

Comments for Consultation Paper for Recommendations for SDG Disclosures

No	Questions	Comments
	<p><u>Principles</u> Are the disclosure Principles selected appropriate to encourage both the integration of SDGs into strategy and transparency in relation to risks, opportunities and impacts?</p>	<p>The disclosure principles encourage better integration of SDGs into strategy, value creation and risk assessment.</p> <p>According to Table 2 of page 10, there are principles of SDG disclosure that appear to be not included in the International <IR> Framework. If the disclosures on SDG can be integrated into a report prepared in accordance with the <IR> Framework, it would garner greater acceptance as compared to needing to overlay SDG disclosures incremental to an integrated report.</p>
	<p><u>Disclosures</u> a) Are the recommended Disclosures appropriate and complete? b) Are you aware of additional good practice examples?</p>	<p>The recommended disclosures under Steps 1 and 2 appear to be focusing the SDG disclosures from the perspective of the management's role in integrating SDGs in the organisation. Focusing on management's role may cause the presentation of the disclosures to be restrictive. It is suggested that the first sentence of the recommended disclosures be reworded as follows: "The organisation should disclose how it has integrated sustainable development issues and the SDGs into all aspects of the organisation..."</p> <p>The recommended disclosures under Step 3 should include a resource allocation plan to execute the strategy that addresses SDGs.</p>
	<p><u>Enhancing the credibility of Disclosures</u> a) Are there additional sources of assurance evidence that could be included? b) Do you foresee issues in the supply of assurance? Why? c) Are there alternatives to assurance that could</p>	<p>a) There are no additional sources of assurance evidence which we would like to highlight. b) In the supply of assurance, there may be an issue with assurance to be given on forward-looking and non-financial disclosures. More guidance is needed in these areas to encourage consistency in assurance work performed.</p> <p>From an external assurance standpoint, on page 16 (enhancing credibility of disclosures) it is stated that "as an alternative to assurance, which can be costly particularly for smaller organisations, and in the spirit of SDG 17, an organisation might consider appointing a panel of independent experts and representatives of key stakeholders to provide comment on the recommended narrative disclosures". This raises questions on who would be deemed independent, how they can be determined and how they are selected, which can very judgemental and difficult to be applied consistently as these individuals may not be subject to the same ethical or professional requirements as external auditors. The cost of assurance is dependent on the scope and type of assurance requested for and having a panel of experts may also be costly.</p>

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	be included to enhance credibility of reporting?	c) An entity may also use its internal audit function to perform work on SDG disclosures but there needs to be sufficient safeguards to ensure the independence and objectivity of the internal audit function. Where assurance is not obtained to enhance credibility of reporting, an engagement to perform agreed-upon procedures may be sought as an alternative to enable some specific work to be done on the disclosures. However, for agreed-upon procedures, no assurance opinion is rendered.
	<p><u>Alignment</u></p> <p>a) Are there further opportunities for aligning existing frameworks?</p>	<p>Aligning SDG Disclosures with <IR> Framework, GRI Standards and TCFD recommendation is in line with the Corporate Reporting Dialogue which is an initiative convened by the IIRC with the following aims:</p> <ul style="list-style-type: none"> (i) Reducing reporting fatigue as there are many reporting requirements, with the aim of having one report that covers all; (ii) Enabling effective reporting by reporting what is material rather than aiming to report on everything; (iii) Driving long-term efficient allocation of capital; and (iv) Aligning markets with the changing nature of risks and opportunities based on both the corporates and their relevant stakeholders' requirements. <p>In the Malaysian context, there is a need for greater alignment and integration of sustainability reporting as required by the Malaysian Stock Exchange (Bursa Malaysia) with integrated reporting (a practice encouraged by the Malaysian Code of Corporate Governance 2017 issued by the Securities Commission Malaysia for large companies), which is gaining traction in Malaysia. With this alignment, we hope that it will facilitate and encourage the adoption of integrated reporting in Malaysia.</p>
	<p><u>Other matters</u></p> <p>Are there additional matters which should be addressed prior to finalisation?</p>	<p>The definition of 'materiality' as stated on page 9 is defined in relation to information that makes a difference to conclusions by both (i) providers of finance concerning the ability of the organisation to create value in the short, medium and long term and (ii) reasonably informed stakeholders concerning the impact of the organisation on the achievement of the SDGs. There should be additional guidance to exemplify how this definition would work in practice. For example, there should be an illustration on how a matter would satisfy (i) but not (ii) and thus, would not be considered material.</p> <p>This definition of materiality may have the effect of causing certain SDG disclosures that are considered material in the context of value creation in a report prepared in accordance with the <IR> Framework to be not considered material under the Principles of SDG Disclosure.</p>