



**KEMENTERIAN SUMBER ASLI, ALAM SEKITAR
DAN PERUBAHAN IKLIM**

KEYNOTE ADDRESS

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**MINISTER OF NATURAL RESOURCES, ENVIRONMENT AND
CLIMATE CHANGE**

**JOINT COMMITTEE ON CLIMATE CHANGE (JC3) CONFERENCE
“JOURNEY TO ZERO”**

23 October 2023

[Salutations]

TBC

Excellencies,

Distinguished delegates,

Ladies and gentlemen,

Assalamualaikum Warahmatullahi Wabarakatuh

1. I would like to thank **The Joint Committee on Climate Change (JC3)** led by **Bank Negara Malaysia** and the **Securities Commission Malaysia and the co-organisers** for bringing this very distinguished audience together.
2. Today, I am standing in for Prime Minister Dato' Seri Anwar Ibrahim. I know some of you may feel like you've come for a big concert only to find you have to settle for the opening act. But please rest assured, the Prime Minister is passionately committed to addressing climate change and enshrining sustainability in our national life. And so that's why he sent me!
3. Our event today is themed, "*Journey to Zero*". This conference aims to discuss practical and actionable solutions while focusing on the critical role of the financial services industry in driving Malaysia's transition to net-zero and long-term sustainability. This is hence a timely gathering. Many excellent speakers have joined us and we will have a very thought-provoking discussion ahead, but let me say a few words as a way of welcome to set the stage for us.

Ladies and gentlemen,

TIME FOR ACTION

4. We know that climate change is no longer a distant threat, but a stark reality that confronts us every day. Countries around the world, rich and poor, are confronted by rising temperatures, increasingly frequent extreme weather events as well as the relentless transformation of our natural world for the worse.
5. Climate change threatens the safety of our environment, our health and well-being, and impairs our economic resilience and stability. Moreover, the World Bank suggests that Malaysia may lose up to 6% of our GDP should there be a collapse of the country's forestry and fisheries ecosystems.
6. But the struggle against climate change also presents Malaysia with a unique and purposeful opportunity. Besides ensuring our country's survival, we are also, now, being presented with the chance to lead, innovate, and build a sustainable future for generations to come by ensuring our economy, our very way of life becomes more efficient, resilient and inclusive.
7. We all know this. Nothing I have said will be very alien. I do not need to persuade anyone present here today that climate change is real. We all know this. Why else would be here on a Monday morning if we didn't believe this?
8. The fact is that the time has come for action on climate change. We still need to think, talk and listen. But against a backdrop of challenging externalities, today's clarion call is for leaders across all economic sectors, including and especially the financial services

sector, to take decisive action on climate change, arguably the greatest challenge of our era.

9. As custodians of capital and investment, financial institutions play a significant and pivotal role in shaping our current and future world, and hence, it is imperative for financial sector leaders to wield their market influence to address and mitigate the climate crisis.

WHAT MALAYSIA IS DOING?

10. This is not to say that the Government of Malaysia is doing nothing. The very ethos of the governing frameworks of this administration, namely the **Malaysia Madani** and **Ekonomi Madani**, have sustainability at their core. Since taking office, we have set into place various measures to both contribute to climate action and transform our economy.
11. Indeed, the Budget 2024 continues to build on the Ekonomi Madani with holistic measures to address climate change and complement other policies such as the **National Energy Transition Roadmap (NETR)**, the **New Industrial Master Plan (NIMP) 2030** and the **Mid-Term Review of the 12th Malaysia Plan (MTR-12MP)**.
12. To cite just one example, Budget 2024 strengthens the government's commitments to forest conservation through the increase of the conditional **Ecological Fiscal Transfers (EFT)** to the states from RM150 million to RM200 million. It's always nice when your Ministry gets more funding—but in this case, given how our forests are a national, even global treasure—their preservation is truly an investment in our common future.

