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The Sustainability Exchange

Lessons from Malaysia, Australia and Europe on starting, defending and finishing your ISSB report

A reference guide for directors and executives who could not attend. It follows the panel's advice from first draft to final report. Each point is credited to the speaker who made it. Commentary on law and regulation is shared as a panel perspective, without naming an individual.

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How to read this guide. A coloured name chip shows whose remark or advice is summarised. A grey **Panel** chip marks commentary on law or regulation that is shared as a panel perspective, not attributed to one speaker. Remarks are paraphrased from the author's attendance and notes, with short quotations only where marked. Panellists are listed as they appeared on the event slide. This is an independent summary, not a Grant Thornton publication, and it has not been reviewed or endorsed by Grant Thornton or the speakers. It is general information, not professional or legal advice. Figures checked against public sources are listed on the final page.

About the compiler. Nidthia Chelvam is a board director and governance strategist advising ASEAN boards, family offices and owners through Queberra. This guide is an independent summary prepared for directors who could not attend.

One standard, two first-year reviews

Kishan Jasani Opening the evening, Kishan described a reporting landscape fragmented for years, "the alphabet soup of standards", and asked how global consistency can sit alongside local Malaysian needs. He also flagged the question regulators keep asking: how do sustainability risks and opportunities link to the financial statements?

40
first-cohort sustainability reports reviewed by ASIC, Australia (Report 839, 21 Sep 2026)

91
Group 1 issuers reviewed by MSWG and Climate Governance Malaysia

Australia: improvement, with work remaining

ASIC found climate-related disclosure has improved in quality, quantity and consistency since statutory reporting began. It named where work remains: forward-looking disclosures, and disclosures resting on assumptions or judgement, particularly in the strategy and metrics and targets sections.

Malaysia: quality first, then assurance

The review of the first 91 Group 1 issuers found disclosure quality still needs improvement. The Advisory Committee on Sustainability Reporting (ACSR), chaired by the Securities Commission Malaysia, moved Group 1 mandatory assurance of Scope 1 and 2 emissions from periods beginning 1 January 2027 to 1 January 2028, citing time for processes, controls and data quality. Group 1 comprises the largest Main Market issuers (market capitalisation of RM2 billion and above); Group 2 follows from 2026 and Group 3 from 2027.

Malaysia: interim steps (ACSR, 17 Sep 2026)
ISSA 5000 is the designated assurance standard; ISAE 3000 (Revised) and ISO standards are no longer recommended.
Main Market and ACE Market issuers state whether disclosures were internally reviewed or independently assured.
The ACSR will issue a Sustainability Assurance Guide for providers.

The global picture

Sarah Carroll Adoption of the ISSB standards has grown steadily since release in 2023, with Asia-Pacific leading. Most jurisdictions add their own twist: extra or fewer requirements, or a longer transition. Watch for those differences when comparing markets.

BOARDROOM TAKEAWAY

Both first-year reviews point the same way: reviewers are testing the reasoning behind a disclosure, not only whether one exists.

What Malaysia can borrow from Australia's first year

Samantha Sing Key Samantha described Australia as probably the closest to where Malaysia now sits: climate first, with the first wave of large entities reporting for the year ended 31 December 2025 and many more on a 30 June year end. Her central advice: leverage what Australia has already built.

Her practical points

- **Use the Australian materials.** The AASB S2 Knowledge Hub on the AASB website gathers guidance and links to educational modules from ASIC. In her view the regimes are close enough for the material to apply directly in Malaysia.
- **Know the real differences.** She named two: Scope 3 transition relief, and Australia's climate-only scope. Stay climate-first for the same period and, she said, the experience is almost identical.
- **Expect assurance to reach beyond emissions.** Australian assurance covers governance and the identification of climate-related risks and opportunities, not only Scope 1 and 2. Reporters never had a period without an assurance provider reading their work.
- **Avoid the compliance mindset.** Treated purely as compliance, she said, reporting brings a heavy burden and little benefit.
- **Prefer quality in words.** Banks, insurers and pension funds told her the qualitative description of risk and its effect on the value chain is what they value most.

