



**From Compliance to
Compelling Corporate Reporting:
Insights from NACRA 2025**

National Annual Corporate Report Awards (NACRA) From Compliance to Compelling Corporate Reporting: Insights from NACRA 2025

The National Annual Corporate Report Awards (“NACRA”) has long played a pivotal role in elevating the standards of corporate reporting in Malaysia. By benchmarking organisations against best practices in disclosure, governance, and transparency, NACRA continues to encourage organisations to communicate their strategy, performance, and value creation stories with stakeholders via their annual reports.

Each year, assessment of annual reports submitted to the NACRA Adjudication Committee (“NACRA AC”) provides valuable insights on how Malaysian organisations communicate their strategy, governance, performance, and sustainability commitments. In 2025, NACRA AC observed notable shifts in reporting maturity and encouraging innovation in selected areas, while on the other hand, recurring disclosure gaps continue to surface in annual reports across organisations of varying sizes and sectors.

Recognising that these observations extend beyond award considerations and carry broader relevance for preparers, boards, and stakeholders, NACRA AC has chosen this year to consolidate and share its assessment insights. This article highlights what stood out and where challenges persist — offering practical guidance to enable organisations to enhance transparency, solidify their reporting narrative, articulate strategy, performance, and value creation in a coherent, integrated, and stakeholder-focused manner.

Participants Overview: Market Categories and Industry Distribution

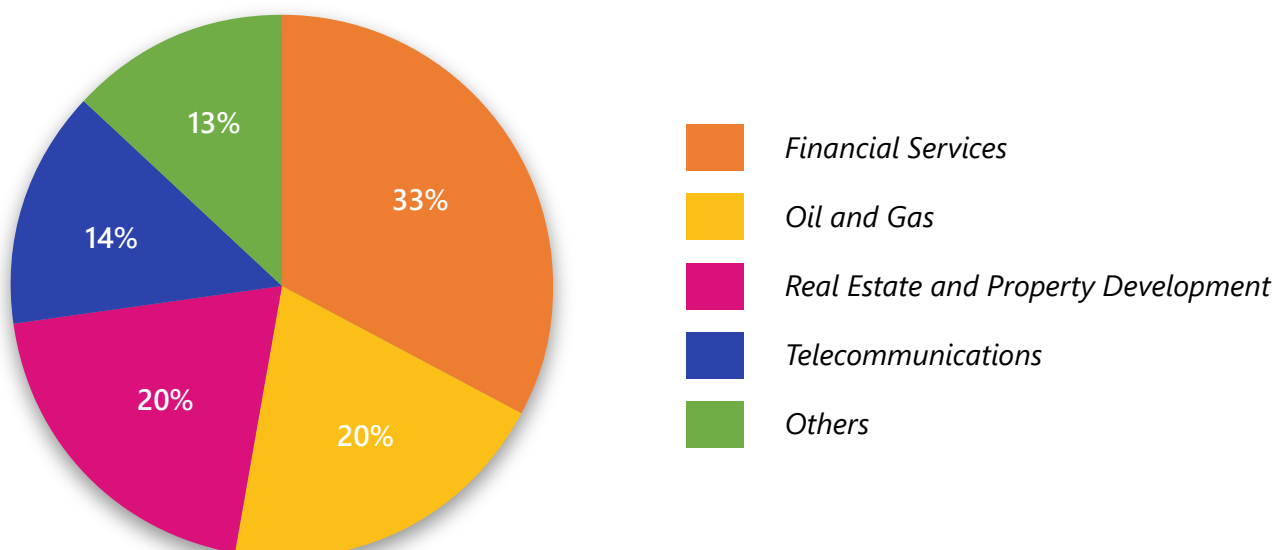
In 2025, a total of 60 organisations participated in NACRA, representing organisations across different market capitalisation categories, comprising:

- 15 organisations with market capitalisation above RM10 billion (“Big Cap”);
- 23 organisations with market capitalisation between RM2 billion and RM10 billion (“Mid Cap”);
- 17 organisations with market capitalisation less than RM2 billion (“Small Cap”); and
- 5 non-listed organisations.

