



Joint Committee
on Climate Change

Frequently Asked Questions

On Climate Risk Management & Scenario Analysis (CRMSA)

JC3 Sub-Committee 2: Governance & Disclosure

Version 1.0 | March 2025

Preface

The Joint Committee on Climate Change Sub-Committee 2 - Governance and Disclosure (JC3 SC2) was established in September 2019 as part of Bank Negara Malaysia's (BNM) collective efforts to strengthen the financial industry's capacity in addressing climate-related challenges.

JC3 SC2 is co-chaired by Bursa Malaysia and CIMB Bank, with representation from various domestic and foreign financial institutions (FIs), including banks, insurance companies, takaful operators, asset management firms, and regulators.

The sub-committee's primary objective is to promote the adoption of climate-related disclosure frameworks, particularly the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which have now moved towards aligning to the International Sustainability Standards Board (ISSB) IFRS standards, as outlined under the National Sustainability Reporting Framework (NSRF). Additionally, JC3 SC2 seeks to advance strategies, initiatives, and best practices for financial institutions, including measures to mitigate the risks of greenwashing.

In December 2022, BNM published the Policy Document on Climate Risk Management and Scenario Analysis (CRMSA), which sets out principles and regulatory expectations for climate risk management and scenario analysis. The policy aims to enhance the financial sector's resilience to climate-related risks while supporting a just and orderly transition to a low-carbon economy.

This document, developed by JC3 SC2, compiles frequently asked questions (FAQs) that have emerged from discussions, workshops, and training sessions. It provides guidance and recommendations to help financial institutions implement CRMSA disclosure requirements effectively, ensuring consistent and coherent industry-wide adoption.

For any further clarification, please direct your queries to the JC3 SC2 Secretariat.

No.	Frequently Asked Questions
1.	<p>Medium of disclosures</p> <p>(a) <u>Question</u> What is the form / location / mode of disclosures (e.g. published on website, form of the report, does it have to be part of the financial statements / annual report etc.)?</p> <p><u>Answer</u> As outlined in paragraph 13.6 of CRMSA PD issued on 30 Nov 2022, the disclosures can be made publicly available in these forms:</p> <ul style="list-style-type: none"> i. Within financial/ annual reports and other existing report e.g. sustainability report; ii. As a separate standalone climate-related disclosures; or iii. On the financial institutions’ (FI) website. <p>The climate-related disclosures shall be published at the same time as the FI’s annual financial reports.</p> <p>(b) <u>Question</u> Do the disclosures have to be made publicly available?</p> <p><u>Answer</u> Yes.</p>
2.	<p>Reliance on group-level / holding company disclosures</p> <p>(a) <u>Question</u> For subsidiaries of foreign FIs, can they rely on group/holding company disclosures? If yes, what form should these disclosures take for compliance with BNM’s requirements (e.g. some quantitative information might require a lot of effort to segregate, or use of assumptions is required etc)?</p> <p><u>Answer</u> BNM’s response to item 7 of the Feedback Statement issued together with the CRMSA PD on 30 Nov 2022 remains applicable. Financial institutions may leverage consolidated group disclosures for entities under the same group if the disclosures meaningfully reflect the entities’ material information.</p>

