

27 March 2024



To  
Advisory Committee on Sustainability Reporting (ACSR)

**Re: ASIFMA (Sell-Side) Response to Proposed National Sustainability Reporting Framework (“NSRF”) Public Consultation No. 1/ 2024 published by Advisory Committee on Sustainability Reporting (“ACSR”)**

Dear Sir(s),

The Asia Securities Industry and Financial Markets Association (“ASIFMA”),<sup>1</sup> on behalf of its members, appreciates the opportunity to provide feedback on the Public Consultation Paper on Proposed National Sustainability Reporting Framework (“NSRF”) published by Advisory Committee on Sustainability Reporting (“ACSR”) (“the Consultation Paper”).

We commend and support the proposed adoption of the sustainability reporting standards issued by the International Sustainability Standards Board (“ISSB”) for the Malaysian companies, including the consideration of the transition-reliefs and the other built-in reliefs. This is an important step in ensuring the consistency in the adoption of the standards issued by ISSB and ensuring alignment locally and globally.

To that end, we have provided detailed comments across most of the various questions posed in the Consultation Paper, in our submission. In summary, here are the key highlights of our detailed comments in the respective topics within the Consultation Paper:

- **Scope and timeline for IFRS S1 and S2 adoption:** We support the proposed phased approach for the reporting timelines and the in-scope entities. In addition, we believe that the implementation should consider both the IFRS S1 and IFRS S2 given that IFRS S1 brings the overall rigour to the framework.

However, we encourage ACSR to observe and understand further the adoption challenges for the in-scope entities and potentially consider a delay in adopting IFRS S1 core content disclosure requirements beyond the one-year transition period currently included in the NSRF, to provide additional reporting relief.

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<sup>1</sup> ASIFMA is an independent, regional trade association with over 160 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, competitive and efficient Asian capital markets that are necessary to support the region’s economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the Global Financial Markets Association (“GFMA”) alliance with the Securities Industry and Financial Markets Association (“SIFMA”) in the United States and the Association for Financial Markets in Europe (“AFME”), ASIFMA also provides insights on global best practices and standards to benefit the region.

We wish to highlight that we encourage ACSR to consider supporting an exemption for non-listed companies (“NLCos”) and subsidiaries from mandatory adoption if they are owned by foreign parent companies that already prepare sustainability reports based on prescribed standards in other jurisdictions to lower the compliance requirements.

- **Potential reliefs:** We support the use of the built-in reliefs provided within the standards issued by ISSB and the additional Malaysia-specific reliefs provided to the companies to ensure sufficient time is given for adoption.
- **Assurance approach:** We encourage ACSR to continue to observe and monitor the development both regionally and internationally on the mandatory assurance requirements.
- **Assurance standards:** We support the use of internationally accepted assurance standards which includes but not limited to ISAE 3000 (Revised): Assurance engagements other than audits or reviews of historical financial information, International Organisation for Standardisation (“ISO”) and the upcoming new standard International Standard on Sustainability Assurance (“ISSA”) 5000 General Requirements for Sustainability Assurance Engagements.

Our response has been drafted with the support of our professional firm member PwC Malaysia, based on feedback from the wider ASIFMA membership. We thank the ACSR for the opportunity to provide feedback and for considering our comments. We would be happy to meet with ACSR to further discuss any of the issues raised and provide clarity on our response.

Should you have any questions, please do not hesitate to contact me Diana Parusheva ([dparusheva@asifma.org](mailto:dparusheva@asifma.org)), Managing Director, Head of Public Policy and Sustainable Finance at ASIFMA.

Yours faithfully



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## **Malaysia's National Sustainability Reporting Framework Consultation Questions**

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The Advisory Committee on Sustainability Reporting (ACSR), chaired by the Securities Commission Malaysia (SC), would like to invite your feedback on the issues as outlined in the Consultation Paper.

