



Global Compact
Network
Malaysia & Brunei

Sustainable Capital: The Wasco Sustainable & Transition Finance Framework (STFF) as a Strategic Initiative

A Case Study of



Knowledge Partner:



Sunway
**BUSINESS
SCHOOL**

Wasco Berhad

Embedding transition finance at the core of Wasco's sustainability strategy



Wasco Berhad, a publicly listed company in the energy sector, is committed to accelerating its role in the global energy transition and creating long-term value through responsible growth. Wasco's decision to establish its Sustainable & Transition Finance Framework (STFF)—a set of guidelines for raising and managing funds for projects that support its sustainability and transition objectives—was a strategic imperative driven by the need to embed sustainability at the core of its financial strategy.

The initiative is notable as one of the first in ASEAN to operationalise the ASEAN Taxonomy for Sustainable Finance (Version 3) within a corporate financing framework, providing clear, taxonomy-based criteria to guide Wasco's sustainable and transition finance activities and strengthen access to credible sustainable capital.

This case study highlights how Wasco developed and applied the STFF to align its transition strategy with regional standards while enhancing investor confidence and financing options.

Company At A Glance

- Industry: Energy
- Headquarters: Kuala Lumpur, Malaysia
- Global Presence: Active operations in Australia, Canada, China, Dubai, India, Indonesia, Italy, the Netherlands, Qatar, Singapore, Tanzania, the United Kingdom, and the United States of America.
- Workforce: Over 5,000 employees

The Challenge

Wasco Berhad identified the need to embed sustainability more systematically into its financial strategy as part of its broader role in the global energy transition. The company recognised that evolving market expectations, investor scrutiny, and regulatory developments required a structured framework to guide capital allocation and support credible transition activities.

At the same time, Wasco sought to ensure that its sustainability commitments were aligned with recognised regional and international standards, enabling access to sustainable and transition finance while safeguarding the integrity and credibility of its sustainability claims.

The Action

Wasco implemented the Sustainable & Transition Finance Framework (STFF) through a structured, multi-step process to embed sustainability into its financial strategy and enable credible access to sustainable capital.

1. Anchoring the STFF to Business Strategy

Wasco began by assessing its sustainability priorities and business operations in the context of the global energy transition. The Board and senior management endorsed the STFF as a strategic financial framework—positioning it as a core enabler of the company's transition strategy rather than a compliance exercise.

2. Developing the STFF Through Cross-Functional Collaboration

The Group Sustainability team led the development of the STFF in close collaboration with Group Finance, ensuring alignment between ESG objectives and financial considerations.

External technical guidance was sought to benchmark the framework against regional and global best practices.

3. Aligning with Global Principles and the ASEAN Taxonomy

To ensure credibility and market relevance, the STFF was aligned with the ICMA Climate Transition Finance Handbook and became the first framework in ASEAN to incorporate the ASEAN Taxonomy for Sustainable Finance (Version 3).

4. Defining Clear Eligibility and Use-of-Proceeds Criteria

The framework established clear impact objectives, eligibility criteria, and exclusion thresholds across Green, Social, and Transition categories, guided by the ASEAN Taxonomy. Transparent mechanisms were also put in place for the allocation and management of financing proceeds.

5. Securing Independent Review and Market Launch

Wasco obtained an independent Second Party Opinion (SPO) to assess the STFF's alignment with its stated standards and principles. The framework was subsequently launched publicly and made available on Wasco's website to ensure transparency.

6. Demonstrating Immediate Application and Ongoing Robustness

The STFF was operationalised through Wasco's maiden Sustainability-Linked Loan, demonstrating its immediate applicability. Third-party verification and periodic reviews were also established to ensure the framework remains robust and responsive to evolving standards.

Enablers For Sustainability Performance And Impact



Leadership & Culture

Wasco's Board of Directors and C-suite executives provided strategic oversight and leadership for the STFF. Notably, the Chief Financial Officer (CFO) played a key role in initiating the framework, recognising the importance of making sustainability financially actionable and embedded within core financial decision-making.



Strategy

The STFF supports Wasco's broader strategy to diversify into sustainable and transition-aligned energy sectors and advance its decarbonisation ambitions, including its target to achieve net-zero greenhouse gas emissions for Scope 1 and 2 by 2026.



Process

The Group Sustainability team led the development of the STFF with strong support from Group Finance. The framework was developed through structured stages, including internal assessment, cross-functional review, external benchmarking, independent verification, and public disclosure.



Governance

Relevant departments and senior management thorough reviews of the STFF to ensure consistency with internal policies and strategic priorities. An independent Second Party Opinion (SPO) provided external confirmation of the framework's alignment with recognised standards and best practices.



