

Expanding Malaysia's Global Footprint in Islamic Finance

As part of its internationalisation agenda, the SC has advanced efforts to strengthen Malaysia's global connectivity and strengthen cross-border capital market linkages. In 2025, the Malaysia-Oman Engagement Outreach Programme, held in Muscat, marked a pivotal step in deepening Malaysia's strategic engagements globally, starting with the GCC region. Through high-level dialogues and targeted business forums, the programme reinforced Malaysia's position as a resilient, Shariah-governed market and a trusted gateway to ASEAN, underpinned by strong governance, innovation and a mature ICM ecosystem.

IFN Oman Forum 2025 and Inaugural SC-IFN Business Forum

At the IFN Oman Forum 2025, SC Chairman Dato' Mohammad Faiz Azmi delivered a keynote address, highlighting the pivotal role of Islamic finance in addressing global challenges through climate action, digital inclusion and Islamic innovation. This was followed by the inaugural SC-IFN Business Forum, which convened over 150 regulators, market intermediaries, corporates and investors. Malaysian corporates showcased investment prospects aligned with Oman Vision 2040, spanning agribusiness, renewable energy and smart infrastructure. The forum also laid the groundwork for future collaboration in dual listings, sukuk and fixed-income connectivity, and sustainability-linked innovation.



Malaysia – Oman Investment Dialogue

The second flagship event, the Malaysia–Oman Investment Dialogue, gathered 75 representatives from regulators, family offices, ultra-high-net-worth investors, fund managers and corporations for targeted discussions on investment opportunities and regulatory facilitation. Presentations by Standard Chartered Bank Oman, Bursa Malaysia, and the SC highlighted how Malaysia's Islamic capital market ecosystem and ASEAN connectivity can translate Oman Vision 2040's priorities into actionable investments, particularly in energy transition, logistics, agribusiness, real estate and smart infrastructure. The dialogue fostered meaningful investor–issuer connections, enhanced awareness of Malaysia's SFO framework and strengthened channels for structured co-investment between Malaysia and the GCC, reinforcing Malaysia's position as a gateway for Islamic finance and sustainable investment.



BUILDING TRANSPARENCY, TRUST AND SUSTAINABLE CHANGE FOR MALAYSIA

Mobilising Resources Towards Meaningful Social Impact

With the launch of the Social Exchange Pilot Programme 2025 (SEPP25), the SC organised five knowledge-sharing sessions for the wider NPO community. These sessions covered essential topics such as organisational governance, internal controls, fostering and data management for effective storytelling. Prominent speakers included leaders from Yayasan MySDG, Khazanah Nasional, Yayasan Chow Kit, Global Environment Centre and Thoughts In Gear. In collaboration with the Malaysian Institute of Accountants (MIA), the SC also hosted two additional

sessions – one closed-door engagement for SEPP25 pilot partners and selected NPOs and a public session with the wider community. Topics shared include bookkeeping, governance and tax related matters.

These engagements also generated valuable data to support the development of the SEP Guidelines, which were published on 19 September 2025. To complement these engagements, the SC conducted surveys and the feedback provided critical insights into the current state of NPOs, highlighting key challenges and capacity gaps. These findings reaffirm the importance of the SC’s role in driving institutional development and underscores the need to equip NPOs with stronger governance, compliance and reporting capabilities for the forthcoming Social Exchange.

Concurrently, the SC undertook strategic engagements with key ecosystem stakeholders, including the MOF, Lembaga Hasil Dalam Negeri Malaysia (LHDNM), MIA, Registry of Societies (ROS), World Bank India and major foundations and funders. These engagements have been pivotal in informing the framework and forthcoming launch of Malaysia’s first Social Exchange – a landmark initiative designed to strengthen the social finance ecosystem and advance the nation’s sustainability objectives.

