

ON March 23, 2022, Bursa Malaysia released a consultation paper that sought comments on its proposals to prescribe the Common Sustainability Matters for the Main Market Listing Requirements and ACE Market Listing Requirements in relation to sustainability reporting requirements. There are seven proposals. Five relate to the Main Market and the remaining two relate to the ACE Market.

The comment period ended on May 18, 2022. After deliberating on comments received, Bursa will submit the proposed amendments to the Securities Commission for approval.

Overview of consultation paper

The consultation paper provides a comprehensive review of the state of sustainability reporting in Malaysia and highlights the need for prescribing amendments to the listing requirements, taking cognisance of significant developments across international sustainability reporting standards.

As a researcher on sustainability reporting issues, I concur with observations made in the consultation paper. This is a timely move to enhance the environmental, social and governance (ESG) agenda. I look forward to reading the comments from interested parties and the deliberations culminating in the amended listing requirements in the near future.

I hope this will be a transparent process as it avails an opportunity for the academic community to understand the nuances of crafting final listing requirements by regulators. I believe listed firms should understand the rationale for the proposals and voice their concerns and seek clarification so that they can be prepared to observe the amended listing requirements when they are enforced.

Bursa's Sustainability Reporting Guidelines revision

It is anticipated that Bursa will revise the Sustainability Reporting Guide to facilitate listed firms' understanding of, and adherence to, the proposed listing requirements. In this context, the accounting profession has a

ESG agenda: Enhancing the role of the accounting profession



The growing momentum behind ambitious climate commitments creates a need for guidance and frameworks to translate the ambitions into tangible actions. – **BERNAMAPIX.**

significant role to capacity-build and enhance the competencies of its members, especially, chief financial officer and small-medium practitioners (SMP) to be familiar with the methodologies to derive indicator-related data as well as the reporting format. ESG must be an agenda of every business.

Key drivers of ESG agenda

While the key driver is the board of directors to embed ESG in the DNA of the organisation, it should take centre stage to ensure relevant data is available and coordinate with the head of sustainability. It is heartening to note that the Malaysian Institute of Accountants has made ESG its key commitment going forward as explained in its recent townhall meeting.

Bursa's proactive stance is an attempt to ensure the capital market players take climate change seriously. Increasingly, sustainable

financing has become mainstream with Bank Negara Malaysia (BNM) calling on financial institutions to account for climate risk.

There is evidence that sustainable businesses continuously outperform others in every dimension and are more resilient.

Additionally, listed firms understand that sustainable brands are synonymous with strong positive reputations that attract talent, customers, investments and loyalty. Hence, some listed firms are early movers and they are able to develop competencies that in turn drive innovation to achieve sustainable performance.

Focus on micro, small and medium enterprises (MSME)

It is timely to shift focus to the MSME, which are the backbone of the economy as well as part of the supply chain for listed firms. The accounting profession has an opportunity to

enhance the capabilities and capabilities of its SMP to play a proactive role as advisers to MSME in facilitating their journey into adopting sustainable practices. This involves three important actions.

First, creating awareness of the importance of ESG for MSME and SMP. Second, making a business case for sustainability for MSME and SMP. Third, developing programmes to capacity-build SMP to be effective advisors to MSME. The profession has a role to build the ecosystem to facilitate this change.

Various initiatives are being undertaken. The International Federation of Accountants provides useful resources to guide SMP to take on an advisory role. The UN Global Compact Network Malaysia & Brunei (UNGCMYB) recently released a sustainability pulse survey to gain an understanding of the extent of readiness of Malaysian businesses in adopting, measuring, managing, and

monitoring sustainability within their respective organisations. The UNGCMYB also provides toolkits that can be useful resources for the profession to reset the ecosystem to improve Malaysia's sustainability journey to complement the initiatives of Bursa.

Commitment to climate change

The sustainability reporting requirements force businesses to make sense of their commitment to climate change.

ESG and climate agenda are intertwined. The launch of the climate change and principles-based taxonomy by BNM and net zero commitments by several large listed firms are encouraging. However, more work is required to build the business case for Malaysian businesses as those who have committed to climate goals only represent a fraction of the thousands of companies in the country.

In addition, the growing momentum behind ambitious climate commitments also creates a need for guidance and frameworks to translate climate ambitions into tangible actions.

The action by Bursa is certainly a step in the right direction. However, Bursa's mandate is for listed firms. There needs to be outreach to the MSME to complete the ecosystem. This calls for concerted effort by the profession as accountants do play a role in saving the planet.

This article is contributed by the Malaysian Institute of Certified Public Accountants (MICPA) member Professor Dr Susela Devi K Suppiah, director, Centre for Accountability & Governance and head, Sustainable Business Research Cluster. The views expressed here are the writer's own.