



Suruhanjaya Sekuriti
Securities Commission
Malaysia

Malaysia's National Sustainability Reporting Framework (NSRF)

Consultation Webinar
5th March 2024

Welcome Remarks



YBhg. Datuk Kamarudin Hashim

Chair of Advisory Committee on
Sustainability Reporting and
Managing Director of Securities
Commission Malaysia

The Advisory Committee on Sustainability Reporting (ACSR) was set up with the endorsement from Ministry of Finance

Inter-agency committee comprising 6 members



**Audit
Oversight
Board**



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



**BURSA
MALAYSIA**



Key Roles

1

Assess the use and application of standards issued by the International Sustainability Standards Board (ISSB)

2

Identify supporting elements that needs to be in place:

- Assurance framework
- Enablers and support required

This Consultation aims to seek feedback on the National Sustainability Reporting Framework (NSRF)

National Sustainability Reporting Framework

- 1 Use and application of IFRS S1 and IFRS S2, including required transition reliefs
- 2 Sustainability assurance framework
- 3 Enablers and/or support required

Consultation Period

15 February 2024

21 March 2024

Agenda of the Webinar

- 1 State of Play of IFRS S1 and S2
- 2 Consultation paper approach – IFRS S1 and S2
- 3 State of Play of sustainability assurance
- 4 Consultation paper approach – Sustainability assurance
- 5 Question and Answer