The ACSR was formed in May 2023, with the endorsement of the Ministry of Finance to assess the use and application of the standards issued by the International Sustainability Standards Board (ISSB), specifically International Financial Reporting Standards (IFRS) *S1 General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1), and *IFRS S2 Climate-related Disclosures* (IFRS S2), collectively referred to as the ISSB Standards, and a sustainability assurance framework in Malaysia. Members of the ACSR comprise representatives from the Audit Oversight Board, Bank Negara Malaysia, the Companies Commission of Malaysia, Bursa Malaysia Berhad and the Financial Reporting Foundation.

This public consultation encompasses two components –

1. The **Consultation Paper** available via [www.sc.com.my](http://www.sc.com.my) which provides background information and outlines the potential implementation approach and considerations in relation to the ISSB Standards as well as assurance of sustainability information; and
2. This **Consultation Questions**. The closing date to submit responses to the Consultation Questions is **21 March 2024** and responses will only be received when submitted via this form.

You may download the list of questions via the link below for ease of reference:

<https://www.sc.com.my/api/documentms/download.ashx?id=1223dd90-32d3-43d6-9410-1b3f4d46a5b8>

The Consultation Paper aims to seek feedback on the use and application of IFRS S1 and IFRS S2, including the required transition reliefs, the approach in relation to a sustainability assurance framework, and the enablers or support required.

Please note that a foundational understanding of IFRS S1 and IFRS S2 is essential to providing an informed response. Questions on the Consultation Paper or this Consultation Questions can be directed to the Secretariat of the ACSR at [nsrf@seccom.com.my](mailto:nsrf@seccom.com.my).

**Confidentiality:** Your responses may be made public by the SC. If you do not wish for your name to be made public, please state this clearly in the response. Any confidentiality disclaimer that may be generated by your organisation's IT system will be taken to apply only if you request that the information remains confidential.

The SC agrees to keep your personal data confidential and in full compliance with the applicable principles under the Personal Data Protection Act 2010.

## INTRODUCTION

Tell us about yourself

### Name of company

Asia Securities Industry and Financial Markets Association (ASIFMA)

### Please indicate the stakeholder group that your company represents

- Preparer
- Investor
- Assurance Provider
- Other: Asia Securities Industry and Financial Markets Association ("ASIFMA")**

### Please select the sector to which your company belongs

- Construction
- Consumer Products & Services
- Energy
- Financial Services**
- Healthcare
- Industrial Products & Services
- Plantation
- Property
- Real Estate Investment Trusts
- Technology
- Telecommunications & Media
- Transportation & Logistics
- Utilities
- Other: \_\_\_\_\_

### Is your company a listed issuer or non-listed company?

- Listed issuer
- Non-listed company

### What is the company's stock code? (Note: Not applicable for non-listed companies)

### Please provide the company's revenue size

- Less than RM300,000
- RM300,000 to < RM3mil
- RM3mil to < RM15mil
- RM15mil to < RM20mil
- RM20mil to < RM50mil
- RM50mil to < RM500mil
- >RM500mil to < RM1bil
- >RM1bil to < RM2bil
- RM2bil and above



**Please indicate the number of employees in the company**

- Less than 5
- 5-30
- 31-74
- 75-199
- 200 and above

## **APPROACH TO ADOPTION OF IFRS S1 AND S2**

Currently Main Market listed issuers on Bursa Malaysia are required to provide TCFD-aligned disclosures in annual reports issued for FYE on or after 31 December 2025 onwards. The requirements in IFRS S2 are consistent with the four core recommendations and eleven recommended disclosures of the TCFD. Companies that apply the ISSB Standards will meet the TCFD recommendations and therefore do not need to apply the TCFD recommendations in addition to the ISSB Standards. There are additional requirements in IFRS S2 which include the requirements for companies to disclose information about their planned use of carbon credits to achieve their net emissions targets and to disclose additional information about their financed emissions. For ACE Market, a basic plan to transition towards a low carbon economy is required to be disclosed for FYE on or after 31 December 2026.

