



Navigating the complexities of National Sustainability Reporting Framework

A practical look at sustainability reporting

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Navigating the complexities of National Sustainability Reporting Framework (NSRF): A practical look at sustainability reporting

Given the rapid evolution of the regulatory landscape, sustainability is no longer a choice—it is a necessity. The launch of the NSRF in Malaysia marks a critical shift in how organizations disclose their sustainability impact, bringing local practices in line with global initiatives.

While the objective of enhancing transparency and ensuring global consistency is clear, the journey of adopting the NSRF does present certain challenges. Let's take a closer look at the issues that arise, particularly as organizations face heightened demands to report and assure the quality and credibility of sustainability disclosures - especially greenhouse gas (GHG) emissions data - under increasing scrutiny.



What is NSRF?

NSRF addresses the use of IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB) as the baseline sustainability disclosure standards for organizations in Malaysia, as well as the assurance requirements for sustainability reporting.

IFRS S1 sets the foundations for general sustainability-related financial disclosures.

IFRS S2 focuses specifically on climate-related disclosures, including GHG emissions, scenario analysis, risk management and transition plans.

The challenges and complexities that define the adoption journey

The collision of financial and non-financial world - Integration with Financial Reporting

IFRS 1 explicitly connects sustainability risks into enterprise value. This demands CEOs, CFOs, CSOs collaborate in unprecedented way – rethinking how materiality is defined and how decisions are made.

Unlike financial data, sustainability metrics are often qualitative, scenario-driven, and forward-looking. Merging these into existing financial systems requires new tools or system, more training and a cultural shift in how sustainability is perceived internally. This is not just a compliance checklist, but part of the strategic planning.

Mindset and cultural shift

IFRS S1 and S2 are not checklists, they are strategic mirrors which demand cross-functional alignments, scenario planning and bold transparency.

A top-down strategy is crucial in sustainability planning and should not be treated as a box-ticking exercise delegated solely to the sustainability team. When viewed through a strategic lens rather than as a compliance burden, sustainability reporting becomes a powerful lever for long-term value creation.

Data is the new governance

Sustainability data, especially GHG emissions, is typically obtained from multiple sources, including those outside the organization's control, such as Scope 3 GHG emissions from the supply chain. The lack of measurement tools and internal system make the first step – data collection especially challenging.

To address this, organization must transition from fragmented, manual sustainability data collection to integrated, auditable data system that meet rigor of financial disclosure.

Assurance readiness

IFRS S1 and S2 go beyond disclosure, they will eventually require assurance under the NSRF, similar to financial audits. This raises concerns over costs, readiness, and capacity, especially for organizations lacking strong sustainability infrastructure.

Assurance isn't a future requirement – it is an immediate expectation from investors and regulators.

Redefining Materiality for a volatile world

Organizations today face increasing challenges from climate change, social unrest, resource scarcity, and evolving regulations. The concept of materiality has expanded beyond traditional financial considerations. Under IFRS S1 and S2, materiality must be assessed through a broader lens, encompassing the information that is relevant not only to the business but also to investors and other stakeholders. What is "material" must be evaluated in light of changing circumstances and stakeholder expectations.

In our recent launch of 6 steps guide to identify material information for sustainability reporting helps organizations focus on **decision-useful information** for investors and stakeholders.

Six steps to identify material information



IFRS S1 and S2 are redefining what leadership looks like in a decarbonizing, disclosure-driven economy, which going beyond a mere reporting requirement. Organizations that adapt to this change will not only meet regulatory requirements but also differentiate themselves in the capital markets, attract talents, and build credibility.

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Click or Scan the QR code to find out more:



ISSB disclosure checklist



Guide to Materiality for Sustainability Reporting



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