



# Malaysia's National Sustainability Reporting Framework goes live!

Practical guidance to prepare for compliance

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KPMG in Malaysia



\* The updated Climate Risk Management and Scenario Analysis Policy Document issued by Bank Negara Malaysia ("BMM") on 17 March 2025 clarified NSRF applicability to financial institutions regulated by BNM.

The Advisory Committee on Sustainability Reporting (ACSR), chaired by the Securities Commission (SC) of Malaysia has published the National Sustainability Reporting Framework (NSRF) on 24 September 2024 which addresses the use of the standards issued by the International Sustainability Standards Board (ISSB) as the baseline for sustainability reporting in Malaysia, specifically:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and
- IFRS S2 Climate-related Disclosures

(collectively referred to as the ISSB Standards).

1 Annual reporting periods beginning on or after 1 January 20XX (e.g., 2025 refers to annual reports that cover period from 1 January to 31 December 2025).

2 The threshold is calculated based on consolidated group revenue of RM2 billion or more for two consecutive financial years preceding the current financial year. In the absence of group level revenue, the threshold will be measured at the company level. This is intended to align with the entity's existing financial reporting practices.

## The new reporting requirements will apply in phases:

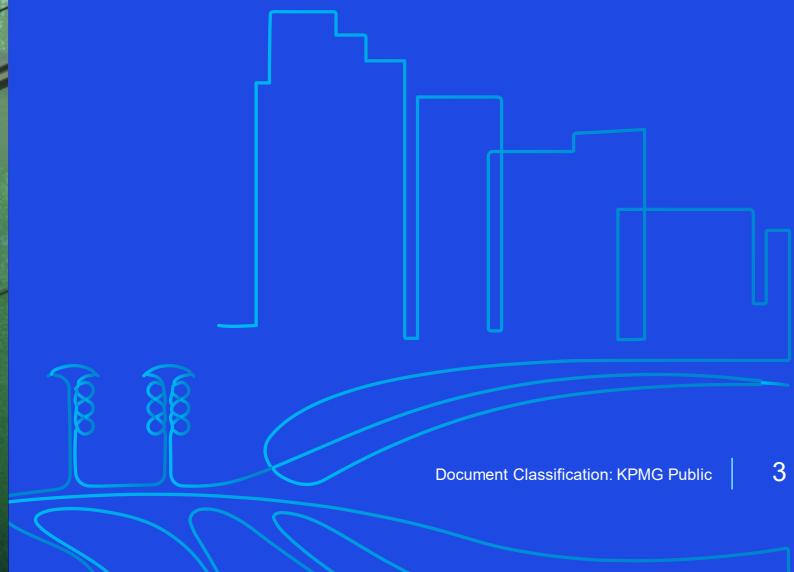
Applicable entities	Timeline					
	2025	2026	2027	2028	2029	2030
Group 1  Main Market listed issuers with market capitalization of > RM2 billion  * Main Market listed financial institutions with market capitalisation (excluding treasury shares) of RM 2 billion and above as of 31 December 2024	IFRS S1 and S2			Full adoption IFRS S1 and S2  Scope 3 GHG emissions disclosures	1	
Group 2  Main Market listed issuers (other than listed issuers in Group 1)  * Main Market listed financial institutions (other than those in Group 1)		IFRS S1 and S2		Full adoption IFRS S1 and S2  Scope 3 GHG emissions disclosures		
Group 3  • ACE Market listed issuers • Non-listed companies (NLCos) with annual revenue of > RM2 billion  * All other financial institutions (other than those in Group 1 and 2)			IFRS S1 and S2			Full adoption IFRS S1 and S2  Scope 3 GHG emissions disclosures
<b>Assurance</b> <small>*Assurance framework will be subject to further consultation</small>		<ul style="list-style-type: none"> <li>• Aim for reasonable assurance for Scope 1 and Scope 2 GHG emissions starting 2027.</li> <li>• Accounting and non-accounting practitioners.</li> </ul>				
<b>Location of disclosures and timing of reporting</b>		Applicable entities shall adhere to their respective regulator's requirements on location and timing of reporting.				