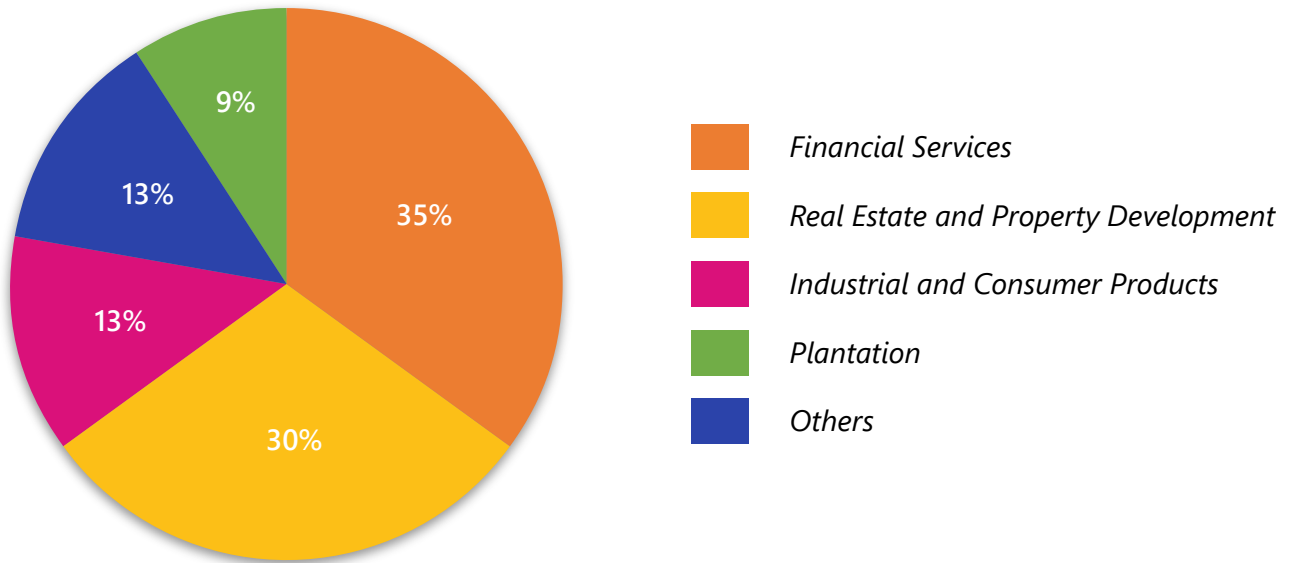
The participating organisations span a broad spectrum of industries, reflecting Malaysia’s diverse economic landscape, including sectors such as financial services, oil and gas, real estate, property development, construction, energy, plantations, telecommunications and others.

Participating Organisations by Market Capitalisation and Industry

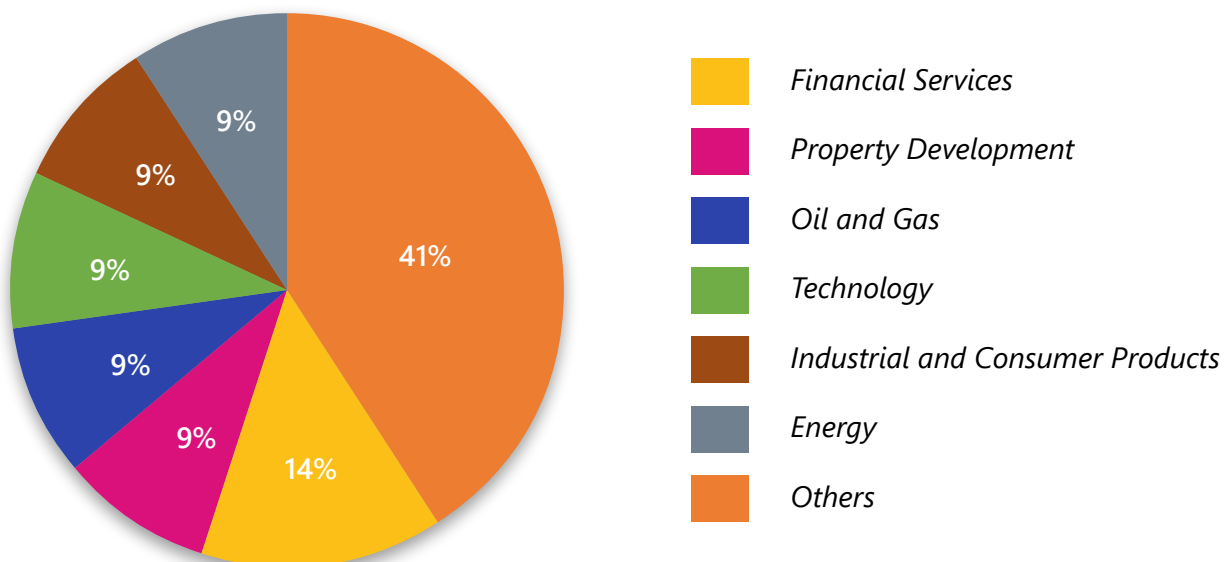
BIG CAP



MID CAP



SMALL CAP AND NON LISTED



NACRA Excellence Awards Assessment Framework

For the NACRA Excellence Award category, participating organisations are evaluated across three core areas:

- (i) Accounting Information;
- (ii) Corporate Information; and
- (iii) Sustainability Reporting

The following sections summarise NACRA AC’s observations in each category, highlighting notable practices, recurring gaps, and opportunities for organisations to strengthen transparency, clarity, and stakeholder engagement.

Accounting Information: Overview of Reporting Quality and Gaps

NACRA AC observed that participating organisations were generally in compliant with the mandatory disclosure requirements under the Companies Act 2016 and Malaysian Financial Reporting Standards (“MFRS”). Beyond mere compliance, financial information is useful only when it is relevant and faithfully represents the substance of what it intends to convey. Its usefulness is further enhanced when the information is comparable, verifiable, and understandable. Based on the observations of annual reports submitted, the quality of the disclosures was satisfactory, meeting the qualitative characteristics of useful financial information. Organisations such as CIMB Group Holdings Berhad, Malayan Banking Berhad, Sunway Berhad, and Kenanga Investment Bank Berhad demonstrated particularly good disclosures in this regard.

A proportion of organisations have gone beyond compliance by voluntarily providing supplementary information, such as detailed revenue streams, directors' remuneration with individual names, and comprehensive business reviews within the directors' report which offers deeper stakeholder insights.

Notable practices observed across participating organisations in the Accounting Information category, which encompasses both the financial statements and the directors' report, include:

- Clear and well-structured presentation of financial information, including effective cross-referencing between financial statements and notes to enhance readability.
- Comprehensive disclosures, providing detailed explanations supporting reported balances and transactions.
- Transparent disclosures relating to key accounting judgements, estimates and policy choices, with certain organisations providing well-reasoned explanations supporting key assumptions used by the management.
- Explanations of changes in accounting policies, where relevant, including the rationale and implications of such changes.

Nevertheless, NACRA AC also observed the following recurring disclosure omissions among the participating organisations:

- The reconciliation movements for certain Level 3 fair value hierarchy items as required by paragraph 93(e) of MFRS 13 *Fair Value Measurements* were not disclosed;
- The financial statements did not disclose the recoverable amount of the impaired non-current assets and also the key events or circumstances that led to the impairment, as required paragraph 130 of MFRS 136 *Impairment of Assets*;
- Non-disclosure of principal place of business for subsidiaries, associate and joint ventures that are material to the reporting entity as required by paragraphs 12(b) and 21(a)(iii) of MFRS 12 *Disclosure of Interests in Other Entities*;
- Disclosing immaterial accounting policies and/or entire set of accounting policies rather than disclosing material accounting policies relevant to the entities financial statements as required by paragraph 117 of MFRS 101 *Presentation of Financial Statements*; and
- Non-disclosure of total amount of indemnity given to or insurance effected for auditor of the Company as required by Fifth Schedule Part I(2)(d) of Companies Act, 2016.

Corporate Information: Strategic Disclosures and Governance Transparency

Participating organisations demonstrated adherence to the disclosure requirements of Main market and ACE market listing requirements. The Corporate Governance Overview Statements were presented in a structured and coherent manner, effectively communicating each organisations' governance frameworks, the implementation of the Malaysian Code of Corporate Governance ("MCCG") principles, key focus areas during the financial year, and forward-looking priorities. This provided stakeholders with a clear understanding of each organisation's commitment to robust governance practices.

Overall, corporate information offered a comprehensive overview of business operations, strategic direction, and performance, illustrating the alignment between strategic objectives, value drivers, risk management, and opportunities. Organisations such as Sime Darby Berhad, Malayan Banking Berhad, and Bank Islam Malaysia Berhad demonstrated exemplary practices in corporate information reporting.