As the ISSB Standards gain momentum, it's crucial for Malaysia, an export-oriented country deeply connected to global supply chains, to align with global sustainability trends. When big economies adopt stricter sustainability reporting standards, smaller economies like Malaysia may feel pressured to do the same as part of the supply chain. The strict rules for bigger companies are likely to influence smaller businesses, creating a chain reaction. This alignment meets the expectations of larger partners, satisfies market demands, follows regulations, and supports the shift towards more sustainable and responsible business practices.

Given the difference in readiness and maturity of listed issuers and non-listed companies, the potential approach for IFRS S1 and S2 adoption is:

- Main Market listed issuers
  - FYE on or after **31 December 2025**: Adopt **IFRS S2 with reliefs** and consequently apply IFRS S1 only insofar as they relate to the disclosure of information on climate-related risks and opportunities
  - FYE on or after **31 December 2026**: Adopt **IFRS S1 with reliefs**
  - FYE on or after **31 December 2027**: Fully adopt **IFRS S1 and IFRS S2**
  
- ACE Market listed issuers
  - FYE on or after **31 December 2027**: Adopt **IFRS S2 with reliefs** and consequently apply IFRS S1 only insofar as they relate to the disclosure of information on climate-related risks and opportunities
  - FYE on or after **31 December 2028**: Adopt **IFRS S1 with reliefs**
  - FYE on or after **31 December 2029**: Fully adopt **IFRS S1 and IFRS S2**
  
- Large Non-listed Companies with revenue of RM 2B and above
  - FYE on or after **31 December 2027**: Adopt **IFRS S2 with reliefs** and consequently apply IFRS S1 only insofar as they relate to the disclosure of information on climate-related risks and opportunities
  - FYE on or after **31 December 2028**: Adopt **IFRS S1 with reliefs**
  - FYE on or after **31 December 2029**: Fully adopt **IFRS S1 and IFRS S2**

**Should the current reporting requirements for Main Market listed issuers to provide TCFD-aligned disclosures be updated to require disclosures aligned with IFRS S2 instead?**

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Yes**
- No

**Please state the reasons for your views.**

We support the alignment of the Malaysian framework to the whole of the ISSB framework, including the transition reliefs and materiality overlay rules. This is important in ensuring consistency of ISSB adoption and limiting fragmentation.

**For Main Market listed issuers, should IFRS S2 (with reliefs) apply for climate disclosures in annual reports issued for FYE on or after 31 December 2025?**

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Yes**
- No

**If not, when?**

- 2026
- 2027
- 2028

**Please state the reasons for your views.**

**For Main Market listed issuers, assuming IFRS S2 comes into effect for climate disclosures in annual reports issued for FYE on or after 31 December 2025, should IFRS S1 (with reliefs) apply for sustainability disclosures in annual reports issued for FYE on or after 31 December 2026?**

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Yes
- No**

**If not, when?**

- 2027
- 2028**

**Please state the reasons for your views.**

We support a phased approach for:

- Reporting timelines
- Flexibility for entities to focus on IFRS S2 and S1 from a climate perspective (with reliefs) first, followed by the full IFRS S1 adoption (with reliefs) at a later stage.

We believe this will allow entities to familiarize themselves with the reporting requirements and also follows similar approaches taken in the region. In addition, the implementation should consider both the IFRS S1 and IFRS S2 given that IFRS S1 brings the overall rigour to the framework.

However, we wish to highlight significant challenges with disclosing IFRS S1 core content disclosure requirements (i.e. disclosing sustainability-related risks and opportunities) under the current

proposed timeframe. We encourage the adoption of the IFRS S2 climate related disclosures and the general reporting principles under IFRS S1 (as per the ISSB's recommendations). However, we also encourage ACSR to observe and understand further the adoption challenges for the in-scope entities and potentially consider delay in adopting S1 core content disclosure requirements beyond the one-year transition period currently included in the NSRF.

We encourage jurisdictions to further delay adopting S1's core content disclosure at this time. We recognised that the ISSB standards are designed to be applied together. IFRS S1 general reporting principles, including financial materiality overlay, are necessary to operationalize the standards and should be included in any ISSB jurisdictional adoption.

