OFFICIATING SPEECH

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IETA B-PMI MALAYSIA WORKSHOP: "FROM POLICY TO REALITY: BUILDING A VIBRANT MALAYSIAN CARBON MARKET"

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HILTON KUALA LUMPUR

[SALUTATION TO BE UPDATED]

Good morning dan Salam Malaysia Madani.

1. It is both an honour and a pleasure to join you today for the opening of the **IETA B-PMI Malaysia Workshop**. Allow me to express my heartfelt appreciation to PETRONAS for hosting this event, and to IETA together with B-PMI for their leadership in convening such a distinguished assembly of international experts, project developers, financiers and policymakers. Your presence reflects a shared recognition that operationalising our climate

ambitions is a collective responsibility.

2. The theme of today’s workshop: **"From Policy to Reality: Building a Vibrant Malaysian Carbon Market"**, captures where we now stand. We are moving beyond the foundational phase of designing frameworks and setting strategic directions.

3. The building blocks have been laid and now, we enter the crucial phase of turning carbon assets into reliable supply, unlocking robust market demand, and establishing the bankable infrastructure required to execute high-integrity carbon

transactions on the ground.

Ladies and gentlemen,

CONTEXT-SETTING: COMMERCIAL REALITY&ROLE OF DPKK

4. We convene at a pivotal moment. Recent geopolitical tensions and energy market fluctuations have exposed the volatile nature of global oil prices. In the past, cheaper fossil fuels often led many to view decarbonization as a secondary cost center.

5. Today's market dynamics prove the

exact opposite. Volatile energy prices serve as a stark reminder that over-reliance on unmitigated fossil fuels poses a direct financial risk to industrial competitiveness. Rather than delaying our green transition, this economic climate reinforces the business case for accelerating energy efficiency, adopting low-carbon technologies, and restructuring our production models.

6. Malaysia holds the potential to reduce emissions by *56 million tonnes of* CO_2 *equivalent* ($\mathrm{MtCO_2e}$) by 2030. While about 70% of this can be achieved through low-cost solutions like energy efficiency, the

remaining 30% involves "hard-to-abate" sectors where mitigation technologies remain expensive.

7. This is where high-integrity carbon becomes an essential economic tool.

8. On April 21, 2026, Malaysia officially launched its National Carbon Market Policy (*Dasar Pasaran Karbon Kebangsaan*, or DPKK). As a catalytic initiative under the National Climate Change Policy 2.0, the DPKK provides a robust framework to operationalize international compliance trading under Article 6 of the Paris Agreement while

supporting the voluntary carbon market.

9. Beyond helping individual businesses decarbonize, the DPKK enables Malaysia to strategically use carbon credits to achieve our international commitments. Our updated Nationally Determined Contribution (NDC 3.0), submitted in October 2025, commits Malaysia to peak greenhouse gas emissions between 2029 and 2034.

10. Following this, we aim for an absolute reduction of 15 to 30 $MtCO_2e$ by 2035 relative to peak levels—comprising an unconditional

20 $MtCO_2e$ domestic reduction and a conditional 10 $MtCO_2e$ supported by international carbon markets, technology transfer, and climate finance. All of this aligns with our goal to reach net-zero emissions by 2050.

11. The DPKK serves as our comprehensive carbon blueprint. It establishes a National Carbon Registry with harmonized Monitoring, Reporting, and Verification (MRV) frameworks to prevent double counting, structures Article 6 authorization pathways, and aligns market development across energy, forestry, agriculture,

and industry.

12. Furthermore, the DPKK directly complements domestic tax policy. While the Ministry of Finance leads the National Carbon Tax for energy-intensive sectors like power, iron and steel, NRES drives the carbon market architecture under DPKK. This gives affected facilities market-based offset options for cost-effective compliance while channeling private investment into domestic green solutions.

13. To ensure transparency and legal enforceability, NRES is in the final stages of introducing the Climate

Change Bill (*Rang Undang-Undang Perubahan Iklim Negara*, or RUUPIN). This legislation will formally govern the National Carbon Registry and regulate Article 6 participation.

14. Together, these initiatives ensure Malaysia remains competitively positioned, financially resilient, and fully committed to a low-carbon future.

CARBON MARKET EFFORT BY NRES

15. Today's workshop directly supports the implementation of our **National Carbon Market Policy (DPKK) Enabler Pillar 3 and Pillar 5-2** by

fostering constructive engagement between policymakers, industry players and carbon market participants.

16. Carbon markets allow companies to monetize verified emission reductions, turning decarbonisation from a cost burden into an opportunity. By establishing high-integrity carbon pricing and trading systems, we create a tangible financial pathway for businesses to de-risk their low-carbon transition while strengthening their long-term competitiveness.

17. Our engagement in carbon markets is not new. Our foundation spans decades, from early forestry carbon projects in Sabah in the 1990s, to active participation in the Clean Development Mechanism (CDM) in the 2000s, and the launch of the Voluntary Carbon Market via the Bursa Carbon Exchange (BCX) in 2022.

18. What we learn from these experiences is that, to build a thriving, liquid marketplace, policy frameworks must match high-integrity supply with

recognizable and internationally-credible demand signals.

19. Thus, **on the supply side:**

i. we are advancing nature-based solutions through the Forest Carbon Offset (FCO) framework under the Malaysia Forest Fund (MFF), safeguarding our carbon-dense rainforests and coastal mangroves;

ii. In the agro-commodity sector, we

are working with stakeholders like the Ministry of Plantation and Commodities and FELDA to explore decarbonization solutions. Key initiatives such as biogas capture from Palm Oil Mill Effluent (POME) and biochar from Empty Fruit Bunches (EFB) offer immediate opportunities for high-integrity carbon credits; and

iii. sectorally, carbon markets are vital to potentially unlock crucial private capital for advanced technologies such as Carbon Capture and Storage (CCS) and Sustainable Aviation Fuel (SAF).

20. **On the demand side:**

i. NRES is actively setting up practical rules for international carbon trading under Article 6.2 and 6.4, building upon early bilateral engagements with partner countries like Singapore and South Korea;

ii. Positioning Malaysia to generate credits thus creating international compliance demand, including Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) under the International Civil Aviation

Organization (ICAO).

21. As you can see, NRES is dedicated to ensuring that our national frameworks provide a seamless, transparent and harmonized operating environment for both domestic project developers and international investors. By establishing clear national arrangements, unified registry protocols and aligned regulatory oversight, we are removing market friction and guaranteeing that every credit generated in Malaysia meets the highest benchmarks of environmental integrity.

Ladies and gentlemen,

CONCLUSION AND CALL TO ACTION

22. Although we have started this process, everyone's effort is required to keep the momentum going. A market cannot thrive on policy intention alone. It requires structural cohesion across all levels of governance, regulatory bodies and market participants.

23. Today marks a crucial step forward. The transition from policy to reality requires bold leadership, robust science, and practical collaboration across public and private domains.

24. I urge all participants, from our project developers and corporate buyers to international registry leaders, to treat today's workshop as a dynamic working session.

25. Identify practical solutions, address regulatory gaps and establish the partnerships needed to build a credible, liquid, and high-integrity Malaysian carbon market.

26. Let us act with urgency, clarity, and shared purpose. While we position Malaysia as a trusted regional hub for high-integrity carbon trading, let' s not also forget our unique status as the custodian of natural assets and

our collective role as the promoter of green innovation. At the end of the day, our efforts must be centered to push for sustainable economic growth and ensure lasting prosperity to our people.

27. With that, I wish you all a highly productive and impactful workshop.

Thank you.