darat (SPAD)
- Projek Lintasan Kota Holdings Sdn Bhd
- Universiti Sains Malaysia (USM)



## Criteria and Assessment Stage

01	<i>Land use planning and management</i>
02	<i>Resource management</i>
03	<i>Energy and water management</i>
04	<i>Biodiversity and other ecosystem services</i>
05	<i>Social and cultural protection</i>
06	<i>Stakeholder coordination</i>

### SUSTAINABLE INFRASTRUCTURE RATING TOOL

The generic infrastructure rating tool aims to assess the extent of sustainability measures adopted by infrastructure projects in **design** and **construction**

**All infrastructure project can be assessed using Sustainable INFRASTAR, including:**

Road, Tunnel and  
Bridge

Rail Transport  
System

Water Utility  
Services

Airport

Waterways,  
Canals and Port

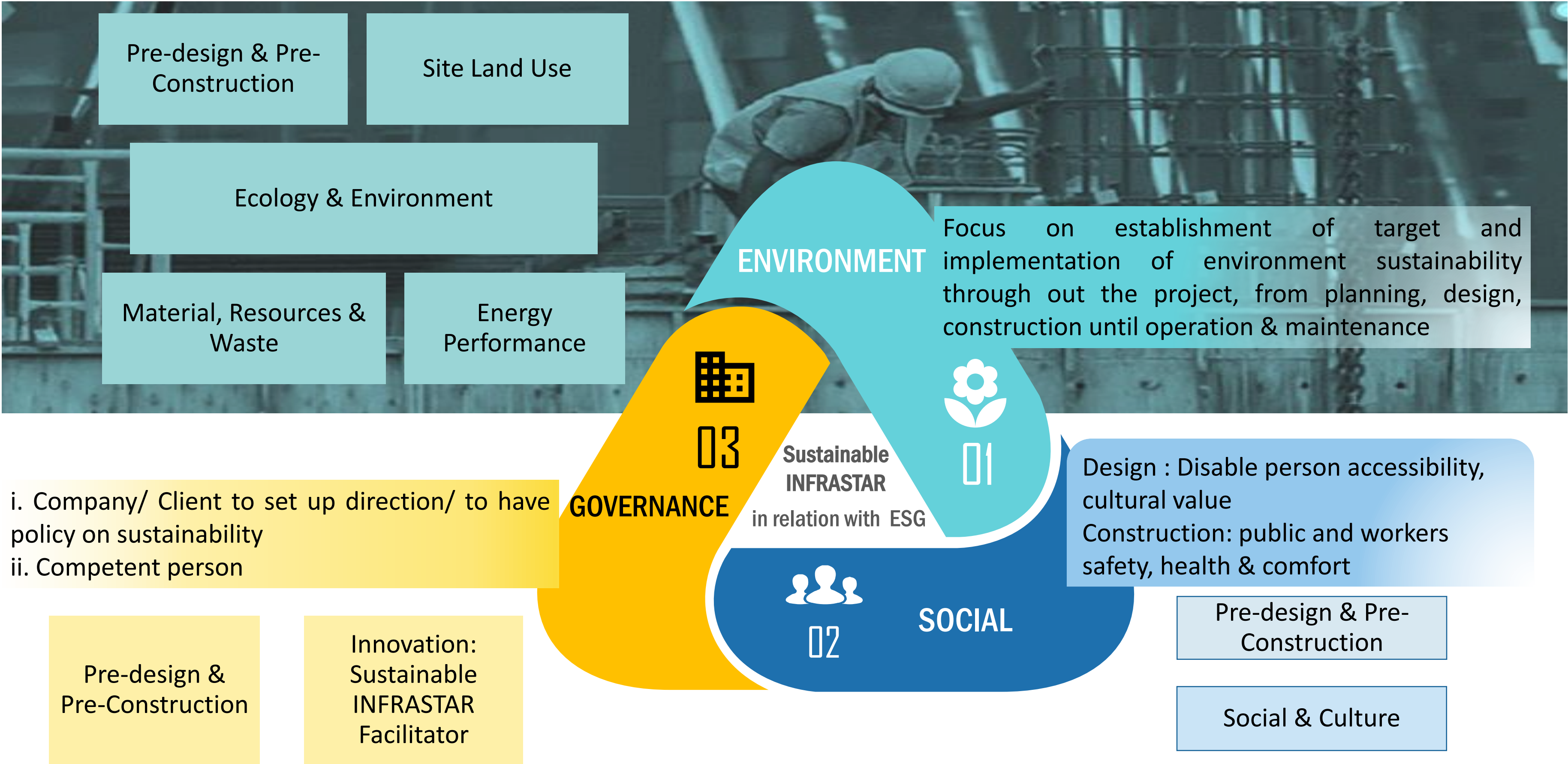
Water Facilities –  
Solid Waste,  
Waste Water &  
Hazardous