Deepening Cross Agency Collaboration on Risk Governance and Market Resilience

The SC further collaborated closely with BNM through various targeted platforms aimed at strengthening joint oversight and enhancing risk preparedness across the financial system. These engagements complement the SC’s macro-level work under the MRFG and support deeper coordination on crosscutting risks, operational resilience and emerging vulnerabilities. Within this broader collaborative framework, the SC and BNM also convened dedicated bilateral sessions to advance shared priorities in risk management and regulatory alignment.

BNM visited the SC on 19 June 2025, providing a platform for both organisations to engage in focused dialogue on enterprise risk management and operational resilience.

Throughout the session, both organisations deliberated on key priorities, including improving risk governance, enhancing organisational resilience and strengthening

the risk culture within their institutions. Discussions also covered critical areas such as data security, technology adoption, governance frameworks, talent development and the incorporation of emerging risks into organisational practices. The session concluded with a mutual commitment to sustain collaboration and knowledge sharing, reinforcing the SC’s role in driving regulatory coordination and supporting the long-term stability of Malaysia’s financial system.



ERM Roundtable Strategic Insights

The SC participated in BNM’s Enterprise Risk Management (ERM) Roundtable on 8 October 2025, demonstrating the SC’s commitment to strengthening risk management through focused and collaborative engagement. Senior representatives from the SC’s Risk Management functions joined regulators and industry practitioners in a structured half-day programme centred on data protection, operational resilience and strategic risk alignment.

- The roundtable opened with a strong focus on technology solutions for data privacy and protection, where participants examined best practices for safeguarding customer data, mitigating privacy risks and meeting regulatory expectations in an increasingly digital environment. The session underscored the importance of robust data governance and proactive risk mitigation.
- The second key area of discussion addressed the integration of business continuity management (BCM) with operational resilience, highlighting the need for adaptive strategies to sustain critical operations during disruptions.

- The final session concentrated on aligning enterprise risk management with organisational strategy, emphasising the importance of embedding risk considerations into planning and decision-making processes.

Through its participation, the SC reaffirmed its commitment to regulatory integrity, operational resilience and the continuous enhancement of its risk management practices. The engagement concluded with a shared commitment among participants to ongoing collaboration and knowledge sharing to strengthen the stability of Malaysia's financial sector.

SC-Lembaga Hasil Dalam Negeri Malaysia Working Visit on Risk Governance, Integrity Management and Resilience Frameworks

On 16 December 2025, the Risk Management Department hosted a working visit by LHDNM's Integrity and Risk Management Department. The programme featured detailed presentations on enterprise risk management, business continuity management and occupational safety, health and environment, followed by a dedicated session on whistleblowing management. The sharing sessions provided opportunities for new ideas and reference points for assessing and planning the suitability for implementation of Enterprise Risk Management. Both organisations reaffirmed the benefits of the collaboration and knowledge exchange.



Enhancing Stakeholder Collaboration for Sustainable Finance

In 2025, the SC continued to enhance stakeholder engagement through the Joint Committee on Climate Change (JC3), and international and national-level platforms to advance Malaysia's sustainable finance agenda.

JC3 Engagements and Plenary Meetings

In 2025, JC3 held two plenary meetings to drive regulator-industry collaboration to strengthen climate resilience within the Malaysian financial sector.

The 14th JC3 Plenary held on 22 January 2025 reaffirmed JC3's commitment to building climate resilience through three strategic priorities: addressing data challenges, facilitating SMEs' transition and designing climate finance solutions with a focus on sectors aligned with the National Energy Transition Roadmap (NETR) and NIMP.

A key deliverable was the publication of the Application Handbook for Issuances of SRI-Linked *Sukuk* and *Sustainability-Linked Bonds for the Malaysian Capital Market*, developed under JC3 Sub-Committee 3 with support from RAM Sustainability. The Handbook provides clear guidance and practical steps for issuance of sustainability-linked fixed income instruments. To enhance its utility and encourage adoption, the SC conducted targeted outreach sessions in collaboration with JC3's Sub-Committee 4 on Engagement and Capacity Building. These sessions engaged potential issuers and advisers, reinforcing market readiness for sustainability-linked fixed income instruments and promoting broader participation in sustainable finance.

