

Our Ref: RPA/ISS/TAC/RO(hm)/010/22 [Enhanced Sustainability Disclosures]

26 September 2022

Industry Association

Via email

Dear Sir/Madam,

- (1) **AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (“MAIN LR”) AND ACE MARKET LISTING REQUIREMENTS (“ACE LR”) IN RELATION TO ENHANCED SUSTAINABILITY REPORTING FRAMEWORK**
 - (2) **THE UPDATED SUSTAINABILITY REPORTING GUIDE AND TOOLKITS**
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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 Main LR and ACE LR (collectively referred to as the “LR”) to enhance the reporting framework with the aim to elevate the sustainability practices and disclosures of listed issuers (“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 issuers 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 issuers (“Sustainability Framework”) consisting of -
 - (a) the requirement under the LR for a listed issuer 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 29 in Part A of Appendix 9C read together with Part III of Practice Note 9 of the Main LR, and 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 Since then, the sustainability ecosystem has undergone tremendous development and growth, largely driven by ever increasing demands of various stakeholders for better sustainability practices as well as more meaningful and comparable sustainability disclosures by listed issuers.
- 2.3 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 issuers 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 In terms of climate change reporting, key capital market stakeholders such as investors and financial institutions are also demanding for better climate-related disclosures to facilitate investment decision making. In this regard, the Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations have been accepted as the widely applicable climate disclosure framework for businesses globally.
- 2.5 Given the above, there is a clear need for listed issuers to continuously improve and progress to avoid losing their competitiveness if sustainability issues are not adequately addressed.
- 2.6 As such, the Exchange has revised the Sustainability Framework to strengthen disclosures in Sustainability Statements through the Enhanced Sustainability Disclosures. This seeks to ensure that the reporting requirements remain fit for purpose and better cater to the needs of stakeholders.
- 2.7 In finalising the Enhanced Sustainability Disclosures, the Exchange has considered the various feedback and comments received in response to the public consultation paper issued on 23 March 2022.
- 2.8 The Exchange believes that the Enhanced Sustainability Disclosures would, among others -
- (a) improve the sustainability practices and quality of disclosures of listed issuers;
 - (b) enhance comparability across listed issuers 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 issuers to adopt international best practices and to 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

Main LR

- 3.1 The key Enhanced Sustainability Disclosures under the Main LR are as follows:
- (a) 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 issuers (“**Common Sustainability Matters**”) as well as the management of such matters *[paragraph 6.3(c) read together with Annexure PN9-A of Practice Note 9]*;
 - (b) improving climate change management by requiring climate-related disclosures in line with the TCFD Recommendations (“**TCFD-aligned Disclosures**”), in a dedicated section within the Sustainability Statement *[paragraph 6.2(d) of Practice Note 9]*;
 - (c) facilitating stakeholders’ assessment of progress and performance as well as promoting listed issuers’ accountability by requiring disclosure of the following (“**Enhanced Quantitative Information**”):
 - (i) at least 3 financial years’ data, on a rolling basis, for each reported indicator *[paragraph 6.2(c)(iii)(cc) read together with paragraph 6.5 of Practice Note 9]*;
 - (ii) performance target(s) in respect of each reported indicator, if such target(s) has been set *[paragraph 6.2(c)(iii)(cc) of Practice Note 9]*; and
 - (iii) a summary of such data and corresponding performance target(s) in a prescribed format² *[paragraph 6.2(f) of Practice Note 9]*; and

² Listed issuers 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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- (d) 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(e) of Practice Note 9*].

ACE LR

3.2 The key Enhanced Sustainability Disclosures under the ACE LR 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 the Common Sustainability Matters for all listed corporations and the management such 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 Enhanced Quantitative Information [*paragraphs 6.2(c)(iii)(cc), 6.2(e) and 6.6 of Guidance Note 11*];
 - (iv) strengthening the credibility of the Sustainability Statement by requiring disclosure of the Statement of Assurance [*paragraph 6.2(d) of Guidance Note 11*]; and

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- (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 for the Main LR and ACE LR are attached in **Appendix 1** and **Appendix 2** respectively. 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 issuers 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.
- 5.2 In view of this, the implementation of the amendments will be undertaken on a phased approach. Listed issuers 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** and **Appendix 2** will be implemented on the various dates as follows:

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No.	Enhanced Sustainability Reporting Requirements	Effective Dates for Main Market Listed Issuers	Effective Dates for ACE Market Listed Corporations
(a)	Disclosure of the Prescribed General Disclosures	Existing Requirement	Applicable for Sustainability Statements in annual reports issued for financial year ending (“FYE”) on or after 31 December 2024 <i>[Paragraph 30 in Part A of Appendix 9C read together with paragraphs 6.2 (a), (b) and (c) of Guidance Note 11]</i>
(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 	Applicable for Sustainability Statements in annual reports issued for FYE on or after 31 December 2023 <i>[Paragraph 6.3(c) read together with Annexure PN9-A; paragraphs 6.2(c)(iii)(cc), 6.2(f) and 6.5; and paragraph 6.2(e), of Practice Note 9]</i>	Applicable for Sustainability Statements in annual reports issued for FYE on or after 31 December 2025 <i>[Paragraph 6.3(c) read together with Annexure GN11-A; paragraphs 6.2(c)(iii)(cc), 6.2(e) and 6.6; and Paragraph 6.2(d), of Guidance Note 11]</i>

