

CAPACITY BUILDING ON SUSTAINABILITY REPORTING

Driven by the investors’ demands for consistent and reliable sustainability information, the NSRF was launched in September 2024. The NSRF addresses the use of the *IFRS Sustainability Disclosure Standards* issued by the International Sustainability Standards Board (ISSB) and the assurance requirements for sustainability reporting.

The NSRF adopts a phased and developmental implementation approach on companies in Malaysia. Main market listed issuers with market capitalisation of RM2 billion and above (Group 1) will be required to use ISSB standards in their sustainability reporting for annual reporting periods beginning on or after 1 January 2025 and followed by other main market listed issuers in 2026 and ACE market listed issuers as well as large non-listed companies in 2027.

External assurance is necessary to enhance reliability of sustainability information. The NSRF aims to mandate reasonable assurance on Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions for Group 1 starting from annual reporting periods beginning on or after 1 January 2027 and followed by other main market listed issuers in 2028 and ACE market listed issuers as well as large non-listed companies in 2029. This is to provide investors with the same level of trust and confidence akin to audited financial statements.

The accounting profession, once primarily responsible for financial reporting, is expected to expand their capacity to support the sustainability practices of companies and provide assurance services on sustainability information.

In view of the urgent needs of resources in sustainability ecosystem, PACE (Policy, Assumptions, Calculators and Education) has been set up as the implementation support hub of the NSRF. Its main task is to run NSRF-related capacity-building programs for preparers, accountants and directors, provide educational materials, general guidance and toolkits.



The Global Reporting Initiative (GRI) Professional Certification Program

In view that 77%¹ of the companies that reported on environment, social and governance (ESG) had either used or made reference to GRI standards in 2022 and to enable the use of other complementary reporting frameworks, PACE has identified the GRI Professional Certification Program as one of the essential programmes to upskill the sustainability competency of accountants.

As member of the Advisory Committee on Sustainability Reporting (ACSR) and to support the capacity-building initiatives of PACE, the AOB has heavily subsidised 100 accountants from AOB-registered audit firms for the GRI Professional Certification Program. The GRI Professional Certification Program was conducted by the Securities Industry Development Corporation (SIDC) in October 2024. The accountants have gone through all the GRI Professional Certification Modules to equip them with the necessary competencies to assess, verify and provide assurance on sustainability disclosures.

To enable the preparers to use the GRI standards and ISSB standards seamlessly in their sustainability reporting, an ISSB-GRI Interoperability Module has been developed in fourth quarter of 2024. The interoperability module will demonstrate how the process and requirements of GRI-compliant reporting can be used to comply with the requirements of ISSB standards. The workshops on interoperability module will be conducted in first quarter of 2025.



¹ IFAC *The State of Play: Sustainability Disclosure and Assurance, 2019 – 2022 Trends & Analysis*.