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**MINISTRY OF NATURAL RESOURCES AND  
ENVIRONMENTAL SUSTAINABILITY**

**KEYNOTE SPEECH**

**NIK NAZMI NIK AHMAD  
MINISTER OF NATURAL RESOURCES AND  
ENVIRONMENTAL SUSTAINABILITY**

**FOR**

**AFFIN ESG CONFERENCE 2024**

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**LEVEL 26,  
AUDITORIUM MENARA AFFIN @ TRX**

Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh and Salam Malaysia Madani

**YBhg. Dato' Agil Natt**, Chairman of AFFIN Bank Bhd

Distinguished Board Members of AFFIN Group

**YBhg. Dato' Wan Razly Abdullah**, President and Group CEO of AFFIN Bank Bhd

**YBrs. Encik Nurjesmi Mohd Nashir**, CEO of Affin Hwang Investment Bank Bhd

Distinguished guests,

Ladies and gentlemen,

## **INTRODUCTION**

1. It gives me great pleasure to be speaking today at AFFIN's annual ESG Conference. My thanks to Affin Hwang Investment Bank for your generous invitation to address you all on the topic of climate change and preserving sustainability in our lives. Gatherings like this are important for our collective mission to chart a course towards a sustainable future that balances the needs of humanity with the preservation of our planet. As the Minister of Natural Resources and Environmental Sustainability, I am therefore deeply honoured to address you, and I do so with a sense of urgency and determination.

2. Today's event is themed, "***Charting the Path to Sustainability***" and I've been made to understand that this conference aims to address some of the most pressing challenges and opportunities facing our planet today. It will delve into a wide array of topics, each critical to advancing sustainability and forging a path towards a brighter, more resilient future. There are many excellent speakers who have joined us today but let me start off by saying a few words to set the stage.
3. In recent years, we have witnessed a remarkable shift in the business landscape, as companies around the world, including Malaysia, increasingly recognise the imperative of sustainability. No longer viewed as a mere philanthropic endeavour, sustainability has become ingrained in the very fabric of business operations, with companies recognising that it is not only the right thing to do but also essential for long-term viability and success.
4. In Malaysia, we have embraced this paradigm shift with unwavering commitment, recognising the urgent need to address the existential threat of climate change. As part of our pledge to the global community, our country has committed to achieving net-zero greenhouse gas emissions as early as 2050. This ambitious goal underscores our determination to transition to a low-carbon economy and mitigate the impacts of climate change on our people and planet.

## **CHANGE IS NOW**

Ladies and gentlemen,

5. It is not only appropriate but necessary for Malaysia to do this because the spectre of climate change looms large over our world, posing an existential threat to our planet and all its inhabitants. The signs of its impact are everywhere—rising temperatures, extreme weather events, and disruptions to ecosystems. In the face of this unprecedented challenge, there has never been a more pressing need for concerted action to mitigate greenhouse gas emissions, adapt to the changing climate and build resilience in our communities.
6. Central to our efforts to combat climate change is the transition to a sustainable energy future. Malaysia is harnessing its abundant renewable energy resources, including solar, wind, and hydroelectric power, to reduce our reliance on fossil fuels and curb greenhouse gas emissions. *Malaysia Energy Transition Outlook (METO)* estimates US\$415 billion cumulative investments are required for the 1.5 Celsius with 100% RE generation scenario. Through strategic investments in renewable energy infrastructure and innovative technologies, we are laying the groundwork for a cleaner, greener future for our nation and the world.
7. The challenge of climate change offers Malaysia a distinct and meaningful opportunity. Beyond safeguarding our nation's survival, we are now presented with a chance to take the lead, foster innovation, and forge a sustainable future for future generations. This opportunity entails transforming our economy and way of life to be more efficient, resilient, and inclusive. It is undeniable that the time for action on climate change is now. This requires more than just individual efforts but also collective action on a global scale.

8. The urgent demand today is for leaders across all economic sectors, particularly in the financial services industry, to take bold steps in tackling climate change. As stewards of capital and investment, financial institutions are crucial in shaping both the present and the future landscape. Therefore, it is imperative for leaders in the financial sector to leverage their market influence to confront and alleviate the climate crisis.

