

Announcement on financial industry collective commitments for transition and green finance by Dato' Khairussaleh Ramli (Chairman, ABM and Group President & CEO, Maybank) | Tuesday, 24 October 2023 at 11.45 am

Assalamualaikum and a very good morning, distinguished guests, ladies and gentlemen.

1. Firstly, on behalf of The Association of Banks in Malaysia (ABM), I would like to take this opportunity to congratulate the Joint Committee on Climate Change (JC3) for your efforts in pursuing collaborative actions and building climate resilience within the Malaysian financial sector.
2. The JC3 Journey to Zero Conference is a testament to the collective commitment of the financial industry, governments, policymakers, private sector and communities towards addressing one of the most pressing issues of our time - the impact of climate change.

Ladies and gentlemen,

3. As Chairman of ABM, I am pleased to announce a series of initiatives that the industry is championing in an effort to further advance the cause of developing a more sustainable and resilient future.
4. Firstly, I am happy to share that ABM together with the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) will be entering an MOU with the UN Global Compact Network Malaysia & Brunei, focusing on advancing sustainability practices and supporting the emerging generation of business leaders in championing sustainable development. One of the primary initiatives of this partnership involves organising capacity building sessions tailored for SMEs in Malaysia.
5. We know that SMEs are an integral part of the Malaysian economy, with over 1.15 million MSMEs nationwide, employing close to 50% of the country's total workforce. In 2022, MSMEs alone contributed more than RM580 billion to the economy, equivalent to 38% of GDP. These efforts hope to address the many challenges SMEs are currently facing when it comes to the adoption of ESG practices.
6. Banks recognise the importance of managing ESG, including climate-related risks and the central role that we play in shaping this narrative. Therefore, we aim to acquaint SMEs with sustainable business practices that are aligned with their commercial goals, while also enabling the requirements of sustainable and inclusive financing.
7. Secondly, I am also pleased to announce that ABM ESG Committee, with oversight from the ABM Council, will be issuing an industry progress report on the initiatives and advancements of banks

towards fulfilling the seven broad ESG principles for the Malaysian banking sector that were announced this time last year. The intent is to drive systemic change within the industry, towards a common goal of supporting the transition to a low carbon and ESG-resilient economy.

8. Our ongoing commitment here is to promote transparency and drive a stronger focus on sustainability, including the management of climate risks in the financial sector, and encourage actionable commitments amongst Malaysian financial sector players, as well as the numerous stakeholders within the ecosystem.

Esteemed guests,

9. ABM has seen its member banks contribute to the mobilisation of capital within the financial industry, collectively driving sustainable finance and responsible banking practices across economic sectors.
10. To date, banks in Malaysia have publicly committed to mobilise over RM200 billion in sustainable finance and I commend these efforts.
11. Is this enough? Well, the two panel sessions yesterday on (1) mobilising finance for effective climate adaptation and (2) drawing global private capital for economic transformation, highlight the need for greater contributions towards these efforts. I believe I can speak on behalf of my colleagues that we are committed in this journey.
12. With each passing year, there is an increasing need for greater adaptation finance to help make communities – and the infrastructure and ecosystems they rely on – more resilient to climate impacts. An example is to build a dam with a larger retention basin, accounting for increasingly variable rainfall.
13. Similarly, the panel session just before this, showcased the need to encourage investments through innovative financial mechanisms such as blended finance. UNEP's Adaptation Gap Report estimates that the annual cost of adaptation in developing countries alone can be as much as USD340 billion by 2030. The industry is keen to work with the government and regulators so that more blended finance initiatives can be formulated in Malaysia to facilitate greater accessibility to funding, especially in becoming catalysts to consumers and SMEs to transition.
14. Further to this, transition finance fosters inclusive growth by directing capital and resources toward sustainable projects, businesses and communities. As highlighted in the ASEAN Strategy for Carbon Neutrality, it promotes economic development and interoperability by taking into

account regional considerations covering both environmental and social factors, enhancing capabilities and ultimately leading to a more equitable and prosperous society.

15. The standard definition of transition finance and sustainable finance is still developing, rendering comparability of data within and beyond jurisdictions a challenge. While it is imperative that that we promote interoperability of standards internationally by the ISSB for example, we encourage the regulators to promote and develop local standards for early adoption. We acknowledge that challenges are aplenty, but also cognisant that this is a journey where all stakeholders have to collectively come together to play our part. At the same time, we also recognise that substance and impact is more important than form in disclosing statistics and numbers in sustainable or transition finance.

Ladies and gentlemen,

16. Finally, in the spirit of partnership and collaboration, ABM, together with Maybank and CIMB will be working with GFANZ on a roundtable Practitioners Training session for Malaysian financial institutions next month. The objective is to equip practitioners with the practical know-hows and the confidence to embark on and champion transition planning within their organisation.
17. We recognise that net zero is a journey. There are many things we still do not know and many things to figure out. Whilst we are certain that the momentum will pick up, especially through transition finance, it is imperative that we contribute early on, through decarbonisation.

Distinguished delegates,

18. The urgency of the climate crisis requires us to go beyond mere statements. Our initiatives here today demand action and accountability. We do this not because we are required to comply with regulations merely. We do this because we consider triple bottom line as key to our future, as we journey towards a net zero and nature-positive economy.

Thank you.