

MEDIA RELEASE

BURSA MALAYSIA TO LAUNCH VOLUNTARY CARBON MARKET EXCHANGE BY YEAR-END

INAUGURAL TRANSACTION VIA AUCTION

Kuala Lumpur, 15 August 2022 - Bursa Malaysia Berhad (“**Bursa Malaysia**” or the “**Exchange**”) will be launching the Voluntary Carbon Market (“**VCM**”) exchange later this year. A voluntary carbon market exchange enables companies to purchase voluntary carbon credits from climate-friendly projects and solutions. In line with the growing awareness of climate action, voluntary carbon markets will play an important role to support financing for projects and solutions that reduce, remove or avoid greenhouse gas emissions (“**GHG**”). Participation in the voluntary carbon market will allow companies to offset their carbon emission footprint and meet their voluntary climate goals. Through Bursa Malaysia’s VCM exchange, both buyers and suppliers will be able to transact high-quality carbon credits at transparent prices.

Bursa Malaysia intends to offer standardised carbon credit products for trading via a rules-based VCM exchange. There will be distinct product categories for carbon credits derived from nature-based solutions and technologies that reduce or remove carbon emissions. The VCM exchange will aggregate carbon credits that share similar traits and fundamentals, with vintages 2016 onwards. Additionally, the Exchange will also label products to differentiate between carbon credits sourced in Malaysia and globally.

By year end, a supply of carbon credits is to be sold by way of auction to interested buyers. The auction will enable price discovery for the new standardised carbon credit products that will be listed on the VCM exchange. The clearing price from the auction will establish a baseline demand for carbon credits in Malaysia, which will provide a reference point for secondary trading for market participants. In addition, it will help provide clear price signals to support the development of domestic carbon credit projects. To achieve a lower carbon footprint over time, corporates can use these carbon credit products to voluntarily offset their existing climate impact alongside other internal carbon reduction initiatives.

To ensure high integrity of carbon credits offered through the VCM exchange, Bursa Malaysia will adopt the Verified Carbon Standard or better known as Verra. Verra is a widely recognised standard in the voluntary carbon market, accounting for nearly 70% of voluntary carbon credit issuances globally. Verra has developed transparent, credible and robust methodologies covering a wide array of climate-friendly activities such as nature-based projects, methane avoidance or capture, sustainable agricultural land management, green mobility and others. Using Verra standards, carbon credit projects will be subjected to robust assessment that ensures environmental claims are appropriately measured and independently verified, thus preventing greenwashing claims. Bursa Malaysia signed an MOU with Verra in May 2022, which focuses on capacity building.

The Exchange has been and continues to engage with various stakeholders towards the development of a carbon market with the aim to ensure robust participation from various stakeholder groups representing potential issuers, project developers, corporate buyers, such as manufacturers, agricultural companies, financial institutions, as well as validation and verification bodies, government agencies and others.

“Stakeholder engagement is key in facilitating greater understanding among industry players to enable their participation in the VCM Exchange, and in order to meet ESG requirements required by parties such as lending institutions,” said Datuk Muhamad Umar Swift, Chief Executive Officer of Bursa Malaysia. “With better understanding of carbon credit origination and listing processes, stakeholders will be able to develop capacities to be part of the carbon-credit supply chain. This will also help the industry to use the VCM to reduce their carbon footprint.”

“We believe that the VCM exchange can serve as an important lever in realising Malaysia’s net zero GHG emissions aspiration, as well as supporting the private sector’s voluntary climate commitments and decarbonisation journey,” added Datuk Muhamad Umar Swift. “The VCM will act as a catalyst, encouraging investments in high-quality offsetting projects that can generate positive environmental and societal benefits.”

Bursa Malaysia invites interested project developers and project proponents to submit their interest to supply carbon credits for the auction, as well as for the VCM exchange in the medium and long-term period. Similarly, corporate buyers who would like to participate in the auction and purchase carbon credits are encouraged to reach out to Bursa Malaysia to register their

interest. Interested parties can email groupsustainability@bursamalaysia.com or access the interest registration forms posted on our website:

- [Interest Registration Form for Suppliers](#)
- [Interest Registration Form for Buyers](#)

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About Bursa Malaysia

Bursa Malaysia is an Exchange holding company incorporated in 1976 and listed in 2005, and has grown to be one of the largest bourses in ASEAN today. Bursa Malaysia operates and regulates a fully-integrated exchange offering a comprehensive range of exchange-related facilities, and is committed to *Creating Opportunities, Growing Value*. Learn more at www.bursamalaysia.com.

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