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## Amendments To The Listing Requirements: Enhanced Sustainability Reporting Framework

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In light of the circular issued by Bursa Malaysia Securities Berhad (Bursa Malaysia) on 26 September 2022, the Main Market Listing Requirements of Bursa Malaysia (collectively "Listing Requirements") were amended recently. The amendments were to further encourage listed issuers to adopt international standards when it comes to sustainability practices, in view of the increasing global awareness towards sustainability.

This alert seeks to highlight the key points set out in the aforementioned amendments.

### Key Enhanced Sustainability Disclosures

The key Enhanced Sustainability Disclosures are as follows:

1. 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.
2. Improving climate change management by requirement climate-related disclosures in line with the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) in a dedicated section within the narrative statement on the management of material economic, environmental and social risks and opportunities in the listed issuer's annual report (Sustainability Statement).
3. Facilitating the assessment of progress and performance by stakeholders as well as promoting accountability by requiring disclosure of the following:
  - a) At least three financial years data, on a rolling basis, for each reported indicator.

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- b) Performance target(s) in respect of each reported indicator, if such target(s) has been set.
  - c) A summary of such data and corresponding performance target(s) in a prescribed format.
4. 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.

### Implementation

Bursa Securities has taken into consideration that listed issuers may require some time to make the necessary preparation in order to comply with the newly-added rules, thus the implementation of the amendments will be undertaken on a phased approach where listed issuers will be given a reasonable grace period for compliance.

In summary, the disclosure of Common Sustainability Matters will be applicable to Sustainability Statements in annual reports issued for financial year ending on or after 31 December 2023.

Disclosure of Common Sustainability Matters classified under “Waste Management” and “Emissions” respectively are to be implemented for financial year ending on or after 31 December 2024.

The Exchange has considered the changes and allowed for the disclosure of the TCFD-aligned Disclosures to be for financial year ending on or after 31 December 20215. This transformation will require issuers to describe the impact of climate-related risks and opportunities to the organisation’s business, strategy, and financial planning.

The exchange has provided issuers the allowance of time of up to 31 December 2027 for all listed issuers to provide the

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full TCFD-aligned disclosures. Bursa Securities has also acknowledged that the approach in implementing these amendments is to facilitate the listed issuers in managing its climate change impacts and reporting of TCFD-aligned disclosures in a more pragmatic manner.

## Conclusion

In conclusion, the amendments to the Listing Requirement is a step closer in assisting listed issuers to comply with the global standards of business in light of climate change and sustainability. The revised sustainability framework will ensure that the reporting requirements remain fit for purpose and better cater the needs of stakeholders by improving the practices and quality of disclosures.

Authored by Vincent Kow, associate from the firm's Capital Markets and M&A practice.

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