Energy  
Generation and  
Distribution

Telecommunicati  
on



# RELATIONSHIP BETWEEN ASSESSMENT CRITERIA IN SUSTAINABLE INFRASTAR WITH ESG



# GHG Emissions For Construction Industry in Malaysia



## Function

- Establish the GHG baseline for construction industry in Malaysia

## Findings

- GHG baseline for construction industry in Malaysia established
- Recommendation

# Embodied Carbon Inventory Data for Construction Materials



## Function

- As a reference to designer in choosing the type of material/ building element in the project
- Able to calculate the actual embodied carbon of construction material

## Findings

- 500 embodied carbon data for various construction materials and building elements listed.
- Method to calculate the actual embodied carbon of construction materials established.



# RESILIENCE CONSTRUCTION

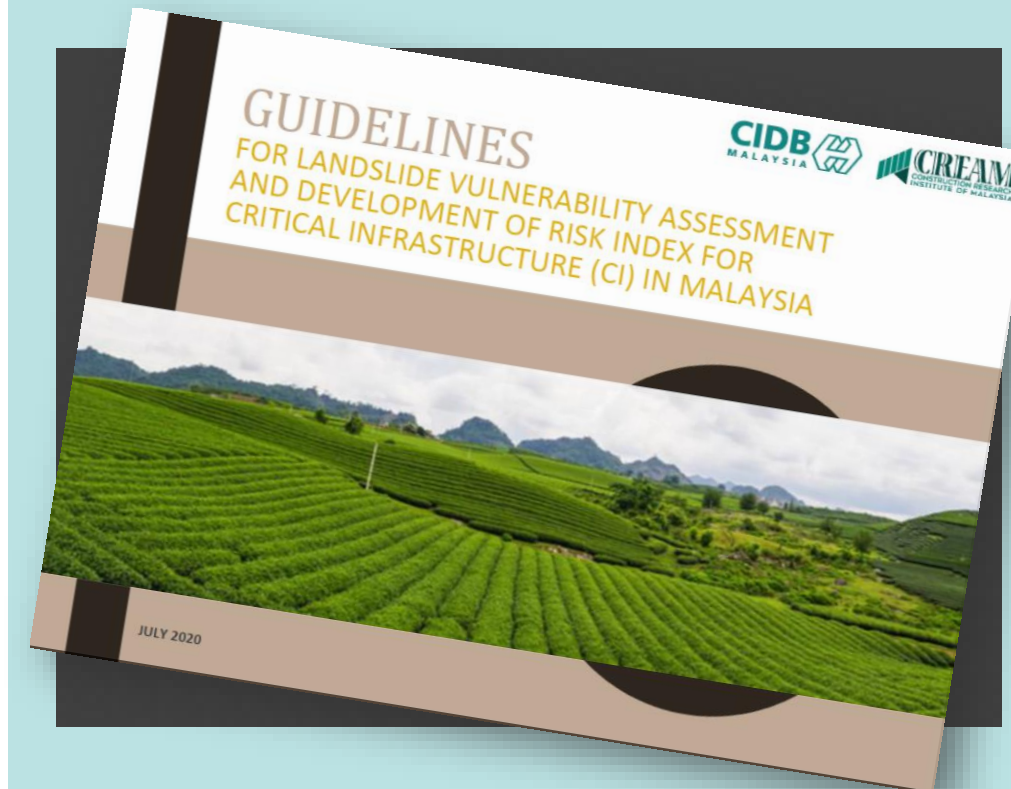
## Flood

### Guideline for Flood Risk Assessment and Flood Vulnerability Index for Critical Infrastructure in Malaysia



## Landslide

### Guideline for Landslide Vulnerability Assessment and Development of risk Index for Critical Infrastructure (CI) in Malaysia



#### Findings & Functions of doc.

The guideline to assess the hazard index and vulnerability of Landslide/ Flood for Critical Infrastructure. Both guidelines can be adopted by developer, designer or local authority.

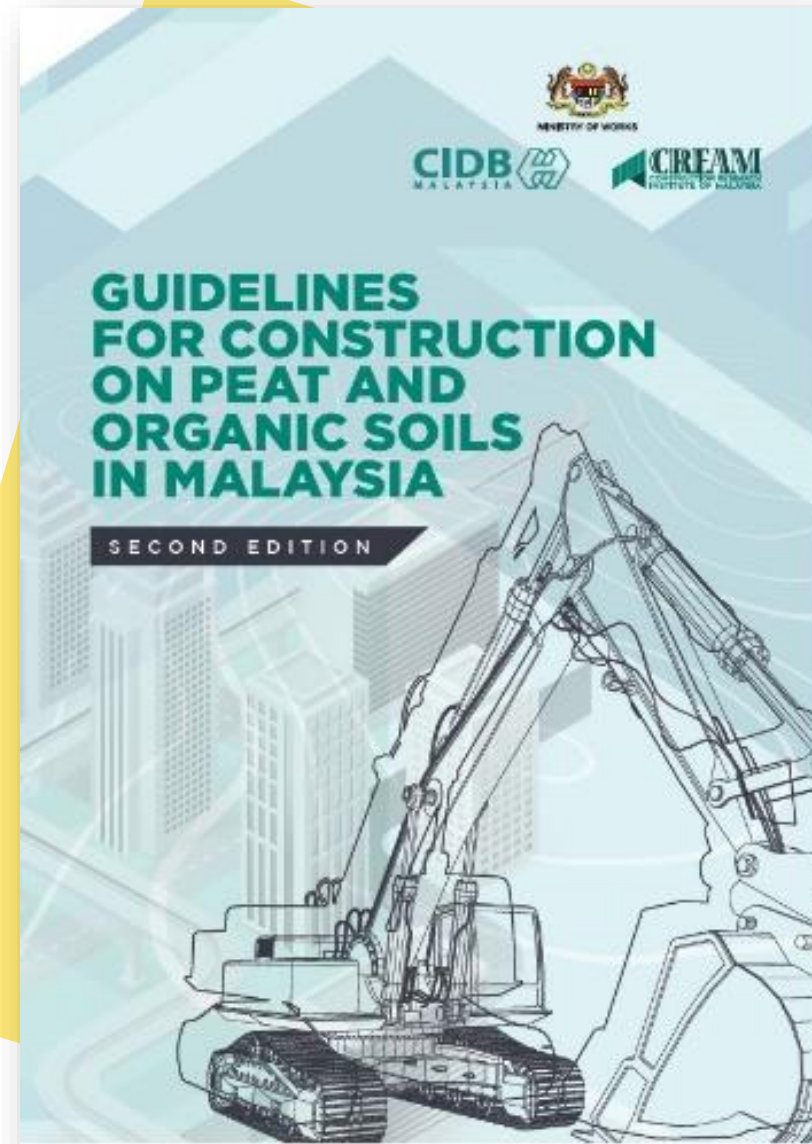
#### Outcome

The risk and vulnerability of critical infrastructure can be measured and suitable mitigation action can be planned.

Guideline on Landslide has been approved as a complementary document to be adopted by local authorities.



