

Our Ref: RPA/ISS/TAC/RO(hm)/LD10/22 [Enhanced Sustainability Reporting Framework]

26 September 2022

The Company Secretary
(Listed Corporations)

Via email

Dear Sir/Madam,

- (1) AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS (“ACE LR”) IN RELATION TO ENHANCED SUSTAINABILITY REPORTING FRAMEWORK
- (2) THE UPDATED SUSTAINABILITY REPORTING GUIDE AND TOOLKITS

1. **INTRODUCTION**

- 1.1 Pursuant to section 9 of the Capital Markets and Services Act 2007 (“CMSA”), Bursa Malaysia Securities Berhad (“the Exchange”) has amended the ACE LR to enhance the sustainability reporting framework with the aim to elevate the sustainability practices and disclosures of listed corporations (“Enhanced Sustainability Disclosures”).
- 1.2 In tandem with the issuance of the Enhanced Sustainability Disclosures, the Exchange has also issued an updated Sustainability Reporting Guide (“Guide”), as well as 6 updated Toolkits (“Toolkits”) containing guidance to listed corporations in complying with the Enhanced Sustainability Disclosures.

2. **BACKGROUND & OBJECTIVES**

- 2.1 As part of the Exchange’s effort to advance sustainability in the capital market, we had, in 2015, launched a sustainability reporting framework for listed corporations (“Sustainability Framework”) consisting of -
 - (a) the requirement under the ACE LR for a listed corporation to provide a narrative statement on the management of material economic, environmental and social (“EES”) risks and opportunities in their annual reports (“Sustainability Statement”)¹; and
 - (b) the Guide and Toolkits.

¹ Paragraph 30 in Part A of Appendix 9C read together with Part III of Guidance Note 11 of the ACE LR.

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- 2.2 Under the Sustainability Framework, listed corporations began to embark on their sustainability journey, with the flexibility to conceptualise and manage their sustainability matters as they deem fit. This approach took into account the nascent stage of sustainability then and the fact that listed corporations typically have limited resources to undertake extensive sustainability initiatives.
- 2.3 While the Sustainability Framework above was appropriate in 2015, listed corporations now operate in a very different business environment. The sustainability ecosystem has undergone tremendous growth and development since then, largely driven by ever increasing demands of various stakeholders for better sustainability practices as well as more meaningful and comparable sustainability disclosures by listed corporations. There is now a clear need for listed corporations to continuously improve and progress to avoid losing their competitiveness if sustainability issues are not adequately addressed. In addition, the increasingly apparent effects of climate change have provided a stark reminder on the need to tackle the impacts of climate change across all businesses and industries. It is now imperative for listed corporations to start embracing and embedding climate change management within their organisations. This is necessary to build a business that is resilient, responsive and future-ready.
- 2.4 As such, the Exchange has revised the Sustainability Framework to strengthen disclosures in Sustainability Statements through the Enhanced Sustainability Disclosures. However, we also recognise the need to maintain a differentiated approach pertaining to climate-related disclosures as compared to the Main Market listed issuers to better cater to the distinctive circumstances of listed corporations.
- 2.5 In finalising the Enhanced Sustainability Disclosures, the Exchange has considered the feedback and comments received in response to the public consultation paper issued on 23 March 2022.
- 2.6 The Exchange believes that the Enhanced Sustainability Disclosures would, among others -
- (a) improve the sustainability practices and quality of disclosures of listed corporations;
 - (b) enhance comparability across listed corporations to enable benchmarking by stakeholders who are seeking meaningful sustainability information or data;

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- (c) serve as a springboard to propel listed corporations to adopt international best practices and realise our national aspiration to be a leading capital market for sustainability in the region; and
- (d) increase the inflow of funds or investments with a sustainability focus into the Malaysian capital market.