However, the IFRS S1 core content disclosures (paragraphs 25-45) requirements are too prescriptive, requiring an entity to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets. The ISSB has recognized this and proposed an initial one year delay on IFRS S1 core content disclosures. We are recommending an additional extension of this reporting relief to accommodate early stage reporting expertise and lack of guidance for companies on what to disclose beyond climate.



**Should the current reporting requirements for ACE Market listed issuers to provide transition plan disclosures be amended to align with IFRS S2?**

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Yes**
- No

**Please state the reasons for your views.**

**For ACE Market listed issuers, should IFRS S2 (with reliefs) apply for climate disclosures in annual reports issued for FYE on or after 31 December 2027?**

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Yes**
- No

**If not, when?**

- 2028
- 2029

**Please state the reasons for your views.**

**For ACE Market listed issuers, assuming IFRS S2 comes into effect for climate disclosures in annual reports issued for FYE on or after 31 December 2027, should IFRS S1 (with reliefs) apply for sustainability disclosures in annual reports issued for FYE on or after 31 December 2028?**

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Yes
- No**

**If not, when?**

- 2029
- 2030 and beyond**

**Please state the reasons for your views.**

We support a phased approach for:

- Reporting timelines
- Flexibility for entities to focus on IFRS S2 and S1 from a climate perspective (with reliefs) first, followed by the full IFRS S1 adoption (with reliefs) at a later stage.

We believe this will allow entities to familiarize themselves with the reporting requirements and also follows similar approaches taken in the region.

However, we wish to highlight significant challenges with disclosing IFRS S1 core content disclosure requirements (i.e. disclosing sustainability-related risks and opportunities) under the current proposed timeframe. We encourage the adoption of the IFRS S2 climate related disclosures and the general reporting principles under IFRS S1 (as per the ISSB’s recommendations) but delay in adopting S1 core content disclosure requirements beyond the one-year transition period currently included in the NSRF.

We encourage jurisdictions to further delay adopting S1's core content disclosure at this time. We recognised that the ISSB standards are designed to be applied together. IFRS S1 general reporting principles, including financial materiality overlay, are necessary to operationalize the standards and should be included in any ISSB jurisdictional adoption.

However, the IFRS S1 core content disclosures (paragraphs 25-45) requirements are too prescriptive, requiring an entity to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets. The ISSB has recognized this and proposed an initial one year delay on IFRS S1 core content disclosures. We are recommending an additional extension of this reporting relief to accommodate early stage reporting expertise and lack of guidance for companies on what to disclose beyond climate.

**For Large NLCos with annual revenue of RM2 billion and above, should IFRS S2 (with reliefs) apply for climate disclosures in annual reports issued for FYE on or after 31 December 2027?**

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Yes**
- No

**If not, when?**

- 2028
- 2029

**Please state the reasons for your views.**

**For Large NLCos with annual revenue of RM2 billion and above, assuming IFRS S2 comes into effect for climate disclosures in annual reports issued for FYE on or after 31 December 2027, should IFRS S1 (with reliefs) apply for sustainability disclosures in annual reports issued for FYE on or after 31 December 2028?**

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Yes**
- No**

**If not, when?**

- 2029
- 2030 and beyond**

**Please state the reasons for your views.**

We support a phased approach for:

- Reporting timelines
- Flexibility for entities to focus on IFRS S2 and S1 from a climate perspective (with reliefs) first, followed by the full IFRS S1 adoption (with reliefs) at a later stage.

We believe this will allow entities to familiarize themselves with the reporting requirements and also follows similar approaches taken in the region.

However, we wish to highlight significant challenges with disclosing IFRS S1 core content disclosure requirements (i.e. disclosing sustainability-related risks and opportunities) under the current proposed timeframe. We encourage the adoption of the IFRS S2 climate related disclosures and the general reporting principles under IFRS S1 (as per the ISSB's recommendations) but delay in adopting S1 core content disclosure requirements beyond the one-year transition period currently included in the NSRF.

