

## Engagement with Government Ministries and Agencies

The SC continues to work with government ministries and agencies in advancing the sustainability agenda. On 4 July 2023, the SC organised a closed-door SRI sharing session to enhance the understanding and awareness of key ministries on SRI initiatives in the Malaysian capital market. Attendees of the session included working-level representatives of MOF, NRECC, Ministry of Education (MOE), MITI, etc.

The SC also participated in the Energy Transition Townhall session on 7 March 2023, which was chaired by YB Tuan Nik Nazmi Nik Ahmad, Minister of NRECC. This session served as a platform for stakeholders from the Malaysian energy sector to share their feedback on the country's energy transition direction. Additionally, on 17 April 2023, the SC participated in a *National Energy Transition Roadmap* (NETR) workshop organised by the MOE. The workshop sought feedback and input from among others, key stakeholders from Malaysia's energy sector, on energy transition-related initiatives and projects that could catalyse Malaysia's economic growth and facilitate Malaysia's transition to net zero.

## Promoting SRI Awareness and Capacity Building Locally and Internationally

The SC organised numerous awareness and capacity-building initiatives as well as participated in local and international sustainability events as part of knowledge sharing and to further enhance the profiling of SRI. These initiatives are crucial to accelerate the growth and development of a facilitative SRI ecosystem in Malaysia.

### Enhancing Greater Awareness of Principles-Based SRI Taxonomy

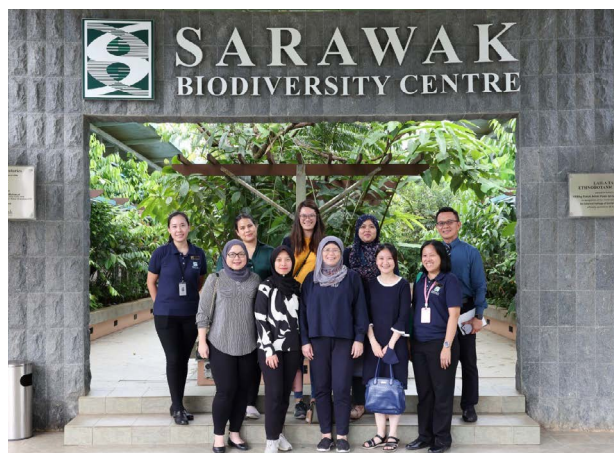
Following the issuance of the *Principles-Based SRI Taxonomy for the Malaysian Capital Market* in December 2022, the SC continued to engage with relevant stakeholders to enhance the understanding and encourage greater adoption of the SRI Taxonomy within the Malaysian capital market. Continuous capacity-building initiatives and engagements were conducted for the capital market industry and other stakeholders in 2023.

In March 2023, the SC and SIDC jointly organised the 'SRI Taxonomy: Insights and Implementation' programme, which provided comprehensive insights into the SRI Taxonomy, offering valuable guidance to organisations aiming to pivot their business models to align with sustainability objectives.



### SC–BNM State-Level Outreach

In 2023, the SC and BNM jointly led a series of engagements with relevant stakeholders of certain states in Malaysia. On 27 to 28 February 2023, the SC and BNM met with relevant ministries, government agencies, and other key stakeholders in Kuching, Sarawak. The engagements aimed to gain insights into Sarawak’s strategies for sustainability, as well as to discover potential areas of collaboration. Further, the SC and BNM participated in a study visit to Penang and Kedah on 22 and 24 July 2023, to understand the progress and challenges faced by businesses including SMEs to adopt sustainable practices into their respective businesses.



### CMM-UN Global Compact Network Malaysia and Brunei–JC3 Sub-committee 3 CFO and Banker Roundtable

On 7 August 2023, a roundtable was jointly organised by CMM, UN Global Compact Network Malaysia and Brunei (UNGCNMB) and Sub-Committee 3 of the JC3 with bankers and CFOs of PLCs to gain a better understanding of the sustainable finance action plans of PLCs, to enable bankers and chief financial officers (CFOs) to collectively identify opportunities in driving the sustainable finance agenda in Malaysia and to explore the use of sustainable finance products such as the SRI-linked sukuk and sustainability-linked loans.

