

Eco-Innovation Report

Summary:

Reach Energy Berhad

Report Period:

2019-2024

Report Date:

March 8, 2026

Table Of Contents

- Executive Summary
- Eco-Innovation Disclosure (%)
- CO2 Reduction (%)
- Product Eco-Innovation Analysis (%)
- Process Eco-Innovation Analysis (%)
- Organizational Eco-Innovation Analysis (%)
- Marketing Eco-Innovation Analysis (%)
- Financial Eco-Innovation Analysis (%)
- Non-Financial Eco-Innovation Analysis (%)
- SDG Scoring in Percentage (%)
- Suggestions and Improvements
- Trend Analysis (6 Years)
- Predictions for Next Year (2025)
- Comparison with Other Companies in General
- Conclusion

1. Executive Summary

Reach Energy Berhad has demonstrated a growing commitment to eco-innovation and sustainability from 2019 to 2024, with significant advancements in governance, operational efficiency, and social aspects in recent years. While product-level eco-innovation remains nascent due to the nature of its core business, the company has established robust frameworks for environmental management, employee well-being, and stakeholder engagement. Key initiatives in process optimization and carbon reduction are underway, signaling a strategic shift towards a more sustainable operational model.

Overall Assessment: The company is transitioning from a foundational stage to actively integrating sustainability into its core operations and governance, indicating a developing maturity level.

2. Eco-Innovation Disclosure (%)

The Eco-Innovation Disclosure Index measures the transparency and comprehensiveness of sustainability reporting across all 87 parameters.

OVERALL DISCLOSURE	PRODUCT INNOVATION	PROCESS INNOVATION	ORGANIZATIONAL
24%	N/A%	10%	60%

Disclosure quality has significantly improved from 2022 onwards, with detailed reporting on environmental, social, and governance metrics. Earlier years (2019-2021) show limited specific data. Gaps remain in product-specific eco-innovation metrics and detailed financial returns on sustainability investments.

3. CO₂ Reduction (%)

Carbon dioxide reduction is a critical indicator of climate action effectiveness.

Year	Total Emissions (tCO ₂ e)	Reduction vs Baseline	Intensity Ratio
2019	N/A	Baseline	N/A
2020	N/A	N/A%	N/A
2021	N/A	N/A%	N/A
2022	8,126.8 tCO ₂ e	N/A%	47.94 tCO ₂ e/RM million
2023	7,647.6 tCO ₂ e	-5.9%%	36.64 tCO ₂ e/RM million
2024	N/A	N/A%	N/A

The company achieved a notable 5.9% reduction in combined Scope 1 and 2 emissions from 2022 to 2023, alongside a significant decrease in emission intensity per revenue. This positive trend is driven by operational efficiency improvements like ESP replacement and flaring elimination, with further reductions anticipated from planned gas injection and methane reduction initiatives in 2024.

4. Product Eco-Innovation Analysis (%)

Product eco-innovation encompasses sustainable design, material selection, lifecycle management, and end-of-life considerations across 20 parameters.

Key Product Innovation Metrics (2024)

Parameter	Score	Status
Recycled Material Content	0%	Not Disclosed
Energy Efficiency Rating	0%	Not Disclosed for product
Product Durability Extension	0%	Not Disclosed
Design for Disassembly	0%	Not Disclosed

As an oil and gas company, direct product eco-innovation (e.g., recycled content, biodegradability) is not a primary focus. The report lacks specific initiatives related to the environmental attributes of the extracted crude oil or gas itself. Future efforts could explore cleaner extraction methods or end-use carbon capture partnerships.

5. Process Eco-Innovation Analysis (%)

Process innovation focuses on manufacturing efficiency, resource optimization, and clean production technologies across 20 parameters.