We encourage jurisdictions to further delay adopting S1's core content disclosure at this time. We recognised that the ISSB standards are designed to be applied together. IFRS S1 general reporting principles, including financial materiality overlay, are necessary to operationalize the standards and should be included in any ISSB jurisdictional adoption.

However, the IFRS S1 core content disclosures (paragraphs 25-45) requirements are too prescriptive, requiring an entity to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets. The ISSB has recognized this and proposed an initial one year delay on IFRS S1 core content disclosures. We are recommending an additional extension of this reporting relief to accommodate early stage reporting expertise and lack of guidance for companies on what to disclose beyond climate.

In addition, we also encourage Malaysia to consider supporting an exemption for non-listed companies (NLCos) and subsidiaries from mandatory climate reporting if their foreign parent company already prepares climate or sustainability reports according to prescribed standards in other major jurisdictions. We see this approach as striking a balance between climate action and reducing unnecessary compliance requirements.

**Other than Large NLCos with annual revenue of RM2 billion and above, what other categories of non-listed companies should be considered in the adoption of IFRS S1 and IFRS S2?**

*(SME Definition as defined by SME Corporation)*

*(Mid-tier as defined by MATRADE)*

*See Paragraph 6.5 of the Consultation Paper for the possible approach.*

- Small companies
- Medium companies
- Mid-tier companies
- Large companies (revenue RM500M to less than RM1B)
- Large companies (revenue RM1B to less than RM2B)

**To promote the seamless adoption of ISSB standards, is a 6-month lead time sufficient for the provision of implementation guidelines and notices on regulatory requirement amendments?**

*See Paragraph 6.6 of the Consultation Paper for the possible approach.*

- Yes
- No**

**If not, please provide the appropriate duration?**

- 8 months
- 12 months**
- Other: \_\_\_\_\_

**Please state the reasons for your views.**

We support that at least 12-month lead time is given to allow sufficient time for the companies to develop their initial climate-related reporting in accordance with the requirements stated in the NSRF.

## **IMPACTS OF CARBON BORDER ADJUSTMENT MECHANISM**

The ISSB's structured approach to climate measurement and reporting supports organisations in developing effective carbon reduction strategies, and addressing transition risks such as Carbon Border Adjustment Mechanism (CBAM). CBAM is a policy tool of EU aiming to mitigate carbon leakage by putting a fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries. It will have a transitional phase in 2024, followed by full implementation in 2026. The influence of CBAM on Malaysia is substantial, considering the European Union's position as the country's fourth-largest trade partner with exports to EU amounting to €35.6 billion in 2022. CBAM will initially apply to the following sectors:

- Cement
- Iron and steel
- Aluminium
- Fertilisers
- Electricity
- Hydrogen

In Malaysia, as much as 75% of exports to EU will face the impacts of CBAM. The most notable impacts are on key sectors like aluminum, iron and steel. As the mechanism progresses to full implementation, its reach may extend further, affecting additional sectors such as electrical appliances, electronics, machinery, rubber products, and vegetable oils.

**Considering the importance of the CBAM in relation to the nature and quality of climate-related disclosures, does the company anticipate any impact from CBAM?**

- Yes
- No**

**Has your company initiated the process of reporting for CBAM compliance?**

- Yes
- No**

**If your company is affected by CBAM, what are the challenges faced?**

Not applicable for the members of ASIFMA

**If your company is affected by CBAM, what measures has the company taken in anticipation of CBAM requirements? (e.g. establish internal carbon price)**

Not applicable for the members of ASIFMA

## **BUILT-IN RELIEFS OF ISSB STANDARDS**

The ISSB has introduced proportionality and scalability mechanism in IFRS S1 and IFRS S2 (Standards) as well as transitional reliefs for some disclosure requirements to support use of the Standards by companies with varying levels of maturity and readiness (see paragraph 6.10). Jurisdictions can consider providing brief extensions of the effective date and transition reliefs beyond those already provided by the ISSB to facilitate use of the Standards.

