

# Sustainable Finance Landscape in Malaysia

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An Initiative By:



Supported by





# OBJECTIVE & SCOPE

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- ▶ The objective of this document is to provide a high level coverage of key initiatives, policies and measures in the Sustainable Finance space in Malaysia, covering stakeholders in both public and private sector
- ▶ The information contained in the document is based on publicly available information. Some engagement with stakeholders had also been carried out and such information has also been included in this document



# STAGES

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- ▶ Overview of Stakeholders
- ▶ Key Initiatives by stakeholders
- ▶ Key policies by stakeholders
- ▶ Overview of key initiatives
- ▶ Overview of key policies

# SUSTAINABLE FINANCE ECOSYSTEM IN MALAYSIA AND THEIR ROLES

Stakeholders	Policies	Knowledge Depositories	Capacity Development	Awareness Programs	Funding Initiatives
Government	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Ministry of Energy, Green Technology and Water</li> <li>Ministry of Natural Resources and Environment</li> <li>EPU</li> </ul>	<ul style="list-style-type: none"> <li>MGTC</li> </ul>	<ul style="list-style-type: none"> <li>MGTC</li> </ul>	<ul style="list-style-type: none"> <li>MGTC</li> <li>SEDA</li> </ul>	<ul style="list-style-type: none"> <li>MGTC</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>SC</li> <li>BNM</li> <li>Bursa</li> </ul>	<ul style="list-style-type: none"> <li>SC – SRI Centre</li> <li>Bursa – Bursa Sustain</li> </ul>	<ul style="list-style-type: none"> <li>MSFI</li> <li>UNGC COE</li> </ul>	<ul style="list-style-type: none"> <li>SIDC Sustainability Forum (annual)</li> </ul>	<ul style="list-style-type: none"> <li>Credit Guarantee Corporation</li> </ul>
Private Sector: intermediaries				<ul style="list-style-type: none"> <li>CIMB (Cooler Earth)</li> </ul>	<ul style="list-style-type: none"> <li>CIMB, HSBC, MIDF, OCBC, RHB, Affin</li> </ul>
Private Sector: Investors				<ul style="list-style-type: none"> <li>KWAP (annual event on ESG)</li> <li>Institutional Investors Council</li> </ul>	<ul style="list-style-type: none"> <li>Inter-Pacific Asset Management</li> <li>BIMB Investment Management</li> <li>Public Mutual Berhad</li> <li>Singular Asset Management</li> <li>Maybank Asset Management,</li> <li>AmFunds Management</li> </ul>
Private Sector: Corporates		<ul style="list-style-type: none"> <li>UK Pact</li> </ul>	<ul style="list-style-type: none"> <li>MIRA – sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Malaysian Institute of Accountants (MIA)</li> </ul>	
Multi lateral Organisations			<ul style="list-style-type: none"> <li>World Bank</li> </ul>		
Others	<ul style="list-style-type: none"> <li>WWF</li> <li>MSFG</li> <li>UNDP</li> </ul>		<ul style="list-style-type: none"> <li>WWF</li> <li>UK Government</li> </ul>		

# DEFINITION OF THE CATEGORIES OF INITIATIVES, POLICIES AND MEASURES

Categories	Definition
Awareness and capacity building	Includes workshops, seminars, conferences, roundtables, forum, and discussions to provide or boost knowledge on a particular situation, issue or development.
Funding programs and incentives	Includes sum of money, grants, subsidies and tax incentives given by the regulators or government agencies to promote sustainability-related investments or initiatives.
Guidelines and frameworks	Includes guidelines, standards, frameworks, or any official documents that provide guidance or set out plans to support sustainable development.
Risk management	Includes initiatives, tools and documents that assists the identification of risk, categorisation of risk, analysis of risk or mitigation and reduction of risk.
Business model and product innovation	Includes initiatives, tools and documents that promotes innovation to business models and stimulates new products and investment mechanisms
Support to global initiatives	Includes support or participative efforts that recognises the relevance of global sustainability initiatives

