

AMENDMENTS RELATING TO  
SUSTAINABILITY STATEMENT IN ANNUAL REPORTS

## APPENDIX 1

AMENDMENTS RELATING TO  
SUSTAINABILITY STATEMENT IN ANNUAL REPORTSMAIN MARKET LISTING REQUIREMENTS

## CHAPTER 9 CONTINUING DISCLOSURE

## 9.45 Annual reports and distribution statements of a real estate investment trust

- (1) A management company must also issue annual reports that includes annual audited financial statements together with the auditors' and management company's reports of the real estate investment trust and forward them to the Exchange and unit holders within 2 months after the end of the period to which they relate.
- (2) A management company need not comply with paragraph 9.25(1) of these Requirements in preparing the annual report of the real estate investment trust. Instead, a management company must ensure that the contents of the annual report of the real estate investment trust comply with the requirements relating to annual reports of the fund as stipulated under the SC's Guidelines on Real Estate Investment Trusts. In addition, the management company must also ensure that the annual report of the real estate investment trust contains a narrative statement of its management of material economic, environmental and social risks and opportunities, and is prepared in the manner prescribed under Part III of Practice Note 9 of these Requirements.
- (3) A management company must forward every distribution statement to the unit holders and the Exchange accompanied by a report as to the state of the trust which includes the information in Appendix 9D.

## APPENDIX 9C

## Part A

**Contents of annual report**  
(paragraphs 9.25 and 9.41)

- (1) – (28) [No change].
- (29) ~~A description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are none, a statement to that effect. A narrative statement of the listed issuer's management of material economic, environmental and social risks and opportunities ("Sustainability Statement"), in the manner as prescribed by the Exchange.~~  
A narrative statement of the listed issuer's management of material economic, environmental and social risks and opportunities ("Sustainability Statement"), in the manner as prescribed by the Exchange.  
  
[Cross-reference: Practice Note 9]
- (30) [No change].

***[End of amendments to Chapter 9]***

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PRACTICE NOTE 9

**INTERNAL CONTROL, ~~AND CORPORATE GOVERNANCE STATEMENT~~ AND SUSTAINABILITY STATEMENT**

Details	Cross References
Effective date: 1 June 2001, <del>31 December 2016,</del> <del>31 December 2017,</del> 31 December 2018	Paragraphs 15.25, <del>and-15.26,</del> <u>paragraph 9.45(2) and paragraph 29, Part A of Appendix 9C</u>
Revision date: 3 August 2009, 29 November 2012, <u>8 October 2015</u>	

## 1.0 Introduction

- 1.1 Paragraph 15.25 of the Listing Requirements provides that a listed issuer must include in its annual report, a narrative statement of its corporate governance practices (“**Corporate Governance Statement**”) with reference to the Malaysian Code on Corporate Governance 2012 (“**Code**”). In making the Corporate Governance Statement, the listed issuer must include the following information:
- (a) how the listed issuer has applied the Principles set out in the Code (“**Principles**”) to its particular circumstances, having regard to the Recommendations stated under each Principle (“**Recommendations**”); and
  - (b) any Recommendation which the listed issuer has not followed, together with the reasons for not following it and the alternatives adopted by the listed issuer, if any.
- 1.2 Paragraph 15.26(b) of the Listing Requirements requires a listed issuer to ensure that its board of directors makes a statement in its annual report about the state of internal control of the listed issuer as a group (“**Internal Control Statement**”).
- 1.2A Paragraph 9.45(2) and paragraph 29, Part A of Appendix 9C of the Listing Requirements provide that a listed issuer must include in its annual report, a narrative statement of the listed issuer’s management of material economic, environmental and social risks and opportunities (“**Sustainability Statement**”).
- 1.3 This Practice Note clarifies the obligation of the listed issuers in making the Corporate Governance Statement, ~~and~~ the Internal Control Statement and the Sustainability Statement.
- 1.4 [Deleted]

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- 2.0** Location of the ~~Corporate Governance Statement and the Internal Control Statement~~Statements in the annual report
- 2.1 A listed issuer may combine both the Corporate Governance Statement and the Internal Control Statement (both statements are collectively referred to as “**said Statements**”).
- 2.2 A listed issuer must set out the said Statements and the Sustainability Statement prominently and clearly in its annual report. The said Statements and the Sustainability Statement must not be incorporated into its Chairman’s statement in the annual report as referred to in paragraph 7, Part A of Appendix 9C of the Listing Requirements.
- 2.3 The said Statements must clearly identify the board of directors of the listed issuer as the party which is making the statements.

