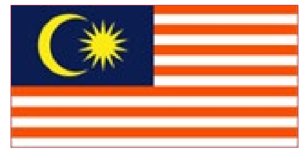
IFRS® SUSTAINABILITY DISCLOSURE STANDARDS (ISSB STANDARDS)—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: Malaysia

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This profile provides information about the application of ISSB Standards in Malaysia. The ISSB Standards are developed and issued in the public interest by the International Sustainability Standards Board (ISSB). The ISSB is a standard-setting body of the IFRS Foundation (Foundation), an independent, not-for-profit organisation.

The Foundation has prepared this profile applying an analysis that is in accordance with the *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards* (*Jurisdictional Guide*) and based on information provided by jurisdictional authorities in response to a questionnaire the Foundation issued on the regulatory approach to the use of the ISSB Standards. The Foundation invited the questionnaire's respondent and international accounting firms to review a draft of the profile.

The purpose of the Foundation's jurisdictional profiles is only to illustrate the extent of adoption or other use of the Standards across the globe. The profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact *licensing@ifrs.org*.

Description of the jurisdictional approach

Jurisdictional approach towards the adoption or other use of ISSB Standards[1]
Updated 12 June 2025

	Current[2]	**Target**[3]
Jurisdictional approach	Adopting ISSB Standards with limited transition	Fully adopting ISSB Standards

[1] Refers to the range of approaches that jurisdictions may take to 'adopt, apply or otherwise be informed by' ISSB Standards when introducing sustainability-related disclosure requirements in their legal and regulatory frameworks, as set out in Section 3.4 of the *Jurisdictional Guide*. This range includes approaches that involve the adoption or other use of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* directly, as well as the introduction of local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2 (referred to as 'requirements with functionally aligned outcomes').
[2] The current approach describes the most up-to-date status of a jurisdiction's sustainability-related disclosure requirements reflecting what entities in the jurisdiction are required or permitted to apply at the time the jurisdictional profile is published.
[3] The target approach describes the stated jurisdictional target that a jurisdiction aims to achieve for sustainability-related disclosure requirements reflecting either the final milestone in the jurisdictional roadmap or requirements that have already been introduced by law or regulation but where application by entities will only be required at a future date.

Regulatory approach to sustainability-related disclosures

Has the relevant authority(ies) in the jurisdiction published a decision to require sustainability-related financial disclosures?	Yes.
Does the jurisdiction's regulatory framework for sustainability-related disclosures adopt or otherwise use ISSB Standards?	Yes.
Description of and links to the relevant announcement, roadmap, standards and/or law or regulation.	On 24 September 2024, the Advisory Committee on Sustainability Reporting released the National Sustainability Reporting Framework (NSRF) addressing the use of ISSB Standards as the baseline for sustainability reporting by Malaysian companies. On 23 December 2024, Bursa Malaysia amended the Main Market Listing Requirements[4] (Main LR) and ACE Market Listing Requirements[5] (ACE LR) to require a sustainability statement in accordance with IFRS S1 and IFRS S2 to be included in annual reports, following a phased-in approach. NSRF also details the adoption timeline for large non-listed companies to apply the ISSB Standards. Legislative amendments shall be made to expand the remit of the Malaysian Accounting Standards Board (MASB) as the national standard-setter for sustainability-related disclosures. Consequential amendments to the other relevant legislation shall also be undertaken, including towards the Companies Act 2016.
Summary of the timeline for the application of the jurisdiction's sustainability-related disclosure requirements by entities in the jurisdiction.	Phased-in mandatory application of IFRS S1 and IFRS S2. Relevant reporting entities have been classified into three groups for phased-in effective dates for initial reporting: **Group 1:** Main Market listed issuers[6] with market capitalisation of MYR2 billion and above as of 31 December 2024, or as at the date of its listing after 31 December 2024: - mandatory climate-first reporting for annual reporting periods beginning on or after 1 January 2025; - mandatory application of all requirements in IFRS S1 and IFRS S2 for annual reporting periods beginning on or after 1 January 2027.

[4] Paragraph 29 in Part A, paragraph 14 in Part C and paragraph 15 in Part E, of Appendix 9C; as well as paragraphs 1.2A and 6.1A of Practice Note 9 and Practice Note 9A of the Main LR.
[5] Paragraph 30 in Part A of Appendix 9C; as well as paragraphs 1.2A and 6.1 of Guidance Note 11 and Guidance Note 11A of the ACE LR.
[6] Refers to corporations, real estate investment trusts (REITs) and business trusts (BTs) listed on the Main Market.

