



MINISTRY OF NATURAL RESOURCES AND
ENVIRONMENTAL SUSTAINABILITY

OPENING KEYNOTE

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**MINISTER OF NATURAL RESOURCES AND
ENVIRONMENTAL SUSTAINABILITY**

FOR

ETHICAL FINANCE ASEAN FORUM

BY GLOBAL ETHICAL FINANCE INITIATIVE (GEFI)

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AICB CENTRE OF EXCELLENCE, KUALA LUMPUR

Assalamualaikum Warahmatullahi Wabarakatuh, a very good morning and Salam Malaysia Madani.

Distinguished guests, ladies and gentlemen,

INTRODUCTION

1. As we gather here today, we stand at the crossroads of a transformative era—a time where the urgency of climate action converges with the vast opportunities presented by ethical finance, and by extension, Islamic sustainable finance. It is my honour to address you on topics that are not only close to my heart but are also imperative for our collective future.
2. The energy and industrial sectors signify the backbone of the economies of ASEAN countries. As we pursue a low-carbon transition, these sectors are encountering what can only be described as a seismic shift. They are at the helm of adopting new technologies, improving energy efficiency, and innovating processes to reduce emissions. Yet, their journey is fraught with challenges—capital investments, technical complexities, and the need for workforce upskilling, all while maintaining competitiveness.
3. The recent “national energy emergency” declaration by US President Donald Trump emphasised a "drill, baby, drill" approach, aiming to double down on oil and gas production and encouraging the expansion of oil and gas initiatives, signaling a clear shift towards fossil fuel dependency.

4. This decision has far-reaching implications for the United Nations Framework Convention on Climate Change (UNFCCC), the Conference of the Parties (COP) meetings, and the global ambition to achieve net-zero emissions by mid-century.
5. Trump's energy policy starkly contrasts with global efforts to reduce carbon emissions and combat climate change, potentially undermining previous progress made through international agreements like the Paris Agreement. In response to this shift, collective action is essential to ensure the world remains on track to combat climate change and achieve net-zero emissions. Countries must reaffirm their commitment to the Paris Agreement and work towards more aggressive carbon reduction targets.
6. Increased investment in renewable energy technologies and infrastructure is crucial, alongside policies that encourage sustainable practices and reduce reliance on fossil fuels. International cooperation and funding mechanisms can support nations in transitioning towards greener economies, ensuring that the global response to climate change is equitable and effective.
7. Engaging with private sector stakeholders, communities, and civil society organisations will also be key to driving systemic change, fostering innovation, and accelerating the transition to a sustainable energy future.
8. Our collective endeavour today—focusing on pivotal themes such as “Financing a Fair Transition” and “Unlocking Islamic Sustainable Finance”—serves as a testament to our shared commitment and urgency in addressing environmental and economic challenges through the lens of ethical and sustainable finance.

9. This journey towards a greener future highlights our conviction that through adaptive financial mechanisms and the unwavering support of the ecosystem, challenges can transform into opportunities for growth and innovation.

Ladies and gentlemen,

EQUITABLE AND INCLUSIVE SUSTAINABILITY AS A NATIONAL ETHOS

10. The concept of a fair transition to sustainability is deeply embedded within our national ethos, advocating for an approach where sustainable development benefits are accessible to all members of society. Such a transition is not merely about environmental action but about ensuring that these actions are infused with principles of equity and inclusivity, bridging the gap between different economic strata and demographics. The goal is to create a sustainable future where every individual, regardless of their socio-economic background, can partake in and benefit from sustainable practices and innovations.

COMMITMENT TO SOCIOECONOMIC DEVELOPMENT AND PARITY

11. Malaysia's commitment to sustainability transcends environmental preservation, extending into socio-economic restructuring and the closing of parity gaps. This commitment involves strategising economic policies that promote sustainable job creation, foster small and medium-sized enterprises, and include marginalised

communities in the wealth generated by green economies. Through these efforts, the twin goals of ecological sustainability and socio-economic equity can drive comprehensive national development.