The 15th JC3 Plenary Meeting held on 7 August 2025, welcomed nine new member institutions, including three asset management entities. A key outcome was the announcement of the development of the Malaysia Taxonomy on Sustainable Finance, a unified national taxonomy designed to align with the ASEAN Taxonomy for Sustainable Finance. The Taxonomy will incorporate science-based technical screening criteria and embed quantitative thresholds to enhance accuracy and quality of assessment.

To facilitate the adoption of NSRF, JC3 is exploring the development of a guidance document or use cases for the financial sector to assist financial institutions in meeting NSRF disclosure expectations.

International Committees and Organisations

The SC continues to drive and actively participate in various international fora and task forces:

- **COMCEC CMR Forum Sustainability Taskforce (COMCEC STF)**

The SC chairs the Sustainability Taskforce (STF) under the Capital Market Regulators Forum of the Standing Committee for Economic and Commercial Cooperation of the Organisation of the Islamic Cooperation (COMCEC CMR Forum), which was established in 2024 as a platform for capital market regulators to collaborate and identify common drivers for sustainable finance and sustainability reporting.

Following the 2024 baseline survey which assessed the state of members' sustainable finance ecosystem, the COMCEC STF organised two capacity building sessions on sustainable fixed income instruments and the implementation of the ISSB Standards.

- **IOSCO Sustainable Finance Task Force (STF)**

The SC is also a member of the IOSCO Sustainable Finance Task Force (STF), which drives sustainability-related policy work in the capital market. In 2025, the IOSCO STF Green Finance Innovation workstream examined key characteristics and trends of green products and proposed regulatory considerations. Recently, the SC contributed to the drafting of two IOSCO Reports; namely the Sustainable Bonds Report and the ESG Benchmarks Report.

- **Global Islamic Finance Program (GIFP)**

The SC serves as an Advisory Committee member of the Global Islamic Finance Program (GIFP) for Climate, Nature, and Development, which aims to mobilise Islamic capital through blended finance solutions to support nature-based solutions.

Regional Workshop and Summits

Fourth Roundtable of the ADBI-ADB Asian Climate Finance Dialogue

From 11 to 12 March 2025, the SC represented Malaysia at the Asian Development Bank Institute-Asian Development Bank (ADBI-ADB) Asian Climate Finance Dialogue in Tokyo, Japan, highlighting Malaysia's efforts in managing climate-related risks through national policies and strategies vis-à-vis progress towards Net Zero by 2050. The presentation illustrated the SC's role in scaling up sustainable finance through issuances of SRI-Sukuk and SRI-linked Sukuk Framework and other key initiatives relating to NSRF and carbon markets.

International Carbon Market Summit and Closed-door Roundtable on Voluntary Carbon Markets

Complementary to our work on Voluntary Carbon Markets in the ASEAN region, the SC spoke at the International Carbon Market Summit and the closed-door roundtable on Voluntary Carbon Markets, held on 15 April 2025 in Hong Kong. The summit examined the role of policymakers, financial regulators, trading venues, market intermediaries and technology solution providers in scaling high-integrity carbon markets and cross-border trading in the Asia Pacific and beyond. A closed-door regulatory roundtable was also held during the summit, involving relevant policy makers, financial regulators and trading venues.

Regional Workshop on the Issuance of Sovereign and Private Sector Green and Sustainability Bonds: Lessons from ASEAN

To strengthen Malaysia's international profile in sustainable finance, the SC spoke at the Regional Workshop on the Issuance of Sovereign and Private Sector Green and Sustainability Bonds: Lessons from ASEAN, held in Ulaanbaatar, Mongolia from 19 to 20 May 2025. The SC also shared on ASEAN's journey in developing the ASEAN Sustainability-Linked Bond (SLB) Standards, and how complementary regional tools such as the ASEAN Taxonomy and ASEAN Transition Finance Guidance can support credible, outcome-driven transition pathways across the region. The SC also showcased Malaysia's alignment of national frameworks with international and regional standards.