	Group 2: Main Market listed issuers (other than listed issuers in Group 1): - mandatory climate-first reporting for annual reporting periods beginning on or after 1 January 2026; - mandatory application of all requirements in IFRS S1 and IFRS S2 for annual reporting periods beginning on or after 1 January 2028. **Group 3:** ACE Market listed corporations and large non-listed companies with annual revenue of MYR2 billion and above: - mandatory climate-first reporting for annual reporting periods beginning on or after 1 January 2027; - mandatory application of all requirements in IFRS S1 and IFRS S2 for annual reporting periods beginning on or after 1 January 2030.

Extent of application of ISSB Standards

Requirements	
Applicable ISSB Standards: which ISSB Standards does the legal or regulatory framework adopt or otherwise use?	IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures.*
Scope: what information is an entity in the jurisdiction required to disclose?	Material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or the cost of capital over the short, medium or long term (beginning with climate reporting).
Focus: at whom is the information provided by sustainability-related disclosure requirements in the jurisdiction focused?	Existing and potential investors, lenders and other creditors. The NSRF permits the voluntary use of other complementary frameworks and recommendations in addition to the ISSB Standards, to meet the information needs of different stakeholders, subject to relevant rules and legislations. Use of the ISSB Standards, however, shall be the baseline sustainability disclosure standards and any additional information provided cannot obscure the information required using ISSB Standards.
Placement of disclosures: does the jurisdiction require that an entity include sustainability-related financial disclosures as part of its general purpose financial reports?	Yes. Main Market listed issuers and ACE Market listed corporations are required to prepare a Sustainability Statement in accordance with IFRS S1 and IFRS S2, as part of the annual report. The location of disclosures for non-listed companies will be determined by the Companies Commission of Malaysia as part of the amendments to the Companies Act 2016.

Timing of reporting: does the jurisdiction require that an entity report sustainability-related financial disclosures at the same time as its related financial statements?	Yes. Sustainability-related financial disclosures are required to be published at the same time as the related financial statements, as required by IFRS S1. The transition relief in IFRS S1 Paragraph E4 permitting an entity to report its annual sustainability-related financial disclosures after it has published the related financial statements has been removed.
Transition reliefs: do the jurisdiction's requirements include any **extensions** of the transition reliefs included in IFRS S1 and IFRS S2?	Yes.

	Description of relief	Duration of relief
IFRS S1	Extension of the transition relief enabling an entity to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2).	Extended for one additional annual reporting period for Groups 1 and 2, and two additional annual reporting periods for Group 3.
IFRS S2	Extension of transition relief that permits an entity not to report Scope 3 greenhouse gas (GHG) emissions in the first year of application.	Entities in Groups 1 and 2 are permitted to not disclose Scope 3 GHG emissions for the first two annual reporting periods. Entities in Group 3 are permitted to not disclose Scope 3 GHG emissions for the first three annual reporting periods.

Jurisdictional modifications: do the jurisdiction's requirements include any modifications to the requirements in IFRS S1 and IFRS S2?	Yes, though the modification is introduced as additional transition relief that will expire over a period of two or three years depending on the type of reporting entities. In relation to this additional transition relief included in the NSRF permitting entities to provide climate-related disclosures for their principal business segments, Securities Commission Malaysia has clarified in the document on Frequently Asked Questions on the NSRF that when complying with the ISSB Standards, applicable entities are required to disclose material information about the sustainability-related risks and opportunities for the same reporting entity as for the related financial statements.

	Description of modification	Duration of modification

	IFRS S1	An additional transition relief permits entities to focus on providing climate-related disclosures for their principal business segments. The Frequently Asked Questions confirm that entities must however provide information for the same reporting entity as for the financial statements.	Two annual reporting periods for Groups 1 and 2, and three annual reporting periods for Group 3.
Schedule of differences between ISSB Standards and jurisdictional requirements, if applicable and available.	Not available.		
Dual reporting: is 'dual reporting' allowed, such that entities in the jurisdiction may assert compliance both with IFRS Sustainability Disclosure Standards as issued by the ISSB and another set of standards (for example, compliance with both ISSB Standards and the jurisdiction's sustainability-related disclosure requirements)?	Yes.		
Assertion of compliance: does the jurisdiction's legal or regulatory framework require entities to make an explicit and unreserved statement of compliance?	Yes—with IFRS Sustainability Disclosure Standards as issued by the ISSB.		

Reporting entities

<table>
<tr><td>Are all or most[7] domestic publicly accountable entities either required or permitted to comply with the jurisdiction's sustainability-related disclosure requirements?</td><td>
<table>
<tr><th>Current</th><th>Target</th></tr>
<tr><td>Yes—required.</td><td>Yes—required.</td></tr>
<tr><td>Required for Group 1 Main Market listed issuers.</td><td>Required for all
Corporations listed on the Main Market and ACE Market; REITs and BTs listed on the Main Market.</td></tr>
</table>
</td></tr>
<tr><td>Are entities without public accountability either required or permitted to comply with the jurisdiction's sustainability-related disclosure requirements?</td><td>Required for non-listed companies with annual revenue of MYR2 billion and above starting for annual reporting periods beginning on or after 1 January 2027.</td></tr>
<tr><td>What sustainability-related disclosure requirements apply to foreign publicly accountable entities?</td><td>Foreign publicly accountable entities are required to report in accordance with the same framework as domestic entities.

