

# ESG Reporting in Malaysia

## A Guide to Bursa Malaysia's Enhanced Sustainability Framework

Environmental, Social, and Governance (ESG) issues have shifted to the core of corporate strategy and reporting in recent years. For Malaysian companies, this shift has been accelerated by the launch of the **National Sustainability Reporting Framework (NSRF)** by the Securities Commission of Malaysia on the 24<sup>th</sup> of September 2024, aimed at aligning businesses with global standards.

Preparing a sustainability statement can be challenging. As businesses prepare for their upcoming reporting cycle, understanding the requirements is critical to avoid last-minute challenges. This article explores how Malaysian companies, especially those listed or seeking to list on Bursa Malaysia's Main, ACE Markets and large non-listed companies, can be ready for this new era of ESG accountability.

### Key Reporting Requirements under the NSRF

The updated framework introduces several notable enhancements:



#### Governance

Companies must explicitly disclose the board's and management's roles in ESG oversight and strategy.



#### Climate-related Disclosures

Gradual adoption of TCFD-aligned disclosures, covering climate risks, opportunities, and transition plans.



#### Materiality

Material sustainability matters should be identified, assessed, and regularly reviewed with clear rationales and stakeholder engagement.



#### Quantitative and Qualitative Metrics

Companies are expected to report ESG KPIs, targets, and progress.



## Sustainability Reporting Timeline Outlined in the NSRF

The implementation of NSRF will follow a phased approach from annual reporting periods beginning on or after 1 January 2025. For the applicable entities below, the Sustainability Reporting Amendments will apply to their Sustainability Statements issued in the respective Financial Years:

Group	Applicable entities	Financial Year (FY)
Group 1	Main market listed issuers with market capitalisation $\geq$ RM2 billion	FY ending on or after 31 December 2025
Group 2	Main market listed issuers (other than listed issuers in Group 1)	FY ending on or after 31 December 2026
Group 3	ACE Market listed issuers and non-listed companies with annual revenue $\geq$ RM2 billion	FY ending on or after 31 December 2027

## How Companies Can Prepare

- ▶ **Conduct Sustainability Risk and Opportunity Assessment (“SRO”)**
  - If your company has not already identified your SROs, then you should begin by identifying your SROs that could impact your prospects i.e. cash flows, access to finance, or cost of capital over the short, medium, or long term. The identified SROs should be integrated into your **enterprise risk management framework**. The immediate emphasis should be on climate-related risks and opportunities. If your company has performed a materiality assessment in the past, then you must engage your stakeholders to refresh your **materiality assessment** with an emphasis on climate risk. Your company must also consider the **financial impact** of the **identified SROs**.
- ▶ **Strengthen Oversight on ESG Responsibilities**
  - Your company needs to ensure that the internal controls are sufficient such that the Board can discharge their responsibility in overseeing the companies SRO, ESG Strategy and Targets and Metrics. The management must ensure that internal systems and processes are robust for collecting, aggregating and validating sustainability-related information across the company. This could be done by putting in place a comprehensive **Sustainability Governance Framework and Policies & Procedures**.
- ▶ **Establish a robust data collection, monitoring, and verification system**
  - Currently, Bursa requires companies to include data and performance targets (if such targets are set) for all reported indicators in sustainability statements for the last financial years, on a rolling basis. With the full adoption of IFRS S2, your company’s data collection must be robust enough to capture all the data in relation to your GHG Inventory. Accurate data will help your company to devise effective strategies to achieve sustainability goals including net-zero targets.
- ▶ **Seek independent assurance to enhance the credibility of disclosures**
  - Your company must consider getting your sustainability subject matter(s) assured as Bursa requires a statement on whether the listed issuer has subjected the sustainability statement to internal review by its internal auditor; or independent assurance performed in accordance with recognised assurance standards, to strengthen the credibility of the sustainability statement, and if so, the subject matter(s) and scope covered.

## How BDO Can Help



### Sustainability Reporting

Support sustainability reporting and disclosure readiness, including reporting for customer requirements



### Sustainable Risk Management

Incorporate sustainability into enterprise risk management (ERM) processes



### GHG Impact Calculation & Target Setting

Prepare GHG inventory and devise science-based targets and net-zero strategies



### ESG Ratings Management

Conduct robust assessments on sustainability data to ensure accuracy, completeness and adherence to reporting standards



### Materiality Assessments

Conduct materiality assessments (financial, impact, double) and benchmarking



### Sustainability Strategy & Programmes

Design a company's sustainability strategy with long-term goals and programme roadmap



### Sustainability Governance, Policies & Procedures

Establish sustainability practices aligned with global standards, frameworks and regulatory requirements (e.g., GHG Protocol, GRI, IFRS)



### Advice on Sustainability Data Collection and Automation

Collect and automate sustainability data, and assist in software selection



### Sustainability Assurance

Conduct robust assessments on sustainability data to ensure accuracy, completeness and adherence to reporting standards

For further information, we welcome you to speak to our ESG specialists below:

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Learn more about BDO's ESG and sustainability advisory services and find out how we can support you in your sustainability reporting journey.

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