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No.	Enhanced Sustainability Reporting Requirements	Effective Dates for Main Market Listed Issuers	Effective Dates for ACE Market Listed Corporations
(c)	<p>Disclosure of the following quantitative information for every material sustainability matter:</p> <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) • Summary of such data and corresponding performance target(s) in a prescribed format 		
(e)	Disclosure of the Statement of Assurance		
(f)	<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>Applicable for Sustainability Statements in annual reports issued for FYE on or after 31 December 2024</p> <p><i>[Paragraph 6.3(c) read together with Annexure PN9-A, paragraphs 6.2(c)(iii)(cc), 6.2(f)]</i></p>	<p>Applicable for Sustainability Statements in annual reports issued for FYE on or after 31 December 2026</p> <p><i>[Paragraph 6.3(c) read together with Annexure GN11-A, paragraphs 6.2(c)(iii)(cc), 6.2(e)]</i></p>

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No.	Enhanced Sustainability Reporting Requirements	Effective Dates for Main Market Listed Issuers	Effective Dates for ACE Market Listed Corporations
	A listed issuer must also disclose the quantitative information in paragraph (c) of this table above for these Common Sustainability Matters.	<i>and 6.5, of Practice Note 9]</i>	<i>and 6.6 of Guidance Note 11]</i>
(g)	Disclosure of the TCFD-aligned Disclosures	Applicable for Sustainability Statements in annual reports issued for FYE on or after 31 December 2025 <i>[Paragraph 6.2(d) of Practice Note 9]</i>	-
(h)	Disclosure of the Transition Plan Disclosures	-	Applicable for Sustainability Statements in annual reports issued for FYE on or after 31 December 2026 <i>[Paragraph 6.4 of Guidance Note 11]</i>

- 5.4 Notwithstanding the relevant implementation dates set out above, the Exchange strongly encourages listed issuers to comply with the Enhanced Sustainability Disclosures as set out in paragraph 3.1 (in relation to the Main LR) or paragraph 3.2 (in relation to the ACE LR) of this letter early, prior to the relevant implementation dates, where possible.

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Incremental approach for TCFD-aligned Disclosures by Main Market listed issuers

5.5 Pursuant to the TCFD-aligned Disclosures, a Main Market listed issuer is required to disclose the 4 thematic areas and 11 supporting recommended disclosures under the TCFD Recommendations, in its Sustainability Statement issued for FYE on or after 31 December 2025 onwards. The Exchange, however, recognises that climate change reporting is a journey that will take time to mature in both depth and quality. In particular, the following elements under the relevant thematic areas of TCFD Recommendations are relatively more complex to implement and would require considerable amount of time and resources (“specified elements”):

- (a) describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning [*strategy pillar, element (b)*];
- (b) describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario [*strategy pillar, element (c)*]; and
- (c) describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management [*risk management pillar, element (c)*].

The **Annexure** to this letter reproduces the TCFD Recommendations and Supporting Recommended Disclosures.

5.6 As such, with regard to the specified elements above where alignment with the relevant TCFD Recommendations has yet to be fully achieved, a Main Market listed issuer may, for a period of 2 years starting from the implementation timeline of FYE on or after 31 December 2025 for the TCFD-aligned Disclosures (“said period”), report on its progress or status towards meeting the disclosures required under the specified elements. After the expiry of the said period, the listed issuer must report its TCFD-aligned Disclosures as required under paragraph 6.2(d) of Practice Note 9 of the Main LR.

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See the illustration below:

FYE 31 December 2025 <i>(1 January - 31 December 2025)</i>	FYE 31 December 2026 <i>(1 January - 31 December 2026)</i>	FYE 31 December 2027 <i>(1 January - 31 December 2027)</i>
All Main Market listed issuers must provide the full TCFD-aligned Disclosures. However, for Main Market listed issuers which require more time to disclose the specified elements, they may disclose progress or status towards meeting full disclosure of the specified elements instead.		All Main Market listed issuers must provide the full TCFD-aligned Disclosures.

- 5.7 This approach facilitates the Main Market listed issuer in managing its climate change impacts and reporting the TCFD-aligned Disclosures in a more pragmatic manner.

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 listed issuers 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 issuers in addressing the Enhanced Sustainability Disclosures. Each Disclosure Guidance is supplemented with key questions which listed issuers 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

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(c) updated definitions, case studies and additional resources for listed issuers.

6.3 Listed issuers 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 issuers on how to improve the sustainability practices within their organisation. The Toolkits also provide best practice approaches, case studies and example disclosures for listed issuers 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>.

7. ADDITIONAL INFORMATION

7.1 In addition, we have also provided “Questions and Answers” as set out in **Appendix 3** and **Appendix 4** for the Main Market and ACE Market respectively to facilitate a listed issuer’s better understanding of, and compliance with, the Enhanced Sustainability Disclosures.

7.2 The circulars to listed issuers on the Enhanced Sustainability Disclosures as well as the respective Appendices are also available at Bursa Malaysia Berhad’s website at the following links:

(a) For the Main Market:
https://www.bursamalaysia.com/regulation/listing_requirements/main_market/amendments_to_listing_requirements

(b) For the ACE Market:
https://www.bursamalaysia.com/regulation/listing_requirements/ace_market/amendments_to_listing_requirements

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7.3 The above is for your information only.

Thank you.

Yours faithfully,



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ANNEXURE - THE TCFD RECOMMENDATIONS AND SUPPORTING RECOMMENDED DISCLOSURES

Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

Source: TCFD Recommendations³

³ The TCFD Recommendations is available at <https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf>.