<p>3.</p> <p>(a)</p>	<p>Disclosure guidance to be applied</p> <p><u>Question</u> To be considered in compliance with CRMSA, are disclosure of Financial Stability Board (FSB) TCFD’s core elements sufficient (i.e. covering the 11 broad disclosure recommendations)? Or is it mandatory to disclose <u>all</u> JC3’s TCFD Application Guide “Basic” recommendations?</p> <p><u>Answer</u> The CRMSA PD expects FIs to produce climate-related disclosures that fully align with the TCFD recommendations, which means that FIs should align with the TCFD Application Guide ‘Stretch’ requirements.</p> <p>Nevertheless, consistent with the Feedback Statement issued with the CRMSA PD on 30 Nov 2022, BNM allows iterative implementations, understanding that FIs may need time to implement the more challenging disclosures progressively. As a start, financial institutions must meet all the “Basic” recommendations outlined in JC3’s TCFD Application Guide and move towards the “Stretch” recommendations to be fully aligned with TCFD.</p> <p>FIs should consider the suitability and appropriateness of the recommended metrics in the TCFD Application Guide and disclose relevant and meaningful ones.</p>
<p>4.</p> <p>(a)</p>	<p>Timelines for “Stretch” adoption</p> <p><u>Question</u> Is there a timeline to adopt JC3’s TCFD Application Guide “Stretch” recommendation?</p> <p><u>Answer</u> In general, BNM expects FIs to meet ‘Stretch’ recommendations for FY 2024 report. However, as mentioned in previous responses, BNM allows an iterative implementation approach for CRMSA PD, and FIs should communicate with supervisors if there are challenges to meet ‘Stretch’ recommendations.</p>



5. (a)	<p>Development of National Sustainability Reporting Framework (NSRF)</p> <p><u>Question</u> With the release of the National Sustainability Reporting Framework (NSRF), large non-listed companies (NLCos) with annual revenue of RM2 billion and above are required to adopt IFRS S1 and S2 starting in 2027.</p> <ul style="list-style-type: none">• How would this impact the FIs that fall under the large NLCos category?• How about small NLCos FI (revenue <RM2billion), would they still be required to demonstrate their compliance towards TCFD, on top of IFRS S1 and S2?• What is the expectation on small NLCos FIs (revenue <RM2billion) but within the Group of related companies which are large? E.g. Same group with conventional, general and takaful, only conventional is >RM2b.• Will there be a disconnect with the FIs that are not required to adopt IFRS S1 & S2? <p><u>Answer</u> FIs generally have a good foundation in climate-related disclosures and are generally well positioned to implement the NSRF, given the earlier adoption timeline for TCFD-aligned disclosures as mandated in CRMSA PD. Therefore, BNM sees this as an opportunity for the financial sector to continue efforts to demonstrate leadership in sustainability reporting by continually making meaningful progress to fully adopt TCFD-aligned disclosures and moving towards implementing the ISSB Standards.</p> <p>BNM will be issuing the revised CRMSA PD to clarify expectations for all FIs in relation to the NSRF by Q1 2025.</p>
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Acronyms

BNM	Bank Negara Malaysia
CRMSA PD	Climate Risk Management and Scenario Analysis Policy Document
FI	Financial Institution
FSB	Financial Stability Board
IFRS S1	International Financial Reporting Standard 1: General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	International Financial Reporting Standard 2: Climate-related Disclosures
ISSB	International Sustainability Standards Board
JC3	Joint Committee on Climate Change
NLCos	Non-Listed Companies
NSRF	National Sustainability Reporting Framework
TCFD	Task Force on Climate-related Financial Disclosures

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- Maybank
- Mizuho Bank Malaysia
- OCBC Bank Malaysia
- RHB Bank
- SME Bank
- Standard Chartered Malaysia
- United Overseas Bank

Insurance Company

- AIG Malaysia Insurance
- AmMetLife Insurance
- AmMetLife Takaful
- Berjaya Sampo Insurance
- Generali Insurance Malaysia
- Great Eastern Life Assurance
- Hong Leong Assurance
- MSIG Insurance
- Progressive Insurance
- Sun Life Malaysia Assurance
- Syarikat Takaful Malaysia Keluarga
- Pacific Insurance
- Tune Insurance Malaysia
- Zurich Life Insurance Malaysia

Others

- BNP Paribas Asset Management Malaysia
- Kumpulan Wang Persaraan (Diperbadankan)
- Persatuan Insurans Am Malaysia (PIAM)
- RAM Holdings - Credit rating agency
- Securities Commission Malaysia

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