# INITIATIVES BY REGULATORS AND GOVERNMENT AGENCIES (1/2)

Initiatives	Regulators and government agencies involved	Awareness and capacity building	Funding programs and incentives	Guidelines and frameworks	Risk management	Business model and product innovation	Support to global initiatives
Malaysia Sustainable Finance Initiative (MSFI)	SC	✓		✓			
Global Compact Network Malaysia Centre of Excellence	SC	✓					
Malaysian Green Financing Taskforce (GFTF)	SC	✓					
ASEAN Capital Markets Forum (Sustainable Finance working group)	SC	✓		✓			
Joint Committee on Climate Change (JC3)	SC, BNM, Bursa	✓			✓	✓	
Supporter of Task Force on Climate-related Financial Disclosures (TCFD)	SC						✓
BIX SRI Centre	SC	✓			✓ (BIX calculator)		
Member of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)	BNM						✓

# INITIATIVES BY REGULATORS AND GOVERNMENT AGENCIES (2/2)

Initiatives	Regulators and government agencies involved	Awareness and capacity building	Funding programs and incentives	Guidelines and frameworks	Risk management	Business model and product innovation	Support to global initiatives
Bursa Sustain	Bursa	✓		✓			
Training on Green Technology Financing for Financial Solutions	MGTC	✓					
International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM)	MGTC	✓				✓	
Climate Change Centre	MGTC	✓					
Innovative Funding Models & Opportunities for Land Based Waste Management Webinar	MGTC	✓					
ChargeEV	MGTC		✓			✓	
Energy Management Gold Standard (EMGS)	MGTC			✓			
PLUS Green Roadmap 2018 – 2022	MGTC			✓	✓ (Oversees PLUS' Solar PV System project)		

# POLICIES AND MEASURES BY REGULATORS AND GOVERNMENT AGENCIES (1/2)

Policies and measures	Regulators and government agencies involved	Awareness and capacity building	Funding programs and incentives	Guidelines and frameworks	Risk management	Business model and product innovation	Support to global initiatives
Green Technology Financing Scheme (GTFS 2.0)	MGTC		✓				
Green Investment Tax Incentives (GITA/ GITE)	MGTC		✓				
MyHijau SME & Entrepreneur Development Program	MGTC	✓				✓	
Low Carbon Cities Framework (LCCF)	MGTC			✓			
Government Green Procurement (GGP) Initiative	MGTC			✓		✓ (20% of purchase will be green labelled)	

# POLICIES AND MEASURES BY REGULATORS AND GOVERNMENT AGENCIES (2/2)

Policies and measures	Regulators and government agencies involved	Awareness and capacity building	Funding programs and incentives	Guidelines and frameworks	Risk management	Business model and product innovation	Support to global initiatives
Capital Market Masterplan 2 (CMP2)	SC			✓	✓	✓	
Sustainable and Responsible Investment (SRI) Roadmap	SC			✓		✓	
SRI Sukuk Framework and associated Grants and incentives	SC		✓	✓			
Value Based Intermediation (VBI)	BNM			✓			
Climate change and Principles-based taxonomy	BNM			✓	✓	✓	
Sustainability Reporting Guide	Bursa			✓			
Supporter of Task Force on Climate-related Financial Disclosures (TCFD)	Bursa	✓ (promote the adoption)					✓
FTSE4Good Bursa Malaysia Index FTSE4Good ASEAN 5 Index	Bursa			✓			

# POLICIES AND MEASURES BY REGULATORS AND GOVERNMENT AGENCIES (2/2)

Policies and measures	Regulators and government agencies involved	Awareness and capacity building	Funding programs and incentives	Guidelines and frameworks	Risk management	Business model and product innovation	Support to global initiatives
Green Technology Financing Scheme (GTFS 2.0)	MGTC		✓				
Green Investment Tax Incentives (GITA/ GITE)	MGTC		✓				
MyHijau SME & Entrepreneur Development Program	MGTC	✓				✓	
Low Carbon Cities Framework (LCCF)	MGTC			✓			
Government Green Procurement (GGP) Initiative	MGTC			✓		✓ (20% of purchase will be green labelled)	