# GUIDELINE ON CONSTRUCTION ON PEAT & ORGANIC SOILS IN MALAYSIA



## Function

- Constitute an embodiment of design and construction experience developed from practice in Malaysia over the last 30 years
- Document contains information from the practitioners, geologist and academics on peat and organic soils

## Finding

- Guidelines construction on peat that covers **locations of peat, classification system, method of testing, design, construction and cost estimation** established.





# CIDB INITIATIVES ON ESG SOCIAL



# SHASSIC

Safety and Health Assessment System in Construction

Established in 2008 and reviewed in 2018 & 2020

## STANDARD INDUSTRI PEMBINAAN

(CONSTRUCTION INDUSTRY STANDARD)

CIS 10:2020

SAFETY AND HEALTH ASSESSMENT  
SYSTEM IN CONSTRUCTION (SHASSIC)

Standard, Safety and Health Assessment System in Construction (SHASSIC) (CIS 10:2020)

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CONSTRUCTION INDUSTRY DEVELOPMENT BOARD



Construction Industry  
Development Board Malaysia  
LEMBAGA PEMBANGUNAN INDUSTRI PEMBINAAN MALAYSIA  
10, Jalan Puncak Perdana, 50480 Kuala Lumpur, Malaysia  
Tel: 603-91777000 Fax: 603-91777010  
www.cidb.gov.my

No. of Projects  
assessed

**1684** projects

## COMMITTEES

- JKR
- JPN
- KPKT
- REHDA
- MBAM
- HBA
- CABE
- ACEM
- PAM
- CREAM
- IIUM
- UM



# Safety & Health Program

Focus on safety and health on site and workers

**SHASSIC**  
Safety and Health Assessment System in Construction

INDEPENDENT method to **ASSESS** and **EVALUATE** the **SAFETY & HEALTH PERFORMANCE** for construction works/projects

**STANDARD  
INDUSTRI  
PEMBINAAN**  
(CONSTRUCTION INDUSTRY STANDARD)

CIS 10:2020

SAFETY AND HEALTH ASSESSMENT  
SYSTEM IN CONSTRUCTION (SHASSIC)

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50450 Kuala Lumpur, Malaysia  
(03) 2619 6000

## SHASSIC Application – WHEN?

Physical work progress at

**25% - 75%**

- Construction at peak
- Many activities
- Workers at full strength
- Potential Accident



# STANDARD INDUSTRI PEMBINAAN

(CONSTRUCTION INDUSTRY STANDARD)

**CIS 7:2021**

QUALITY ASSESSMENT SYSTEM FOR  
BUILDING CONSTRUCTION WORKS

Descriptors: quality of workmanship, architectural, basic mechanical and electrical (M&E) fittings, external works, benchmark, site inspection, field testing, sampling

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No 45, Jalan Tun Ismail, 50480 Kuala Lumpur, Malaysia  
Tel: 603-4047 7000 Faks: 603-4047 7070  
<https://www.cidb.gov.my>

Established in 2006 and reviewed in 2014 & 2021

No. of Projects  
assessed

**2132** projects

## COMMITTEES

- CIDB
- JKR
- JPN
- PAM
- MBAM
- REHDA
- Malay Contractors Association of Malaysia
- National House Buyers Association of Malaysia
- ISM
- ACEM
- Guild of Bumiputra Contractors Berhad
- Syarikat Perumahan Negara Berhad
- USM
- IIUM



# QUALITY ASSESSMENT

The method to **ASSESS** and **EVALUATE** the **QUALITY** for construction works/projects

## STANDARD INDUSTRI PEMBINAAN

(CONSTRUCTION INDUSTRY STANDARD)

CIS 7:2021

QUALITY ASSESSMENT SYSTEM FOR  
BUILDING CONSTRUCTION WORKS

Descriptors: quality of workmanship, architectural, basic mechanical and electrical (M&E) fittings, external works, benchmark, site inspection, field testing, sampling

