

## MEDIA RELEASE

### **BURSA CARBON EXCHANGE AUCTIONS FIRST MALAYSIAN NATURE-BASED CARBON CREDITS**

- Auction on Malaysia Nature-based Carbon Credits Plus (MNC+) Contracts was successfully cleared at RM50 per Contract;
- This auction represents first Malaysian nature-based carbon credits from the Kuamut Rainforest Conservation Project, admitted on BCX;
- Timely call for Malaysia to consider implementing a compliance carbon market to accelerate domestic carbon projects development.

**Kuala Lumpur, 25 July 2024** - Bursa Malaysia Berhad ("Bursa Malaysia" or the "Exchange") announced that its subsidiary, Bursa Carbon Exchange ("BCX"), has carried out its first Malaysian Carbon Credit auction today with carbon credits from the Kuamut Rainforest Conservation Project in Sabah ("Kuamut Project"). This milestone represents a crucial step in admitting the first Malaysian nature-based carbon project onto the BCX, thereby showcasing Malaysia's capacity to develop its own carbon projects complying to international standards. With this auction, it also establishes a benchmark price for voluntary carbon credits for Malaysian nature-based carbon projects.

The auction attracted participation from businesses and organisations committed to reduce their environmental impact through several credible pathways, one of them by offsetting hard to abate GHG emissions through carbon credits. The auction of the domestic forest protection and regeneration project was cleared at RM50 per Contract. Beyond reducing greenhouse gas (GHG), the MNC+ Contracts also signify co-benefits - preserving the environment, improving the livelihoods and well-being of local communities, and protecting biodiversity.

The successful bidders in this auction were mostly larger corporates, including companies such as:

BBB Asia Capital Berhad  
CIMB Bank Berhad  
Eco Green Carbon Ventures Sdn. Bhd.  
Gas Malaysia Berhad

Malayan Banking Berhad  
TROX Malaysia Sdn. Bhd.  
Yinson Holdings Berhad

The Kuamut Project has earned international recognition and is rated best in class, as one of the highest-rated improved forest management (IFM) projects in the world by the carbon rating agency BeZero Carbon. A key significance of this project is that it delivers tangible climate, community and biodiversity co-benefits, earning itself a Gold Level for Climate status under the Climate, Community and Biodiversity (CCB) Standards. The Kuamut Project also contributes to several UN Sustainable Development Goals<sup>1</sup>.

For Malaysia, the Kuamut Project is of national importance as it demonstrates that Malaysian forests can successfully yield high integrity carbon credits. As a lighthouse project for local forestry-based carbon credits, it paves the way for other states to look into preserving their forests and natural resources, while contributing to the nation's commitment to maintain at least 50% of the country's land that is under forest and tree cover, a pledge made during the Earth Summit in 1992<sup>2</sup>.

### **The Time for A Compliance Carbon Market Has Come**

Bursa Malaysia acknowledges that the Malaysian voluntary carbon market will continue to evolve, which includes leveraging on known interventions to reach a global net zero. It is well documented that nature can provide one-third of the global emissions reductions needed by 2030.

"It has been a long wait for Malaysia to finally witness the auction of the country's first domestically produced quality carbon credits," says Datuk Muhamad Umar Swift, Chief Executive Officer, Bursa Malaysia. "Organic growth of the voluntary carbon market will take time to mature," he adds, based on observation of the voluntary renewable energy certificates (RECs) market where organic growth of a nascent market took at least five years to scale. Given the complexity of some carbon project implementation compared to renewable energy projects, the carbon market can face a longer lead time to reach the same stage of growth as RECs market, especially when nature-based projects are involved.

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<sup>1</sup> The Kuamut Project contributes to several UN Sustainable Development Goals such as improving well-being and health services (SDG 3), education 4 (SDG 4), job creation (SDG 1 and 8), entrepreneurship opportunities (SDG 8 and 10), access to clean water (SDG 6), access to energy (SDG 7), climate action (SDG 13), and biodiversity protection (SDG 15).

<sup>2</sup> The Earth Summit held in Rio de Janeiro, Brazil in 1992.

"A critical step to accelerate the development of domestic carbon projects is to adopt some form of compliance carbon market," states Datuk Muhamad Umar, in support for Malaysia to implement a form of compliance carbon pricing instrument.

This resonates with the recent calls made by several ministries and industry players, especially those that will be impacted by the European Union's implementation of Cross Border Adjustment Mechanism (CBAM), that there is a need for the country to implement a compliance carbon pricing instrument to ensure sustainable demand and pricing for domestic carbon credits. Bursa Malaysia cautions that any carbon pricing instrument needs be implemented at the right level(s) to balance decarbonisation actions and yet ensure the viability of businesses in developing countries like Malaysia, so that the principle of just transition is upheld.

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### **About Bursa Malaysia**

Bursa Malaysia is an Exchange holding company incorporated in 1976 and listed in 2005. It has grown to be one of the largest bourses in ASEAN. Today, Bursa Malaysia operates and regulates a multi-asset exchange, offering a comprehensive range of investment, capital raising, and exchange-related facilities. Bursa Malaysia is committed to its mission of Creating Opportunities, Growing Value for the Malaysian capital market, economy, and society. Learn more at [bursamalaysia.com](https://bursamalaysia.com).

### **About Bursa Carbon Exchange**

Bursa Carbon Exchange (BCX), a subsidiary of Bursa Malaysia, 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 the international standards. The carbon exchange was incorporated in 2022 and is operated by Bursa Malaysia Carbon Market Sdn. Bhd. Visit <https://bcx.bursamalaysia.com> for more information.

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