13. On a wider scale, as a signatory to the **Paris Agreement**, Malaysia intends to reduce the intensity of greenhouse gas (GHG) emissions across the economy by 45% (based on GDP) in 2030 compared to 2005 level as its Nationally Determined Contributions (NDC).
14. I am pleased to note that the recent Mid-Term Review of the 12th Malaysia Plan saw Malaysia **make steady progress towards achieving two targets, namely:**
 - First, the **installation of renewable energy (RE) capacity stands at 24.3% in 2022 with the target of 31% by 2025;** and
 - Second, the **recycling of household waste stands at 33.2% in 2022 with the target of 40% by 2025.**
15. Although Malaysia's share of global greenhouse gas (GHG) emissions is below 0.8%, as a responsible and developing nation, we have pledged to fulfil our climate obligations, and this is reflected in our climate initiatives over recent years.
16. Malaysia has also commenced initiatives on developing **voluntary carbon markets (VCM)** to support financing for projects and solutions to reduce, remove, or avoid GHG emissions. I urge all companies and financial institutions to consider participating in the VCM as it allows them to offset their carbon emission footprint and meet their voluntary climate goals.
17. Incidentally, as you may know, Bursa Malaysia launched the **Bursa Carbon Exchange (BCX)** last year, as a voluntary carbon market exchange for buyers and suppliers to transact high-quality carbon credits at transparent prices. It has since seen 150,000 Verra- carbon credits purchased, with around RM7.7 million in carbon credits sold.

Ladies and gentlemen,

NETR AND ITS OPPORTUNITIES

- 18.** Over the medium- to longer-term, domestic, and foreign investors will find significant opportunities emerging from Malaysia’s national transformation to a high-value green economy on its path to net-zero. Among Malaysia’s regulatory climate policy actions that stand out include the recently announced NETR and the **National Carbon Policy 2023**.
- 19.** In particular, NETR—which the NRECC is a major implementing body of—aims to encourage a major energy transformation in Malaysia and promote our country as a global sustainability hub. The **NETR’s 6 levers comprising 10 flagship catalyst projects** are anticipated to **reduce GHG emissions by 10 Mt per year**, as well as generate business opportunities in **energy efficiency, renewable energy, hydrogen, bioenergy, green mobility, Carbon Capture and Utilisation and Storage (CCUS)**.
- 20.** Malaysia is also advancing the development of its National Carbon Policy and National Adaptation Plan. The recently passed **Energy Efficiency and Conservation Act 2023** will also help both the public and private sectors to better adopt energy saving and efficiency.

Ladies and gentlemen,

TOWARDS COP28

21. Our national commitment to addressing climate change, particularly on decarbonization efforts, is further strengthened by our participation at the upcoming **Conference of Parties (COP28)** in late November 2023 in the United Arab Emirates (UAE). I hope that our presence in Dubai will not only lend our support to global climate actions, but also showcase the initiatives by Malaysia's financial sector towards this end, inshAllah.
22. COP28 aims to expedite the global shift towards clean energy, hastening the decarbonization of the energy sector, and further refining the comprehensive transformation of the financial sector—a critical influencer supporting the growth of net-zero industries.
23. For Malaysia's businesses and entrepreneurs, COP28 presents fresh opportunities to bring their sustainable products and services to the eyes of the world. This encompasses public listed companies, which are not only meeting Bursa Malaysia's ESG sustainability reporting requirements but are also actively fostering sustainable business transformations throughout their value chains. These efforts aim to enhance their ESG ratings and, in turn, attract global and domestic institutional investors.
24. Indeed, to elevate Malaysia's participation at COP28, the Ministry has set up the **Advisory Panel of Climate Change**, which consists of key ministries, Government-linked Investment Companies (GLICs), Government-linked Companies (GLCs), the private sector, finance institutions and academics. By bringing together a diverse range of expertise and perspectives, they contribute to more informed, effective, and holistic approaches to tackling climate change, as well as related policies, strategies, and actions, including for COP28.

25. Malaysia, through our participation and our pavilion, also hopes to highlight critical issues and topics such as the just energy transition, mitigation, adaptation, and climate finance. These are in keeping with Prime Minister Dato' Seri Anwar Ibrahim's stirring words at the last UNGA, when he stressed that "...we have not a moment to lose" when dealing with climate change."

