

## SUSTAINABLE AND RESPONSIBLE INVESTMENT SUKUK FRAMEWORK

On 28 August 2014, the SC launched the Sustainable and Responsible Investment (SRI) Sukuk Framework to facilitate the financing of sustainable and responsible investment initiatives.

The launch of the SRI sukuk framework is in line with the initiative set out under the SC's *Capital Market Masterplan 2* to promote socially responsible financing and investment. With shifts in investor demographics, there are growing concerns over environmental and social impact of business and greater demand for stronger governance and ethics from businesses. The Malaysian capital market is well-positioned to capitalise on these changing trends and facilitate sustainable and responsible investing.

The introduction of the SRI sukuk framework is part of the SC's developmental agenda to facilitate the creation of an ecosystem conducive for SRI investors and issuers and is also in line with the rising trend of green bonds and social impact bonds that have been introduced globally to facilitate and promote sustainable and responsible investing. Combined with Malaysia's leading position in the global sukuk market, this framework will further enhance the country's value proposition as a centre for Islamic finance and sustainable investments.

The SRI sukuk framework is an extension of the existing sukuk framework. The additional areas addressed in the framework for the issuance of SRI sukuk include utilisation of proceeds and eligible SRI projects.

### ELIGIBLE SRI PROJECTS

#### NATURAL RESOURCES

- Sustainable land use
- Sustainable forestry and agriculture
- Biodiversity conservation
- Remediation and redevelopment of polluted or contaminated sites
- Water infrastructure, treatment and recycling
- Sustainable waste management projects

#### RENEWABLE ENERGY AND ENERGY EFFICIENCY

- New or existing renewable energy (solar, wind, hydro, biomass, geothermal and tidal)
- Efficient power generation and transmission systems
- Energy efficiency which results in the reduction of greenhouse gas emissions or energy consumption per unit output

#### COMMUNITY AND ECONOMIC DEVELOPMENT

- Public hospital/medical services
- Public educational services
- Community services
- Urban revitalisation
- Sustainable building projects
- Affordable housing

#### WAQF PROPERTIES/ASSETS

- Any projects that undertake the development of *waqf* properties / assets