# KEY MINISTRIES, OTHER PARTIES AND PRIVATE SECTOR

Key Ministries	Other Parties	Private Sector
<ul style="list-style-type: none"> <li>▶ Ministry of Economic Affairs - Government Green Procurement (SCP-GGP) Project</li> <li>▶ Ministry of Energy, Green Technology and Water - Green Technology Application for the Development of Low Carbon Cities (GTALCC)</li> <li>▶ Ministry of Natural Resources and Environment - Biodiversity Conservation into River Management</li> <li>▶ Ministry of Finance – MySalam Scheme, Bantuan Sara Hidup (BSH) / Household living aid, Sukuk Prihatin as part of National Economic Recovery Plan (PENJANA)</li> <li>▶ Ministry of Health (MOH) - Peka40</li> </ul>	<ul style="list-style-type: none"> <li>▶ Malaysian Institute of Accountants (MIA) – Climate Change Conference 2020</li> <li>▶ WWF - Sustainable Banking Regulations in ASEAN Report, ASEAN Sustainable Banking Assessment report</li> <li>▶ World Bank – Sustainable Finance Webinar Series, Green Finance Leadership Program (GLFP)</li> <li>▶ UK PACT (Partnering for Accelerated Climate Transition) – Climate Change Centre</li> <li>▶ UK Government - ASEAN Low Carbon Energy Programme (LCEP)</li> <li>▶ United Nations Development Programme (UNDP) - Government Green Procurement (SCP-GGP) Project</li> </ul>	<p><u>Bonds and Sukuk</u></p> <ul style="list-style-type: none"> <li>▶ Cagamas Berhad - ASEAN Sustainability Medium Term Notes Programme,</li> <li>▶ CIMB Bank Berhad – SDG bonds</li> <li>▶ HSBC Amanah Malaysia – SDG sukuk</li> </ul> <p><u>SRI Fund</u></p> <ul style="list-style-type: none"> <li>▶ Inter-Pacific Asset Management Sdn Bhd - InterPac Social Enterprise and Responsibility Fund, InterPac Flexible Asset Trust</li> <li>▶ BIMB Investment Management Berhad - BIMB ESG Sukuk Fund</li> <li>▶ Public Mutual Berhad - Public e-Islamic Sustainable Millennial Fund</li> <li>▶ Singular Asset Management Sdn Bhd - Singular Value Fund, Singular Asia Flexible Fund</li> <li>▶ Maybank Asset Management Sdn Bhd - Maybank Global Sustainable Equity-I Fund</li> <li>▶ AmFunds Management Bhd - AmIslamic Global SRI</li> </ul> <p><u>Loans</u></p> <ul style="list-style-type: none"> <li>▶ CIMB – RM3bil Sustainability-Linked Loan</li> <li>▶ HSBC Amanah – RM200mil Sustainability-Linked Loan</li> <li>▶ OCBC – RM3.5bil sustainability-linked financing</li> </ul> <p><u>Sustainability-linked insurance products</u></p> <ul style="list-style-type: none"> <li>▶ AmGeneral Insurance – COVID-19 Test Fund (CTF)</li> <li>▶ Chubb - Environmental Impairment Liability Insurance</li> <li>▶ Manulife – COVID-19 Test Fund (CTF)</li> </ul>
<ul style="list-style-type: none"> <li>▶ Ministry of Economic Affairs - National Sustainable Consumption and Production Blueprint</li> <li>▶ Ministry of Energy, Green Technology and Water - Green Technology Financing Scheme (GTFS 2.0), Government Green Procurement (GGP) Initiative</li> <li>▶ Ministry of Finance - Green Technology Financing Scheme (GTFS 2.0)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Credit Guarantee Corporation Malaysia Berhad (CGC) - Green Technology Financing Scheme (GTFS 2.0)</li> </ul>	