## WHAT IS MALAYSIA DOING?

9. Of course, much can still be done to address enduring challenges like deforestation, socio-economic inequalities, and the sluggish uptake of renewable energy. The current government has made sustainability at the core of its governing agenda via the **Malaysia Madani** and Ekonomi Madani frameworks.
10. Meanwhile, we have introduced initiatives and policies such as the **National Energy Transition Roadmap (NETR)**, the **New Industrial Master Plan (NIMP) 2030** and the **Mid-Term Review of the 12<sup>th</sup> Malaysia Plan (MTR-12MP)** that will not only contribute to climate action but also transform our economy.
11. On a broader spectrum, as a party to the Paris Agreement, Malaysia aims to reduce its economy-wide greenhouse gas (GHG) emissions intensity by 45% (relative to GDP) by 2030 compared to the 2005 level, as outlined in its Nationally Determined Contributions (NDC).

12. As announced under the **12<sup>th</sup> Malaysia Plan Mid-Term Review** last year, the government will be spending US\$3 million (RM14 million) in grants from the Green Climate Fund (GCF) to develop the National Adaptation Plan (NAP) on climate change, which is important to boost our country's resilience and fulfil our country's climate change agenda. This framework will help to outline the country's adaptation strategies across critical areas like health, agriculture and food security, forestry, biodiversity, water resources and security, as well as infrastructure and cities.
13. Meanwhile, plastic pollution is a serious issue in Malaysia. At present, we have the Malaysia Plastic Sustainability Roadmap (2021-2030) and the Malaysian Roadmap Towards Zero Single-Use Plastics (2018-2030). Nonetheless, I have instructed a review of our legislation governing plastic pollution in order to strengthen measures to address this issue. Currently, we are putting together a national policy on plastics production, use and waste management to be in line with the Global Plastics Treaty negotiations. The reduction of waste generation should be the priority in addressing plastic pollution, not only plastic waste but all types of waste. Therefore, support from all sectors of society is needed to combat this problem.
14. In December 2022, **Malaysia's voluntary carbon market (VCM)** was launched and operated under the **Bursa Carbon Exchange** as a platform to help boost domestic carbon market development as well as carbon project financing. Another important note I can share is that my ministry is currently conducting a study on the National Carbon Market Policy.

15. I'm sure this has been a hot topic for everyone given the great interest in the current status of carbon trading implementation in Malaysia and the direction of the national carbon policy. What I can share at this point is that the ministry is continuing to hold discussions with state governments regarding the carbon market mechanisms since matters related to land and forestry fall within the jurisdiction of the state governments.
16. In recent news, BURSA has also announced that they will collaborate with other stock exchanges from Indonesia, Thailand and Singapore on the ASEAN-Interconnected Sustainability Ecosystem (ASEAN-ISE) to advance ASEAN's sustainable development through the implementation of common environmental, social and governance (ESG) metrics in their respective data infrastructure. This is a great opportunity to work collaboratively with other countries to facilitate an integrated ESG ecosystem to promote the progress of sustainable development in ASEAN and enabling participating exchanges to achieve economies of scale through cost efficiency and faster time-to-market with fit-for-purpose solutions.

Ladies and gentlemen,

## **NETR AND ITS OPPORTUNITIES**

17. In the medium to long term, both domestic and international investors will discover substantial opportunities arising from Malaysia's transition to a high-value green economy as it progresses towards achieving its goal of net-zero emissions.

It is also noteworthy to mention Malaysia's regulatory climate policy initiatives, including NETR.

18. NETR seeks to drive a significant energy shift in Malaysia and position it as a leading global hub for sustainability. The six levers of NETR, along with its flagship catalyst projects, are expected to result in a reduction of greenhouse gas emissions (GHG) emissions by 10 Mt per year. Furthermore, this initiative is anticipated to create business prospects in areas such as energy efficiency, renewable energy, hydrogen, bioenergy, sustainable transportation and Carbon Capture and Utilisation and Storage (CCUS).
19. By 2050, low-carbon sources will account for more than 90% of energy while fossil fuels will account for less than 10%. Renewable energy sources will be the main feedstock for the economy, while fossil fuels will be required for hard-to-decarbonise sectors. NETR recognises the current state of play and addresses the challenges moving forward.
20. As 28% of the national GDP are contributed by the energy sector, the transition from a fossil fuel dependent economy to a high-value green economy, therefore, must be done meticulously, to amplify positive impacts and reduce any ramifications to near-zero, especially to the Rakyat. Through strategic investments in renewable energy infrastructure and innovative technologies, we are laying the groundwork for a cleaner, greener future for our nation and the world.