**PART I – CORPORATE GOVERNANCE STATEMENT****3.0 Contents of the Corporate Governance Statement**

[No change].

**PART II – INTERNAL CONTROL STATEMENT****4.0 Contents of the Internal Control Statement**

[No change].

**5.0 ~~The said Statements~~[Deleted]**

- ~~5.1 The said Statements must clearly identify the board of directors of the listed issuer as the party which is making the statements.~~

**PART III – SUSTAINABILITY STATEMENT****6.0 Contents of the Sustainability Statement**

- 6.1 All listed issuers should ensure that the Sustainability Statement contains information that is balanced, comparable and meaningful by referring to the Sustainability Reporting Guide issued by the Exchange. In identifying the material economic, environmental and social risks and opportunities, the listed issuer should consider the themes set out in the Sustainability Reporting Guide.

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- 6.2 In making the Sustainability Statement, a listed issuer must include disclosures on the following:
- (a) the governance structure in place to manage the economic, environmental and social risks and opportunities (“sustainability matters”);
  - (b) the scope of the Sustainability Statement and basis for the scope;
  - (c) material sustainability matters and –
    - (i) how they are identified;
    - (ii) why they are important to the listed issuer; and
    - (iii) how they are managed including details on –
      - (aa) policies to manage these sustainability matters;
      - (bb) measures or actions taken to deal with these sustainability matters; and
      - (cc) indicators relevant to these sustainability matters which demonstrate how the listed issuer has performed in managing these sustainability matters.
- 6.3 For purposes of paragraph 6.2(c) above, sustainability matters are considered material if they –
- (a) reflect the listed issuer’s significant economic, environmental and social impacts; or
  - (b) substantively influence the assessments and decisions of stakeholders.
- 6.4 A listed issuer is not required to comply with paragraphs 6.1 to 6.3 above if the listed issuer prepares its Sustainability Statement in accordance with the GRI Sustainability Reporting Guidelines.

Notes:

1. A listed issuer must ensure that its annual report contains a Sustainability Statement as follows:
    - (a) In relation to a listed issuer with market capitalisation (excluding treasury shares) of RM2 billion and above as at 31 December 2015, or as at the date of its admission to the Official List in 2016, for annual reports issued for financial years ending on or after 31 December 2016.
    - (b) In relation to all the other listed issuers, for annual reports issued for financial years ending on or after 31 December 2017.
  2. A listed issuer must comply with paragraphs 6.2 and 6.3 of Practice Note 9 in the manner set out below:
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<u>Listed issuers</u>	<u>Effective dates for paragraphs 6.2 and 6.3 of Practice Note 9</u>
<p><u>(a) A listed issuer with market capitalisation (excluding treasury shares) of RM2 billion and above as at –</u></p> <p><u>(i) 31 December 2015 or 31 December of any subsequent calendar year; or</u></p> <p><u>(ii) the date of its admission to the Official List after 31 December 2015.</u></p>	<p><u>Annual reports issued for financial years ending on or after 31 December 2016</u></p>
<p><u>(b) A listed issuer with market capitalisation (excluding treasury shares) of RM1 billion and above, but below RM2 billion as at –</u></p> <p><u>(i) 31 December 2015 or 31 December of any subsequent calendar year; or</u></p> <p><u>(ii) the date of its admission to the Official List after 31 December 2015.</u></p>	<p><u>Annual reports issued for financial years ending on or after 31 December 2017</u></p>
<p><u>(c) A listed issuer other than those stated above in items (a) and (b) above.</u></p>	<p><u>Annual reports issued for financial years ending on or after 31 December 2018</u></p>

3. A listed issuer which falls within items 2(a) or 2(b) above must comply with paragraphs 6.2 and 6.3 of Practice Note 9 even if its market capitalisation (excluding treasury shares) subsequently decreases below the prescribed threshold.
4. A listed issuer is strongly encouraged to make a Sustainability Statement in its annual reports, and give effect to paragraphs 6.1, 6.2 and 6.3 of Practice Note 9 early, to the extent possible, prior to the relevant effective dates.
5. For the avoidance of doubt, a listed issuer referred to in item 1(b) above must continue to provide a description of its and its subsidiaries' corporate social responsibility activities or practices or if there is none, a statement to that effect, in its annual report issued for the financial year ending on or after 31 December 2016, unless it has made a Sustainability Statement in its annual report.

**[End of Appendix 1]**