	Malaysia (NSRF)	Australia
Standards	IFRS S1 and S2 (via NSRF)	Climate first (AASB S2)
First wave	Group 1: market cap RM2 billion and above, from 2025	Group 1: large entities, year ended 31 Dec 2025 onward
Scope 3 relief	Time-limited transition relief; the period varies by group *	One-time relief in the first reporting period
Assurance	Scope 1 and 2: Group 1 from 1 Jan 2028	Limited assurance from year one, on governance, risks and opportunities and Scope 1 and 2, widening in years two and three **

* KPMG's NSRF brochure gives two years for Groups 1 and 2 and three for Group 3; the panel referred to three years. Confirm the period for your group against the Securities Commission's NSRF. ** Per BDO Australia's assurance timeline.

How Australia got to the ISSB baseline

Samantha Sing Key Seconded to the Australian Accounting Standards Board, Samantha worked on the first Australian standards. The first exposure draft carried many Australian changes. Feedback was heavy: 117 comment letters, 289 survey responses and more than 1,000 registrations for roundtables. The message that came through was to return to the ISSB baseline, for consistency and access to international capital. Her guiding principle afterwards was proportionality: flexibility in how a requirement is met, never in whether it applies.

BOARDROOM TAKEAWAY

Treat Australia as a rehearsal, not a rulebook: borrow its materials and lessons, then check Malaysia's own Scope 3 relief and assurance dates.

From first draft to final report in eight steps

Drawn from four panellists. Each step credits the speaker.

1 **Samantha Sing Key** **Do not overcomplicate it.** Define the key terms for your business, including risk and trade-offs. A modest report that meets the standard is compliant. The real waste is producing it every year and never using it to decide anything.

2 **Samantha Sing Key** **Start with the risk register.** The ISSB asks for all reasonable and supportable information, which finance teams will recognise. Ask whether climate amplifies, reduces or changes a risk you already track.

3 **Samantha Sing Key** **Describe the real exposure.** "The risk is not the flood." It is the stock in the warehouse the flood reaches, and a company that sees that can raise the shelves.

4 **Sarah Carroll** **Put sustainability and finance on the same page from day one.** If they meet only at the end, it does not work. Finance's controls and governance help the sustainability report.

5 **Dr Hema Surendranathan** **Build internal controls first.** Maturity is still low. Simple fixes matter, such as controlled access to an emissions data set rather than a shared folder, and tools such as ERP or EPM systems where needed.

6 **Janice Daly** **Anchor forward views in external scenarios.** Use published pathways rather than curves built in-house, and be ready to explain how you used them.

7 **Dr Hema Surendranathan** **Rehearse with limited assurance.** Go through limited assurance before reaching for reasonable assurance. The exercise surfaces nuances that are otherwise lost.

8 **Janice Daly** **Give it a senior owner and plan for year two.** Know your own risk before others tell you. Resource it, delegate authority, design the operating model for business as usual and invest in training and internal forums.

Janice's reassurance: it is a large undertaking and can feel overwhelming, but do it well in years one and two and it becomes part of the business. Samantha's: the most common issue in Australia is a company trying to do everything at once.

BOARDROOM TAKEAWAY

Start with the risk register, keep the first report modest, and plan year two before year one is filed.

Europe, the ISSB model and Malaysia: where the mandate bends

Panel The sharpest contrasts came from the European perspective on the panel. Kishan asked how Europe balances its detailed approach with principles-based reporting, comparing it with the prescriptive tradition of US GAAP.