Ladies and gentlemen,

**SUCCESS WILL HINGE ON INCLUSIVENESS AND FAIRNESS**

21. As a nation, we acknowledge the challenges we face in progressing towards our sustainability objectives and achieving net-zero emissions. However, I commend AFFIN for prioritising this ESG conference to underscore Malaysia's dedication towards these key national goals. While we recognise the gap between our current standing and our desired outcomes, we anticipate that this conference will offer invaluable insights and underscore the critical importance of advancing our sustainability agenda.
22. Addressing climate change requires ensuring that all individuals are included in the necessary transformations and transitions. Our strategy must be founded on the principle of a fair transition, which involves balancing social equity with environmental stewardship. Given that the move towards a sustainable economy may disproportionately affect certain industries and employment sectors, it is imperative for both public and private entities to collaborate closely and accelerate joint endeavours to address and alleviate the impacts of climate change.
23. The battle against climate change and our path to achieving net-zero emissions arguably depend on whether we succeed or falter in this endeavour. While the policies and initiatives are well-defined and established, our ability to convince people that this process will not only safeguard their livelihoods but also enhance them is crucial. Without this persuasion, the overarching goal may remain elusive.
24. A recent remark by the United Nations Secretary-General at a press conference on climate change is particularly apt:

*“The era of global warming has ended; the era of global boiling has arrived. The air is unbreathable. The heat is unbearable. And the level of fossil fuel profits and climate inaction is unacceptable. Leaders must lead. No more hesitancy. No more excuses. No more waiting for others to move first. There is simply no more time for that.”*

25. I trust that this sentiment is shared by all participants at today's conference. Climate action should extend beyond the mere survival of humanity, although that remains paramount; it should also encompass the opportunity to reshape our world into something more equitable, forward-thinking, and harmonious.
26. We must always strive for more than the bare minimum. Indeed, aiming solely for the minimum will not lead to success. This conference commits to offering "practical and actionable solutions," and I trust that this will encompass strategies for inclusive and equitable climate action, both domestically and internationally.

Ladies and gentlemen,

## **AFFIN AND SUSTAINABILITY**

27. Before I conclude, I must commend AFFIN on all it has been able to accomplish over the past few years as well as your increased emphasis on sustainability with having annual conferences like this. This proves that the financial sector is already taking the necessary actions in the green transition.

28. Also, I hope that AFFIN continues to set the stage for your transformative leap with the target to amplify your ESG ambitions to weave sustainability into the fabric of your operations as well as continue to work with clients and customers to respond to climate risk issues and ESG challenges. This includes by developing financial solutions that support sustainable development as well as continue to support business that are moving towards a low carbon economy.
29. By undertaking these measures, financial institutions can uphold their commitments to facilitating a just and systematic transition. Financial institutions have a leading role in the transformation towards creating a more sustainable, robust, and equitable future for everyone, and they must grasp this opportunity.
30. Over the years, I have seen that there is an urgency for change amongst different institutions across Malaysia when it comes to the push for sustainability. I believe that what can propel us forward is intensified and focused effort, such as ensuring that sustainability permeates through the supply chains of our diverse industries. Again, this is something that the financial sector, as the lifeblood of economies, can encourage and support.

## **CONCLUSION**

31. Let me conclude by observing that “change is a constant”. Malaysia is and must always be prepared to embrace the necessary changes in order to fulfil our net zero aspirations, from the rakyat to business corporations and to leaders of the country.

32. We are all united in our aspiration to become greener, more sustainable, and more resilient through precise and effective goal-setting and action plans. Winning the fight against climate change means that humanity has a chance to continue existing on this planet.
33. Malaysia's policymakers and most stakeholders are aware of the urgent need to tackle climate change. Similarly, I repeat that I am convinced that companies of all scales are increasingly recognising the importance of reducing their carbon footprint. What is essential now is to sustain this momentum and translate it into tangible and impactful actions. Therefore, let us seize this opportunity now before it is too late. Thank you very much and I wish you all the best with the most productive conference ahead.

Wabillahi Taufik Walhidayah, Wassalamualaikum Warahmatullahi Wabarakatuh.