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MALAYSIA  
Construction Industry  
Development Board Malaysia  
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No 45, Jalan Tun Ismail, 50450 Kuala Lumpur, Malaysia  
Tel: 603-4947 7000 Faks: 603-4947 7070  
<http://www.cidb.gov.my>

The **QUALITY**  
Assessment System  
For **Building**  
**Construction**

## STANDARD INDUSTRI PEMBINAAN

(CONSTRUCTION INDUSTRY STANDARD)

CIS 19:2011

QUALITY ASSESSMENT SYSTEM FOR  
COMPLETED ROAD WORKS

Descriptors: quality of workmanship, road surface, slope & retaining structure, bridge & other structures, traffic, road furniture, sampling, weighage

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LEMBAGA PEMBANGUNAN INDUSTRI PEMBINAAN MALAYSIA  
Standard Writing Organisation

**CIDB**  
MALAYSIA  
Lembaga Pembangunan  
Industri Pembinaan Malaysia  
CONSTRUCTION INDUSTRY DEVELOPMENT BOARD MALAYSIA  
Ibu Pejabat CIDB, Tingkat 7, Grand Seasons Avenue, No 72, Jalan Pahang, 53000 Kuala Lumpur,  
P.O. Box: 12278, 50772 Kuala Lumpur, Tel: 603-26170200 Fax: 603-40437050  
<http://www.cidb.gov.my>

The **QUALITY**  
Assessment System  
For **Completed Road**  
**Work**

# INDUSTRIALISED BUILDING SYSTEM (IBS)

1.

Reduce dependency on **labour** (Up to 50% on construction site)



2.

**Safer working environment** and conditions



3.

IBS produces **minimal waste** compared to conventional (up to 35% reduction)



6.

Consistent **quality assurance** for each unit that uses the same precast mold



5.

Minimal use of transportation compared to conventional construction materials



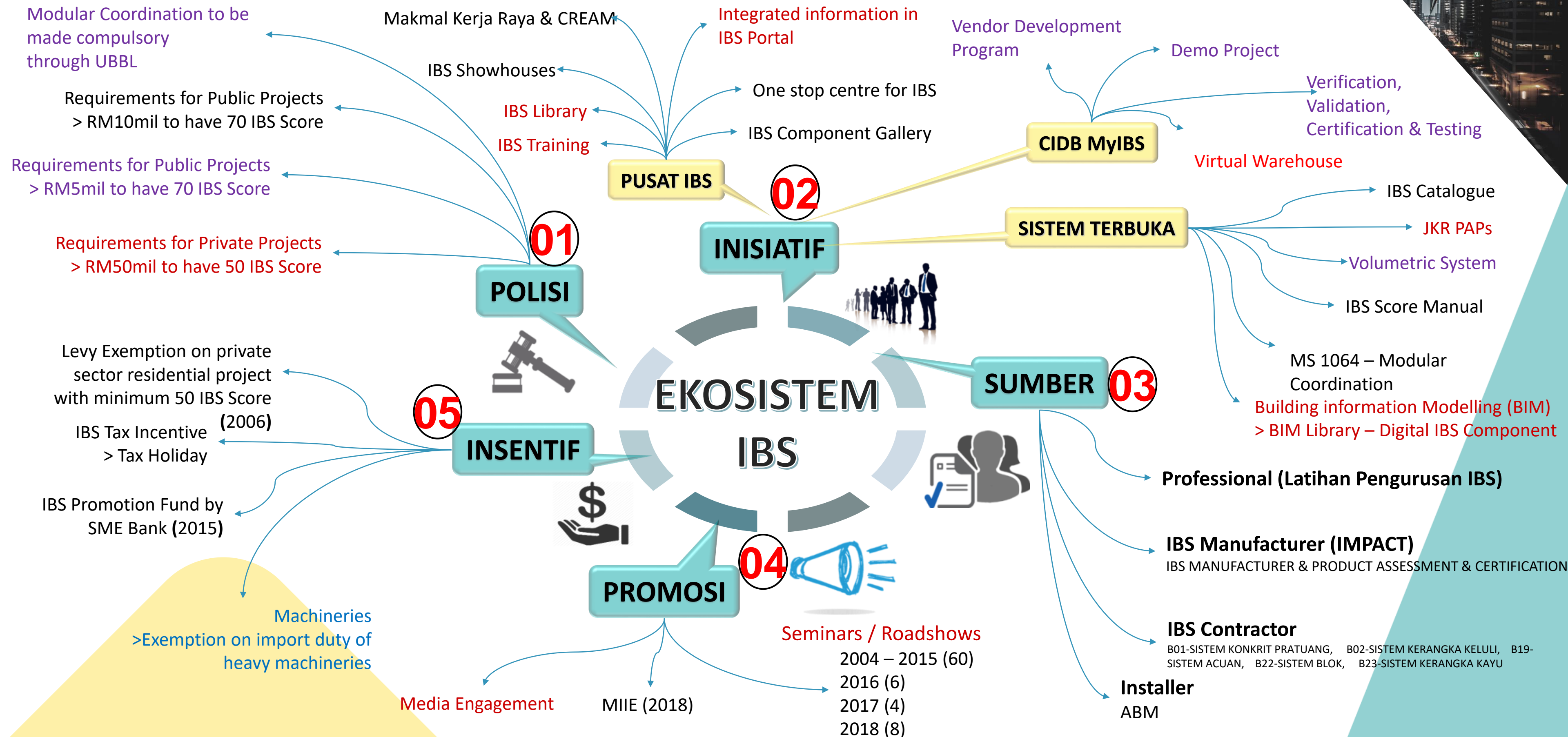
4.

