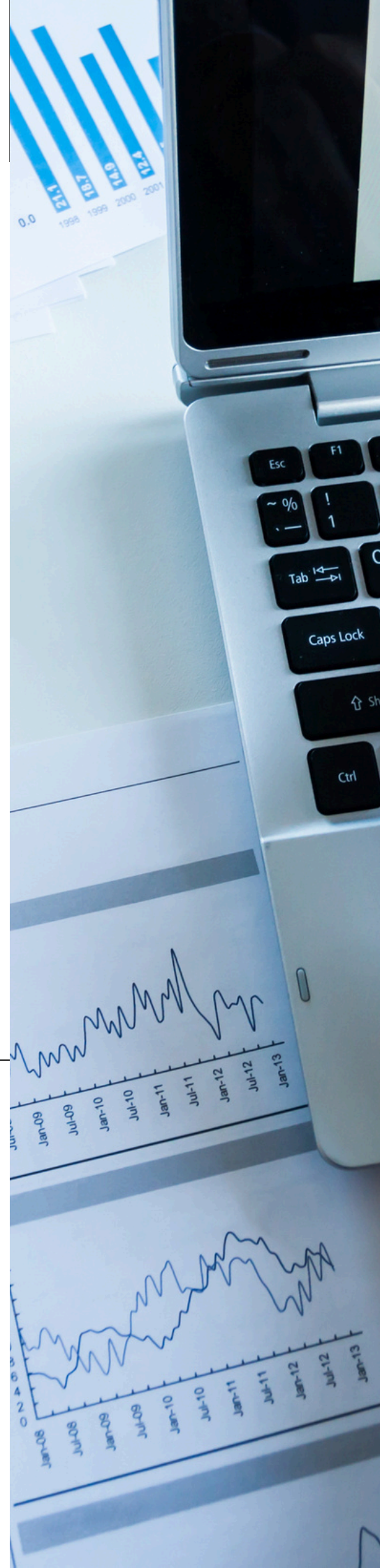


# National Sustainability Reporting Framework: Benchmarking against Global Standards

The Securities Commission of Malaysia (“**SC**”) has launched the National Sustainability Reporting Framework (“**NSRF**”) in support of Malaysia’s commitment to reducing economy-wide carbon intensity. This pivotal initiative aims to elevate sustainability reporting standards across the nation, aligning Malaysia with globally recognised benchmarks, such as the International Sustainability Standards Board (“**ISSB**”), specifically the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

“... will be implemented through a phased and developmental approach, accommodating varying levels of corporate readiness and ensuring a smooth transition ...”



## Purpose of the NSRF

The NSRF seeks to enhance corporate transparency and accountability regarding climate-related risks and sustainability issues. It aims to guide companies towards a unified global standard for sustainability reporting ensuring that Malaysia delivers consistent, comparable and reliable sustainability information. By establishing consistent reporting standards, sustainability risks and opportunities can be measured more accurately and effectively, which will in turn build trust among investors and stakeholders, fostering a more sustainable business environment. For the first time, the NSRF also mandates sustainability reporting for large non-listed companies with annual revenue of RM2 billion and above.

## Implementation Strategy

The NSRF will be implemented through a phased and developmental approach, accommodating varying levels of corporate readiness and ensuring a smooth transition across both listed and non-listed companies.

The implementation timeline and applicable entities are as follows:

Group	Applicable Entities	Annual reporting periods beginning on or after
Group 1	Main Market listed companies with a market capitalisation above RM2 billion	1 January 2025
Group 2	Main Market listed companies other than those in Group 1	1 January 2026
Group 3	<ul style="list-style-type: none"><li>• ACE Market listed companies</li><li>• Large non-listed companies with revenue above RM2 billion (“<b>Large NLCos</b>”)</li></ul>	1 January 2027



Entities within these groups are expected to comply with their respective regulators' requirements regarding the location and timing of reporting.

Entities outside these groups, on the other hand, may voluntarily adopt the requirements under the NSRF in relation to their disclosures. Further, entities operating in “hard-to-abate” industries, and the industries under the Carbon Border Adjustment Mechanism, such as cement, metals, chemicals, electricity, hydrogen, and petroleum, are strongly encouraged to align their reporting with the NSRF.

### **Assurance Requirements**

Currently, external assurance on sustainability reporting is voluntary. However, to enhance the reliability of disclosures and mitigate greenwashing concerns, the NSRF mandates reasonable assurance on Scope 1 and Scope 2 greenhouse gas emissions for Group 1 companies starting from 2027, with other groups following in subsequent years. The assurance standards will be governed by frameworks adopted by the Malaysian Institute of Accountants.

### **Legal and Policy Framework**

Subject to legislative amendments, the Malaysian Accounting Standards Board (“**MASB**”) will expand its role as the national accounting standard-setter to include developing Malaysian sustainability disclosure standards. These standards will be aligned with the ISSB standards, similar to how accounting standards are aligned with IFRS accounting standards.



Additionally, relevant legislation, rules, and guidelines will be amended to facilitate this framework.

## Why the NSRF Matters

The NSRF reflects Malaysia's commitment to aligning its sustainability practices with global standards. This initiative is part of the broader goal of achieving the country's net-zero carbon emissions targets by 2050, in line with its commitment under the Paris Agreement. By providing consistent and comparable sustainability-related information, the NSRF enhances investor confidence and helps companies maintain competitiveness in global markets.

The NSRF can be viewed [here](#).

If you have any query, please contact the author, **Joyce Ong Kar Yee** ([oky@lh-ag.com](mailto:oky@lh-ag.com)), Partner in the ESG and Sustainability Practice. This article was co-authored by **Pacey Ting Zhao Ying**, Pupil.

## Partners in the ESG & Sustainability Practice



**HOI JACK S'NG**

**Partner**  
Dispute Resolution |  
Regulatory & Compliance  
E: [hjs@lh-ag.com](mailto:hjs@lh-ag.com)

**TAN HOOI PING**

**Partner**  
Employment & Industrial  
Relations  
E: [hpt@lh-ag.com](mailto:hpt@lh-ag.com)

**JOYCE ONG KAR YEE**

**Partner**  
Projects, Energy &  
Infrastructure | Corporate |  
Regulatory & Compliance  
E: [oky@lh-ag.com](mailto:oky@lh-ag.com)

**NURUL AISYAH HASSAN**

**Partner**  
Employment & Industrial  
Relations  
E: [nah@lh-ag.com](mailto:nah@lh-ag.com)