# OVERVIEW OF THE INITIATIVES (1/8)

Initiatives by Regulators and Government Agencies	Target Groups	Entities Involved	Activities
Malaysia Sustainable Finance Initiative (MSFI) <sup>1</sup>	Banks, Investment Banks, Insurance, Fintech, PE/VCs	SC, CMM, UK ASEAN LCEP	<ul style="list-style-type: none"> <li>Launched a knowledge platform for sustainable finance</li> <li>Planned 6 capacity building workshops in year 1 for target groups including 2 CEO/CFO roundtables</li> </ul>
Global Compact Network Malaysia Centre of Excellence <sup>2</sup>	Public Listed Companies	CMM, Global Impact Network	<ul style="list-style-type: none"> <li>2 CEO/CFO roundtables and 2 Capacity building workshops on Science Based targets, TCFD implementation and SDG investment forum</li> </ul>
JC3 SC1 Risk Management <sup>3</sup>	Financial sector as a whole	BNM, SC	<ul style="list-style-type: none"> <li>Establish data repository for sector's exposure to climate related risk, facilitate development of climate related standards and risk management policy and collaboration to share knowledge, expertise and best practices</li> </ul>
JC3 SC2 Governance and Disclosure <sup>3</sup>	Financial sector as a whole	Bursa	<ul style="list-style-type: none"> <li>Promoting adoption of TCFD strategies in relation to governance and disclosure practices, including recommending initiatives, strategies and best practices</li> </ul>
JC3 SC3 Product and Innovation <sup>3</sup>	Financial sector as a whole	BNM, SC	<ul style="list-style-type: none"> <li>Commissioned a study together with INSEAD to understand gaps in Renewable Energy policy in ASEAN</li> </ul>
JC3 SC4 Engagement and Capacity Building <sup>3</sup>	Financial sector as a whole	BNM, SC	<ul style="list-style-type: none"> <li>Organised capacity building workshop for financial sector and other stakeholders on topics of Climate Change</li> <li>Next workshop on topic of Risk Management and TCFD</li> </ul>
ASEAN Capital Markets Forum (Sustainable Finance working group) <sup>4</sup>	Financial sector as a whole	SC	<ul style="list-style-type: none"> <li>issued the ASEAN Green, Social and Sustainability Bond Standard</li> <li>Commissioned a report on status of sustainable finance in ASEAN including Malaysia</li> </ul>
BNM as a member of Network for Greening Financial Systems (NFGS) <sup>5</sup>	ASEAN Central Banks	BNM	<ul style="list-style-type: none"> <li>Commissioned a report on the roles of ASEAN Central Banks in managing climate and environment-related risks, undertaken by a task force of ASEAN central banks led by BNM</li> </ul>
BIX SRI Centre <sup>6</sup>	Investors	BNM, SC, CMM, Bursa	<ul style="list-style-type: none"> <li>The Bond and Sukuk Information Exchange or BIX, is a non-profit information platform established to provide free public access to information on bonds and sukuk issued in Malaysia.</li> </ul>

