

MEDIA RELEASE

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MALAYSIA'S INSTITUTIONAL INVESTORS PRIORITISE SUSTAINABLE INVESTMENT AGENDA

Capital Markets Malaysia (CMM) and the Institutional Investors Council Malaysia (IIC) have jointly launched the Sustainable Investment Platform (SIP) to support institutional investors and fund managers build depth in sustainable and responsible investment (SRI) strategies. The SIP will carry out capacity building for data collection, tools and methodologies that will support innovation in sustainable investment strategies. Its activities will also include advocating sustainable investing practices amongst Malaysia's institutional investors and fund managers, facilitating the exchange of international best practices and positioning Malaysia's sustainable capital market leadership.

Investors play a critical role in supporting economies through the financing of projects, businesses and infrastructure. Given the current challenges of climate change and the social implications of the recent pandemic, funds are fast reviewing their priorities and are looking to apply sustainable practices in their investment decisions, processes and operations.

CMM, an affiliate of the Securities Commission Malaysia (SC), will provide strategic support and funding for the SIP as part of its initiative to position Malaysia as a regional centre for sustainable and responsible investment.

Chairman of the SC, Datuk Syed Zaid Albar said, "Asset owners are key stakeholders in ensuring Malaysia realises its sustainable development goals. The SC is wholly supportive of this collaboration to build private sector awareness and commitment towards sustainable and green practices, which closely align with our Sustainable and Responsible Investment Roadmap for the Capital Market."

IIC members strongly advocate sustainable investment strategies that take into account both financial and non-financial aspects to deliver long-term sustainable value to its beneficiaries. Great emphasis has now been put towards ESG-related considerations in addition to financial returns. IIC currently has twenty-six (26) members comprising asset owners such as pension funds, private retirement scheme provider, insurance companies' association; asset managers as well as other relevant capital market institutions.

Puan Rohaya Mohammad Yusof, Chairman of the IIC stated that, "In today's environment, investors are increasingly demanding for long term financial returns through creating social and environmental value. To this end, IIC which represents the common interest of institutional investors in Malaysia now play a more proactive stewardship role to steer the development towards building a sustainable future by advocating investee companies to embrace best sustainability practices in addition to financial return."

The SIP will build on the foundations laid by the IIC to support Malaysia's transition to an inclusive and climate-resilient economy by championing the sustainable investment agenda.

Displaying their leadership, three of Malaysia's largest institutional investors, the Employees Provident Fund (EPF), Khazanah Nasional and Kumpulan Wang Persaraan (Diperbadankan) (KWAP) have signed the Principles of Responsible Investment (PRI). Thirty-seven (37) institutional investors have also become signatories to the Malaysian Code for Institutional investors (MCII) to reflect their commitment in observing the six (6) principles of effective stewardship as espoused in the MCII.

The PRI, the world's leading proponent of responsible investment, will be Knowledge Partner for the SIP, providing select resources and expert speakers on sustainable investment to the Platform. Launched in New York in 2006, the PRI has grown to more than 3,800 signatories, managing over \$103 trillion AUM.

Commenting on the launch, Fiona Reynolds, Chief Executive Officer of the PRI said, "We are very pleased to build on PRI's previous collaborations with both the Institutional Investors Council Malaysia (IIC) and Capital Markets Malaysia (CMM) - who have jointly launched the Sustainable Investment Platform (SIP). The Platform's mission to support institutional investors in considering ESG factors in their investment and ownership decisions is one that's also central to PRI's mission. In becoming a Knowledge Partner, we look forward to sharing some of our learning, expertise and tools with the market in Malaysia, and to a dialogue with investors on the opportunities and challenges they face in sustainable investing."

There are several ongoing initiatives to mainstream sustainable finance in the Malaysian Capital Market, which will enable the country's transition to a low carbon future. These include the introduction of the Malaysian Code on Corporate Governance, Guidelines on Sustainable and Responsible Investment Funds, the Sustainable and Responsible Investment Roadmap for the Malaysian Capital Market by the Securities Commission Malaysia.

ENDS

About Capital Markets Malaysia

As part of its developmental mandate, the SC set up CMM in 2013 to spearhead both the local and international positioning and profiling of the Malaysian capital market with its wide range of conventional and Islamic products, supported by a strong governance infrastructure. CMM profiles the competitiveness and attractiveness of the various segments of the capital market to increase participation and enhance opportunities for capital market intermediaries, issuers and investors.

About Institutional Investors Council Malaysia (IIC)

The IIC was formed on 3 July 2015 following the launch of the Malaysian Code for Institutional Investors (MCII) on 27 June 2014. The IIC is envisaged to play an important role to represent the common interests of institutional investors in Malaysia. This industry-led initiative will be a platform to shape and influence a wider sphere of corporate governance culture through among others, the effective adoption of the MCII. The establishment of the IIC is also in line with the recommendations of the Corporate Governance Blueprint 2011 launched by the SC in July 2011. The IIC was formally established under the Societies Act 1966 on 29 December 2017.

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