Resources

The development and implementation of the STFF were supported through internal operational budgets. Resources were allocated to engage external advisors, obtain third-party verification, and support the time and expertise contributed by internal teams.



People

Finance teams structured financial instruments, sustainability teams led ESG-related assessments and reporting, and business units identified eligible projects under the framework. The initiative also helped strengthen organisation-wide awareness of sustainability and transition finance considerations.



ESG Data

Environmental, social, and governance data were used to identify eligible projects, define Sustainability Performance Targets (SPTs), and monitor the environmental and social impacts of financed activities, including progress against greenhouse gas reduction and renewable energy objectives.



Digital Transformation

Wasco utilised its digital environmental dashboard to track greenhouse gas emissions, monitor decarbonisation targets, and analyse sustainability performance to support informed decision-making.



Partnerships and Stakeholder Engagement

Financial institutions and external advisors were engaged through consultations, structured advisory processes, and feedback loops to support the development and validation of the STFF.



Supply Chain and Procurement

Procurement policies encourage supply chain stakeholders to adopt sustainable practices, supporting long-term partnerships and alignment with Wasco's sustainability and transition objectives.

Overcoming Barriers

During the development of its Sustainable & Transition Finance Framework (STFF), Wasco encountered several key challenges that required careful navigation to ensure credibility, alignment, and long-term relevance.

1. Navigating Evolving Standards and Taxonomies

The emergence of new standards and taxonomies—particularly the ASEAN Taxonomy for Sustainable Finance (Version 3) and the ICMA Climate Transition Finance Handbook—presented challenges in ensuring the framework remained comprehensive, forward-looking, and aligned with best practices. To address this, Wasco engaged technical expertise to monitor global and regional developments and support continual alignment of the STFF.

2. Demonstrating Credibility and Avoiding “Greenwashing”

Amid heightened scrutiny around greenwashing, Wasco prioritised the development of a robust

and transparent framework aligned with recognised international and regional principles. An independent Second Party Opinion (SPO), combined with public disclosure of the framework, helped validate its credibility and strengthen investor confidence.

3. Identifying and Assessing Eligible Transition Projects

Defining and assessing eligible transition projects across a diverse portfolio proved complex. Wasco addressed this by establishing clear, taxonomy-aligned eligibility criteria and structured internal processes to screen potential projects and assess their sustainability and transition impact.

Impact and Results

The implementation of the Sustainable & Transition Finance Framework (STFF) has delivered tangible financial, strategic, and reputational outcomes, demonstrating how sustainability objectives can be directly linked to capital access and business performance.

1. Demonstrated Financial Application and Immediate Uptake

The STFF was operationalised soon after launch, validating its practical applicability.



In October 2024, Wasco secured its first USD25 million Sustainability-Linked Loan (SLL),

used to refinance shareholder loans and fund capital expenditure for the Batam Yard.



In May 2025, Wasco converted its existing conventional and Islamic facilities into Sustainability-Linked Financing achieving a **0.03% p.a.** margin

reduction upon meeting predefined Sustainability Performance Targets (SPTs).

These transactions served as live pilots, strengthening internal capability and confidence for future sustainable financing.

2. Establishment of Measurable Sustainability Performance Targets (SPTs)

The STFF formalised clear, measurable sustainability targets linked to financial performance:



Net Zero GHG Emissions (Scope 1 and Scope 2) by 2026,
from a 2024 baseline of 44,780 tCO₂e



Renewable energy usage increased from **24.7% in 2023 to 30% in 2024** with a longer-term target of **40% by 2035**



Zero Fatalities and maintenance of a **Zero Lost Time Incident Rate** with a 2024 baseline of 0.05

3. Enhanced Access to Sustainable and Transition Finance

The STFF has strengthened Wasco's ability to access

- **Sustainable Financing Instruments (SFIs)**
- **Transition Finance Instruments (TFIs)**
- **Sustainability-Linked Financing Instruments (SLFIs)**

The framework provides greater flexibility and positions the company for more efficient financing of future sustainability-aligned projects.

4. Strengthened Credibility with Financial and Market Stakeholders

Alignment with ASEAN Taxonomy for Sustainable Finance (Version 3) and ICMA principles, supported by independent verification by DNV (Thailand) Co., Ltd, has enhanced stakeholder confidence. The framework reduces greenwashing risks by establishing clear, criteria-based eligibility and use-of-proceeds mechanisms.

Financial partners have cited improved clarity and streamlined due diligence, contributing to increased interest from ESG-focused lenders and regional banks.

