

## **FREQUENTLY ASKED QUESTIONS (FAQ) ON THE PUBLIC CONSULTATION PAPER ON PROPOSED NATIONAL SUSTAINABILITY REPORTING FRAMEWORK**

### **1.0 General**

#### **1.1 Who is the Advisory Committee on Sustainability Reporting (ACSR)?**

The ACSR is an inter-agency committee, which was formed with the endorsement of the Ministry of Finance. The ACSR is chaired by the SC with members comprising representatives from the following:

- Audit Oversight Board (AOB)
- Bank Negara Malaysia (BNM)
- Companies Commission of Malaysia (SSM)
- Bursa Malaysia Berhad  
Financial Reporting Malaysia

#### **1.2 What is the National Sustainability Reporting Framework (NSRF)?**

The NSRF aims to:

- Improve the availability of reliable, comparable and decision-useful information on material sustainability risks and opportunities of companies through the use of the ISSB standards as the baseline standard
- Enable the use of other complementary reporting frameworks, for example the Global Reporting Initiative (GRI), industry-based standards issued by the Sustainability Accounting Standards Board (SASB), to meet the information needs of different stakeholders; and
- Support availability and flow of sustainability information across supply chain

#### **1.3 How will the ISSB standards be implemented?**

ACSR anticipates legislative amendments, in particular the Companies Act 2016 and Bursa Malaysia's Listing Requirements, to enable adoption by both listed issuers and non-listed companies.

#### **1.4 When will the adoption decision be finalised?**

Notice in terms of changes to the reporting requirements will be communicated at least 6 months prior to the effective date of the requirement.

#### **1.5 My company is currently reporting in accordance other sustainability frameworks (e.g. GRI), how will the reporting be impacted?**

If use of the ISSB standards is mandated, companies can, in addition to the ISSB standards also disclose information in accordance with other reporting frameworks to meet the information needs of different stakeholders.

**1.6 My company is currently reporting in accordance with Bursa’s Enhanced Sustainability Reporting Framework (3rd edition), how will the reporting be impacted?**

Where necessary, the Listing Requirements will be updated to align with the adoption of IFRS S1 and S2.

See also: Q3.3 and Q1.3

**1.7 My company is a financial institution and is currently reporting in accordance with BNM’s Climate Risk Management and Scenario Analysis where TCFD aligned climate disclosure is required, how will the reporting be impacted?**

The ISSB Standards fully incorporate the recommendations of the TCFD. Financial institutions that fully adopts TCFD are well-positioned to adopt IFRS S2. Where necessary, the Climate Risk Management and Scenario Analysis Policy Document and or other relevant policy documents will be updated to complement the adoption of IFRS S1 and S2.

**1.8 What does “annual reports issued for FYE on or after 31 December 20xx” mean? Why and how is it different from the effective date of ISSB Standards which states “on or after 1 January 2024”?**

Financial year (FYE) references 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). This is aligned with the language being used for Bursa Malaysia’s listing requirements.

**1.9 Why different proposed dates for Main Market and ACE Market issuers as they are both listed?**

ACE Market’s timeline is based on the current listing requirements which mandates disclosure for a low carbon transition plan, unlike the Main Market, which already mandates TCFD-aligned disclosures.

**1.10 Why is the threshold for non-listed companies based on revenue and not industry-sector based?**

Using a sector-specific threshold approach will add an additional layer of complexity as large companies have diverse business operations. The revenue threshold of above RM 2B and above was established by benchmarking global adoption thresholds. In addition to this, an assessment of the composition of non-listed companies in Malaysia was done.

## 2.0 Adoption

### 2.1 When is IFRS S1 and S2 proposed to be adopted?

As outlined in the Consultation Paper issued on 15 February 2025, the proposed timeline is as follows:

Main Market listed issuers, annual reports issued for:

- FYE on or after 31 December 2025: IFRS S2 with reliefs
- FYE on or after 31 December 2026: IFRS S1 with reliefs
- FYE on or after 31 December 2027: Full adoption of IFRS S1 and S2

ACE Market listed issuers, annual reports issued for

- FYE on or after 31 December 2027: IFRS S2 with reliefs
- FYE on or after 31 December 2028: IFRS S1 with reliefs
- FYE on or after 31 December 2029: Full adoption of IFRS S1 and S2

Non-listed companies with revenue of RM2 billion and above, annual reports issued for:

- FYE on or after 31 December 2027: IFRS S2 with reliefs
- FYE on or after 31 December 2028: IFRS S1 with reliefs
- FYE on or after 31 December 2029: Full adoption of IFRS S1 and S2

### 2.2 Why is IFRS S2 be adopted first before IFRS S1?

Taking into account the current reporting requirements and companies' readiness, Main Market listed issuers and financial institutions, have more reasonable foundation to adopt IFRS S2 given the current reporting requirements of Bursa Malaysia and Bank Negara Malaysia to provide TCFD-aligned disclosures. This is also aligned with the transition relief by ISSB that allows climate-first approach.

### 2.3 Are there reliefs provided to facilitate adoption?

To facilitate use of the standards, ISSB has introduced proportionality and scalability mechanisms (permanent), as well as transition reliefs to accommodate companies with varying levels of maturity and readiness mechanisms.

In addition to permanent and transition reliefs provided by ISSB, ACSR proposes the following additional transition reliefs:

- **2 years relief:** Focus on sustainability- and climate-related financial disclosures specifically for principal business segments
- **2 years relief:** Option to not disclose impacts of sustainability- and climate-related risks and opportunities on its strategy and decision-making
- **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's Sustainability Reporting Framework)

Refer to Consultation Paper for details on the potential reliefs.

**2.4 If a non-listed company's revenue was RM2 billion and above in a prior financial year falls below the RM2 billion threshold in a subsequent financial year, what implications does this have?**

Once a company qualifies as a "Large non-listed company with revenue of RM2 billion and above", it will be considered as Large non-listed company and retain this classification, regardless of subsequent changes in revenue.

**2.5 Will there be any training or guidance provided to assist companies in adopting the ISSB standards?**

Yes, the ACSR is also addressing the support required for implementation of the NSRF, and more information will be announced in due course.

**2.6 Will the subsequent standards issued by ISSB be automatically adopted after implementation of IFRS S1 and S2? (e.g., S3, S4, S5...)**

No, the adoption of any future standards will need to undergo the due process which may include a public consultation process.

### **3.0 Assurance**

#### **3.1 Is external assurance now mandated?**

No, Bursa Malaysia's Listing requirements only asks for a Statement of Assurance indicating whether the listed issuer has subjected the Sustainability Statement to:

- (i) Internal review by its internal auditor; or
- (ii) Independent assurance performed in accordance with the recognized assurance standards to strengthen the credibility of Sustainability Statement and if so, the subject matter(s) and scope covered. In addition, for independent assurance, the conclusion must also be disclosed

#### **3.2 What is proposed to be assured, and by when?**

The ACSR proposes a climate-first approach, prioritizing Scope 1 and Scope 2 greenhouse gas emissions to undergo external limited assurance 2 years after IFRS S2 is mandated for adoption.

#### **3.3 Will reasonable assurance be mandated in the future?**

ACSR will reassess assurance requirements at a later date as industry capabilities develop over time.