Ladies and gentlemen,

VICTORY WILL DEPEND ON INCLUSIVITY AND JUSTICE

26. In tackling climate change, it is crucial to ensure that no one is left behind in the related transformations and transitions. Our approach must be rooted in the concept of an inclusive or a "**Just Transition**"—the fair balancing of social justice and environmental responsibility. As the shift towards a sustainable economy will impact some industries and jobs more than others, both the private and public sector must work together and expedite collaborative efforts to combat and mitigate climate change.

27. The fight against climate change, our journey to net-zero, arguably hinges on our success or failures in this. The policies and initiatives are clear and in place. But if we cannot persuade people that the process will not only protect their livelihoods but also improve it, the war could very well be lost.

28. A recent editorial by France's Le Monde newspaper is instructive: *"It's not just a matter of getting people to accept the transition as the only way to avoid catastrophe. It's also about giving them hope for a better future than the one that awaits them if too little is done. It's about convincing them that the battle is not being waged against them, but in their collective and individual interests."*

29. I hope this can perhaps be at the back of everyone's minds in today's conference. Climate action should not be just about humanity's bare bones survival, although that is at stake, but also about how we can reshape our world to something more just, progressive, and peaceful.

30. We must never be satisfied with the minimum. Indeed, we will not succeed if our only goal is just that. This conference pledges "practical and actionable solutions"—and I hope this will also include how climate action can be inclusive and just, within our nation and between nations.

Ladies and gentlemen,

AN AGENDA FOR JC3

31. Before I conclude, I must commend the JC3 on all it has been able to accomplish in the last four years. This proves that the financial sector is already taking the necessary actions. Also, I hope JC3 will continue looking into the following key actions in its future work streams such as:

- Conducting Climate Risk Assessment;
- Financing the transition to a low-carbon economy;
- Enhancing transparency and disclosures of climate-related reporting;
- Strengthening engagement and advocacy to adopt sustainable practices; and
- Collaborating with other financial institutions, regulators and governments to develop consistent standards in addressing climate risks.

32. By taking these actions, financial institutions can continue their commitments in contributing towards a just and orderly transition. The financial services industry has a unique position and opportunity to drive the transformation needed to build a more sustainable, resilient, and prosperous future for all and it must seize this opportunity. The survival of humanity on this planet is the ultimate bottom-line, after all.
33. Indeed, like it or not, the question confronting governments and corporations these days is not **what** they are doing about sustainability, but whether such actions are not merely greenwashing. And so, gatherings like this must not only address what must be done, but also how to ensure our actions are credible and are viewed as such.
34. To be sure, I can see there is growing urgency, across many different sectors and on different fronts when it comes to the push to sustainability. I think what can get us over the line is deeper and more concentrated efforts—for instance, ensuring sustainability takes root across the supply chains of our various industries.
35. This is not an easy task. But if it can be done credibly and deeply—and this is where ESG can help—it might just be what is needed to win the credibility argument. This too is perhaps something we can talk about later today.

CONCLUSION

36. Let me conclude with a familiar old slogan: Malaysia is truly Asia. We are a dynamic and diverse country which is on a journey to be green, sustainable and resilient through well-targeted goals and

action plans. **We are the fulcrum of Asia: if we can succeed in the fight against climate change, Asia has a fighting chance.**

37. Malaysia's national policymakers and most stakeholders clearly recognize the imperative of addressing climate change. I likewise believe that there is a stronger awareness and commitment from companies of all sizes to work towards reducing their carbon footprint. What is needed is to maintain this momentum and translate it to positive action.

38. Let us seize this opportunity. The time for action is now, and the financial sector must lead the way in addressing climate change. As another famous saying goes: "We do not inherit the earth from our ancestors, we borrow it from our children".

39. Thank you very much and I wish you all a most productive conference ahead.

Wabillahi Taufik Walhidayah, Wassalamualaikum Warahmatullahi Wabarakatuh. Thank You.