3. KEY ENHANCED SUSTAINABILITY DISCLOSURES

3.1 The key Enhanced Sustainability Disclosures are as follows:

- (a) elevating the sustainability practices and disclosures across the capital market by aligning the framework with the Main Market as follows:
 - (i) enhancing internalisation of sustainability management in a structured and transparent manner by requiring disclosure of the prescribed information currently stipulated for Main Market listed issuers i.e. sustainability governance, scope of Sustainability Statement and basis for the scope, materiality assessment and management of material sustainability matters (“**Prescribed General Disclosures**”) [*paragraph 30 in Part A of Appendix 9C read together with paragraphs 6.2 (a), (b) and (c) of Guidance Note 11*];
 - (ii) enhancing comparability of sustainability information by requiring disclosure of a common set of prescribed sustainability matters and indicators that are deemed material for all listed corporations (“**Common Sustainability Matters**”) [*paragraph 6.3(c) read together with Annexure GN11-A of Guidance Note 11*];
 - (iii) facilitating stakeholders’ assessment of progress and performance as well as promoting listed corporations’ accountability by requiring disclosure of the following (“**Enhanced Quantitative Information**”):
 - at least 3 financial years’ data, on a rolling basis, for each reported indicator [*paragraph 6.2(c)(iii)(cc) read together with paragraph 6.6 of Guidance Note 11*];
 - performance target(s) in respect of each reported indicator, if such target(s) has been set [*paragraph 6.2(c)(iii)(cc) of Guidance Note 11*]; and

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- a summary of such data and corresponding performance target(s) in a prescribed format² [*paragraph 6.2(e) of Guidance Note 11*];
- (iv) strengthening the credibility of the Sustainability Statement by requiring a statement on whether the Sustainability Statement has been subjected to internal review by the internal auditor or independent assurance performed in accordance with recognised assurance standards (“**Statement of Assurance**”). If such review or assurance has been undertaken, the Statement of Assurance must also include the subject matter and scope covered, as well as the conclusions from the independent assurance [*paragraph 6.2(d) of Guidance Note 11*]; and
 - (b) facilitating and integrating considerations of climate-related risks and opportunities by requiring disclosure of a basic plan to transition towards a low-carbon economy (“**transition plan**”), in a dedicated section within the Sustainability Statement (“**Transition Plan Disclosures**”) [*paragraph 6.4 of Guidance Note 11*].

4. FULL TEXT OF AMENDMENTS

- 4.1 The full text of the Enhanced Sustainability Disclosures is attached in **Appendix 1**. For ease of reference, the amendments are reflected in the following manner:
 - portions underlined are text newly inserted / added onto the existing rules; and
 - portions struck through are text deleted.

5. IMPLEMENTATION

- 5.1 Given the extent of the Enhanced Sustainability Disclosures, the Exchange is cognisant that listed corporations may require some time to make the necessary preparation including putting in place the relevant practices, policies and procedures to embrace the enhanced requirements in a meaningful manner.

² Listed corporations will be notified on the availability of the prescribed format (together with the link where it can be accessed) in due course.

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5.2 In view of this, the implementation of the amendments will be undertaken on a phased approach. Listed corporations will be accorded a reasonable grace period for compliance.

5.3 Based on the above, the Enhanced Sustainability Disclosures as set out in **Appendix 1** will be implemented on the various dates as follows:

No.	Requirements	Implementation Dates
(a)	Disclosure of the Prescribed General Disclosures <i>[Paragraph 30 in Part A of Appendix 9C read together with paragraphs 6.2 (a), (b) and (c) of Guidance Note 11]</i>	Applicable for Sustainability Statements in annual reports issued for financial year ending (“FYE”) on or after 31 December 2024
(b)	Disclosure of the following Common Sustainability Matters (together with the accompanying indicators) and the management of such matters: <ul style="list-style-type: none"> • Anti-Corruption • Community / Society • Diversity • Energy Management • Health and Safety • Labour Practices and Standards • Supply Chain Management • Data Privacy and Security • Water <i>[Paragraph 6.3(c) read together with Annexure GN11-A of Guidance Note 11]</i>	Applicable for Sustainability Statements in annual reports issued for FYE on or after 31 December 2025
(c)	Disclosure of the following quantitative information for every material sustainability matter: <ul style="list-style-type: none"> • 3 financial years’ data (on rolling basis) for each reported indicator • Performance target(s) in relation to the indicators (if any) 	