IFRS S1 and S2

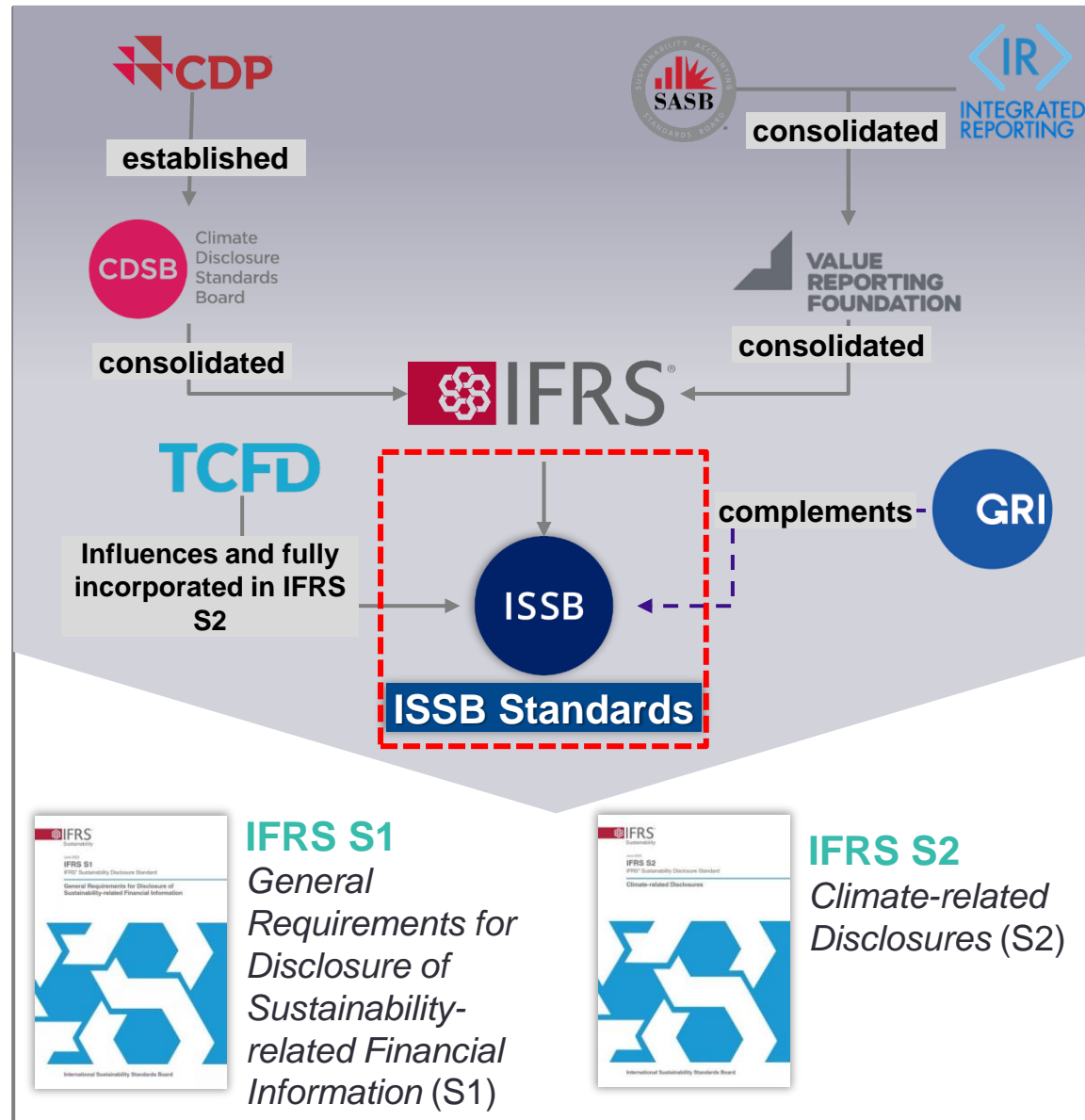
State of Play



Disclaimer

- This material has been prepared for general informational and educational purposes only and is not intended, and should not be relied upon, as accounting, tax, legal or other professional advice.
- This webinar does not intend to provide advice on the use and application of the ISSB Standards.
- The information provided in this webinar is based on our understanding of the proposed adoption of ISSB Standards at the time of presentation and may not reflect the most current developments or interpretations. It is recommended to verify any information discussed herein and stay updated with the latest publications and guidance from relevant regulatory bodies.
- Neither the ACSR or presenters shall bear any responsibility whatsoever for the content, accuracy, or security of any third-party websites that are either linked (by way of hyperlink or otherwise) or referred to in this presentation.

IFRS Foundation, through ISSB standards, aims to provide a global baseline standard for sustainability disclosures for primary users of general purpose financial reports



“...the ISSB Standards are appropriate to serve as a **global framework for capital markets**



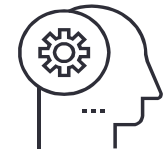
International Organization of Securities Commissions (IOSCO), 25 July 2023

“...the ISSB standards will **strengthen the comparability, consistency and decision-usefulness** of climate-related financial disclosures around the world.



Financial Stability Board, 26 June 2023

“**Investors** have been calling for **comparable, reliable and verifiable corporate sustainability disclosures** to make informed stewardship and investment decisions, and for their own reporting to beneficiaries