### Technical Engagements with Principal Advisers on Sustainability-Linked Corporate Bonds and Sukuk to Build Capacity and Awareness

Following the launch of the SRI-Linked Sukuk Framework in June 2022 and the *ASEAN Sustainability-Linked Bond Standards* in October 2022, the SC conducted one-on-one technical engagement sessions with several principal advisers throughout 2023 to build capacity and awareness on the newly introduced frameworks. Considering the pivotal role that principal advisers play in providing guidance to relevant stakeholders in the corporate bond and sukuk space, the engagement sessions aimed to provide a platform for principal advisers to engage in discussions with the SC on the foregoing matters. Further, the engagement sessions also served as an avenue for the industry to provide feedback on the relevant requirements pertaining to the aforesaid matters.

## NaviGate: Capital Market Green Financing Series

To create greater awareness among businesses on green and sustainable financing, the SC continued to organise the NaviGate: Capital Market Green Financing Series in 2023. Since its inception in 2021, a total of nine programmes have been organised including three programmes held within Malaysia in 2023.

In conjunction with CMM's Corporate Sustainability Day, the SC held its first 2023 NaviGate programme in March and May 2023 in Johor Bahru and Penang, respectively. These programmes aimed to increase awareness among public and private sector industry players on capital market financing opportunities for sustainability-related purposes and create greater connectivity between businesses and the capital market. The SC's SRI and SRI-linked Sukuk, ASEAN's Green, Social, Sustainability, and Sustainability-linked Bonds, and alternative financing avenues such as ECF and P2P financing platforms to facilitate financing for green, social, and sustainability purposes were featured during these programmes.



The third NaviGate Programme was held in Kuala Lumpur in May 2023, in conjunction with the CMM's ESG week. The programme focused on creating awareness on financing sustainability through the bonds and sukuk market and highlighted the SRI-linked sukuk and bonds. It featured a presentation on sustainability-related sukuk and bonds as well as a sharing session by capital market experts on their experiences in raising SRI and SRI-linked Sukuk and Bonds. A representative from Bursa Malaysia also spoke on the necessity of SRI reporting to elevate the sustainability practices and disclosures of listed issuers, whose components may also be used as key performance indicators under the SRI-linked sukuk and sustainability-linked bonds structure. These three programmes attracted more than 290 participants representing MSMEs, corporates and various agencies.

## Fostering International Awareness of SRI

To further enhance the profiling of SRI internationally, the SC participated as speakers at various sustainability events throughout 2023 such as the Islamic Sustainable Finance & Investment Dialogues held in Dubai on 16 March 2023 and the 9<sup>th</sup> Annual Conference on the Principles organised by International Capital Market Association (ICMA) in Singapore on 28 June 2023 as well as Principles for Responsible Investment (PRI) Sustainable Finance Policy Conference in Japan on 3 October 2023. Notably, during the dialogues in Dubai, the session on 'Positioning ESG and Sustainable Finance and Investment – Policy, Regulation and Action' discussed among others the implications for the Islamic sustainable financial services sector following the introduction of various regulatory taxonomies, frameworks, and standards.

## 28<sup>th</sup> United Nations Climate Change Conference of the Parties

The 28<sup>th</sup> United Nations Climate Change Conference of the Parties (COP28) was held in Dubai, United Arab Emirates (UAE) from 30 November to 12 December 2023. The SC, as part of Malaysia's delegation, provided support to the MOF in the COP negotiations and shared the SC's perspective in accelerating efforts to facilitate Islamic sustainable finance through various speaking engagements. Together with CMM, the SC also supported side events at the Malaysia Pavilion, which was the main and centralised platform that promoted Malaysia's climate change adaptation and mitigation actions, alongside initiatives of Malaysian businesses.