The following notable practices were observed across participating organisations:

- Clear and structured presentation of Corporate Governance Overview Statements, outlining governance frameworks, board oversight structures, and the application of MCCG practices.
- Disclosure of key governance priorities and initiatives undertaken during the financial year, providing insight into board oversight and governance focus areas.
- Presentation of business strategy, operating environment, and key value drivers, enabling stakeholders to better understand organisational performance.
- Efforts to demonstrate connectivity between strategy, governance, risks, and organisational outcomes, reflecting elements of integrated reporting.
- Coherent presentations of key financial highlights and trends, facilitating comparability across periods.

Nevertheless, NACRA AC also observed certain areas where disclosures could be further strengthened:

- Forward-looking disclosures were high-level and lacked company-specific depth, including limited analysis of scenarios, sensitivities, and strategic responses. The narratives focused on broad macroeconomic conditions rather than providing deeper analysis of company-specific opportunities, risks, and potential future outcomes across the short, medium, and long term.
- Imbalanced narrative with emphasis on positive outcomes and comparatively limited discussion of underperformance or adverse developments; in cases of year-on-year declines, explanations were brief and did not sufficiently elaborate on underlying drivers or contributing factors.
- Limited articulation of trade-offs, where references to external influences (e.g., SST and fuel subsidy adjustments) were framed positively without fully addressing operational impacts, mitigation actions, or resource allocation decisions.

Sustainability Reporting: Progress in ESG Disclosures and Strategic Alignment

NACRA AC observed that participating organisations continued to make notable progress in sustainability reporting. Many organisations have established clear, time-bound strategies to manage ESG risks, supported by well-defined Key Performance Indicators (“KPI”). The linkage between sustainability strategies and material ESG risks and opportunities was generally articulated, demonstrating alignment between strategic intent and materiality outcomes. Information on material sustainability matters was presented in a clear and concise manner, with relevant metrics accompanied by explanations that enhances stakeholders understanding and minimised technical complexity. Organisations such as CIMB Group Holdings Berhad, Petroliam Nasional Berhad, and Kumpulan Perangsang Selangor Berhad demonstrated notable improvements in sustainability reporting.

In terms of the Sustainability Reporting category, NACRA AC observed the following good practices:

- Establishment of time-bound sustainability strategies supported by clearly defined KPIs and measurable outcomes.
- Clear articulation of linkages between sustainability strategies and identified material ESG risks and opportunities.
- Monitoring and disclosure of progress against sustainability targets through scorecards and measurable indicators.
- Presentation of performance data with contextual explanations, enhancing understanding of material matters.
- Use of concise, accessible language that avoided unnecessary jargon and improved report readability.

Despite these strengths, NACRA AC also identified several gaps across participating organisations:

- Imbalanced narrative, with greater emphasis on positive outcomes (e.g., no environmental penalties, absence of cybersecurity incidents) and limited disclosure of challenges, adverse events, or areas requiring improvement. This reduces the fairness and balance of sustainability reporting.
- Selective integration of sustainability into business strategy, where certain material matters included management responses, but the broader embedding of sustainability into the organisation’s strategic framework was not comprehensively demonstrated.
- Insufficient linkage between sustainability strategy and material risks, where some reports did not provide a structured explanation of how strategic initiatives address specific ESG risks and opportunities.
- Lack of clear disclosure on progress tracking, with some reports failing to include milestones, quantitative indicators, or measurable targets, thereby restricting stakeholders’ ability to assess performance over time.
- Incomplete disclosure of methodologies for data collection and calculation, despite Bursa Malaysia’s recommendation to clearly describe methodologies, data sources, and additional narratives for key indicators. The absence of such disclosures reduces the transparency, consistency, and verifiability of sustainability data.

The Way Forward

NACRA AC continues to encourage organisations to move beyond compliance-based reporting towards more meaningful and integrated communication. Annual reports should tell a clear and balanced value-creation story—one that connects strategy, governance, risk, performance, and sustainability in a coherent manner. Greater use of company-specific disclosures, stronger forward-looking insights, and more consistent ESG metrics will further enhance the quality and credibility of corporate reporting in Malaysia.

By building on existing strengths and addressing the identified weaknesses, Malaysian organisations can transform their annual reports into powerful tools for transparency, accountability, and stakeholder engagement, supporting the long-term goal of sustainable value creation.

As organisations prepare for NACRA 2026, these insights serve as a guidepost for strengthening reporting maturity. NACRA AC looks forward to seeing how participants will respond to these evolving expectations, innovate in their reporting practices, and demonstrate enhanced clarity, connectivity, and integrity in the upcoming assessment cycle.