As set out in the NSRF, an exemption is granted for large non-listed companies whose holding company (i) is using international standards and frameworks which are aligned with the ISSB; or (ii) other standards and frameworks, for three annual reporting periods, subject to the decision of the Registrar of the Companies Commission of Malaysia.</td></tr>
<tr><td>Reporting entity: do the jurisdiction's requirements specify that an entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements?</td><td>Yes.</td></tr>
</table>

[7] In accordance with the *Jurisdictional Guide*, 'most' publicly accountable entities is intended to capture the weight of the entities in relation to the economy or activity in the jurisdiction, instead of the number of entities subject to the requirements. It is based on the relative weight of listed entities captured by the requirements in relation to the jurisdiction's gross domestic product or the overall market capitalisation in the main equity index.

Other sustainability reporting considerations

Additional disclosure requirements: does the jurisdiction require or permit an entity to provide additional disclosures within the report that contains sustainability-related financial disclosures based on ISSB Standards?	Yes—permitted.
If additional disclosures are permitted or required, what is the basis for such additional information?	Companies can voluntarily use other complementary reporting frameworks and recommendations in addition to the ISSB Standards, to meet the information needs of different stakeholders, subject to relevant rules and legislations.
Does the jurisdiction require that any such additional disclosures are clearly identified and do not obscure information required by ISSB Standards?	Yes. Paragraph 6.1A, Practice Note 9, of the MAIN LR and paragraph 6.1, Guidance Note 11 of the ACE LR provide that listed issuers 'must ensure that the Sustainability Statement is prepared in accordance with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures', which includes the requirements set out in paragraphs 62 and B27 of IFRS S1.
Digital reporting: is digital reporting of sustainability-related disclosures required?	No.
If yes, what digital reporting taxonomy is used (if applicable)?	Not applicable.
Assurance: what level of assurance over sustainability-related disclosures does the jurisdiction require?	The aim is to mandate reasonable assurance on Scope 1 and Scope 2 GHG emissions for Group 1 entities starting from annual reporting periods beginning on or after 1 January 2027. The framework for sustainability assurance is still subject to consultation.
Other comments regarding the content of sustainability-related financial reporting or the use of ISSB Standards in the jurisdiction.	In addition to the Main LR, ACE LR and the NSRF's Frequently Asked Questions, please refer to: Questions 9.51C to 9.51I of the Questions and Answers in relation to the Main LR Questions 9.46B to 9.46G of the Questions and Answers in relation to the ACE LR

IFRS Sustainability

Jurisdictional authorities

Organisation(s):	The Advisory Committee on Sustainability Reporting, chaired by the Securities Commission Malaysia, comprises representatives from the Audit Oversight Board, Bank Negara Malaysia, Bursa Malaysia, the Companies Commission of Malaysia, and the Financial Reporting Foundation.
Role of the organisation(s):	Securities Commission Malaysia (SC) was established under the Securities Commission Act 1993. The SC is a statutory body entrusted with the responsibility to regulate and develop the Malaysian capital market. Bank Negara Malaysia (BNM) is the Central Bank of Malaysia, a statutory body governed by the Central Bank of Malaysia Act 2009. The role of BNM is to promote monetary and financial stability, ensuring a conducive environment for sustainable growth of the Malaysian economy. The SC's Audit Oversight Board (AOB) was set up on 1 April 2010, under the auspices of the SC. The AOB is responsible for regulating auditors of public interest entities and schedule funds in Malaysia. Bursa Malaysia Berhad is the exchange holding company that operates and regulates the national stock exchange through its subsidiary Bursa Malaysia Securities Berhad (Bursa Malaysia). The Companies Commission of Malaysia (SSM) is a statutory body established under the Companies Commission of Malaysia Act 2001. SSM is the agency responsible for matters relating to companies, businesses and limited liability partnerships which include incorporation, registration and dissolution of such entities as well as supplying of corporate information related to these entities to the public. As the main role is also to promote and encourage good corporate governance, and to encourage and promote corporate responsibility and business sustainability, SSM also ensures compliance with corporate and business laws. Financial Reporting Foundation (FRF) was established under the Financial Reporting Act 1997. The FRF is largely responsible for the establishment of a sound and effective infrastructure for the financial reporting framework and acts as a sounding board to its standard-setting body, the Malaysian Accounting Standards Board (MASB) for the adoption of accounting standards, technical pronouncements and its annual work programme.
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