# OVERVIEW OF THE INITIATIVES (2/8)

Initiatives by Regulators and Government Agencies	Target Groups	Entities Involved	Activities
Bursa Sustain <sup>7</sup>	Public listed companies	Bursa	Provide a one-stop knowledge centre to promote and support further development in sustainability to listed companies, investors and other stakeholders including but not limiting to sustainable investing online webinars and articles and external reports on ESG benchmarking and integration
Climate Change Centre <sup>8</sup>	Government, Businesses, Civil Society, Academics	UK PACT, MGTCCC	Improving coordination across government, business, civil society and academics towards better climate planning, financing and implementation in the forest, energy, climate finance and green recovery sectors
Innovative Funding Models & Opportunities for Land Based Waste Management <sup>9</sup>	Civil Society	MGTCCC, Ocean Conservancy USA	Conducted an APEC webinar series on Innovative Funding Models & Opportunities for Land Based Waste Management under Ocean & Fisheries Working Group (OFWG)
International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) <sup>10</sup>	Government, Banks, Investment Banks, Investors, Businesses, Civil Society	MGTCCC, Malaysian Green Building Council	A platform for solution providers and green energy businesses to tap into the fast expanding ASEAN market by showcasing the latest innovations
ChargeEV <sup>11</sup>	Civil Society	MGTCCC, TNB Energy Services Sdn Bhd, Petronas Dagangan Bhd	Facilitate the increase in the number of EV charging stations across the nation. Currently, there are 250 of these charging stations up and running
Energy Management Gold Standard (EMGS) <sup>12</sup>	Businesses	MGTCCC, ASEAN Centre of Energy (ACE), MOH	A certification system delivered under the ASEAN Energy Management Scheme (AEMAS) based on excellence in energy management and to provide provides organisations with a sustainable energy management system. About 150 organisations under MOH including hospitals, laboratories, and health institutions have adopted the EMGS programme with a target to achieve 3-star certifications by 2020

# OVERVIEW OF THE INITIATIVES (3/8)

Initiatives by Regulators and Government Agencies	Target Groups	Entities Involved	Activities
PLUS Green Roadmap 2018 – 2022 <sup>13</sup>	Civil Society	PLUS Malaysia Berhad (PLUS), MGTCCC	Oversee the installation and commissioning of PLUS' Solar PV System project at Persada PLUS and Machap Rest & Service Area (Northbound) on the North-South Expressway. A recent MGTCCC– GEF5-UNIDO – PLUS collaboration saw the first Solar EV Charging Station introduced at PLUS' Ayer Keroh Overhead Bridge Restaurant.
Government Green Procurement (SCP-GGP) Project <sup>14</sup>	Government	Ministry of Economic Affairs, UNDP	"Implementing the National Sustainable Consumption and Production Blueprint through Government Green Procurement (SCP-GGP)" is a 2.5-year project that supports Malaysia in the development and implementation of SCP as a means of achieving green growth. The project focuses on the role of the government as a key catalyst to create a green market for products and services.
MySalam Scheme <sup>15</sup>	Civil Society	Ministry of Finance	Provide 8 million individuals with free takaful health protection.
Bantuan Sara Hidup (BSH) / Household living aid <sup>16</sup>	Civil Society	Ministry of Finance	Help the economically disadvantaged limited to only those earning RM3,000 and below.
PeKaB40 <sup>17</sup>	Civil Society	Ministry of Health	Sustain healthcare needs by focusing on non-communicable diseases. RM100 million has been allocated for PeKa B40 under Budget 2019, offered to Malaysian citizens above 40 years old in the bottom 40% household income range.

# OVERVIEW OF THE INITIATIVES (4/8)

Initiatives by other parties	Target Groups	Entities Involved	Activities
Climate Change Conference 2020 <sup>18</sup>	Government, Banks, Investment Banks, Investors, Businesses, Civil Society	MIA	Establish effective climate leadership and climate governance within corporate boards and C-suites, and the role of accountants to help counter climate change
World Bank Global Knowledge and Research Hub <sup>19</sup>	Government, Banks, Investment Banks, Investors, Businesses, Civil Society	World Bank, SC, BNM	Worked with SC and released a report on Islamic Green Finance : Development, Ecosystem and Prospects, supports Sukuk development in Malaysia, provided assistance to Bank Negara on taxonomy and SC on issuance of first green sukuk Working on a sustainable finance series with IBIAF and AICB as mentioned below Planning a Global online conference SBN with Shingua university in October Planning a conference on sustainable investing next year with SC
Sustainable Finance Webinar Series <sup>20</sup>	Global	World Bank, Asian Institute of Chartered Banking (AICB), Finance Institute Malaysia (IBFIM)	Conduct 10 webinars including topics on sustainable finance, post COVID-19 and sustainable recovery
Green Finance Leadership Programme (GFLP) <sup>21</sup>	Global	World Bank, Tsinghua University, Sustainable Banking Network (SBN)	First online webinar service on Environmental Information Disclosure by financial institutions and green bond Issuers

