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## New Mandatory Sustainability Training Programme For Directors

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Bursa Malaysia Securities Berhad (Bursa) recently amended the Main Market and ACE Market Listing Requirements to introduce a new mandatory programme in relation to sustainability training for directors of public listed companies. These amendments come into effect on 1 August 2023 (Amendments).<sup>1</sup>

Pursuant to paragraph 15.08 of both the Main Market and ACE Market Listing Requirements, directors of a listed company must attend training programmes that are prescribed by Bursa. Following from that, Bursa has prescribed that directors are to attend a Mandatory Accreditation Programme (MAP).

Prior to the Amendments, the MAP comprised of training in relation to corporate governance and a director's roles, duties and liabilities (Existing Training). Pursuant to Amendments, the MAP has now been split into 2 parts:

- (a) The Existing Training will remain as Part 1
- (b) A new training focusing substantially on sustainability as Part 2 (MAP Part 2)

According to the Securities Commission (SC) and Bursa, the new amendments are in line with one of the strategic initiatives under the SC's Corporate Governance Strategic Priorities 2021-2023 which aims to provide directors with the foundational knowledge and practices to address sustainability matters effectively.<sup>2</sup>

<sup>1</sup> See

[https://www.bursamalaysia.com/regulation/listing\\_requirements/main\\_market/amendments\\_to\\_listing\\_requirements](https://www.bursamalaysia.com/regulation/listing_requirements/main_market/amendments_to_listing_requirements) for amendments to the Main Market Listing Requirements and [https://www.bursamalaysia.com/regulation/listing\\_requirements/ace\\_market/amendments\\_to\\_listing\\_requirements](https://www.bursamalaysia.com/regulation/listing_requirements/ace_market/amendments_to_listing_requirements) for the amendments to the ACE Market Listing Requirements.

<sup>2</sup> <https://www.sc.com.my/resources/media/media-release/sc-bursa-roll-out-mandatory-sustainability-onboarding-programme-for-directors-of-plcs>;

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## Effect Of The Amendments

### ***New directors or directors of company listed on or after 1 August 2023***

For a director who is appointed for the first time as a director of a listed company, such director must complete MAP Part 2 within 18 months from the date of appointment.

For a director of a listed company which is admitted to the Main Market or ACE Market of Bursa after 1 August 2023, such director must complete MAP Part 2 within 18 months from the date the company is listed.

### ***Existing directors***

For existing directors who are appointed prior to 1 August 2023, they have to complete MAP Part 2 on or before 1 August 2025.

## Duty Of Listed Company

It has to be noted that both the Listing Requirements also impose a duty on a listed company to notify their directors of the requirement to attend the MAP.

## Consequences Of Breach

Pursuant to Chapter 16, namely paragraph 16.18 of both Listing Requirements, should the directors of the listed company or the listed company breach any provisions of the Listing Requirements, Bursa may take or impose such actions or penalties as it considers appropriate. These include one or more of the following:

- (a) In relation to listed companies:
  - (i) Issuance of a caution letter.
  - (ii) Issuance of a private reprimand.
  - (iii) Issuance of a public reprimand.
  - (iv) Imposition of a fine not exceeding RM1 million.

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- (v) Issuance of a letter directing the listed company to rectify the non-compliance, which direction will remain in force until it is revoked.
- (vi) Imposition of one or more condition(s) for compliance.
- (vii) Suspension of trading of the listed securities.
- (viii) De-listing of a listed company or any class of its listed securities.
- (ix) Any other action which Bursa may deem appropriate, subject to consultation with the SC.

## (b) In relation to directors of a listed company:

- (i) Similar actions/penalties as (a)(i) to (a)(vi) and (a)(ix) above.
- (ii) Imposition of a moratorium on or prohibition of dealings in the listed company and/or other listed securities by the relevant director.

## Conclusion

Once the Amendments come into effect, listed companies and their directors ought to ensure compliance soonest possible and in any event within the prescribed timeframe to avoid such penalties that the SC may impose. The Institute of Corporate Directors Malaysia (ICDM) has been appointed as the knowledge partner to conduct MAP Part 2 and further information on MAP Part 2 will be made available soon on ICDM's website at <https://lip.icdm.com.my/>

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