REALIGNING CAPITAL FLOWS THROUGH STRATEGIC INITIATIVES

12. Key financial institutions and initiatives in Malaysia, such as the Securities Commission Malaysia (SC Malaysia) and Bank Negara Malaysia (BNM), alongside collaborations with global bodies like the Global Ethical Finance Initiative (GEFI), are pivotal in steering capital towards projects that embody the principles of sustainable and inclusive growth.
13. The creation of regulatory frameworks aligns with this goal and ensures the security of the financial markets while chasing a sustainable future. This strategic realignment involves innovative financial instruments such as green bonds and sustainable sukuk, which not only support environmental projects but also aim to democratise investment opportunities to ensure broad-based community involvement and benefits.

EMBRACING TAYYIB IN FINANCE

14. At the center of Malaysia's sustainable finance initiative is the principle of 'Tayyib'—an emphasis on investments that are not only good in a material sense but are morally and ethically pure.

15. This principle underpins the ethical touchstone against which all sustainable finance efforts are measured, ensuring that financial instruments not only avoid harm but actively contribute to societal well-being and environmental health. Beyond the passive avoidance of harm, the Tayyib-inspired approach proactively seeks out opportunities to benefit communities and the environment.
16. This proactive stance will manifest in investments that support clean energy, waste reduction, sustainable agriculture, and community empowerment projects, aiming to create a ripple effect of wellness and sustainability across societal sectors.

Ladies and gentlemen,

ALIGNMENT WITH ENVIRONMENTAL STEWARDSHIP AND CONSERVATION

17. Close alignment with various efforts aimed at promoting environmental stewardship and resource conservation is facilitated through the embedding of sustainable and ethical financial principles. This alignment ensures that financial practices and policies support broader environmental objectives, such as biodiversity conservation, pollution reduction, and ecological balance, thereby reinforcing the integration of financial activities with global sustainability standards.

THE ROLE OF ISLAMIC SUSTAINABLE FINANCE

18. The role of Islamic finance in sustainable development is profound, as it traditionally encompasses principles that foster fairness and environmental stewardship. These principles are inherently aligned with modern sustainable practices, making Islamic finance a natural facilitator of sustainable development.
19. In this area, bodies such as the MIFC Leadership Council or MLC, can play a pivotal role, as the MLC Position Paper places a strong emphasis on sustainability as one of its focus areas. The Position Paper emphasises the pivotal role of Islamic finance in advancing sustainability by aligning with global trends such as SDGs, ESG, and sustainable finance.
20. It advocates for leveraging Islamic finance's strengths and ethical foundations to promote a more sustainable and equitable economic system. The Position Paper's proposal for the 18 initial MLC Impact Projects or MIPs further solidifies the importance of collaboration and innovation in this journey, aimed at driving sustainable development within the framework of Islamic finance principles.

SETTING GLOBAL BENCHMARKS

21. Under Malaysia's leadership, there is a significant movement towards setting global benchmarks in integrating sustainability with Islamic finance. This leadership role involves not just the adoption but also the adaptation of traditional Islamic financial instruments to meet contemporary sustainability challenges.

22. The strategic use of Islamic banking, Islamic capital markets, and takaful, underscores their potential as powerful conduits for sustainable investment. These instruments offer unique features like risk-sharing and asset-backed financing, which minimise speculative activities and ensure that investments are directly linked to tangible, beneficial, and sustainable projects.

Ladies and gentlemen,

CONCLUSION

23. Malaysia is committed to being a leader in this journey towards a sustainable future, leveraging the intrinsic values of Islamic finance. We stand ready to collaborate with our ASEAN neighbours and global partners to ensure the transition we make is not just environmentally sound but also socially just and economically viable for all. Together, let us unlock the full potential of Islamic sustainable finance for a greener, more equitable world. Thank you.