

MEDIA RELEASE

BURSA CARBON EXCHANGE SUCCESSFULLY COMPLETES MALAYSIA'S INAUGURAL CARBON AUCTION

- Projects offered under Global Technology-Based Carbon Contract (GTC) and Global Nature-Based Plus Carbon Contract (GNC+)
- 150,000 Verra Certified Units (VCUs) cleared with oversubscription of GTC Contracts
- Interest by 15 local buyers with strong representation from the financial sector

Kuala Lumpur, 17 March 2023 – Bursa Malaysia Berhad (“Bursa Malaysia” or the “Exchange”) today announced that its subsidiary, the Bursa Carbon Exchange (“BCX”), had successfully carried out the nation’s inaugural carbon credit auction on 16 March 2023. The auction, which was carried out electronically, saw encouraging participation with 15 buyers from various industries purchasing a total of 150,000 Verra-registered carbon credits.

The world’s first Shariah-compliant carbon exchange, Bursa Carbon Exchange enables the trading of standardised contracts (“Contracts”) with underlying carbon credits from climate-friendly projects and solutions, which corporates can use to offset emission footprint and meet climate goals. With this key milestone, the auction facilitated the price-discovery of carbon credits from two new products offered by the BCX - the Global Technology-Based Carbon Contract (“GTC”) and the Global Nature-Based Plus Carbon Contract (“GNC+”).

The GTC Contracts featured carbon credits from the Linshu Biogas Recovery and Power Generation Project in China. The project had benefits that align with the United Nations Sustainable Development Goals (“UN SDG”), namely of generating clean energy (“SDG 7”), providing decent work (“SDG 8”) and addressing climate change by reducing fugitive methane emission leakage to the atmosphere (“SDG 13”). The GTC Contracts were oversubscribed and cleared at RM18.50 per Contract.

The GNC+ Contracts featured carbon credits from the Southern Cardamom Project, which is a REDD+ (Reducing Emissions from Deforestation and Forest Degradation) project from Cambodia that comes with climate, community and biodiversity (“CCB”) standard that provides additional co-benefits, contributing to the livelihoods of local communities and

biodiversity conservation in the Indo-Burma Biodiversity Hotspot. This GNC+ Contract fetched a clearing price of RM68.00 per Contract at the auction.

Both projects were carefully selected and curated to spur local interest in similar carbon offsetting project development. There was strong interest and healthy price signal by the domestic corporate sector, notably government-linked companies and financial institutions, which demonstrated their leadership in the budding voluntary carbon market (“VCM”) space in Malaysia. The successful bidders at the auction were:

AmBank (M) Berhad	MIDF Amanah Investment Bank Berhad
AmBank Islamic Berhad	Permodalan Nasional Berhad
AmInvestment Bank Berhad	Pet Far Eastern (M) Sdn. Bhd.
AU Synergy Sdn. Bhd.	Petroleum Nasional Berhad (PETRONAS)
CIMB Bank Berhad	Press Metal Aluminium Holdings Berhad
Malayan Banking Berhad	Telekom Malaysia Berhad
Malaysia Steel Works (KL) Berhad	Yinson Holdings Berhad

To ensure proper governance during price discovery, Bursa Malaysia did not participate in the bidding process but purchased carbon credits only at the auction clearing price. The carbon credits from both projects, were supplied by Vitol Asia Pte Ltd.

“We are very pleased with the successful execution of this inaugural auction, which has raised the awareness level of VCM and carbon offsetting opportunities in the country. We now have a proven market mechanism which provides price discovery,” said Datuk Muhamad Umar Swift, Chief Executive Officer of Bursa Malaysia. “This is a significant step towards unlocking Malaysia’s potential as a supplier of high-quality carbon credits”.

By establishing a market-based price for carbon credits, the auction provides a clear signal to potential project proponents and developers on the economic viability of carbon credits. This will incentivise local project owners to develop carbon credit projects that can make a real impact in the fight against climate change.

“We welcome the Government’s commitment of the RM10 million seed funding incentive for Malaysian-generated carbon credits to be traded on BCX. We look forward to working with relevant stakeholders to facilitate the development of a vibrant VCM ecosystem,” added Datuk Muhamad Umar Swift.

This auction will be the first step towards facilitating the acceleration of Corporate Malaysia's pivot towards a green economy and meeting global demands for a sustainable supply chain. Bursa Carbon Exchange will continue to expand its product offerings in the voluntary carbon credit market by accelerating the development of a healthy pipeline of carbon offset projects via a series of awareness and capacity building programmes drawing on the expertise of local and international VCM practitioners. The Exchange will also facilitate engagements between the public and private sectors towards developing conducive policies to support the emerging VCM industry and market.

Companies interested to participate in the Bursa Carbon Exchange are encouraged to submit their application form, which is downloadable from <https://bcx.bursamalaysia.com>.

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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.

About Bursa Carbon Exchange

Bursa Carbon Exchange (BCX) is a global spot exchange that enables corporates to take practical climate mitigation action through the trading of carbon credits from projects with measurable climate action outcomes that adhere to international standards. The Exchange was incorporated in 2022 and is operated by BM Carbon Market Sdn Bhd. Visit <https://bcx.bursamalaysia.com/web> for more information.

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