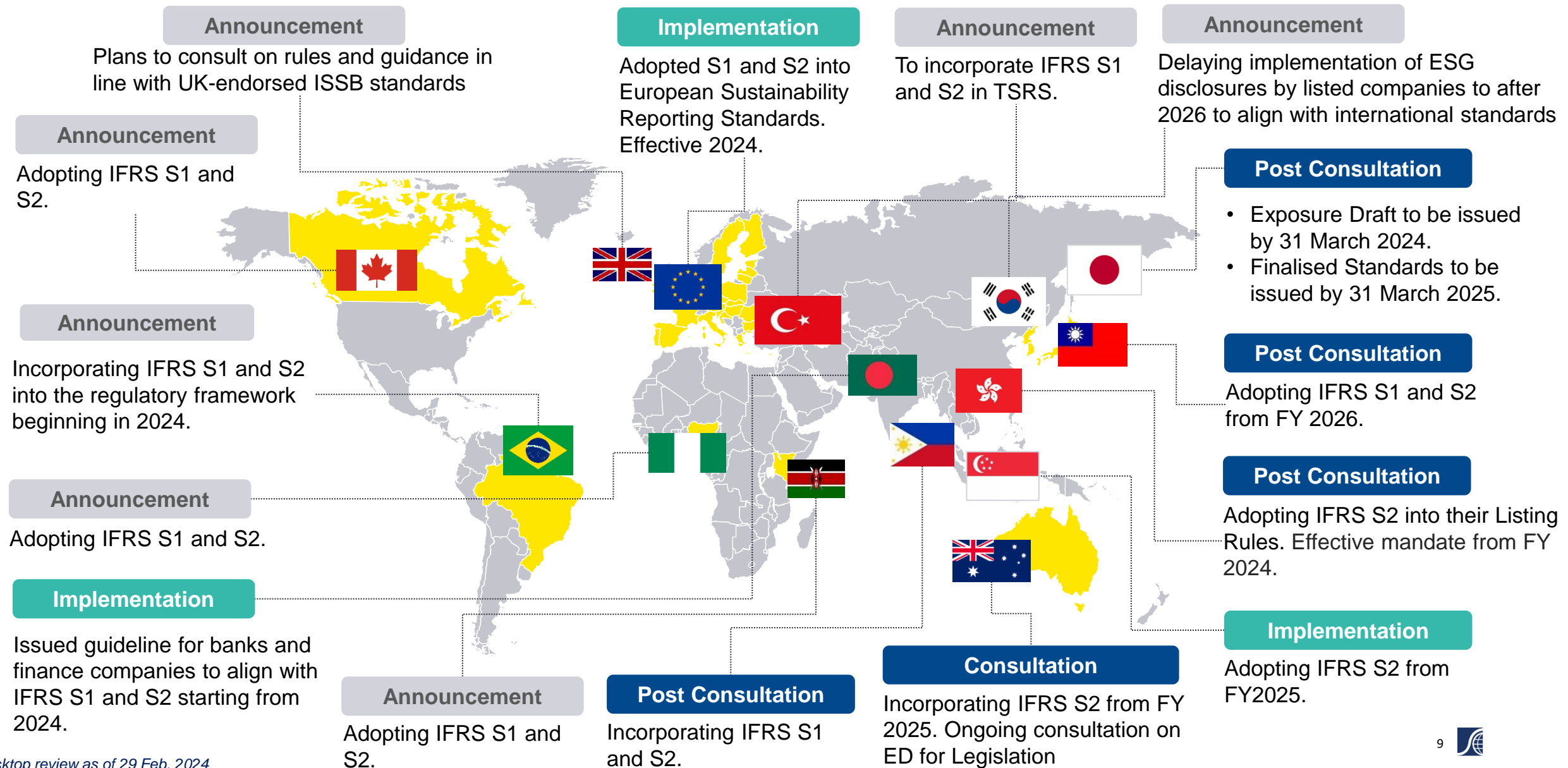


International Corporate Governance Network (ICGN)

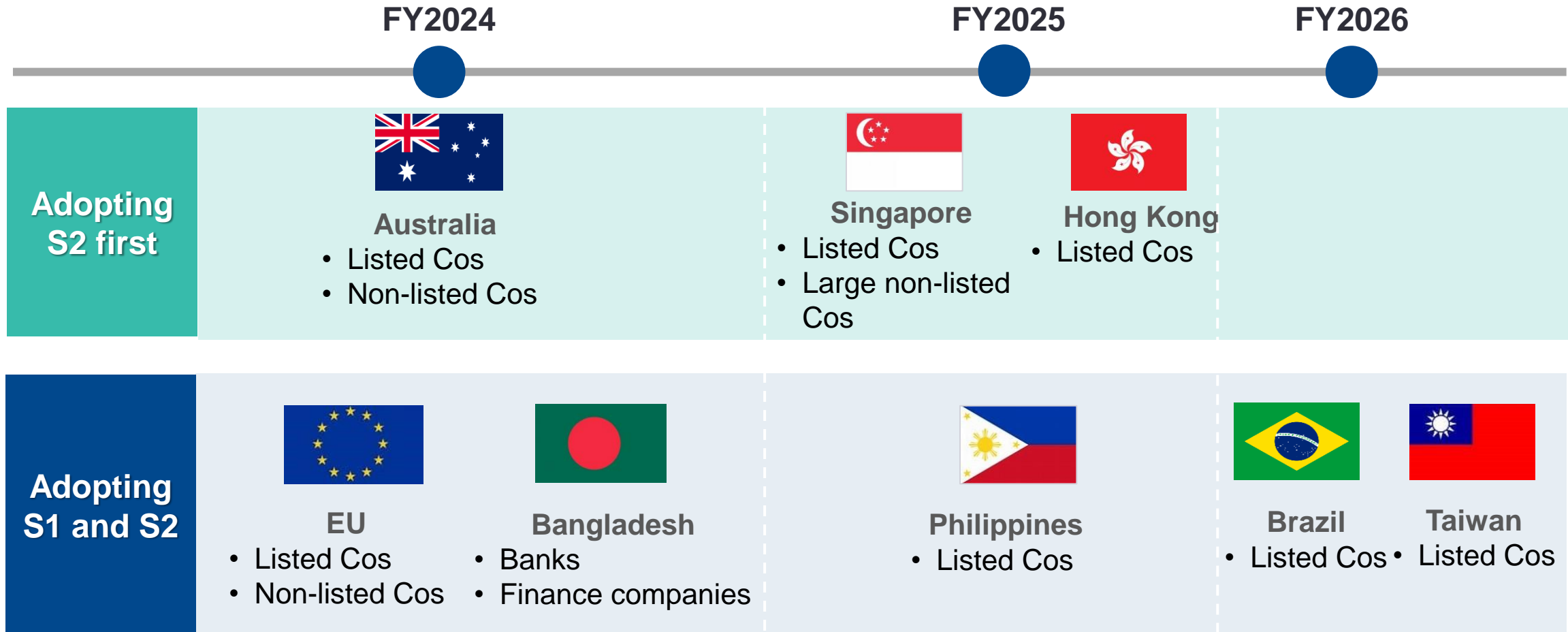
Core contents of IFRS S1 and S2 disclosures are built on the four TCFD pillars



