



Opening Address

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SIDC Sustainable and Responsible Investment Conference 2024:

Investing in Human Wellbeing and the Planet

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Yang Berhormat Nik Nazmi bin Nik Ahmad

Minister of Natural Resources and Environmental Sustainability

Yang Mulia Tengku Zarina Tengku Chik

Chief Executive Officer of Securities Industry Development Corporation (SIDC)

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Executive Director, Sunway Centre for Planetary Health, Sunway University

Senior management members of SIDC.

Distinguished speakers and guests, members of the media, ladies and gentlemen.

Assalamualaikum and a very good morning.

1. First and foremost, I would like to extend my sincere gratitude to Securities Industry Development Corporation (or better known as SIDC) for providing me with the opportunity to deliver the opening address, especially as it's my first public speech as the Chairman of the Securities Commission Malaysia.

2. I am grateful for the opportunity to welcome YB Nik Nazmi Nik Ahmad, Minister of Natural Resources and Environmental Sustainability, to the SC. His presence to support this conference is a demonstration of a strong commitment in driving the sustainability agenda in the country, and the important role of the capital market in reaching the sustainability goals in Malaysia.
3. I was informed that the SIDC Sustainable and Responsible Investment Conference 2024 is in its fifth year running. SIDC's first flagship SRI Conference was held in 2020, just a few months after the SC released its SRI Roadmap for the Malaysian Capital, where the importance of capacity building was embedded across the relevant strategies identified in the Roadmap.
4. This year, the SRI Conference is pivotal in addressing issues and driving actions as the country is moving past the early stages of adopting sustainable practices. Companies are increasingly adopting sustainability practices, with some more advanced than others, and more investors have or are incorporating sustainability into their investment strategies.
5. As the theme of the conference this year states, "Investing in Human Wellbeing and the Planet", there is a vital connection between the choice of our investment and its impact on societal resilience and environmental sustainability.

Gaps in Sustainable Investment

Ladies and gentlemen,

6. The latest report from the International Energy Agency's World Energy Investment 2024 published this month stated that most countries in Southeast Asia now have ambitious long-term clean energy goals, but investments are not yet on track. There are significant gaps between investment trends and the region's long-term goals.
7. The annual average energy investment over the last three years, according to the report, was USD 72 billion, but would need to increase to over USD 130 billion to align with the Announced Pledges Scenario (APS) of countries in the region by the end of the decade.

8. Malaysia is one of the eight out of 10 countries in Southeast Asia that have announced target dates to achieve net zero carbon emissions in 2050 as outlined in the 12th Malaysia Plan. In 2021, Malaysia revised its Nationally Determined Contribution commitment to the Paris Agreement, aiming to reduce 45% of carbon intensity against GDP by 2030.
9. To achieve its energy transition goals, Malaysia needs RM1.3 trillion between now and 2050. It includes investments in renewable energy, energy efficiency, and green mobility. More must be done to ensure that investment reaches the right places with the maximum impact on sustainability. We also need to plan on how to fund Climate Adaptation needs to cope with increased temperatures and sea level rises.

Building a Competitive Capital Market

10. Considering the huge financing requirement, the capital market in Malaysia must be ready to facilitate fund raising and investments to support the Government's priorities in achieving its sustainability and climate goals.
11. The SC is committed to regulating and developing the Malaysian capital market towards this goal by promoting and maintaining a fair, efficient, secure and transparent market environment. And at the same time encouraging the development of an innovative and competitive market.
12. The SC has paved the way for sustainability since 2011, when Sustainable and Responsible Investment (SRI) was embedded in the Capital Market Masterplan CMP2 as a key growth strategy.
13. Under CMP3 and the SRI Roadmap, the SC continues to develop a robust SRI ecosystem in Malaysia. This includes introducing innovative capital market products to meet the diverse needs of businesses and investors.
14. Following these, we are already observing early successes, including financing Malaysia's sustainable development goals and climate ambition. Since the release of the SRI Sukuk Framework, RM27.61B of SRI Sukuk have been issued in Malaysia, including the issuance of the world's first green sukuk for the financing of renewable project. Over the years, a wide range of projects including renewable energy, sustainable agriculture,

waste management, water management, affordable housing, green buildings, education and many more, have been funded through SRI Sukuk.

15. In addition, the Maqasid al-Shariah Guidance Islamic Capital Market was introduced last November. The guidance is envisioned as the Shariah plus standards to avoid harm and to fortify its impact and positive contributions to society and humanity. It sets the moral imperative that man should not harm the environment.
16. The first Aspiration in Maqasid, "Humanity", underscores the importance of human well-being such as the provision of food security, affordable healthcare and quality education, which should be reflected in good financial practices. This aspiration also calls for financial innovations that are beneficial and address societal needs.
17. Malaysia has also witnessed a significant surge in sustainable investments. As of December 2023, there were 68 SRI funds with a net asset value of RM7.7 billion, a significant increase from just seven SRI funds in 2020 at RM1.46 billion.

Ensuring Inclusive Transition

Ladies and gentlemen,

18. We live in a connected world, and while our investments have environmental and climate impacts, they are also connected to the wellbeing of the people. Societal issues are crucial to achieve a balance in transition towards our sustainability goals.
19. The most vulnerable in our communities, including micro and small and medium enterprises (MSMEs) will need to be included in the race towards net-zero goals. Clear policies and guidelines will help MSMEs transition to a low carbon economy.
20. Last month, the SC launched the 5-year roadmap for MSMEs and mid-tier companies (MTCs) to improve their access to financing from the capital market and facilitating their entry into the public market. Admittedly, this is more for the top end of the companies as the end goal is to be able to list them. However, once the framework is in place, it will hopefully act as a ladder for smaller companies to use to grow.

21. This is in-line with the MADANI Economic Framework to be more inclusive and helpful to the smaller players. The 5-Year Roadmap is the latest in a series of measures we have launched over the years to support the MSME and MTC sector which in 2022, contributed about 74% to our GDP and employed some 64% of the Malaysian workforce.

Driving Capacity Building

22. To enhance the understanding and knowledge in sustainability, the SC has participated in local and international events as part of knowledge sharing and to further enhance the profiling of sustainable and responsible investment. These initiatives are crucial to accelerate the growth and development of a facilitative SRI ecosystem in Malaysia.
23. SIDC, the capacity building arm of the SC, is at the forefront in the capital market to support the growth in sustainable and responsible investment with learning and development solutions, professional certification and qualifications, continuous education and capacity building programmes.
24. Currently, SIDC has 47 titles of programmes on sustainability and SRI, catering to the different needs of organizations in the capital market. This afternoon, we will witness another milestone in SIDC's professional certification initiatives with the launch of the CCMP-SRI (Certified Capital Market Professional in Sustainable and Responsible Investment).
25. These capacity building initiatives are crucial to ensure we equip and raise the competency standards of capital market participants to support the growing needs of development in SRI.

In Conclusion

26. Looking at the lineup of speakers and panelists today, I am confident there will be interesting and thought-provoking discussions, which will provide useful insights.
27. My utmost appreciation and congratulations to SIDC and I look forward to the launch of the new certification programme this afternoon.
28. With that, I wish everyone a productive and insightful conference.