The transition reliefs in IFRS S1 and IFRS S2 includes:

- a) Climate first - For the first annual reporting period an entity applies IFRS S1 and S2, companies may consider to apply IFRS S2 in accordance with IFRS S1 only insofar as IFRS S1 relates to climate-related financial information. For the following annual reporting period, the entity would apply IFRS S1 as it relates to the entity's full range of sustainability-related risks and opportunities.
- b) Timing of reporting - For the first annual reporting period an entity applies IFRS S1 and S2, companies are permitted to report its sustainability-related financial disclosures after it publishes its related financial statement at the same time as its next second-quarter or half-year interim general purpose financial report.
- c) Comparative information - Companies may consider to not disclose comparative information in the first annual reporting period in which it applies IFRS S1 and S2.
- d) GHG Protocol - In the first annual reporting period, if the company used a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) in the prior reporting period, the company is permitted to continue using that other method.
- e) GHG Scope 3 - In the first annual reporting period, companies may consider to not disclose its Scope 3 greenhouse gas emissions.



**Should the built-in reliefs be applied upon implementation of the ISSB Standards on Main Market listed issuers?**

- Yes - timing of reporting**
- Yes - comparative reporting**
- Yes - the GHG Protocol**
- No

**Is the proportionality and scalability mechanism for the disclosures outlined in the table under Paragraph 6.9 sufficient?**

- Yes
- No**

**Please state the reasons for your views.**

We support the full application of the built in reliefs as well as the additional (Malaysian specific) reliefs for all in-scope entities. However, given the prior comments in the need for a delay in the adoption of the IFRS S1 core content disclosure requirements beyond the one-year transition period, any reliefs associated with IFRS S1 core content disclosure requirements should be delayed accordingly.

## **POTENTIAL ADDITIONAL RELIEFS**

Potential reliefs from disclosing information on:

- Sustainability-related financial disclosures specifically for principal business segments (to address IFRS S1 Para 20 where disclosures shall be for the same reporting entity as consolidated financial statements)
- The effects of sustainability-related and climate-related risks and opportunities on its strategy and decision-making.
- Scope 1 and Scope 2 greenhouse gas emissions disaggregated between the consolidated accounting group and other investees (including associates, joint ventures and unconsolidated subsidiaries).
- Scope 3 greenhouse gas emissions (other than business travel (Category 6) and employee commuting (Category 7) that are currently required under Bursa's Sustainability Reporting Framework).

**Should this additional reliefs be applied in addition to those already identified by the ISSB:  
Focus on sustainability-related financial disclosures specifically on principal business segments**

*See Paragraph 6.11 of the Consultation Paper for the possible approach.*

- Yes
- No

→ **If yes, how long should the relief be provided?**

- At least one reporting cycles**
- At least two reporting cycles
- Other: **Given the prior comments in the need for a delay in the adoption of the IFRS S1 core content disclosure requirements beyond the one-year transition period, any reliefs associated with IFRS S1 core content disclosure requirements should be delayed accordingly.**

**Should this additional reliefs be applied in addition to those already identified by the ISSB:  
Option to not disclose the impacts of sustainability-related and climate-related risks and opportunities on the company's strategy and decision-making**

*See Paragraph 6.11 of the Consultation Paper for the possible approach.*

- Yes
- No

→ **If yes, how long should the relief be provided?**

- At least one reporting cycles**
- At least two reporting cycles
- Other: \_\_\_\_\_

**Should this additional reliefs be applied in addition to those already identified by the ISSB:  
Permissible for the company to use boundary other than outlined in IFRS S2 Para 29 (iv) for GHG emission**

*See Paragraph 6.11 of the Consultation Paper for the possible approach.*

- Yes
- No

→ **If yes, how long should the relief be provided?**

- At least one reporting cycles**
- At least two reporting cycles
- Other: \_\_\_\_\_