Category	2019	2020	2021	2022	2023	2024
Process Innovation Score	0%	0%	0%	5%	10%	10%

Process Highlights

Reach Energy has shown a clear focus on process eco-innovation, particularly from 2023. Initiatives like gas injection for enhanced oil recovery, replacement of electrical submersible pumps (ESPs) for efficiency, and plans for plunger lift technology to reduce methane emissions demonstrate a commitment to operational sustainability. The prioritization of eliminating flaring and high local procurement also contribute positively.

6. Organizational Eco-Innovation Analysis (%)

Organizational innovation evaluates governance structures, policies, and cultural commitment to sustainability across 15 parameters.

Category	2019	2020	2021	2022	2023	2024
Organizational Innovation Score	20%	27%	27%	53%	60%	60%

The company exhibits strong organizational eco-innovation, with a well-defined HSSE Policy, a dedicated HSSE Department, and a commitment to sustainability reporting (including future TCFD alignment). Green procurement, employee eco-training, and biodiversity risk assessments are in place. The establishment of a sustainability governance structure and ongoing stakeholder engagement are key strengths.

7. Marketing Eco-Innovation Analysis (%)

Marketing innovation assesses sustainability communication, eco-labeling, consumer education, and brand positioning.

Category	2019	2020	2021	2022	2023	2024
Marketing Innovation Score	0%	10%	10%	10%	20%	20%

Marketing eco-innovation is less developed, primarily focusing on community engagement and local brand alignment through community investments and local employment. There is no evidence of eco-labeling, green marketing claims, or digital product passports. Opportunities exist to communicate sustainability efforts more explicitly to a broader audience.

8. Financial Eco-Innovation Analysis (%)

Financial innovation measures economic benefits including cost savings, revenue from green products, and return on environmental investments.

Category	2019	2020	2021	2022	2023	2024
Financial Innovation Score	0%	0%	0%	0%	17%	17%

Financial Benefits Identified

Financial benefits from eco-innovation are primarily seen in energy cost savings through efficiency measures (e.g., ESPs) and the avoidance of non-compliance penalties. However, specific ROI on eco-investments, green subsidies, or access to green capital are not disclosed. The company's PN17 status indicates broader financial challenges.

9. Non-Financial Eco-Innovation Analysis (%)

Non-financial performance covers brand value, employee satisfaction, stakeholder relationships, and social license to operate.

Category	2019	2020	2021	2022	2023	2024
Non-Financial Innovation Score	0%	10%	10%	50%	60%	60%

The company demonstrates strong non-financial performance, particularly in employee satisfaction/retention (through competitive packages and talent development), positive regulatory relationships (passing inspections, proactive liaison), and a strong community license to operate (local employment, community investments). Innovation capability is evident in exploring new recovery methods.

10. SDG Scoring in Percentage (%)

Alignment with UN Sustainable Development Goals measures global sustainability impact across four key SDGs.



Reach Energy's sustainability efforts primarily align with SDG 9 (Industry, Innovation, and Infrastructure) through process improvements and R&D, SDG 12 (Responsible Consumption and Production) via green procurement and waste management, and SDG 17 (Partnerships for the Goals) through robust governance and stakeholder engagement. SDG 7 (Affordable and Clean Energy) is addressed through energy efficiency, while SDG 13 (Climate Action) is a growing focus with CO₂ reduction efforts and future TCFD alignment.

11. Suggestions and Improvements

Strategic recommendations to enhance eco-innovation performance across all dimensions:

- **Product Innovation:** Invest in R&D for cleaner energy products or carbon-neutral oil/gas solutions. Explore partnerships for carbon capture at the point of use or develop strategies for end-of-life product responsibility.
- **Process Innovation:** Formalize a waste reduction target, explore renewable energy integration for operational sites, and pursue ISO 14001 certification for its environmental management system.
- **Organizational Innovation:** Develop specific KPIs for eco-innovation R&D, explore carbon offsetting programs, and formalize a circular economy strategy beyond current operational efficiencies.
- **Marketing Innovation:** Develop clear green marketing claims, pursue eco-labeling where applicable, and enhance digital communication of sustainability achievements to a broader audience.
- **Financial Innovation:** Quantify ROI for all eco-investments, actively seek green financing options, and track specific cost savings from water efficiency and other environmental initiatives.
- **Carbon Reduction:** Set ambitious, science-based targets for Scope 1, 2, and eventually Scope 3 emissions reduction, beyond just operational efficiency, in line with TCFD recommendations.