Summary of Additional Transition Reliefs	Group 1 & 2	Group 3
Disclose information on <b>only climate related risks and opportunities</b> (in accordance with IFRS S2)	2 years	3 years
Focus on sustainability-and climate-related financial disclosures specifically <b>for principal business segments</b>	2 years	3 years
Reporting exemption, given the holding company: <ul style="list-style-type: none"> <li>already reports using an ISSB-aligned or equivalent standards (e.g., <i>European Sustainability Reporting Standards (ESRS)</i>); <b>or</b></li> <li>reports using other international standards (subject to the policy decision of the Registrar)</li> </ul>	N/A	3 years
Permissible to <b>not disclose Scope 3 emissions</b> , except for categories already required by respective regulators (i.e., <i>business travel - Cat 6 and employee commuting – Cat 7 are currently required under Bursa Listing Requirements</i> )	2 years	3 years

\*Further details about the ISSB in-built reliefs and proportionality mechanisms are provided in the NSRF.



**NSRF is implemented using a phased or developmental approach to accommodate companies at different maturity levels and hence it provides additional transition reliefs (ATR) in addition to the ISSB in-built reliefs\***



# What are the benefits to the company?



## Realising a global standard

Adopting these standards will signify an important change in status, as they will increase the prominence and connectivity of sustainability reporting within the main financial filings. It is important to engage now to understand what this new global baseline will look like and to assess how your company needs to adapt.



## Consistency and standardisation

Consistency in how companies report globally is important to support investor decisions, creating a more level playing field for companies seeking investment. The ISSB has not started from scratch in developing these standards – they are based on existing frameworks and standards.



## Connected information – Sustainability and financial reporting

Going forward, connected financial and sustainability reporting will be a requirement, rather than a feature, of good-practice reporting. The ISSB refers to the information disclosed as 'sustainability-related financial disclosures' – demonstrating that disclosures need to be connected with information in the financial statements, not a disconnected exercise. Finance and sustainability teams will need to work closely together to ensure the information disclosed is complementary and based on the same facts and circumstances.



# Next step

Companies need to get ready for rapid implementation of the standards – laying the right foundation before undertaking steps to understand the impacts and adapt to the reporting change.

- 1 Understand the impact**
  - Research and understand current and emerging requirements.
  - Understand when, and how this will impact your company.
  
- 2 Determine what is material**
  - Determine which topics are relevant to report on.
  - Decide what information is material about those topics.
  
- 3 Assess maturity**
  - Assess the maturity of processes, the control environment, data model and policies.
  - Understand the current distribution of roles and available knowledge and capacity.
  
- 4 Transform reporting**
  - Design the future state of your reporting.
  - Deploy your target operating model, including training as well as support for change management.
  
- 5 Get ready of assurance**
  - Assess the control environment, data quality and availability of sufficient documentation to support assurance.
  - Rectify issues ahead of the formal assurance process.



# How can KPMG help

At KPMG, our Sustainability Team answers your needs across Environmental, Social and Governance (ESG) matters and sustainability/integrated reporting, while our accounting advisory supports client to connect financial and ESG performance. KPMG's approach is structured into modules enabling clients to manage based on maturity and priority.



01

Gap analysis and  
sustainability strategy



02

Sustainability governance



03

Materiality assessment on  
sustainability - related  
matters



04

Climate risk assessment



05

Sustainability data  
monitoring



06

Sustainability-related  
financial reporting &  
planning



07

Sustainability reporting



08

Sustainability assurance



Below are some of our services designed to support the ISSB Standards adoption:

01

Gap assessment on overall sustainability practices, including data, systems and processes

02

Sustainability related financial and non-financial data collection, systems and processes design

03

Assessment and quantification of sustainability-related financial effects

04

Alignment of basis for financial disclosures across reporting practices

05

Development of integrated report with connected information

# Connect with us

Should you require any assistance, please do not hesitate to contact our Team or Managers whom you are accustomed to dealing with.



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