



The Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC) Capital Market Regulators (CMR) Forum

The Newly Established Sustainability Taskforce Update by STF Chair: Securities Commission Malaysia

***Annual COMCEC CMR Forum Meeting
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(online)***

The need for a Sustainability Taskforce (STF)

- Sustainable finance is fast becoming a **key priority for capital market** jurisdictions globally.
- The sustainable finance market requires more effort to reach maturity, with some reports estimating a financing shortfall of up to **USD4.2 trillion annually to reach net zero**.
- Potential challenges arising from **implementing sustainability-related financial disclosure standards** such as the ISSB Standards which aim to provide a global framework for financial markets for sustainability reporting.
- Considering these concerns, the COMCEC CMR Forum mooted the idea to establish a **Sustainability Taskforce (STF)** where members could **benefit** from an **exchange of experience, capacity building** and **sharing in sustainable finance**.

Establishment of COMCEC STF

Mission Statement

- The STF aims to **improve the understanding** and **opportunities of sustainable reporting** and the economy-wide effects to **support** COMCEC members **towards the net-zero pathway**.
- The STF will undertake a **comprehensive awareness / flexible capacity building plan** to enhance the confidence of stakeholders in sustainable financing and reporting thereby **expanding the reach of sustainable finance** and **mobilising** the required **capital** to **respond** to the **demands of decarbonising**.

Objectives

- **Identify** and **understand** common **drivers for sustainable finance**, opportunities and challenges to finance emerging markets and a platform to discuss the development of standards in sustainable reporting.
- **Build capacity** and awareness of opportunities **through experience sharing** and cross jurisdiction training and seminars.
- **Foster long-term collaboration** among COMCEC members by advancing co-ordinated solutions for sustainable financing and reporting.
- **Collate data** among members as a basis to work towards **developing sustainability standards**

Membership

7 jurisdictions:

- i. Securities Commission **Malaysia** (SC: chair)
- ii. Capital Markets Board of **Türkiye** (CMB: vice-chair)
- iii. Otoritas Jasa Keuangan (OJK, **Indonesia**)
- iv. Securities and Exchange Commission of **Pakistan** (SECP)
- v. Capital Market Development Authority (CMDA, **Maldives**)
- vi. **Moroccan** Capital Market Authority (AMMC)
- vii. Central Bank of **Azerbaijan** (CBA)

Work conducted so far

- The proposal for the establishment of the STF was decided in February 2024, with the SC's acceptance in March.
- The composition of the 7-member STF was formalised by end Q2.
- The first Sustainability Taskforce meeting was held in Q3 on 19 August 2024 with all 7 jurisdictions.
- Several key decisions were agreed, namely:
 - The **Terms of Reference** has been finalised and circulated among the STF members.
 - A **baseline survey** was conducted to understand the current state among COMCEC members. This was led by SEC Pakistan with input from AMMC Morocco and OJK Indonesia.
 - A **proposed Engagement Plan Y2024-Y2025** was tabled with the understanding that details and topics of the engagement plan would be fine-tuned following the baseline findings of the survey and further agreement among the STF members.

Overview of baseline survey structure

The survey comprised **31 questions** across 6 pillars:

National Commitment

- National climate change mitigation target e.g., Nationally Determined Contribution (NDCs)
- Policy directive/ legislation leading sustainability initiatives
- Primary institutions driving and supervising sustainability considerations

Organisational Commitment

- Formal sustainability strategy for regulated sectors
- Sustainability priorities for the Organisation

Implementation and Practices

- Areas of focus for sustainability considerations
- Approach adopted to promote sustainability considerations related to capital market products, services
- Sustainability reporting/ disclosure requirements, i.e., GRI, ISSB Standards, etc.

Challenges and Constraints

- Challenges in implementing sustainability initiatives
- Additional technical support required

Training and Resources

- Support provided to regulated sectors on sustainability-related programs
- Support and resources to drive sustainability initiatives

Feedback and Comments

- Member organisations' primary sustainability goals
- Current sustainability programs implement by each Organisation

Summary of STF Survey key findings

13 COMCEC members provided responses to the survey as summarised below:

1 National Commitment

- Majority of Respondent countries **had established NDCs** with **varying net zero targets**.
- All Respondents have **government-led policy directives/ legislation for sustainability initiatives** in place.
- A common focus area amongst countries is to **increase the share of renewable energy in their energy mix**.

2 Organisational Commitment

- Most Respondents have developed a formal sustainability strategy, but **implementation is in progress**.
- **Sustainability** is a **top priority** area or **one of few priority** areas.

3 Implementation and Practices

- Primary sustainability focus areas include **environmental** (particularly climate risks), **social and governance indicators**.
- **Promotion of sustainability** through advocacy sessions, capacity-building programs, ESG indices and financial incentives.
- Most Respondents have **implemented mandatory disclosures**, with others **adopting a voluntary or comply or explain basis** (GRI and ISSB Standards)

4 Challenges and Constraints

- Implementation challenges for sustainability initiatives include **lack of financial resources, insufficient knowledge or expertise, and high costs of implementation**
- Respondents have requested for additional technical support for **training/ capacity building, financial assistance, incentives, and expert consultation**.

5 Training and Resources

- Respondents' organisations have **provided advocacy sessions and capacity-building support** to regulated sectors.
- Several Respondents expressed dissatisfaction due to **lack of sustainability resources** for their Organisations.

6 Feedback and Comments

- Generally, responses highlight for **further development and collaboration** to implement sustainability practices.
- **Short-term sustainability goals** for majority of Respondents include:
 - Introducing disclosure framework
 - Providing capacity building sessions
 - Conducting advocacy sessions
 - Adoption of ISSB Standards

Next steps for the STF

- To **finalise the Engagement Plan for Y2024/Y2025**.
 - Topics and areas of interest for the plan to be finalised with provisional dates identified.
 - **Capacity building sessions** to be conducted **online** to reach a **more jurisdictions**.
- To conduct the next STF meeting by early to mid- December.

THANK YOU