To further bolster sustainability-related thought leadership, the SC continued to actively engage with international organisations such as the World Bank, Bloomberg and Climate Bonds Initiative. These engagements focus on key priorities, trends and forward-looking outlook such as scaling up of global/regional carbon markets, climate adaptation and resilience, climate-related disclosures and increasing climate data availability. Such engagements ensure that Malaysia's capital market initiatives remain informed by global developments and aligned with international best practices.

National-level Technical Working Groups

The SC actively contributes to Ministry-led initiatives and engages closely with relevant Ministries, and agencies, to ensure that capital market inputs are incorporated into the development of national sustainability policies. As a member of the Partnership for Market Implementation Steering Committee and Technical Working Group, the SC provides feedback to MOF and the World Bank on the policy and market design framework for potential carbon pricing mechanism.

In addition, the SC serves as technical committee member for both the 'Rang Undang-undang Perubahan Iklim Negara' (RUUPIN)¹ and 'Kajian Dasar Pasaran Karbon Kebangsaan' (KDCK)², providing relevant inputs towards the finalisation of these policies under the purview of the Ministry of Natural Resources and Environmental Sustainability (NRES).

Beyond these roles, the SC has provided insights on several strategic initiatives including:

- the ASEAN Climate Change Strategic Action Plan 2035 led by NRES;
- the National ESG Strategic Plan and the Circular Economy Framework led by Ministry of Economy; and
- The Climate Adaptation Framework for the Water Sector by the Ministry of Energy Transition and Water Transformation.

¹ National Climate Change Act.

² National Carbon Market Policy.

Study Visit to Chitose Carbon Capture Central Sarawak

A study visit was conducted to the Chitose Carbon Capture Central (C4) Sarawak in Kampung Geobilt, Kuching as part of the SAC of the SC's strategic offsite meeting, with participation from representatives of the SC's Environmental Department. This visit focused on gaining in-depth insights into Malaysia's first industrial-scale microalgae production facility, which captures carbon dioxide (CO₂) emissions from a coal-fired power plant to cultivate microalgae biomass for biofuel and other high value products.



Engagements with Corporate Governance Stakeholders

The SC continued to collaborate actively with key stakeholders to encourage best practices and to enhance the effectiveness of Malaysia's corporate governance ecosystem. In 2025, the SC held over 60 engagement sessions with regulators, institutional investors, professional bodies and market participants to drive stewardship accountability, promote market discipline and ensure alignment with evolving sustainability and governance expectations.

Corporate Governance Council

Chaired by the SC, the Corporate Governance Council (CG Council) serves as a strategic platform for discussion and coordination on Corporate Governance matters. It comprises representatives from regulators, industry associations, institutional investors and other market participants, providing a forum to deliberate on policy developments, current issues, and key priorities in strengthening Malaysia's Corporate Governance landscape.

The CG Council focused on the upcoming revisions of the MCCG, reviewed adoption trends and explored opportunities to further enhance governance practices among listed companies. The Council also discussed emerging governance challenges such as sustainability integration, board diversity, stewardship expectations and the creation of long-term value, ensuring Malaysia's Corporate Governance framework remains progressive, relevant and robust.

Engagement with Institutional Investors

The SC continued its active engagement with the Institutional Investors Council and its members. Regular dialogues were held to stay informed of evolving stewardship approaches and to encourage continued advocacy for market discipline, transparency and accountability in corporate conduct. Through these engagements, the SC sought to improve alignment between regulatory expectations and stewardship practices, reinforcing the role of institutional investors as key agents of good governance in Malaysia's capital market.