5. Regional Leadership and Industry Recognition

Wasco became the first company in ASEAN to define eligible transition projects in accordance with the latest ASEAN Taxonomy. This leadership position was further recognised when Wasco's Chief Strategy Officer was invited to share the company's experience in operationalising the taxonomy with the ASEAN Taxonomy Board.

6. Stronger Customer and Partner Relationships

The STFF has reinforced Wasco's positioning as a credible and forward-looking partner in the energy transition. Customers and partners recognise the framework's alignment with their own decarbonisation goals, strengthening long-term collaboration and trust.

Key Lessons Learned

The development and implementation of the Sustainable & Transition Finance Framework (STFF) generated several key insights relevant to organisations pursuing sustainable and transition finance.

1. Sustainable Finance is a Strategic Enabler

Sustainable finance is most effective when treated as a strategic lever rather than a standalone funding tool. Integrating sustainability into financial planning, risk management, and capital allocation enables long-term value creation and stronger alignment with transition objectives.

2. Early Engagement with Standards Strengthens Credibility

Proactive engagement with emerging taxonomies and global principles—such as the ASEAN Taxonomy and ICMA guidance—helps ensure compliance, manage transition risks, and position organisations as credible and forward-looking market participants.

3. Cross-Functional Ownership is Critical

Strong collaboration between finance, sustainability, and business units, supported by clear C-suite sponsorship, was essential to successful implementation. Earlier and broader internal engagement could further accelerate alignment and innovation.

4. Define Eligible Projects Early

Pre-identifying and building a pipeline of eligible Green, Social, and Transition projects prior to framework finalisation can streamline initial deployment and accelerate access to sustainable financing.

5. Design Targets with Verification in Mind

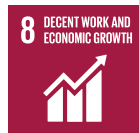
Sustainability Performance Targets (SPTs) must account for third-party verification requirements. Wasco's experience highlighted the importance of aligning data availability and verification expectations with the intended sustainability outcomes.

6. Start Small, Pilot, and Scale

Beginning with a focused framework and pilot transaction allowed Wasco to test assumptions, refine processes, and build internal confidence before scaling up sustainable and transition finance activities.

Wasco Berhad joined the UN Global Compact Malaysia & Brunei (UNGCMYB) network in November 2024 and has since participated in the Climate Ambition, IFRS S2, and Target Gender Equality Accelerators.

While the Sustainable & Transition Finance Framework (STFF) was developed prior to Wasco's membership, alignment with the UN Global Compact has since reinforced the initiative's ethical and governance foundations. The UN Global Compact's Ten Principles support the STFF's commitment to responsible business conduct across environmental, social, and governance dimensions, while formalising Wasco's alignment with the 2030 Agenda for Sustainable Development and relevant Sustainable Development Goals, including SDGs 3, 5, 8, and 13.



Through UNGCMYB, Wasco gains access to guidance, resources, and peer learning that support continuous improvement and strengthen the long-term implementation of its sustainable finance strategy.

“ The Sustainable & Transition Finance Framework is more than a financing tool for us — it is a commitment to embed responsibility, innovation, and long-term value into every investment we make. It strengthens our ability to grow sustainably while supporting our customers and communities through the global energy transition. ”

Giancarlo Maccagno,
Managing Director/Group Chief
Executive Officer, Wasco Berhad



“ Sustainability must be financially actionable. Through the STFF, we have transformed sustainability from an aspiration into a measurable, verifiable financial strategy that guides how we invest, grow, and deliver value. This framework positions Wasco to tap into new forms of capital while driving measurable environmental and social outcomes. ”

Ramanathan P. R. Singaram,
Chief Financial Officer, Wasco Berhad



“ The STFF demonstrates our belief that sustainable growth begins with clarity, transparency, and accountability. By operationalising the ASEAN Taxonomy and aligning with global standards, we are redefining what responsible energy transition financing can look like in this region. ”

Ariesza Noor,
Chief Strategy Officer, Wasco Berhad



THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.



LABOUR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

ABOUT UN GLOBAL COMPACT NETWORK MALAYSIA & BRUNEI

United Nations Global Compact (UNGC) is a strategic policy initiative for businesses that are committed to take actions to advance broader societal goals. UN Global Compact Network Malaysia & Brunei (UNGCMYB), the official country network of UNGC, is the leading advocate for business sustainability action in Malaysia and Brunei. We empower both corporates and SMEs through value-creating initiatives across learning, connections, and enablers to Forward Faster a collective sustainable future. We support Malaysian and Bruneian companies in aligning with the Ten Principles and contributing meaningfully to the Sustainable Development Goals (SDGs), while providing access to partnerships, tools and knowledge sharing to advance responsible business practices.

Talk to us about joining us or visit our website at www.ungcmlyb.org



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