

NATIONAL SUSTAINABILITY REPORTING FRAMEWORK TO ENHANCE SUSTAINABILITY DISCLOSURES

Kuala Lumpur, 24 September 2024

The National Sustainability Reporting Framework (NSRF), developed by the Advisory Committee on Sustainability Reporting (ACSR),¹ is set to enhance the state of sustainability disclosures in Malaysia.

The NSRF addresses the use of the IFRS[®] Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) as the baseline for companies in Malaysia.

The aim is to enhance transparency and accountability of how businesses manage sustainability risks and opportunities, improve business resilience and contribute to the nation's broader sustainability agenda.

The NSRF also addresses the needs of stakeholders especially investors for consistent, comparable and reliable disclosures.

Following the launch of the NSRF by Finance Minister II YB Senator Datuk Seri Amir Hamzah Azizan at the Securities Commission Malaysia (SC) today, Malaysia joins more than 20 jurisdictions², which have decided or are taking steps to use the standards.

Developed through extensive public consultations with various stakeholders, including local and foreign investors, various industry and professional associations, the NSRF meets the growing demand for sustainability information.

The SC Chairman Dato' Mohammad Faiz Azmi emphasised that the NSRF aligns with both investor expectations and the need to act on the climate crisis.

"As a major trading country and an open economy that has an important role in the global supply chain, it is important we adopt these requirements in an open way to reap the benefit of being an adopter".

Listed issuers on Bursa Malaysia's Main and ACE Markets, as well as large non-listed companies (NLCos) with annual revenue of RM2 billion and above will have to comply with the new reporting requirements in a phased approach:

- Large-listed issuers on the Main Market with market capitalisation of RM2 billion and above will begin using the ISSB Standards in 2025 (Group 1);
- This will extend to other Main Market listed issuers in 2026 (Group 2), followed by;
- Listed issuers on the ACE Market as well as large NLCos in 2027 (Group 3).

In relation to climate disclosures, the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) which are incorporated in the Bursa Malaysia Listing Requirements are fully embedded in the ISSB's standards for climate-disclosures.

The ISSB standards builds on the same pillars of the TCFD i.e. governance, strategy, risk management, as well as metrics and targets. Thus, listed issuers have a degree of familiarity with the disclosure requirements under the standards.

Subject to further consultations and engagements, the ACSR aims to mandate reasonable assurance of sustainability information commencing in 2027.

To support implementation of the NSRF, the ACSR's PACE (Policy, Assumptions, Calculators and Education) initiative will offer capacity building programmes, resources and toolkits to help preparers, including those which are focused on addressing the needs of medium and smaller companies.

Following the launch of the NSRF, Bursa Malaysia has also issued a public consultation on the proposed amendments to align its Listing Requirements.

Further information on the NSRF is available at www.sc.com.my/nsrf, and any queries can be directed to nsrf@seccom.com.my.

1. The ACSR is a national inter-agency committee formed with the endorsement of the Ministry of Finance and chaired by the SC. Members comprise of representatives from the Audit Oversight Board of the Securities Commission Malaysia, Bank Negara Malaysia, Companies Commission of Malaysia, Bursa Malaysia Berhad, and the Financial Reporting Foundation.
2. Representing a collective global GDP of 55%.

SECURITIES COMMISSION MALAYSIA

SC AFFILIATES



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ABOUT THE SC

The Securities Commission Malaysia (SC) was established on 1 March 1993 under the Securities Commission Act 1993 (SCA). We are a self-funded statutory body entrusted with the responsibility to regulate and develop the Malaysian capital market.

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