Source: *IFRS Foundation's Webinar on ISSB's Proposed Sustainability Disclosures Standards*



Global implementation status of IFRS S1 and S2



Note:

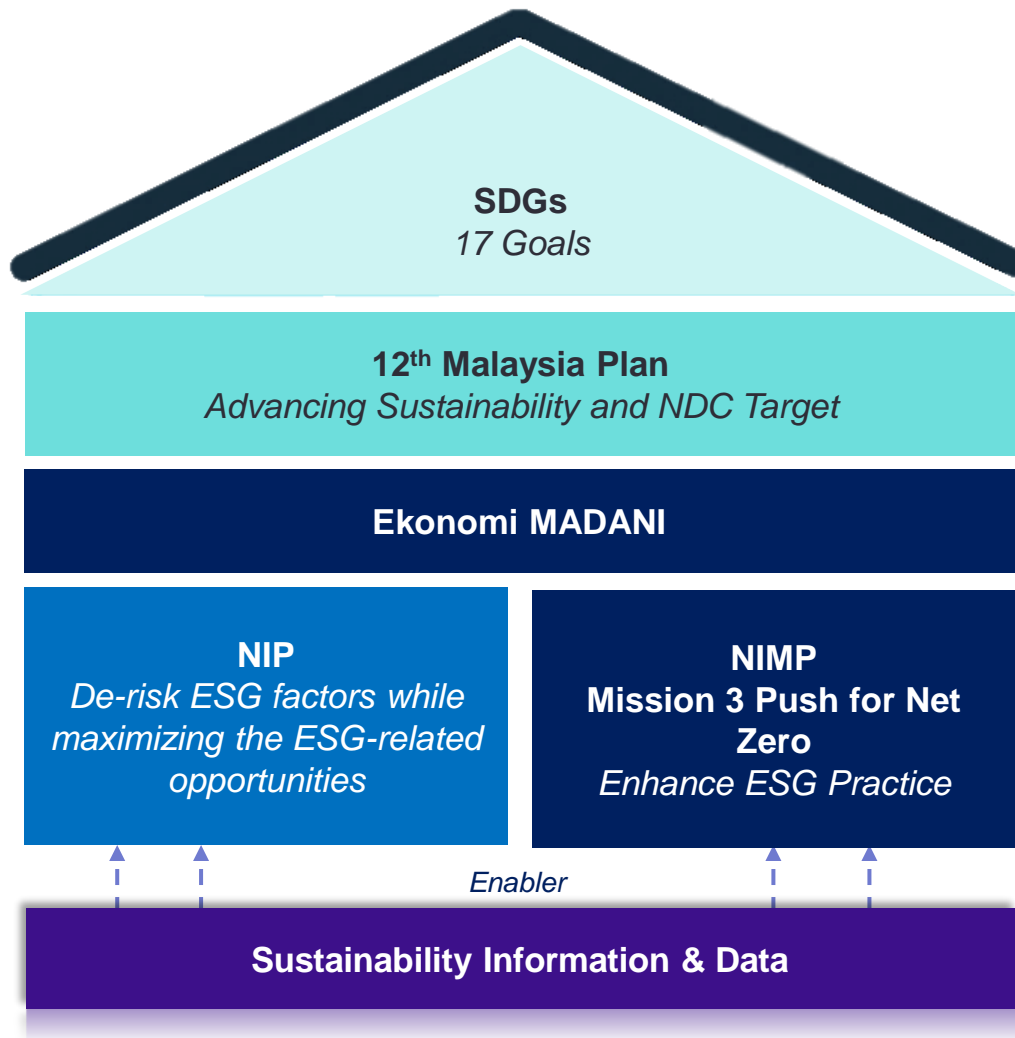
1. This slide provides an overview for the first adoption group per country (Australia, EU and Singapore).
2. All countries except the Philippines has a phased approach to listed and non-listed companies in implementing ISSB standards.
3. Australia and Singapore are applying IFRS S1 only in so far where it applies to climate-related disclosures.
4. Cos refers to companies

Source: Review of publicly available consultation paper/exposure draft as of 22 Feb. 2024

