

## RAB response to Malaysian ASCR consultation on its proposed national sustainability reporting framework

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Contact person:	RAB secretariat	E-mail:	international@insuranceeurope.eu
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### General comments

The Insurance Europe Reinsurance Advisory Board (RAB) welcomes the opportunity to respond to the Advisory Committee on Sustainability Reporting (ACSR) consultation on a proposed National Sustainability Reporting Framework. Consulting on these issues is essential in view of achieving a balanced outcome that appropriately accounts for both:

- the needs of investors and society for meaningful transparency regarding sustainability and,
- the feasibility of entities to report on sustainability exposures and risk metrics.

The RAB particularly welcomes the commitments made by the Securities Commission Malaysia (SC), with endorsement from the Ministry of Finance, to facilitate the use of the standards recently adopted by the International Sustainability Standards Board (ISSB). The ISSB standards were established as a global baseline for sustainability reporting, with the ultimate objective of supporting global consistency and comparability. As climate change is a global challenge, it makes perfect sense to work towards a global approach for sustainability-related reporting and we thus fully support the Malaysian authorities' decision to adopt the ISSB standards.

However, the RAB is concerned that the proposed framework would not allow Malaysian subsidiaries of global groups to rely on their foreign parent's consolidated sustainability reports. This is an option which has either been adopted or is being proposed in other jurisdictions such as the European Union, Singapore, and Bahrain. Furthermore, the RAB takes the view that it would be beneficial for the proposed framework to clarify that the envisaged disclosure requirements would only apply to Malaysian subsidiaries of foreign groups, and not to branches thereof.

Global groups do not address climate change on a local basis – be it in terms of advocacy, insurance solutions or managing their own footprints. Group-level disclosures are thus a much more relevant and accurate reflection of the sustainability performance of global groups. There would therefore be much greater value for Malaysian users of climate-related financial disclosures to receive information that reflects the entirety of group initiatives, rather than the subset that occurs in that market.



In view of the global nature of the challenge at hand, and acknowledging that standalone disclosures in each jurisdiction would defeat the very purpose of the ISSB standards as a global baseline, the RAB urges the Malaysian authorities to explicitly exclude Malaysian branches of foreign undertakings from the envisaged disclosure requirements, and to include a reporting exemption for Malaysian subsidiaries if:

- their ultimate parent is preparing climate or sustainability reports broadly consistent with the proposed National Sustainability Reporting Framework, and if;
- the material activities of the Malaysia entities are considered in that parent's consolidated report.

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