

# Take5

for business

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## Bursa Malaysia: Enhanced sustainability disclosure requirements

Phased-approach implementation



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# Supporting the transition of public listed companies towards a low carbon economy

Commencing in financial year end (FYE) 2023, Malaysian public-listed companies (PLCs) will need to comply with Bursa Malaysia (Bursa)'s enhanced sustainability reporting requirements.

Bursa's enhanced disclosure requirements will steer Malaysian PLCs to adopt and report on their sustainability practices. Additionally, embracing these enhancements will strengthen a PLC's competitiveness in attracting capital as it transits towards a low carbon economy.

## Common sustainability matters prescribed\*

1. Anti-corruption
2. Community / society
3. Diversity
4. Energy management
5. Health and safety
6. Labor practices and standards
7. Supply chain management
8. Data privacy and security
9. Water

*Remaining common sustainability matters:*

10. Waste management
11. Emissions management

\*Bursa Malaysia enhanced disclosure requirements

## Sustainability reporting: Key enhanced areas

- ▶ **Disclose common sustainability matters<sup>1</sup> by 2023**
- ▶ **Align with climate change-related disclosures as recommended by the Task Force on Climate-related Financial Disclosures (TCFD) in a dedicated section within the Sustainability Statement**  
  
Disclose the transition plan towards a low-carbon economy applicable to ACE market PLCs<sup>2</sup>
- ▶ **Provide the data from the last three financial years for each reported sustainability indicator and its performance targets (where available) including a summary in a prescribed format<sup>3</sup>**
- ▶ **Consider sector-specific indicators pertaining to sustainability matters deemed material to the organization**
- ▶ **Provide a "Statement of Assurance" on whether the Sustainability Statement (that includes the subject matter and scope covered) has been subjected to an internal review by an internal auditor or if an independent assurance has been performed in accordance with recognized assurance standards**

### Notes:

<sup>1</sup> Common sustainability matters refer to a common set of prescribed sustainability matters and indicators that are deemed material for all listed issuers

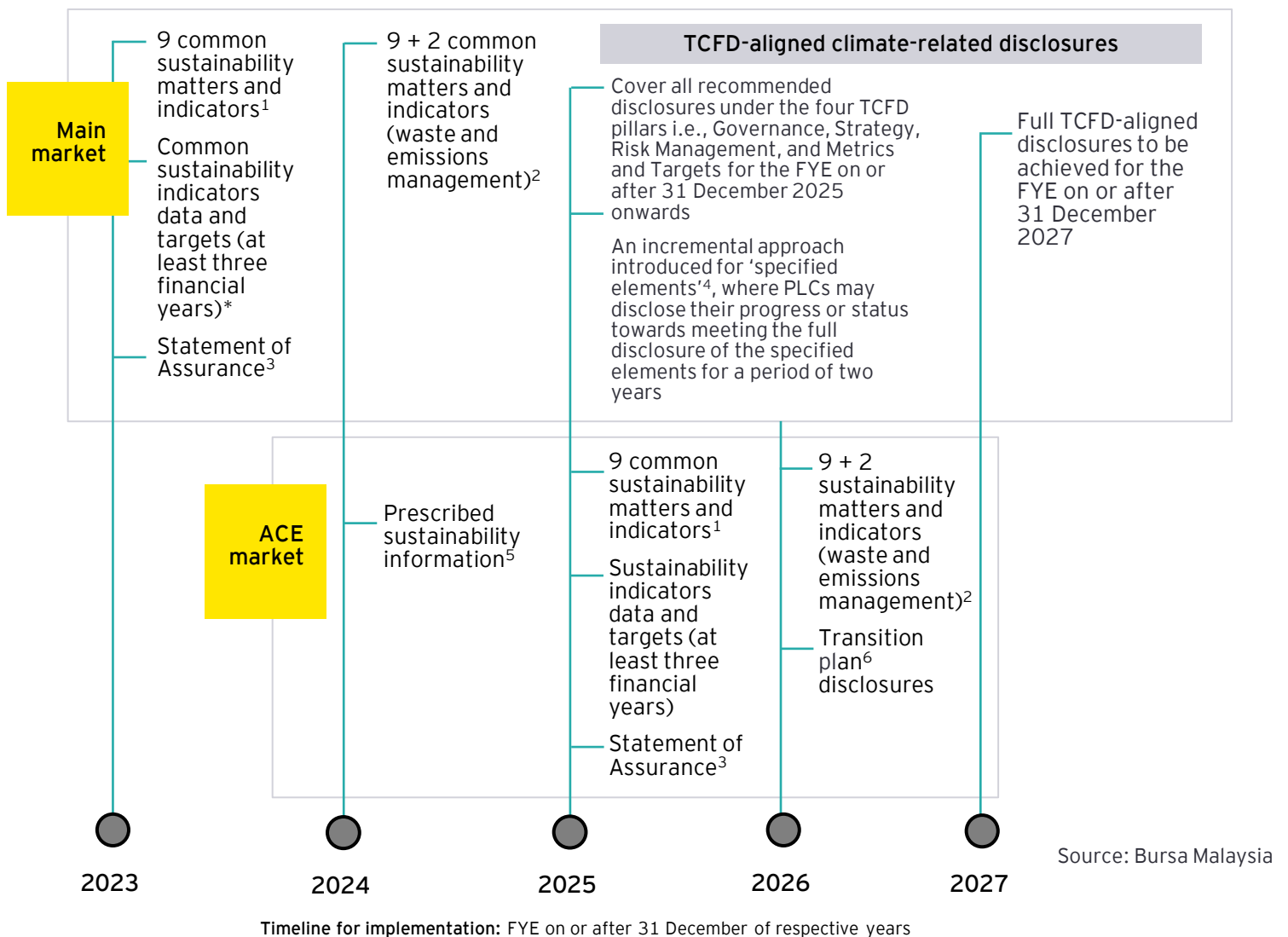
<sup>2</sup> ACE (Access, Certainty, Efficiency) market PLCs are not required to disclose their transition plans towards a low-carbon economy, if their Sustainability Statements have already included TCFD-aligned disclosures, covering all the four pillars: governance, strategy, risk management, and metrics and targets, in a dedicated section within the Sustainability Statement.