# OVERVIEW OF THE INITIATIVES (5/8)

Initiatives by other parties	Target Groups	Entities Involved	Activities
Sustainable Banking Regulations in ASEAN Report <sup>22</sup>	Financial sector as a whole	WWF	Commissioned a report that assesses regulations and guidelines issued by financial regulators or banking associations in Indonesia, Malaysia, Singapore, Thailand and Vietnam based on a new framework reflecting WWF's insights on what constitutes a robust foundation of regulatory practices. The framework is based on 25 indicators divided across six pillars: scope, strategy & governance, policies & processes, portfolio risks & impacts, disclosure & transparency and enabling environment.
ASEAN Sustainable Banking Assessment report <sup>23</sup>	Financial sector as a whole	WWF	Highlights the progress of ASEAN's biggest banks in Indonesia, Philippines, Malaysia, Singapore, Thailand and Vietnam on Environmental, Social & Governance (ESG) integration
UK Government, Prosperity Fund's ASEAN Low carbon energy programme (LCEP) <sup>24</sup>	Public and Private institutions	UK's Foreign and Commonwealth Office (FCO), IMC Worldwide, Carbon Trust, EY	Policy support to SC for development of a GF COE in Malaysia, capacity building for BNM and JC3 for stakeholders on sustainable finance and climate risk, technical assistance on the development of a pilot energy efficiency project market development
ASEAN Sustainability Medium Term Notes Programme <sup>25</sup>	Investors	Cagamas Berhad	The proceeds raised from the issuance of Sustainability CMTNs under the MTN Programme shall be utilised by Cagamas to solely purchase eligible loans/assets that meet the criteria set out in Cagamas' Sustainability Bond/Sukuk Framework and/or the Sustainability Guidelines/Framework as further set out in the relevant pricing supplement.
Sustainable Development Goals Bond (SDG Bond) <sup>26</sup>	Investors	CIMB Bank Berhad	The net proceeds of the SDG Bond will be channeled into various impactful sectors in line with Goal 8: Decent Work and Economic Growth, Goal 9: Industry Innovation and Infrastructure, Goal 10: Reduced Inequalities, Goal 12: Responsible Consumption and Production, Goal 13: Climate Action, Goal 15: Life on Land and Goal 16: Peace, Justice and Strong Institutions.

# OVERVIEW OF THE INITIATIVES (6/8)

Initiatives by other parties	Target Groups	Entities Involved	Activities
Sustainable Development Goals Sukuk (SDG Sukuk) <sup>27</sup>	Investors	HSBC Amanah Malaysia Berhad	The sukuk aims to finance projects that benefit the environment and communities, and is the first sukuk issuance by a financial institution that references the SDGs as the beneficiary of the proceeds.
InterPac Social Enterprise and Responsibility Fund <sup>28</sup>	Investors	Inter-Pacific Asset Management Sdn Bhd	This is a conventional wholesale equity fund issued that encourages social responsibility and social enterprise participation by utilizing returns from investments. The Fund will disburse 20% of the gain in the financial year either in the form of dividend declaration, capital repayment or any other methods, back to the investors.
BIMB ESG Sukuk Fund <sup>28</sup>	Investors	BIMB Investment Management Berhad	The fund's investment policy and strategies adopt UNGC and ESG analysis and employ negative screening for Shariah Compliance.
InterPac Flexible Asset Trust <sup>28</sup>	Investors	Inter-Pacific Asset Management Sdn Bhd	The manager reviews the sustainability aspects of the Fund's portfolio periodically to ensure the investments of the Fund is consistent with the sustainability considerations adopted by the Fund at all times based on our internally developed SRI assessment framework.
Public e-Islamic Sustainable Millennial Fund <sup>28</sup>	Investors	Public Mutual Berhad	This fund will cater to investors, especially millennials, who want to include sustainability considerations into their investments to achieve capital growth in the long run.
Singular Value Fund <sup>28</sup>	Investors	Singular Asset Management Sdn Bhd	The Fund aims to achieve long term capital appreciation by using a value discipline approach to invest mostly in publicly quoted securities in Malaysia and in any other international exchanges recognised by Bursa Malaysia.
Singular Asia Flexible Fund <sup>28</sup>	Investors	Singular Asset Management Sdn Bhd	The Fund aims to long term capital appreciation by using a value discipline approach to invest mostly in local and foreign securities publicly quoted on stock exchanges recognized by Bursa Malaysia Securities Berhad of approved by the relevant authorities if required.