Why Europe is different, as described on the panel

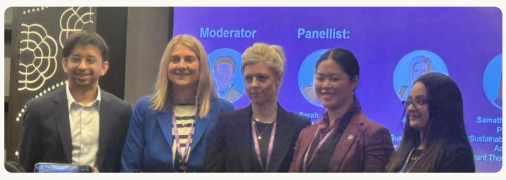
- **Regulation first.** Before the Corporate Sustainability Reporting Directive (CSRD), European sustainability expectations came through the financial system: the ECB, the EBA and EIOPA, shaped by post-crisis capital and liquidity rules in which materiality already mattered. Banks were asked for TCFD-style reporting on governance, strategy, risk management and metrics and targets.
- **Prescriptive disclosure.** The CSRD was described as very prescriptive, with dry, factual, checklist-style disclosures. Some preparers like that because it asks for less narrative, but it tells readers less about the business.
- **Simplification and competitiveness.** The CSRD has been simplified under economic and political pressure, and the agenda has turned to competitiveness, yet companies still need to report across jurisdictions such as California, Australia and Malaysia.
- **A common thread.** The view offered was that it all returns to clear disclosures on financial materiality that describe a business's risks and opportunities.

Dimension	Prescriptive, checklist style (as described for the CSRD)	ISSB-based style (as described for Australia and Malaysia)
Method	Defined datapoints to complete	Principles; the company chooses a method that works for it
Reader gets	Factual, controlled, comparable fields	A narrative of how this business sees its risks
Starting point	Regulatory and supervisory expectations	Decision-useful information for capital providers
Preparer burden	Less narrative, less room to think	More judgement, so more to defend

Summarised from the panel's remarks, not a legal comparison of the regimes.

The ISSB design choice

Samantha Sing Key The ISSB deliberately did not mandate how a company identifies its risks and opportunities. Proportionality does not reduce a requirement, so information stays consistent while the route to it stays flexible. Her smallest Australian reporters can be companies with revenue near A$50 million, with little more than a CFO and a finance manager, which is why flexibility mattered.



The panel after the session. Photo: Nidthia Chelvam

Sarah Carroll Whatever the jurisdiction, the four pillars of governance, strategy, risk management and metrics and targets are applied consistently, which she called "a miracle" even in the EU.

Looking forward without a crystal ball, and without a safe harbour

Kishan Jasani Kishan framed the touchiest question of the evening: how can preparers make forward-looking statements when nobody knows whether a site will flood, and should Malaysia adopt a safe harbour? He noted that Malaysian capital markets law already prohibits misleading statements.

Use what finance already does

Sarah Carroll Financial reporting already looks ahead, in impairment testing and cash-flow forecasts. The discipline is to use reasonable and supportable information, make judgements, and above all disclose how: the assumptions, the areas of variability, and the short, medium and long-term horizons, so users know how far ahead the company is looking.

Borrow the market's habit of external curves

Janice Daly Janice recalled a CEO who said he had no crystal ball and could not think past five years. Her answer: do not invent the future. Markets value derivatives using third-party curves, not curves the company builds. For climate there are published scientific pathways, such as those of the Network for Greening the Financial System and the IPCC, which translate into macro indicators such as GDP, inflation, interest rates and the price of carbon. Using them is protective, defensible to an insurer, and easy to explain.

Australia's reasonable-basis test

Panel The Australian perspective: there is no safe harbour, because a forward-looking statement is treated as misleading if made without a reasonable basis. The advice: do not worry about the forward-looking statement; worry about the reasonable basis. A publicly available, peer-reviewed scenario is a strong one. Safe harbour was resisted because it would have appeared to remove directors' duties, and directors remain responsible for business risk.

Accountability by design

Panel From the European side: supervisors expect climate performance to be linked to remuneration, and accountability regimes in Ireland and the UK name senior individuals responsible for outcomes. A defined owner changes behaviour.

These are panel perspectives, not legal advice. Directors should take advice on how liability for forward-looking statements applies in their own jurisdiction, including Malaysia and Australia.

BOARDROOM TAKEAWAY

Document the reasonable basis for every forward-looking view, anchor it in an external scenario, and give it a named owner.