Consultation Paper Approach IFRS S1 and S2



Malaysia's strategic roadmaps and policies are emphasizing the need for reliable sustainability disclosures



Key targets



- **NIMP 2030¹ – Net zero emissions** as early as 2050



- **Nationally Determined Contributions (NDC)** – to **reduce GHG emissions intensity across the economy by 45%** (based on GDP) by 2030 compared to 2005 level

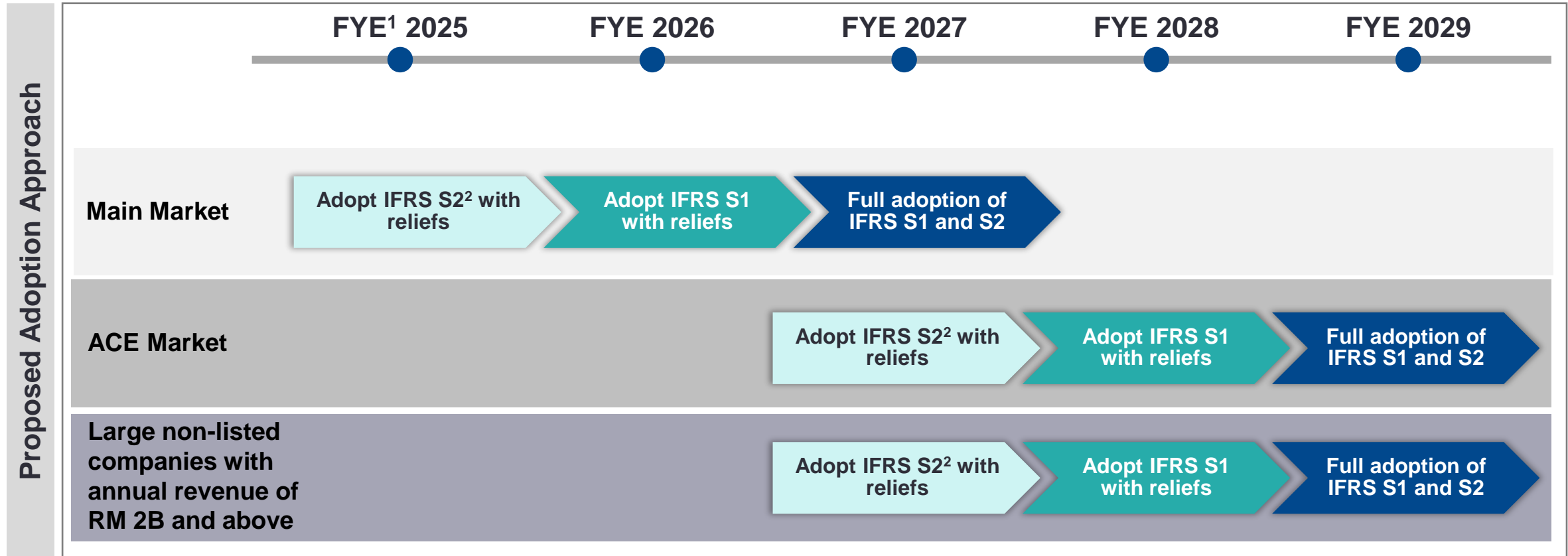


- **NETR²** – to **accelerate Malaysia's energy transition** and establishes the pathway for national energy mix, GHG emission reduction and energy transition initiatives

¹ New Industrial Master Plan 2030

² National Energy Transition Roadmap

Given the varied maturity and readiness among market players, it may be essential to tailor the adoption approach and timeline accordingly



Note:

¹ Financial year (FYE) references in this presentation are based on the fiscal year ending (FYE) 31 December 20XX (e.g., FY 2025 refers to annual reports issued for FYE on or after 31 December 2025).

² Adopt IFRS S2 with reliefs and consequently apply IFRS S1 only insofar as they relate to the disclosure of information on climate-related risks and opportunities

To facilitate implementation of IFRS S1 and S2 Standards, both built-in and additional reliefs are proposed to be adopted