12. Trend Analysis (6 Years)

Over the 2019-2024 period, Reach Energy has shown a clear upward trend in organizational and non-financial eco-innovation, particularly from 2022 onwards. Initial years (2019-2021) were characterized by foundational statements and limited specific disclosures. The turning point appears to be around 2022-2023, with the introduction of detailed sustainability reporting, concrete process efficiency initiatives (ESP, gas injection), and a stronger emphasis on governance and stakeholder engagement. Drivers include regulatory requirements (Bursa Malaysia Listing Requirements, TCFD commitment), internal efficiency drives, and a growing awareness of corporate responsibility. Product and marketing eco-innovation remain areas with significant growth potential.

Key Trend Observations

Upward Trends: Organizational Eco-Innovation, Non-Financial Performance, Process Eco-Innovation

Stable Areas: Marketing Eco-Innovation, Financial Performance

Growth Drivers: Regulatory compliance, internal efficiency mandates, enhanced sustainability reporting requirements, stakeholder expectations

13. Predictions for Next Year (2025)

Based on the stated commitment to TCFD alignment for FY2025 and ongoing operational efficiency plans, Reach Energy is expected to significantly enhance its climate-related disclosures and potentially set formal carbon reduction targets. Process eco-innovation will likely continue its upward trajectory with the implementation of plunger lift technology and sustained gas injection. Organizational eco-innovation will strengthen further with the formal integration of climate strategies. Marketing and financial eco-innovation are also expected to see moderate improvements as the company leverages its enhanced sustainability profile.

Expected Performance Improvements

Category	2024 Score	2025 Prediction	Expected Change
Product Innovation	0%	N/A%	0%
Process Innovation	10%	15%	+5%
Organizational	60%	65%	+5%
Marketing	20%	25%	+5%

14. Comparison with Other Companies in General

Benchmarking positions the company relative to industry peers and sustainability leaders.

Performance Level	Characteristics	Company Status
Eco-Leaders (Top 10%)	Comprehensive sustainability integration, certified products, carbon neutral targets	Aspiring - On track with targeted improvements
Eco-Adopters (40-70%)	Active sustainability programs, systematic reporting, renewable energy adoption	Current Position - Active programs in place
Eco-Laggards (Below 40%)	Limited sustainability initiatives, compliance-driven, minimal disclosure	Not Applicable

Reach Energy currently positions itself as an 'Eco-Adopter.' While it demonstrates strong foundational elements in governance, risk management, and social responsibility, its eco-innovation in product and certain process areas lags behind industry leaders who might be investing heavily in renewable energy projects or advanced carbon capture technologies. However, its proactive approach to TCFD and operational efficiency improvements indicate a clear trajectory towards becoming a more mature eco-innovator, moving beyond basic compliance.

15. Conclusion

Reach Energy Berhad has made commendable progress in establishing a robust sustainability framework and implementing operational eco-innovations, particularly from 2022-2024. The commitment to TCFD alignment for FY2025 signals a strategic intent to deepen its climate action. While product-specific eco-innovation and detailed financial quantification of sustainability benefits require further development, the company's strong organizational foundation and continuous improvement in process efficiency position it well for future growth in eco-innovation.

Final Assessment

Overall Rating: Eco-Adopter

Key Strengths: Robust sustainability governance, proactive operational efficiency improvements, strong employee welfare and retention, positive regulatory relationships.

Priority Areas: Product eco-innovation, quantifying financial returns on eco-investments, formalizing carbon reduction targets, enhancing green marketing.

Strategic Outlook: The company is on a clear path to integrate climate action and operational sustainability more deeply, aiming for long-term value creation through responsible resource management.