<sup>3</sup> The summary of the data and targets in a prescribed format will be announced by Bursa Malaysia in due course  
Source: Bursa Malaysia

# Enhanced sustainability reporting: Phased-approach implementation

By the end of 2023, PLCs in the Bursa Main Market will need to disclose their common sustainability matters and indicators, sustainability data and targets, and Statements of Assurance on the disclosed information. The proposed timeline for the phased-approach implementation is summarized below:

## Sustainability reporting: disclosure areas



### Notes:

<sup>1</sup> The nine common sustainability matters and indicators include anti-corruption, community or society, diversity, energy management, health and safety, labor practices and standards, supply chain management, data privacy and security, and water

<sup>2</sup> The nine common sustainability matters and indicators are extended to include waste management and emissions matters

<sup>3</sup> A statement on whether the sustainability statement has been reviewed internally by internal auditors or independently assured

<sup>4</sup> The specified elements include descriptions about the

- ▶ impact of climate-related risks and opportunities on the organization's business, strategy and financial planning,
- ▶ description on the resilience of the organization's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario and
- ▶ description on how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management

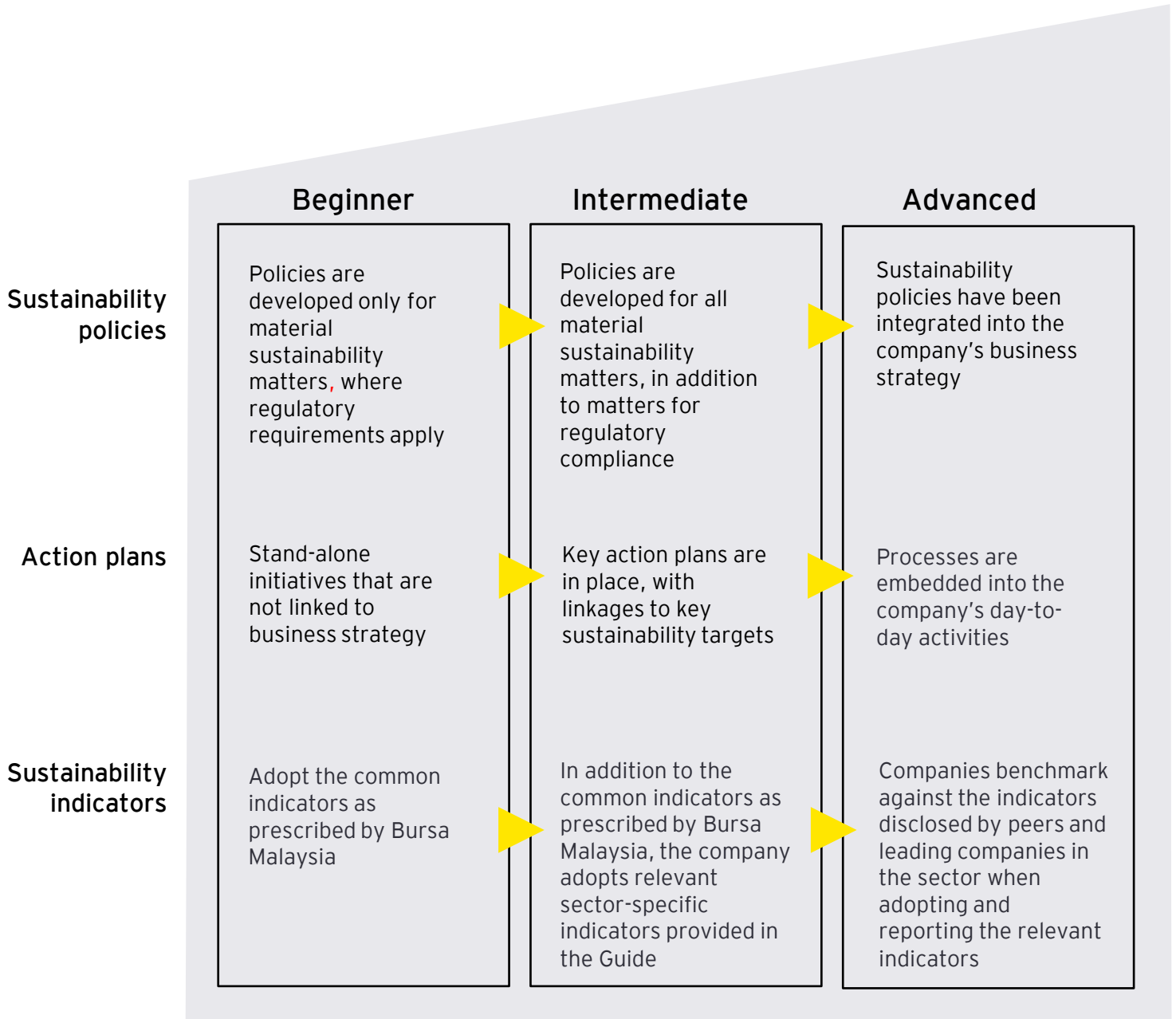
<sup>5</sup> Prescribed sustainability information refers to the narrative statement of the listed issuer's management of material economic, environmental and social risks, and opportunities, which must include sustainability governance, the scope of the Sustainability Statement and the basis for the scope, materiality assessment and management of material sustainability matters

<sup>6</sup> The transition plan is an aspect of a company's overall business strategy that lays out a set of targets and actions supporting its transition towards a low-carbon economy, including actions such as reducing its green house gases (GHG) emissions. A transition plan, in a dedicated section within the Sustainability Statement, should include information on

- ▶ the role of the board and senior management in overseeing and executing the transition plan and
- ▶ the strategies and initiatives to manage climate-related risks and opportunities.