**Short construction period**, faster handover



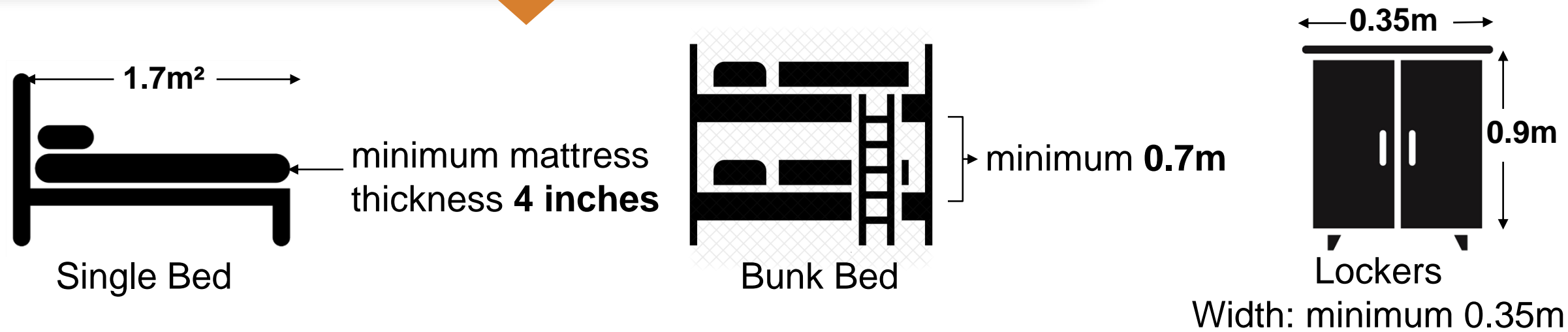


# IBS ECOSYSTEM



# WORKERS' ACCOMMODATION & AMENITIES

## Basic amenities that cannot be shared



## Floor area of bedroom

- **Non-dormitory** accommodation, **minimum  $3.6\text{m}^2$**  for each employee
- **Dormitory** accommodation, **minimum  $3\text{m}^2$**  for each employee

## Kehendak minimum penyediaan bilik air

- **Non-dormitory** accommodation, ratio of 1 bathroom and toilet: **6 employees**
- **Dormitory** accommodation, ratio of 1 bathroom and toilet: **15 employees**



- Minimum Standards of Housing, Accommodation and Employee Facilities) Accommodation and Central Accommodation) Regulations 2020
- Effective on **September 1, 2020**





A black and white photograph of a construction site. In the foreground, several construction workers wearing hard hats and safety vests are walking away from the camera on a dirt path. In the background, there are large cranes, scaffolding, and other construction equipment. The image is overlaid with a large teal triangle on the left and a yellow triangle at the top. The text "CIDB INITIATIVES ON ESG GOVERNANCE" is centered over the image.