Summary of ISSB In-Built Relief		Summary of ACSR's proposed additional reliefs	
General	Climate-first approach for 1 year	2 years relief: Focus on sustainability- and climate-related financial disclosures specifically for principal business segments	
	Comparative information is not required to be disclosed in the first annual reporting period		
Strategy	Proportionality and scalability mechanisms for: <ul style="list-style-type: none"> Identification of climate-related risks and opportunities Determination of anticipated financial effects of a sustainability-related and climate-related risk or opportunity Approach to climate-related scenario analysis 	2 years relief: Option to not disclose impacts of sustainability- and climate-related risks and opportunities on its strategy and decision-making	
Metrics and Targets	<ul style="list-style-type: none"> 1 year transition relief for Scope 3 emissions Allows an entity already using a different measurement than GHG Protocol for 1 year 	<ul style="list-style-type: none"> 1 year relief: Permissible for the company to use boundary other than outlined in IFRS S2 Para 29 (iv) for GHG emissions 2 years relief: Option to not disclose Scope 3 GHG emissions, other than business travel (Category 6) and employee commuting (Category 7) that are currently required under Bursa Listing Requirements) 	
	Proportionality and scalability mechanisms for: <ul style="list-style-type: none"> Scope 3 emission Determination of scope of value chain 		

Legend: ■ Proportionality and scalability mechanisms (permanent) ■ Transition reliefs (temporary)

Note: Refer to the [Consultation Paper](#) for comprehensive overview of proposed reliefs.



Sustainability Assurance State of Play



Assurance is crucial to ensure transparency and credibility of sustainability disclosures

Key advantages



- **Transparency** and **accountability** to stakeholders
- A **systematic approach** to improve the effectiveness of risk management, control, and governance processes over sustainability disclosures
- Confidence in the **quality of the information** provided

Current requirements on sustainability assurance



- Bursa Listed Issuers are currently required to **disclose a statement** that contains:
 - Type of assurance (none, internal or external); and
 - Standards used; and
 - Scope of assurance
- **Main Market** listed issuers by **FYE 31 Dec 2023**
- **ACE Market** listed issuers by **FYE 31 Dec 2025**

Elements of assurance that were considered by the ACSR



Scope

- The subject matter evaluated against the criteria
- The subject matter selected may be guided by the company's **materiality assessment** (i.e., Scope 1, Scope 2, Scope 3 GHG emissions)



Standard

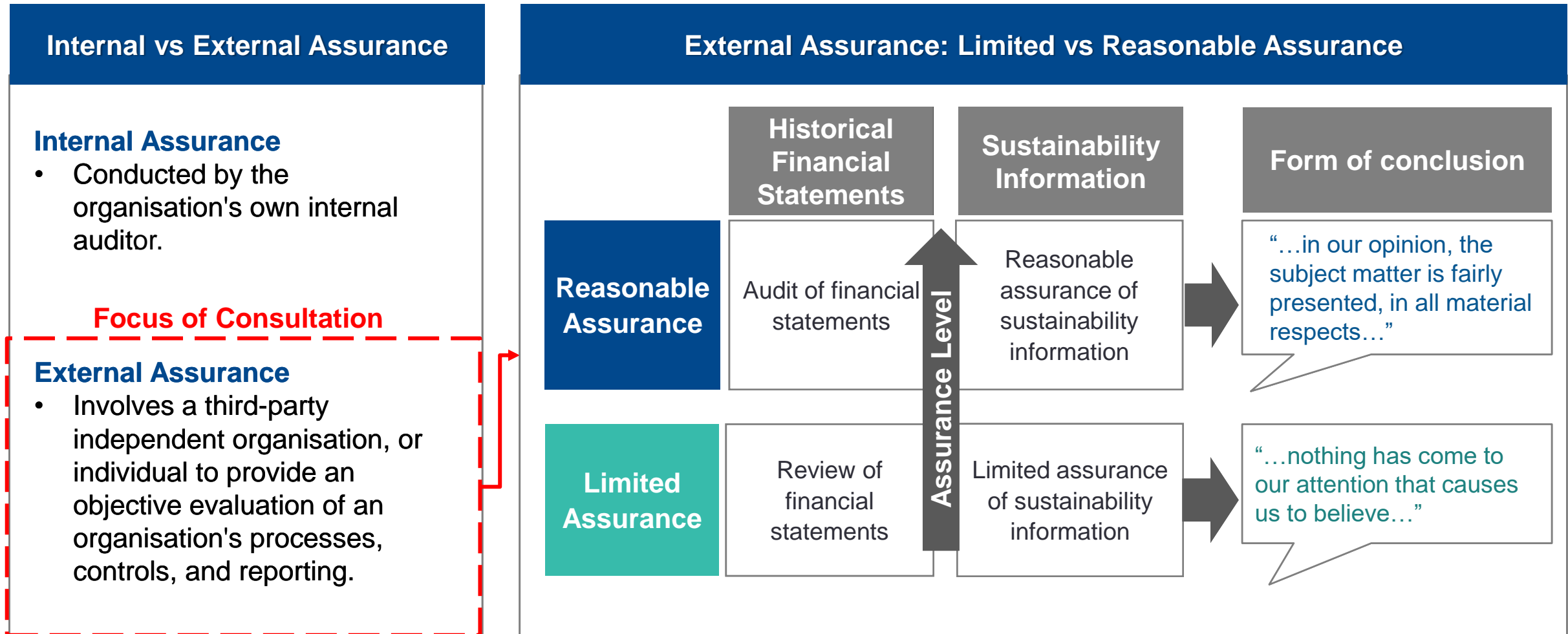
- Refers to the set of criteria of which the **selected subject matter** is being **assured** against
- Bursa-recognised assurance standards:
 - ISAE 3000 (Revised)
 - ISO