**Should this additional reliefs be applied in addition to those already identified by the ISSB:  
Option to not disclose Scope 3 greenhouse gas emissions, except for Category 6 and 7**

*See Paragraph 6.11 of the Consultation Paper for the possible approach*

- Yes
- No

→ **If yes, how long should the relief be provided?**

- At least one reporting cycles**
- At least two reporting cycles
- Other: \_\_\_\_\_

**Are there any additional reliefs that should be considered to facilitate adoption of IFRS S1 and IFRS S2?**

- Yes
- No

**Please state your suggestions and reasons for your suggestions.**

Given the prior comments in the need for a delay in the adoption of the IFRS S1 core content disclosure requirements beyond the one-year transition period, any reliefs associated with IFRS S1 core content disclosure requirements should be delayed accordingly.

**As IFRS requires the use of GHG Protocol unless a different method is mandated by a regulatory entity, is the company ready to use or already using the GHG Protocol to calculate its GHG emissions?**

*IFRS S2 states that greenhouse gas emission shall be measured in accordance with Greenhouse Gas Protocol unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method. (IFRS S2 Para 29 (a) (ii))*

- Yes
- No

**If the company is not using the GHG Protocol, what other standard(s) or methodology is being used?**

**Can your company transition to the GHG Protocol?**

- Yes
- No

**If yes, by when?**

- 2026
- 2027
- 2028

**If your company is not able to transition to using the GHG protocol, please explain why.**

**In your view, what are some enablers and forms of support needed to holistically and effectively implement the ISSB Standards?**

*Please select at most 3 options.*

- Illustrative guide (ie. guidance on reporting, implementation framework, interpretation and compliance, effects onto financial statement sample case studies)**
- Capacity building (ie. Initiatives aimed at enhancing knowledge and skills related to ISSB Standards)**
- Knowledge hub (ie. Consolidating all practice guidelines, case studies and webinars for ISSB implementation, including database to access emission factors, physical risks and industry specific metrics)**
- Incentives (ie. tax reliefs on ISSB adoption-related expenditures, government grants to support the implementation of ISSB, managing climate and sustainability-related risks)**

Other: \_\_\_\_\_

## **ASSURANCE APPROACH**

Investors depend on sustainability disclosure to make investment decisions. With sustainable practices influencing capital allocation, companies are incentivised to publish meaningful and impactful sustainability information. However, this trend also brings the risks of greenwashing, leading to a growing scepticism about the reliability of such information.

External assurance plays a crucial role to address the reporting trust deficit, thereby maintaining confidence in our capital markets. The initial focus for potential mandatory external assurance could be obtaining limited assurance for greenhouse gas emissions metrics two years after the adoption of IFRS S2 to enable progress tracking against climate targets. This approach is supported by the GHG Protocol and methodologies that enable reliable measurement across borders and facilitates the management of corporate greenhouse gas emissions.

**Has your company's sustainability statement been subjected to external assurance?**

- Yes
- No**

**In your view, should external limited assurance be mandated?**

*See Paragraph 6.17 of the Consultation Paper for the possible approach.*

- Yes**
- No

**If yes, should greenhouse gas emissions be prioritised?**

- Yes**
- No

**Please state the reasons for your views.**

We encourage ACSR to wait and observe international developments before putting in scope entities through audits that may not be globally consistent.

**Assuming IFRS S2 comes into effect for climate disclosures in annual reports, should external limited assurance for Scope 1 and 2 greenhouse gas emission be mandated 2 years after?**

- Yes
- No**

**If not, when?**

- Same year as adoption of IFRS S2
- 1 year after adoption of IFRS S2
- 3 years after adoption of IFRS S2**
- 4 years after adoption of IFRS S2
- 5 years after adoption of IFRS S2

**Please state the reasons for your views.**

We encourage ACSR to wait and observe international developments before putting in scope entities through audits that may not be globally consistent.