# CIDB INITIATIVES ON ESG GOVERNANCE



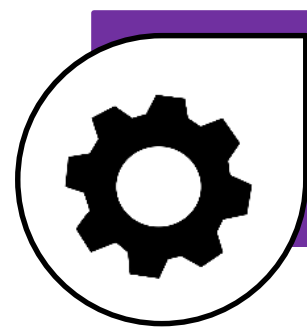
# ORGANIZATIONAL ANTI-CORRUPTION PLAN (OACP) CIDB 2021-2025

## VISION



To be a **leader** in the construction industry with **integrity and free from corruption**

## MISSION



Strengthen integrity in all aspects of CIDB's **management and services**

## OBJECTIVE



Increase CIDB's **credibility** in the construction industry

# 4

## FOCUS AREA

- Act Enforcement & Industry Compliance
- Delivery System & Procedures
- Procurement & Finance
- Administration & Human Resources

# 4

## STRATEGY

- Strengthening the **credibility of act enforcement & industry monitoring**
- Strengthen the **efficiency & effectiveness** of the **procedural delivery system**
- Improve **effectiveness & transparency** in CIDB **procurement & financial management**
- Strengthen the **administrative system & human resource**



# ANTI-BRIBERY MANAGEMENT SYSTEM

## ABMS MS ISO 37001:2016

CIDB has obtained **MS ISO 37001:2016 certification** from January 9, 2020 until January 8, 2023

CIDB has implemented a **re-certification audit** session on 3-5 October 2022.

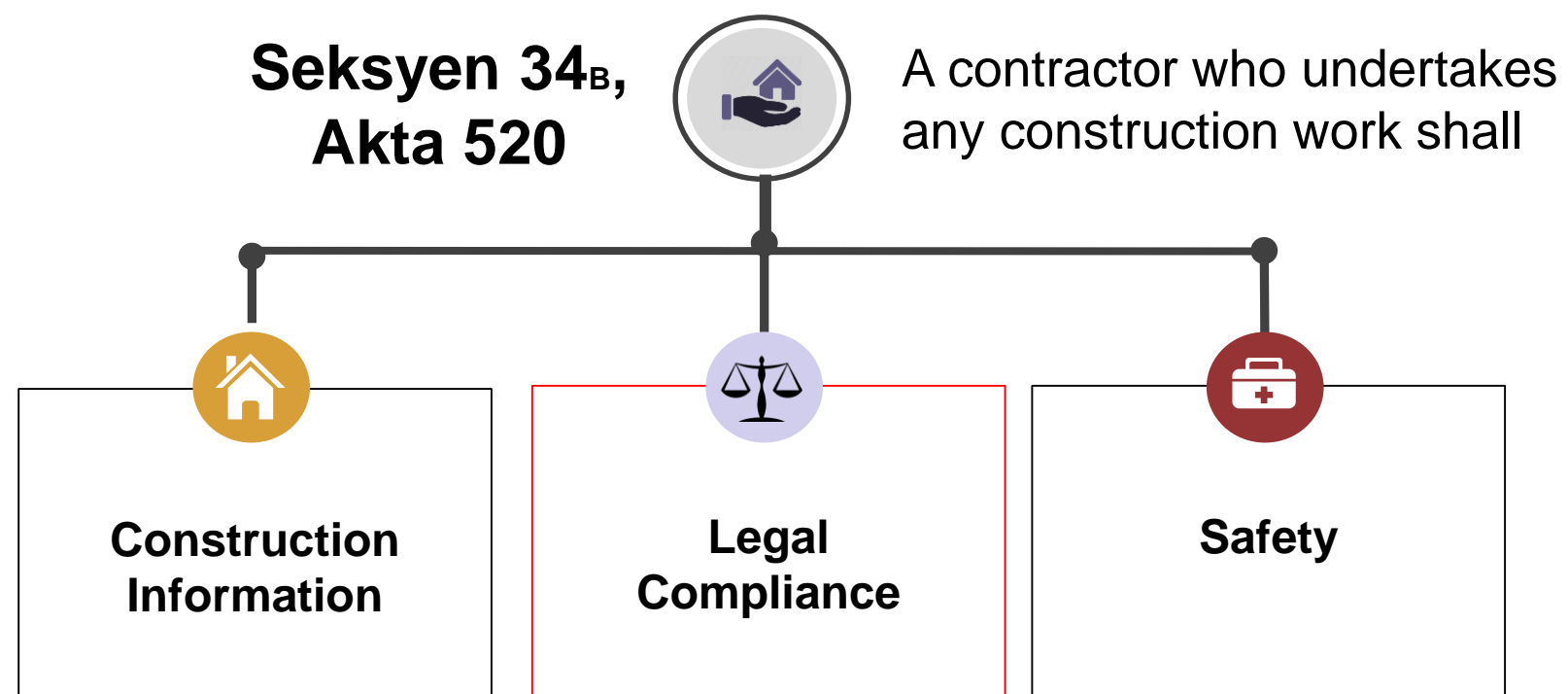
ABMS certification was **successfully renewed** for another **3 years** starting January 9, 2023 - January 8, 2026.



