

# Sustainability Reporting

Meeting the evolving information needs of stakeholders.

An Article by Amos Law



Audit / Tax / Advisory

Smart decisions. Lasting value.

In October 2015, Bursa Malaysia launched a new Sustainability Framework comprising of amendments to the Listing Requirements and a Sustainable Reporting Guide to help public listed companies improve their sustainability-related disclosures to meet the evolving information needs of stakeholders.

While there is no single universally accepted definition of sustainability, the most widely used definition globally is that developed by the Brundtland Report of the World Commission on Environment and Development which defines sustainability as: Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

In the context of Bursa Malaysia's framework, sustainability is defined as doing business in a responsible manner, taking into account the impact on the economy, environment and social context, while ensuring business continuity and competitiveness over the long term.



An organisation's impact on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation.



An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems.



The impact an organisation has on the social systems within which it operates.

*Source: Adapted from the GRI G4 Sustainability Reporting Guidelines*

Stakeholders including investors, customers, employees, suppliers and local communities are now more aware of the impact that businesses have on the economy, environment and society.

This impact may be positive or negative. For example, agricultural activities may create positive economic and social impact but have negative environmental impact. This negative impact may become a reputational risk to the organisation and potentially affect its ability to obtain funding. As such, sustainability-related issues can affect an organisation's risk profile, potential liabilities and value.

There are many benefits of integrating sustainability in business including enhanced risk management, promoting innovation as well as attracting new customers and maintaining a license to operate. Promoting a culture of sustainability in an organisation can also help secure capital, improve productivity, optimise cost as well as enhance brand value and reputation.

Beyond integrating sustainability for business reasons, public listed companies in Malaysia also need to improve their sustainability-related disclosures to comply with Bursa Malaysia's amendments to listing requirements pursuant to the Sustainability Reporting Framework.

#### **Benefits of Integrating Sustainability in Business**

- Enhanced Risk Management
- Promoting Innovation and Attracting New Customers
- Maintaining a License to Operate
- Securing Capital
- Improving Productivity and Cost Optimisation
- Enhancing Brand Value and Reputation

*Source: United Nations Environment Programme, "The business Case for the Green Economy, Sustainable Return on Investment", 2012*

**Main Market Listing Requirements:  
Paragraph 29, Part A of Appendix 9C**

**ACE Marketing Listing Requirements:  
Paragraph 30, Appendix 9C**

*Previously:*

*“A description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are none statement to that effect.”*

*Now:*

“A narrative statement of this listed issuer’s management of material economic, environmental and social risks and opportunities (“Sustainability Statement”), in the manner as prescribed by the Exchange.”

Content of the sustainability statement information that is balanced, comparable and meaningful by referring to the Sustainability Reporting Guide (Para 6.1 of PN9)

Specific disclosure requirements:

- the governance structure in place to manage the economic, environmental and social risks and opportunities (Para 6.2 (a) of PN9)
- the scope of the Sustainability Statement and basis for the scope (Para 6.2 (b) of PN9);
- material sustainability matters (Para 6.2 (c) of PN9)
  - how they are identified;
  - why they are important to the listed issuer; and
  - how they are managed

Market capitalisation at 31 December 2015	Annual Report for financial year ending 31 December 2016	Annual Report for financial year ending 31 December 2017	Annual Report for financial year ending 31 December 2018
<b>Main Market</b> RM2 billion and above	Narrative SS in prescribed manner	Narrative SS in prescribed manner	Narrative SS in prescribed manner
<b>Main Market</b> RM1 billion to below RM2 billion	CSR Statement	Narrative SS in prescribed manner	Narrative SS in prescribed manner
<b>Main Market</b> < RM1 billion	CSR Statement	Narrative SS	Narrative SS in prescribed manner
<b>ACE Market</b>	CSR Statement	CSR Statement	Narrative SS (ACE)



## So how do you integrate sustainability into your organisation?

Organisations can benefit most when they successfully embed sustainability rather than considering it separately, on a standalone basis. The above chart provides some key considerations for your organisation to consider when embedding sustainability into your business strategy and leveraging sustainability to reduce risks and take advantage of business opportunities.

Speak to us today to find out how we can assist in helping your organisation adopt a long-term sustainability strategy.



## Contact us

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