Several panel sessions were held at the Malaysia Pavilion with the SC's active participation including a panel discussion on 'ESG Investing: Building an ESG-Aligned Portfolio in Malaysia' where the panel delved into the vast opportunities for investors to contribute to Malaysia's green economy through ESG investments. The SC also participated in a panel discussion on 'Leveraging Islamic Finance for Sustainability', which discussed the dynamic interplay of Islamic finance and its integration with modern mechanisms to mitigate future climate risks.

In a panel discussion on 'Advancing a Just Energy Transition Towards a Net Zero Future', the SC emphasised the pivotal role of the capital market in financing Malaysia's energy transition. The discussion underscored the importance of a 'whole of nation approach' in alignment with Malaysia's NETR. Following the announcement of the Global Islamic Finance Program (GIFP) for Climate, Nature and Development's newly formed Advisory Committee at COP28, of which the SC is one of the fund's Advisory Committee member, the SC participated in a panel discussion on 'Mobilising Islamic Finance for Climate & Nature'.

The session, hosted at the UAE Pavilion, the session emphasised the pivotal role of Islamic Finance in catalysing blended finance for the Global South, tackling challenges and seizing opportunities for sustainable investments in climate and nature initiatives. The session also highlighted the establishment of the GIFP as a key initiative to drive this agenda further.

Similarly, the GIFP was also emphasised in another panel session participated by the SC at the Malaysia Pavilion, titled 'Advancing Climate Adaptation and Resilience through Islamic Sustainable Finance in the MENA and Asia Pacific Regions'. Discussions centered around the GIFP and the panelists deliberated on actionable strategies for climate financing, providing practical insights to address evolving challenges in these regions.





In addition, the SC contributed insights to the panel on 'Capacity Building for Transition towards Low-emission and Climate Resilient Development Pathways' at the Joint Multilateral Development Banks (MDB) Pavilion organised by the New Development Bank and the Institute of Finance and Sustainability. This session discussed significant advancements, challenges, and opportunities within sustainable finance and investment across New Development Bank member countries, emerging markets, and developing countries.

During the regulator fireside chat on 'Convergence or Building your Own?', which was held at the Global Ethical Finance Initiative's (GEFI) Summit on Unlocking Islamic Finance for COP28, the SC as a participant discussed the SRI Sukuk Framework while emphasising the SC's commitment to steering the market with the guiding tenets of *maqasid al-Shariah*, fortifying Malaysia's position in the global ICM.

The SC was also the spokesperson for relevant ASEAN initiatives at COP28 such as the *ASEAN Taxonomy for Sustainable Finance* (ASEAN Taxonomy) and the *ASEAN Transition Finance Guidance* (ATFG), in its capacity as Chair of the ATB's Working Group on Market Facing and Resourcing, and Co-Chair of the ASEAN Capital Markets Forum's (ACMF) Sustainable Finance Working Group.

At the Asian Development Bank (ADB) Pavilion, the SC contributed to discussions on transition finance by representing ACMF in a panel on 'Promoting a common language to sustainable finance within Southeast Asia and guiding a just transition: The ASEAN Taxonomy and ASEAN Transition Finance Guidance', providing perspectives on ASEAN's transition journey.

Additionally, the SC represented the ATB by delivering a presentation on 'The ASEAN Taxonomy for Sustainable Finance Version 2: Stakeholder Validation and Continuing Development Towards a Just Transition' at the Malaysia Pavilion. The presentation included an overview of the ASEAN Taxonomy, highlighting key outcomes from the completed stakeholder consultation, and outlined future steps for the taxonomy project and transition initiatives.

The SC also represented the ATB in a panel session at the Singapore Pavilion on 'Managing the Phaseout of Coal-fired Power Plants Session 1: Credibility'. The session focused on the collaborative role of the ASEAN Taxonomy and voluntary guidance in driving coal phase-outs, emphasising the need for public-private collaboration in creating an enabling environment for these initiatives.