Engagement with Other Key Stakeholders

The SC continued to work closely with the Institute of Corporate Directors Malaysia (ICDM) and the Minority Shareholders Watch Group (MSWG) to strengthen Malaysia's Corporate Governance ecosystem. In partnership with ICDM, efforts focused on enhancing director professionalism, improving board effectiveness and building a diverse, sustainable pipeline of board-ready talent. Further, collaboration with the MSWG provided valuable insights from minority shareholders, ensuring their perspectives are reflected in Corporate Governance policies and market initiatives.

Engagements with Corporate Leaders to Strengthen Conduct and Drive Value Creation

Building on its ongoing engagement with key Corporate Governance stakeholders, the SC continued to engage corporate leaders through targeted dialogue aimed at strengthening governance practices and supporting the sustainable development of Malaysia's capital market.

On 7 March 2025, the SC held a dialogue with the Chairmen of Nomination Committees to discuss strategies for promoting gender diversity on corporate boards. This initiative supports the government's Budget 2025 commitment for the top 100 listed companies to achieve at least 30% women board representation by 2027. The session provided valuable insights into current challenges and highlighted the availability of a strong pipeline of Board-ready women talent, with inputs from the 30% Club Malaysia and the ICDM.



Subsequently, on 8 August 2025, the SC convened a dialogue with the Chairmen of selected PLCs to exchange views on ways to enhance market vibrancy, competitiveness and long-term growth. The session gathered feedback to inform the formulation of the SC's CMP and emphasised the importance of long-term value creation, transparency, sustainability and balanced remuneration practices to strengthen market performance. Through these engagements, the SC reaffirmed its commitment to advancing sound governance, inclusivity and sustainable market growth, working closely with industry participants to build a resilient and competitive capital market.

Participation in Regional and International Meetings

At the regional and international front, the SC actively contributed to shaping global and regional Corporate Governance standards.

Through its participation in the OECD Corporate Governance Committee meetings in April and October 2025, the SC helped advance discussions on emerging trends and implications for CG frameworks, ensuring Malaysia's perspectives and regulatory experiences were represented in shaping these global benchmarks.

In addition, the SC engaged with the Asian Corporate Governance Association (ACGA) to exchange perspectives on Corporate Governance developments in the region. The ACGA also serves as a key platform for gathering feedback from stakeholders and institutional investors, fostering more inclusive and informed policy discussions.

On 24 November 2025, the SC and Bursa Malaysia participated in a closed-door roundtable discussion with the ACGA and its investor members to discuss Malaysia's planned regulatory and Corporate Governance initiatives and to gain insights into investor expectations and stewardship practices.

FINTECH ECOSYSTEM ENGAGEMENT

Malaysia Co-investment Fund (MyCIF)

Introduction of the MyCIF Advocacy Fund

The Malaysia Co-Investment Fund (MyCIF) has set aside an advocacy fund to offset costs of outreach and advocacy initiatives by ECF and P2P financing platform operators. This initiative aims to increase awareness of ECF and P2P financing, while expanding access to financing for MSMEs and MTCs.

This incentive will run for two years (2025–2026) or until the fund is fully utilised, whichever occurs earlier. Eligible projects are divided into two categories: micro projects, with funding capped at RM10,000 per project, and macro projects, capped of RM100,000 per project. All recipients are required to submit reports to ensure accountability and proper use of funds.

In 2025, the MyCIF advocacy fund supported five outreach programmes led or participated in by ECF and P2P financing platform operators, reaching nearly 600 participants.

MyCIF Roadshows

In addition to supporting industry-led outreach efforts through the MyCIF Advocacy Fund, several nationwide roadshows were organised to raise awareness of MyCIF, ECF and P2P financing as alternative funding avenues for MSMEs.

The inaugural MyCIF Nationwide Roadshow took place in Penang on 18 February 2025 organised by the SC in collaboration with the Northern Corridor Implementation Authority (NCIA) under the theme Empowering Financing, Advancing Growth. The event targeted entrepreneurs and executives of MSMEs across Kedah, Penang, Perlis, and Perak.

