

Bursa carries out first carbon credits auction

KUALA LUMPUR: Bursa Malaysia subsidiary, Bursa Carbon Exchange (BCX), carried out its first Malaysian Carbon Credit auction Thursday with carbon credits from the Kuamut Rainforest Conservation Project in Sabah.

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, and Yinson Holdings Berhad.

The Kuamut Project 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.

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 50pc of the country's land that is under forest and tree cover, a pledge made during the Earth Summit in 1992.

"It has been a long wait for Malaysia to finally witness the auction of the country's first domestically produced quality carbon credits," said 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.

"A critical step to accelerate the development of domestic carbon projects is to adopt some form of compliance carbon market," he said.