

Malaysia

Malaysia has committed to achieving net zero by 2050 by decarbonising its industries through energy efficiency measures, adoption of renewable energy and the development of robust regulatory frameworks.

To enhance its sustainable finance ecosystem, the country is strengthening its regulatory framework to support green and transition finance, with initiatives led by Bank Negara Malaysia and the Securities Commission Malaysia. The Securities Commission launched frameworks for the issuance of green, social and sustainability sukus, making Malaysia a pioneer in Shariah-compliant sustainable finance instruments.

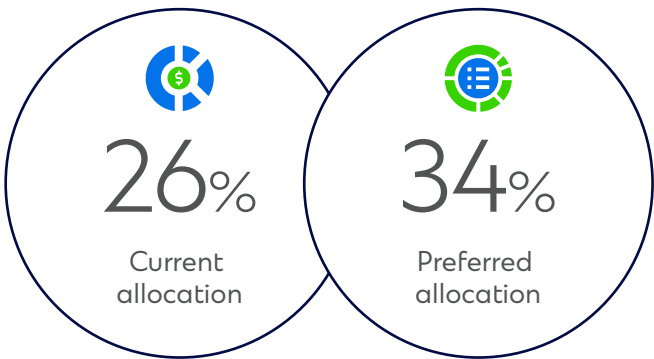
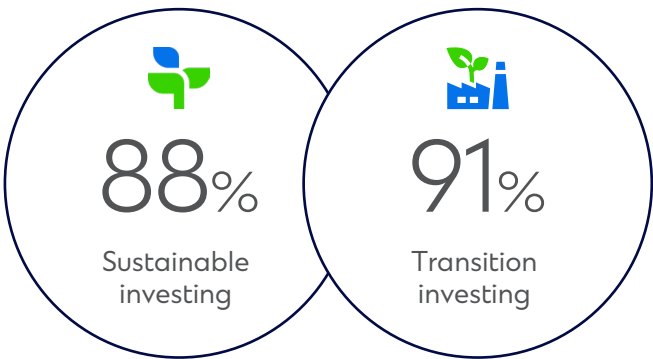
Challenges remain in scaling transition finance, including limited technical expertise, fragmented disclosures and gaps in funding for SMEs. Malaysia is addressing these issues through initiatives like the Greening Value Chain Programme, which helps SMEs adopt sustainable practices and gain access to green financing. In 2023, pilot programmes for transition finance frameworks were introduced, focusing on energy, agriculture and manufacturing sectors.



General sentiment

Interest in sustainable investing and transition investing among Malaysia investors who took part in our survey are particularly strong – with both being second highest among the surveyed markets.

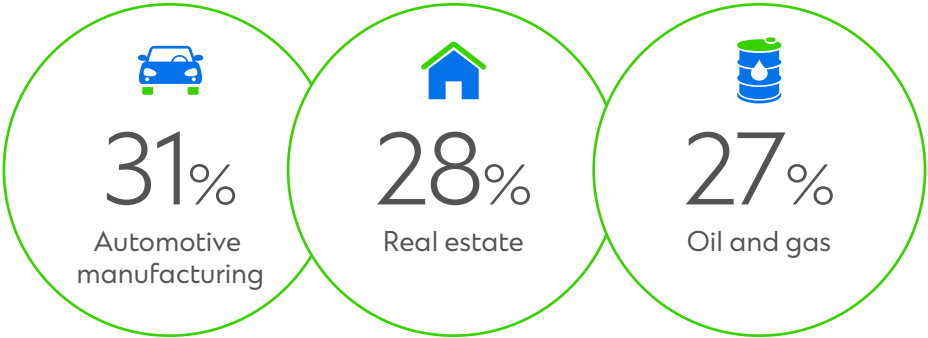
Currently, Malaysia investors allocate an average of 26 per cent of their portfolios to sustainable investments, with their preferred allocation at 34 per cent.



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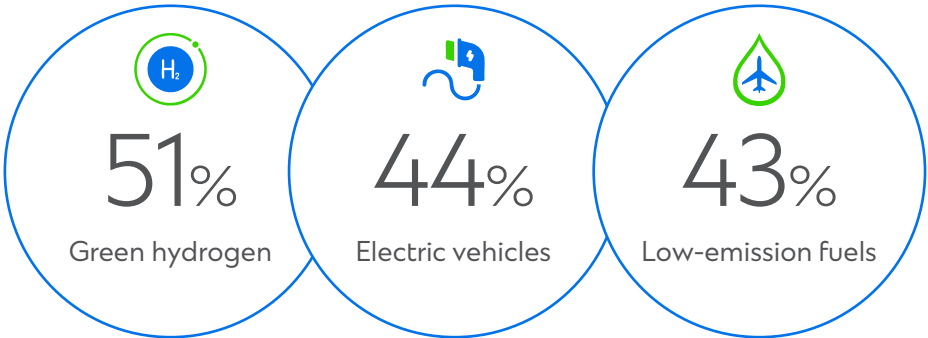
Exposure to high-emitting sectors

Of all high-emitting sectors, investments in automotive manufacturing were most common among investors in Malaysia. This was followed by real estate and oil and gas investments.



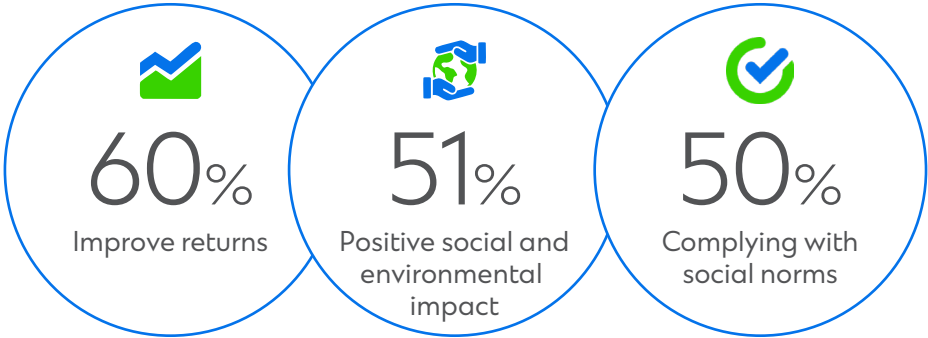
Themes of interest

Green hydrogen leads as the most popular theme, followed by electric vehicles and low-emission fuels.



Investor motivations

Investors in Malaysia prioritise financial performance, with improving returns cited as the top motivator. This is followed by a desire for positive social and environmental impact and complying with social norms.



Investor barriers

While enthusiasm for transition investing is high, investors highlight key barriers such as low returns, a lack of benchmarks and greenwashing.