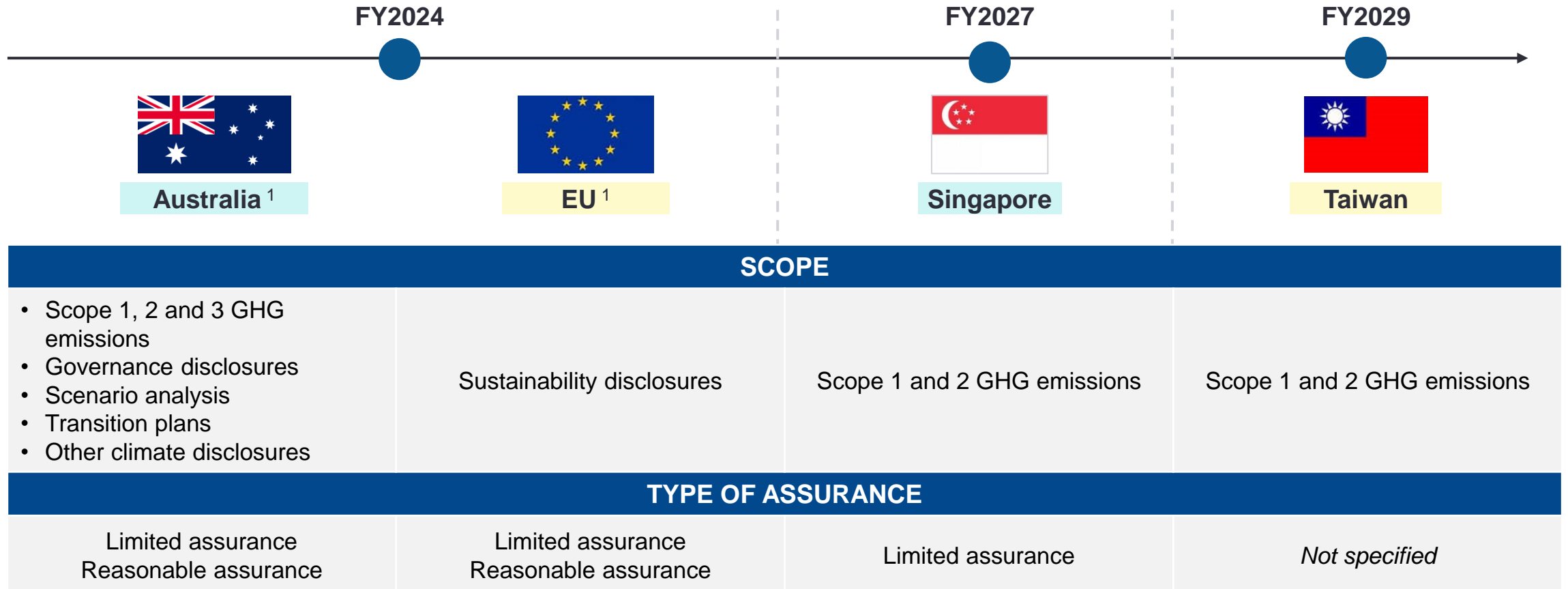
Level of assurance

- The **level** of assurance (i.e., limited or reasonable) impacts the level of **review and scrutiny** applied, and accordingly the conclusion expressed.

The consultation paper focuses on the external assurance requirements



Various jurisdictions are shifting towards mandating the assurance of sustainability disclosures



¹ Australia and EU has a phased approach which will start by 2024

Source: Desktop review of publicly available consultation paper/exposure draft as of 29 Feb 2024

Kindly refer to the [Consultation Paper](#) for a more comprehensive overview of each country's implementation approach. It's important to note that this slide provides an overview for the first adoption group per country.