Materiality and the link to the financial statements

The test and the link

Sarah Carroll IFRS S1 asks companies to identify and disclose the sustainability-related risks and opportunities that could reasonably be expected to affect cash flows, access to finance or cost of capital over the short, medium and long term. That shifts thinking from sustainability activities to matters that touch enterprise value, and makes connectivity between sustainability, strategy, risk management and financial reporting central. Her closing plea: do not manage them in silos.

Strategy first, then disclosure

Dr Hema Surendranathan Drawing on her telecoms and oil and gas background, Dr Hema said disclosure should emerge from business strategy, not exist for its own sake: identify stakeholders, set materiality, then develop KPIs. Companies often have risk registers built for business continuity but have not yet thought through their sustainability, health, safety and environment risks, so enhancing the register is an early win. She also urged borrowing finance's frameworks, especially on methodology, which she sees missing from sustainability reports.

Impacts come back as financial risk

Janice Daly Janice, who has worked on double materiality, argued that outward impacts should be seen as a boomerang: through regulation, litigation, reputation and brand damage they return as financial effects. Environmental, social and governance factors can become financially material quickly. Sustainability, she said, is a lens, like cyber risk: pervasive and hard to box in. Education that moves directors from unfamiliar vocabulary back to financial consequences works best.

Reporting is the skill

Samantha Sing Key Sustainability is subject-matter knowledge, not a separate skill set. The key part of sustainability reporting is the reporting: accountants already know the reporting cycle, the controls and the language of external reporting. Pair that with climate or water or human rights knowledge, and climate literacy, a large barrier, can be closed.

Comparability without copying

Samantha Sing Key Answering an audience question, Samantha said ISSB reporting is not meant to produce identical reports. Banks in the same sector have different portfolios, value chains and risk appetites, so decision-useful information needs variation. Look at peers for help, but copying them can suggest the standard is not yet understood.

Panel discussion of double versus single materiality was animated and is not summarised here; refer to IFRS S1 directly.

BOARDROOM TAKEAWAY

Connect the sustainability report to the financial statements early. The link between the two ran through the whole evening.

A checklist and questions for your next meeting

Checklist

1. Find the enterprise risk register; map it to disclosures.
2. Test each risk: hazard, then business exposure, then financial effect.
3. Name a senior owner for each material risk and opportunity.
4. Put finance and sustainability on one workplan from the start.
5. Tighten data controls: access, ownership, tooling.
6. List every forward-looking assumption and its source; use published scenarios.
7. State the short, medium and long-term horizons used.
8. Decide: internally reviewed or independently assured?
9. Use the Australian knowledge hub and ASIC modules for training.
10. Plan year two: operating model, resourcing, training.

Questions for the audit committee

- Which disclosures rest on judgement, and where is it documented?
- Who owns the control behind each data line?
- Would our report read as ours, or as a peer's?
- What would a reviewer ask first reading our report beside the financial statements?
- Are we using the report to decide, or only to disclose?

The one-line test

Reviewers in both markets are reading the working, not only the answer. Make sure the working exists before the answer is published.

Important notice. Prepared by Nidthia Chelvam of Queberra as an independent summary of a public panel evening. It is not a Grant Thornton publication and has not been reviewed or endorsed by Grant Thornton or the speakers. Remarks are paraphrased and any error is the compiler's. It is general information, not professional, legal or investment advice; take advice on your own circumstances.

Sources and checks

- ASIC media release 26-222MR and Report 839, 21 September 2026 (asic.gov.au).
- ACSR media release, Securities Commission Malaysia, 17 September 2026 (sc.com.my).
- IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information (IFRS Foundation).
- AASB staff paper on ED SR1 feedback (comment letters, survey responses, roundtables); AASB S2 Knowledge Hub (aasb.gov.au); AASB S2 paragraph C4(b), Scope 3 relief, as summarised by BDO Australia.
- ASIC and AASB e-learning modules on sustainability reporting, launched 30 March 2026 (asic.gov.au).
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- The Sustainability Exchange, Grant Thornton Malaysia, 3 November 2026: panel remarks as paraphrased by the author.