

ACSR TO HOLD PUBLIC CONSULTATION IN FEB ON USE OF ISSB STANDARDS IN MALAYSIA

MEDIA RELEASE

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The Advisory Committee on Sustainability Reporting (ACSR) will be conducting an online public consultation next month on the use of the sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB) in Malaysia¹.

The ACSR, chaired by the Securities Commission Malaysia (SC) and formed with the endorsement of the Ministry of Finance, comprises representatives from Bank Negara Malaysia, Bursa Malaysia Berhad, Companies Commission of Malaysia, Audit Oversight Board and Financial Reporting Foundation.

The ISSB developed its first two standards after extensive feedback and calls from the G20, the Financial Stability Standards Boards, the International Organisation of Securities Commissions (IOSCO) and the business and investor communities for a common standard to disclose sustainability information, including climate-related risks and opportunities.

The first two standards are IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures).

At the recent 28th UN Climate Change Conference (COP28), investors with more than USD120 trillion of assets under management voiced their support for the use of the ISSB Standards.

Commenting on this, SC Chairman Dato' Seri Dr Awang Adek Hussin said: "The financial sector, particularly the capital market, must continue to facilitate financing and investments in support of the Government's key initiatives to address sustainability-related issues including the impact of climate change on the economy."

"To facilitate fund raising, the availability of reliable and comparable disclosure that is based on international standards is important. Equally important will be the exercise of proportionality in the use of these standards and for interoperability between global and domestic frameworks, to ease some of the challenges companies may face as they transition to the new standards," he said.

The online public consultation is scheduled for six weeks. The public can provide views and feedback on critical considerations including implementation approach, timing and assurance of

sustainability disclosures in Malaysia.

Datuk Kamarudin Hashim, SC Managing Director and Chairman of the ACSR said: “While the immediate consideration is for the ISSB Standards to be applicable to listed issuers, we are cognisant that there is also demand for sustainability-related action and information on non-listed issuers.”

“As such, we strongly encourage all stakeholders, including preparers, investors, sustainability assurance providers, rating agencies and others to share their views, as this will help shape the national sustainability reporting framework,” he said.

Last year, ACSR met with senior representatives from the International Auditing and Assurance Standards Board (IAASB) to get a better understanding of the proposed assurance standards for sustainability information, which the IAASB has developed and made available for public consultation between August and December 2023.

A robust assurance framework is important to ensure the reliability of the sustainability information disclosed, and to mitigate the risk of greenwashing.

¹The IFRS Trustees Foundation announced the formation of the ISSB at the 2021 United Nations Climate Change Conference (COP26). The ISSB was established to develop a comprehensive global baseline for sustainability reporting that would meet the needs of investors and the financial markets.

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The Securities Commission Malaysia (SC) was established on 1 March 1993 under the Securities Commission Act 1993 (SCA). We are a self-funded statutory body entrusted with the responsibility to regulate and develop the Malaysian capital market.

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