# OVERVIEW OF THE INITIATIVES (7/8)

Initiatives by other parties	Target Groups	Entities Involved	Activities
Maybank Global Sustainable Equity-I Fund <sup>28</sup>	Investors	Maybank Asset Management Sdn Bhd	The Fund seeks to achieve income and capital growth by investing primarily in a portfolio of Shariah-compliant equities.
AmIslamic Global SRI <sup>28</sup>	Investors	AmFunds Management Bhd	The Fund aims to provide total return that outperforms its benchmark over medium to long-term by investing in Shariah-compliant equities of companies incorporated and/or primarily listed in developed countries.
Sustainability-linked Loans and Green Energy Financing to SMEs <sup>29</sup>	SMEs	CIMB	RM3billion Sustainability-linked loans for corporate borrowers to enhance their sustainability performance to facilitate and support environmentally and socially sustainable economic activity and growth
HSBC Sustainability-linked financing <sup>30</sup>	Sustainability focused companies	HSBC Amanah Malaysia Berhad, Yinson Holdings Berhad	Sustainability-linked financing for reduction of carbon footprint for Yinson Holdings Berhad
OCBC sustainability-linked financing <sup>31</sup>	Sustainability focused companies	OCBC Al-Amin, Axiata Group Berhad	The signing of the Syndicated Financing marked a monumental milestone for Axiata as it remains one of the largest syndicated financing transactions undertaken in the midst of the current unprecedented pandemic crisis. It was the first sustainability-linked Islamic financing effort undertaken in Malaysia.

# OVERVIEW OF THE INITIATIVES (8/8)

Initiatives by other parties	Target Groups	Entities Involved	Activities
AmGeneral Insurance – COVID-19 Test Fund (CTF) <sup>32</sup>	Civil Society (policyholders and takaful participants)	AmGeneral, The Life Insurance Association of Malaysia (LIAM), Persatuan Insurans Am Malaysia (PIAM), Malaysian Takaful Association (MTA)	Pledged RM8 million to establish a special relief fund or COVID-19 Test Fund (CTF) to support the Ministry of Health's (MoH) efforts to conduct more COVID-19 tests for Malaysians. The CTF will provide a fixed cash reimbursement for the cost of COVID-19 tests (up to a maximum of RM300 per test) for policyholders and takaful participants.
Chubb - Environmental Impairment Liability Insurance <sup>33</sup>	Policyholders	Chubb	Offers up to a 10-year term and available capacity of up to USD 50 million, or more if required, covering remediation costs for pollution at insured locations, third party insurance coverage for bodily injury, property damage, and remediation costs arising from pollution conditions caused during the transportation of wastes or products, etc.
Manulife Insurance – COVID-19 Test Fund (CTF) <sup>34</sup>	Civil Society (policyholders and takaful participants)	Manulife Insurance, LIAM, PIAM, MTA	Pledged RM8 million to establish a special relief fund or COVID-19 Test Fund (CTF) to support the Ministry of Health's (MoH) efforts to conduct more COVID-19 tests for Malaysians. The CTF will provide a fixed cash reimbursement for the cost of COVID-19 tests (up to a maximum of RM300 per test) for policyholders and takaful participants.