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No.	Requirements	Implementation Dates
	<ul style="list-style-type: none"> Summary of such data and corresponding performance target(s) in a prescribed format <p><i>[Paragraphs 6.2(c)(iii)(cc), 6.2(e) and 6.6 of Guidance Note 11]</i></p>	
(d)	<p>Disclosure of the Statement of Assurance</p> <p><i>[Paragraph 6.2(d) of Guidance Note 11]</i></p>	
(e)	<p>Disclosure of the following remaining Common Sustainability Matters (together with the accompanying indicators) and the management of such matters:</p> <ul style="list-style-type: none"> Waste Management Emissions <p>A listed corporation must also disclose the quantitative information in paragraph (b) of this table above for these Common Sustainability Matters.</p> <p><i>[Paragraph 6.3(c) read together with Annexure GN11-A, paragraphs 6.2(c)(iii)(cc), 6.2(e) and 6.6, of Guidance Note 11]</i></p>	<p>Applicable for Sustainability Statements in annual reports issued for FYE on or after 31 December 2026</p>
(f)	<p>Disclosure of the Transition Plan Disclosures</p> <p><i>[Paragraph 6.4 of Guidance Note 11]</i></p>	

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5.4 Notwithstanding the relevant implementation dates set out above, the Exchange strongly encourages listed corporations to comply with the Enhanced Sustainability Disclosures as set out in paragraph 3.1 of this letter early, prior to the relevant implementation dates, where possible.

6. THE UPDATED SUSTAINABILITY REPORTING GUIDE AND TOOLKITS

- 6.1 In tandem with the issuance of the Enhanced Sustainability Disclosures, the Exchange has also issued the updated Guide and the Toolkits which will provide guidance on how to comply with the Enhanced Sustainability Disclosures. There are also additional best practices for the listed corporations to consider if they wish to adopt more advanced sustainability practices and reporting to set themselves apart in the market.
- 6.2 In this regard, the Guide, among others, highlights -
 - (a) Disclosure Guidance(s) which aid listed corporations in addressing the Enhanced Sustainability Disclosures. Each Disclosure Guidance is supplemented with key questions which listed corporations should address in making their Sustainability Statement;
 - (b) measurement methodologies for indicators in respect of the prescribed indicators associated with the Common Sustainability Matters ; and
 - (c) updated definitions, case studies and additional resources for listed corporations.
- 6.3 Listed corporations are strongly encouraged to refer to the Guide when preparing their Sustainability Statement.
- 6.4 As for the Toolkits, they serve to complement the Guide by providing detailed thematic guidance to listed corporations on how to improve the sustainability practices within their organisation. The Toolkits also provide best practice approaches, case studies and example disclosures for listed corporations to refer to.
- 6.5 The updated Guide and Toolkits are available at Bursa Malaysia Berhad’s Bursa Sustain website at:
<https://bursasustain.bursamalaysia.com/pillar-details/resources>.

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7. ADDITIONAL INFORMATION

- 7.1 In addition, we have also provided “Questions and Answers” as set out in **Appendix 2** to facilitate the listed corporation’s better understanding of, and compliance with, the Enhanced Sustainability Disclosures.
- 7.2 This letter as well as Appendices 1 and 2 are also available at Bursa Malaysia Berhad’s website at:
https://www.bursamalaysia.com/regulation/listing_requirements/ace_market/amendments_to_listing_requirements.
- 7.3 If you have any queries on the above, please do not hesitate to contact Listing Advisory & Development, Listing Division at 03-20347766 or submit your enquiry via <https://asklisting.bursamalaysia.com>.

Thank you.

Yours faithfully,



REGULATION

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