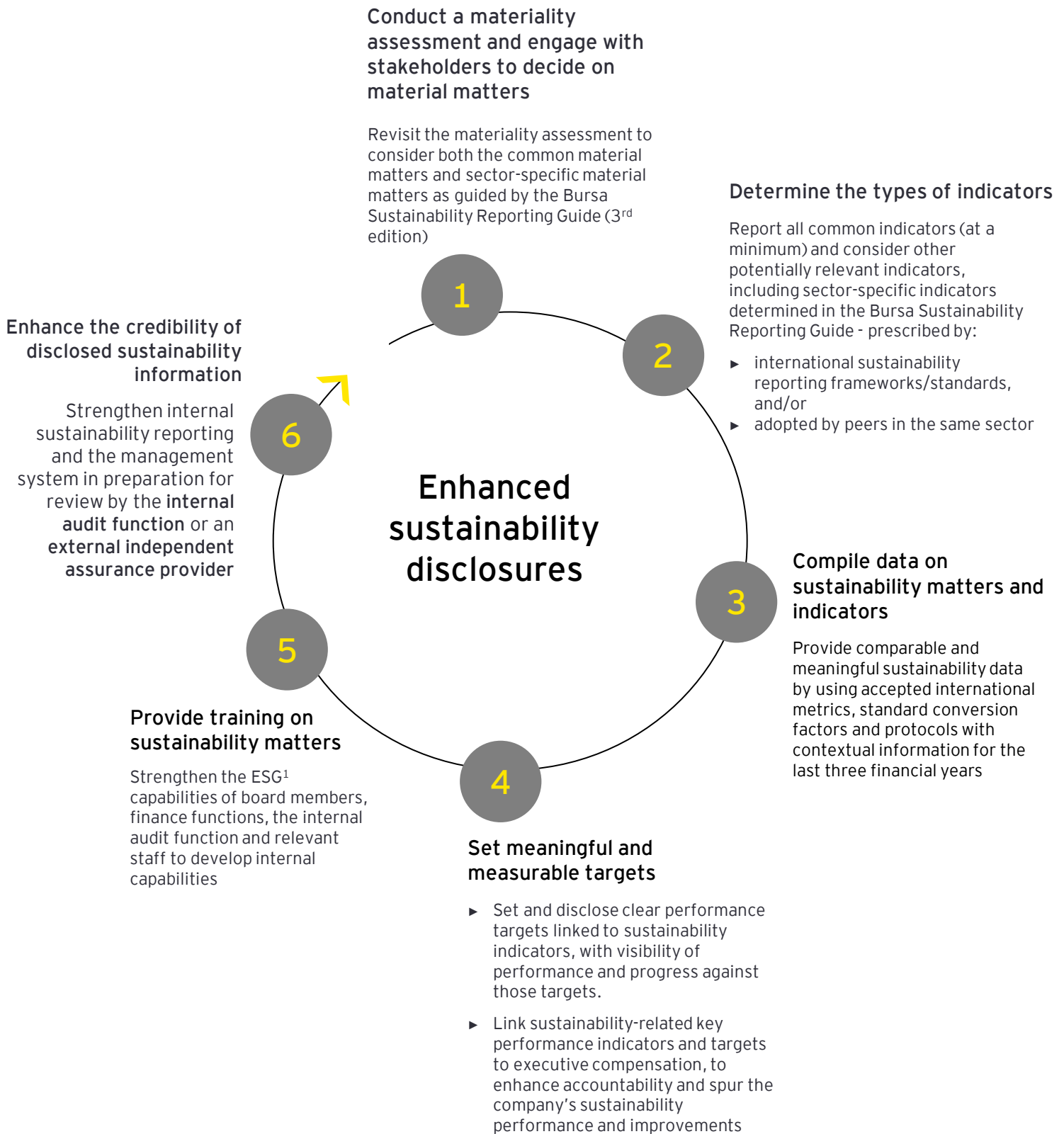
# Sustainability reporting indicators

According to the Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition, September 2022), PLCs are encouraged to gain gradual proficiency in their sustainability journey from beginner to intermediate and advanced levels of proficiency. For each proficiency level, PLCs can consider the proposed approach to their sustainability policies, action plans and sustainability indicators:



Source: Sustainability Reporting Guide (3<sup>rd</sup> Edition), September 2022, Bursa Malaysia

# Next steps



Notes:

<sup>1</sup> Environmental, social and governance

Source: EY

# EY thought leadership



**IFRS Sustainability Disclosure Standards**  
September 2022



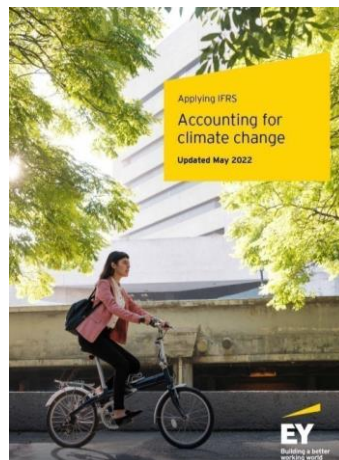
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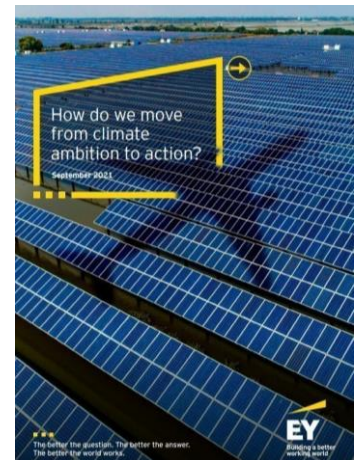
**The future of sustainability reporting standards**  
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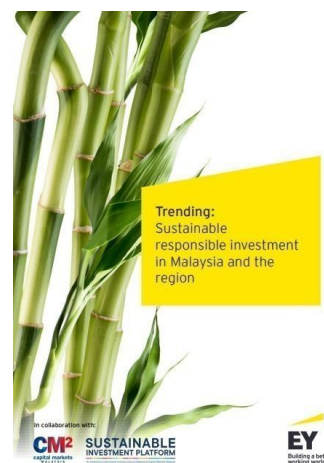
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June 2021

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