# CONTRACTORS DUTY RESPONSIBILITIES

## LEGAL COMPLIANCES

### COMPLIANCE TO CIDB ACT (ACT 520)



The contractor must ensure that **Act 520, the regulation and conditions** set are **complied** with throughout the construction work.

Contractors are also required to **comply** with **other written laws** that are enforced.

CIDB Enforcement Officers will conduct **compliance checks** as follows:

### Contractor Registration Certificate (PPK)

The contractor must ensure that the Contractor Registration Certificate (PPK) is still valid.



#### Enforcement Action

- Prosecution
- Fines/penalties
- Stop Work Order

### Construction Personnel Registration & Accreditation

The contractor must ensure that all construction workers employed hold a valid registration certificate

The contractor must also ensure that all skilled workers and construction site supervisors have been accredited. Refer to Schedule 3 of Act 520.



#### Enforcement Action

- Prosecution
- Fines/penalties
- Stop Work Order



# CONTRACTORS DUTY AND RESPONSIBILITIES

## LEGAL COMPLIANCES

### Declaration of Construction Work

Regardless of the value of the work and the status of the contractor, all contractors must **declare the construction works carried out**



#### Enforcement Action

- Prosecution
- Fines/penalties
- Stop Work Order

### Building Materials

Building materials as listed in Schedule 4 must have a **Certificate of Standard Compliance (PPS)**

#### Enforcement Action



- Prosecution
- Fine/penalties
- Restraining Order
- Confiscation
- Repair instruction

### Registration Terms and Conditions

- Carrying out construction work beyond capacity.
- Leaving work for no good reason
- Making/giving false statements/information
- Failure to maintain registration requirements.
- Hiding information



#### Enforcement Action

- Prosecution
- Fine/penalty

### Duty of Contractor

- Declared bankrupt/winding up order
- Convicted of an offense under another act

#### Enforcement Action



- Fine/penalty
- Cancellation/ suspension of PPK

**PENALTY CAN BE IMPOSED UP TO**  
**RM 500,000.00 or higher**

# CONCLUSION

Effective ESG initiatives will build a **sustainable, resilient and productive** construction industry.

Greater long-term  
**profitability**

**Resilient and risk-  
proof** industry



Shed the image of  
**'4D'** in the industry

**Ethical**  
consideration

**Attractive** to  
workers & investors





# THANK YOU