**In your view, when should external limited assurance be mandated for Scope 3 greenhouse gas emissions?**

- Not required
- Same year as mandated Scope 1 and 2 assurance
- 1 year after mandated Scope 1 and 2 assurance
- 2 years after mandated Scope 1 and 2 assurance
- 3 years and more after mandated Scope 1 and 2 assurance**

→ **In your view, when should external reasonable assurance be mandated for Scope 1, Scope 2, and Scope 3 greenhouse gas emissions?**

*See Paragraph 6.17 of the Consultation Paper for the possible approach.*

- Not required, limited assurance is sufficient
- 2026
- 2027
- 2028
- 2029
- 2030 and beyond**

**In your view, should external assurance be made mandatory for all other common sustainability matters under Enhanced SRF? (e.g. diversity, energy management, health and safety, labour practices and standards, etc.)**

*See Paragraph 6.17 of the Consultation Paper for the possible approach.*

- Yes**
- No

**Please state the reasons for your views.**

We encourage ACSR to wait and observe international developments before putting in scope entities through audits that may not be globally consistent.

**In your view, should external assurance be made mandatory for sustainability matters that is of high priority as identified by the company? Note: This may not contain all common sustainability matters under the Enhanced SRF**

- Yes**
- No

**Please state the reasons for your views.**

We encourage ACSR to wait and observe international developments before putting in scope entities through audits that may not be globally consistent.



## **ASSURANCE STANDARDS**

Currently, Bursa has referenced recognised assurance standards as the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance engagements other than audits or reviews of historical financial information and the International Organisation for Standardisation (ISO).

In recent developments, the International Auditing and Assurance Standards Board (IAASB) has introduced the Exposure Draft of proposed International Standard on Sustainability Assurance (ISSA) 5000, an evolved version building on the ISAE 3000 (Revised). Anticipated for release by the end of 2024, ISSA 5000 aims to be a comprehensive, independent standard that is adaptable for various sustainability assurance engagements. It's designed for both accounting and non-accounting assurance practitioners and set to become the industry benchmark.

The standardisation of assurance standards is key to ensuring consistency and efficiency in the assurance process while promoting capacity-building through targeted guidance for optimal practices.

**In your view, should ISSA 5000 be used as the overarching standard for all external assurance engagement on sustainability information, except when a separate conclusion on greenhouse gas statement is provided?**

*See Paragraph 6.20 of the Consultation Paper for the possible approach.*

- Yes**
- No

Please state the reasons for your views.

We encourage ACSR to wait and observe international developments before putting in scope entities through audits that may not be globally consistent.

**Assuming external assurance for greenhouse gas emissions is made mandatory, which standards should be used to provide a conclusion on greenhouse gas emission? (You may choose more than one option)**

*See Paragraph 6.20 of the Consultation Paper for the possible approach.*

- ISAE 3410 Assurance Engagements on Greenhouse Gas Statements**
- ISO 14064-3 Greenhouse gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements
- Other: \_\_\_\_\_

**Please state the reasons for your views.**

**In your view, should assurance providers (engagement partners and assurance firms/companies) be licensed – similar to that imposed on the financial assurance service providers?**

*Integral to the assurance process is the engagement of licensed assurance providers. These providers are bound by strict professional standards and ethical guidelines, ensuring that their assurance services are of the highest quality and integrity.*

- Yes**
- No

**Please state the reasons for your views.**

## ASSURANCE APPROACH

**In your view, what are some enablers and forms of support needed to comply with mandatory external limited assurance?**

*Please select at most 3 options.*

- Illustrative guide (ie. documentation necessary for assurance activities, sample case studies, quality control/review procedures, framework overview)**
- Capacity building (ie. trainings and accreditation for assurance providers)**
- Knowledge hub (ie. consolidating all practice guidelines, case studies and webinars for ISSB implementation, including database of access emission factors and industry specific metrics)**
- Incentives (ie. increased access to capital)**
- Other: \_\_\_\_\_

## END OF CONSULTATION PAPER

**Your responses may be made public by the SC. Do you wish for your name to remain confidential?**

- Yes**
- No