# KEY POLICIES AND MEASURES IN MALAYSIA ON SUSTAINABLE FINANCE (1/3)

Policies by Regulators and Government Agencies	Target Groups	Entities Involved	Details
Capital Market Masterplan 2 (CMP2) <sup>35</sup>	Financial sector as a whole	SC	10-year strategy blueprint for Malaysia's capital markets, and identifies the promotion of investments in socially responsible projects as a component of the growth strategies to expand the role of Malaysia's capital markets
Sustainable and Responsible Investment (SRI) Roadmap <sup>36</sup>	Financial sector as a whole	SC	Support the growth of SRI Sukuk Introduction of tax exemption on management fees received for the management of SRI funds from year of assessment 2018 to 2023
SRI Sukuk Framework and associated Grants and incentives <sup>36</sup>	Government, Businesses, Civil Society	SC	Facilitate the issuance of SRI sukuks
Supporter of Task Force on Climate-related Financial Disclosures (TCFD) <sup>37</sup>	-	SC	Promoting adoption of TCFD
Value Based Intermediation (VBI) <sup>38</sup>	Financial sector as a whole	BNM	Released a guidance documents for Islamic banking institutions (IBIs) on implementation of Value-based Intermediation (VBI) and Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF). VBIAF facilitates the implementation of an impact-based risk management system for assessing the financing and investment activities of Islamic financial institutions and serves as a reference to incorporate ESG risk considerations in their own risk management system
Climate change and Principles-based taxonomy <sup>39</sup>	Financial sector as a whole	BNM	A guidance to facilitate financial institutions in identifying and classifying economic activities that could contribute to climate change objectives
Member of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) <sup>40</sup>	Central Banks	BNM	Help strengthen the global response required to meet the goals of the Paris agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development

# KEY POLICIES AND MEASURES IN MALAYSIA ON SUSTAINABLE FINANCE (2/3)

Policies by Regulators and Government Agencies	Target Groups	Entities Involved	Details
Sustainability Reporting Guide <sup>41</sup>	Public Listed Companies	Bursa	Provide guidance to organisations on how to embed sustainability and help identify, evaluate and manage material EES risks and opportunities
FTSE4Good Bursa Malaysia Index FTSE4Good ASEAN 5 Index <sup>42</sup>	Public Listed Companies	BNM	To identify Malaysian companies with recognised corporate responsibility practices, expanding the range of the benchmarks of the FTSE Bursa Malaysia Index Series for the Malaysian Markets
Green Technology Financing Scheme (GTFS 2.0) <sup>43</sup>	Businesses, Civil Society	MGTC, MOF, Ministry of Energy, Green Technology and Water, Credit Guarantee Corporation Malaysia Berhad (CGC)	To support the development of green technology in Malaysia through financial support for green technology
Green Investment Tax Incentives (GITA/ GITE) <sup>44</sup>	Businesses, Civil Society	MGTC	Encourage the buying and selling of green technologies
MyHijau SME & Entrepreneur Development Program <sup>45</sup>	Businesses, Civil Society	MGTC	Encourage local industries including SMEs to adopt green practices and offer local green products and services
Low Carbon Cities Framework (LCCF) <sup>46</sup>	Local Authorities, Academic institutions	MGTC	Provide guidance on how to transform their cities into low carbon cities. This includes addressing carbon emissions in 4 main areas: Urban Environment, Urban Infrastructure, Urban Transportation and Buildings

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## MALAYSIA SUSTAINABLE FINANCE INITIATIVE

The Malaysian Sustainable Finance Initiative (MSFI) is an initiative under Capital Markets Malaysia (CMM) to support the Malaysian financial sector in further embracing the tenets of sustainable financing. MSFI involves support from various Associations of industry players from banking, insurance, investment banking, Islamic banking and private market stakeholders namely digital fund raising platforms, private equity and venture capital segment.

This Initiative will lay the essential foundation for long term needs of the economy and the financial system. This Centre of Excellence would be supporting market development by way of the following three activities:

- Conducting forums and meetings to increase awareness and facilitate sustainable/green finance conversations with leading actors;
- Organising capacity development workshops; and
- Providing a knowledge platform for sharing best practices, initiatives, case studies, and emerging opportunities

