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Malaysia's First NSRF Review Finds Strong Foundations, but Financial Links Remain Weak

Joint MSWG-CGM study of 91 large listed issuers identifies a focused agenda for the next reporting cycle

KUALA LUMPUR, 19 August 2026 – The Minority Shareholders Watch Group (MSWG) and Climate Governance Malaysia (CGM) today released 'Malaysia's First Wave of NSRF', a joint study examining the sustainability-related disclosures of 91 Group 1 listed issuers under Malaysia's National Sustainability Reporting Framework (NSRF).

The assessment was conducted using a methodology developed by the Securities Commission Malaysia and leveraged an AI-assisted process to evaluate a substantial volume of disclosures. The results were subsequently reviewed and validated through human assessment to strengthen consistency, contextual judgement and reliability.

The study highlights five key findings from Malaysia's first NSRF reporting cycle. Climate-related risks are increasingly visible, but their potential financial implications remain weakly articulated. Governance structures and responsibilities are widely disclosed, although their influence on board decisions, strategic direction and capital allocation is less evident. Risk-management processes are generally more developed than the metrics, targets and data needed to measure exposure and performance. Disclosure gaps are concentrated in five technical areas: climate-related targets, climate resilience, cross-industry metrics, financial effects and greenhouse gas emissions. Overall, while the first reporting cycle demonstrates that Malaysian companies are building the necessary reporting capabilities, the maturity and decision-usefulness of disclosures remain uneven across issuers.

"*The first reporting cycle is an important foundation. The next phase must focus on making sustainability disclosures more connected, financially meaningful and useful to investors. Minority shareholders need to understand not only the sustainability-related risks facing a company, but also how those risks may influence its strategy, financial prospects and allocation of capital,*" said Dr Ismet Yusoff, Chief Executive Officer of MSWG.

"Globally, sustainability reporting is entering a new phase as markets move towards a common baseline of investor-focused disclosure. Malaysia's early adoption of ISSB-aligned requirements places us firmly within that global transition. The significance of this first

reporting cycle is therefore not about achieving perfection from the outset, but about building the capabilities, governance and market discipline needed for reporting to mature over time. As global expectations continue to evolve, the real measure of progress will be whether sustainability information becomes increasingly comparable, decision-useful and embedded in how companies think about resilience and long-term value creation.", said Datin Seri Sunita Rajakumar, Founder and Non-Independent Director of CGM.

The report also features CGM's perspective on Malaysia's climate governance and reporting landscape, along with a series of box articles that examine key issues in greater depth, including emissions measurement, reporting readiness, scenario analysis, the financial implications of carbon pricing, and the integrity of sustainability claims.

The joint study is intended to support boards, companies, regulators, investors and other market participants as Malaysia progresses towards fuller implementation and assurance under the NSRF.

The full report is available on the MSWG (www.mswg.org.my) and CGM (www.cgmalaysia.com) websites.

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About the Minority Shareholders Watch Group
The Minority Shareholders Watch Group (MSWG) was established in 2000 as a government initiative within Malaysia's broader capital market framework. MSWG advocates for minority shareholders' rights and promotes corporate governance and sustainability excellence through shareholder activism, monitoring of public-listed companies, research, stakeholder engagement and policy advocacy. More information about MSWG is available at www.mswg.org.my.

About Climate Governance Malaysia
Climate Governance Malaysia (CGM) was launched in May 2019 as the first Asian chapter of the World Economic Forum's Climate Governance Initiative. CGM is a network of non-executive directors committed to strengthening board-level climate leadership and equipping directors with the practical knowledge and skills to guide companies through an effective climate transition while safeguarding financial stability, resilience and long-term sustainability. More information about CGM is available at www.cgmalaysia.com