Legend:

Adopting S1 and S2 Adopting S2 first

Consultation Paper Approach Sustainability Assurance

A series of thin, light blue wavy lines that sweep upwards from the bottom left corner of the slide, creating a sense of movement and depth.

GHG emission is proposed to be the initial focus for assurance



GHG emissions are one of the more **standardised and established** metric



High demand for **reliable information** by various stakeholders

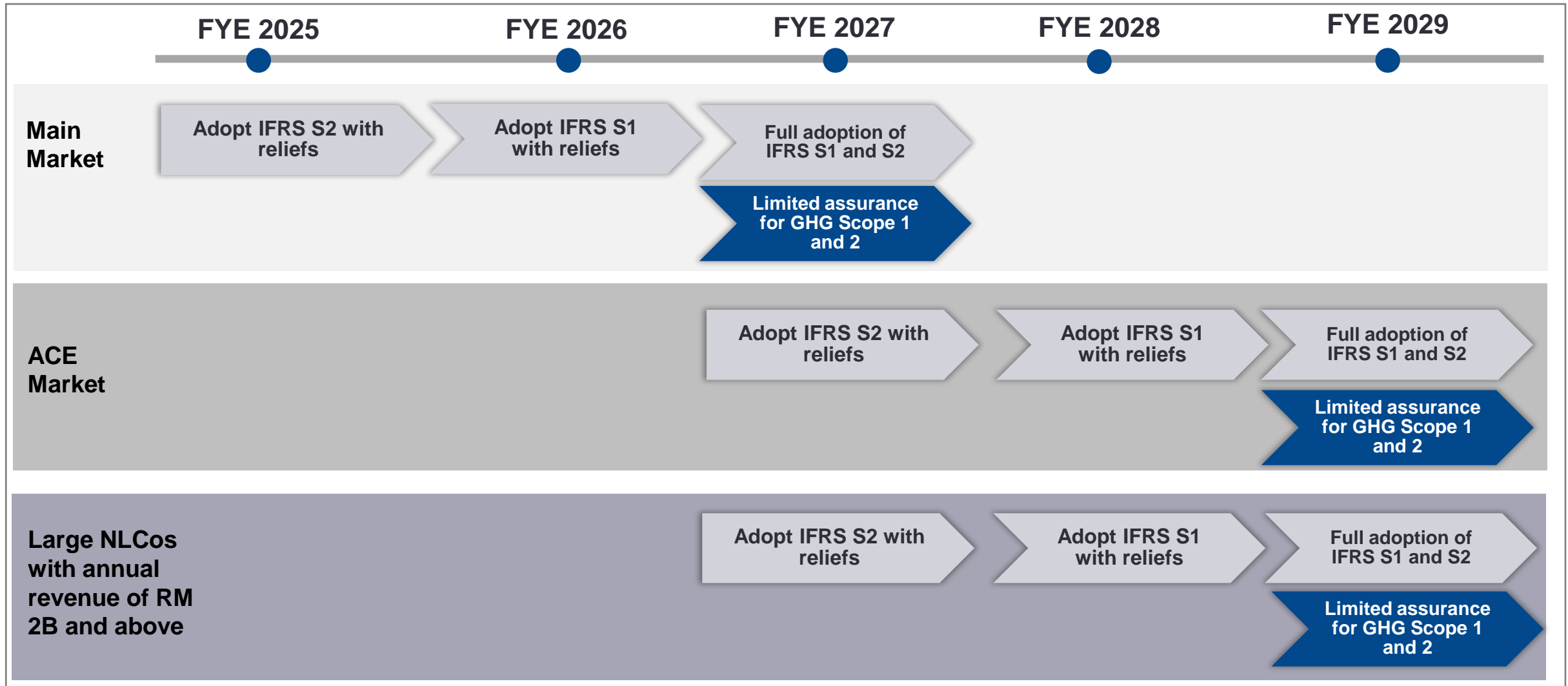


Information needed **to support and verify transition strategy**

Proposed approach

Scope	Scope 1 and 2 GHG emission
Assurance level	Limited assurance
Timing	2 years after mandatory IFRS S2 reporting requirements take effect

Illustrative view of how proposed mandatory assurance requirements fit into the current proposed ISSB Standards adoption timeline



Note: 1 Contingent to year that mandatory reporting requirements of IFRS S2 takes effect

Financial year (FYE) references in this presentation are based on the fiscal year ending (FYE) 31 December 20XX (e.g., FY 2025 refers to annual reports issued for FYE on or after 31 December 2025).

Closing remarks

If your questions have not been addressed, please email them to nsrf@seccom.com.my, and we will respond to them via email.

Thank You!

