KEYNOTE SPEECH

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THE MALAYSIA PALM CARBON KUALA LUMPUR 2026 : HARNESSING CARBON OPPORTUNITIES FOR MALAYSIA'S OIL PALM STAKEHOLDERS

16 JUNE 2026

MENARA FELDA KUALA LUMPUR

Good morning and Salam Malaysia Madani.

OPENING AND ACKNOWLEDGEMENTS

1. First and foremost, I would like to express my sincere appreciation to the leadership of FELDA as the organizers, our distinguished partners from industry, academia, government agencies, and financial institutions, and to every professional present today at the Malaysia Palm Carbon Conference 2026, whose presence reflects a strong show of support for the role of agriculture in Malaysia's climate transition.

2. It is a privilege to be here this morning at Menara FELDA, not merely to attend an event, but to witness a milestone. Today, we do not simply launch an inaugural conference. We plant a stake in the ground and declare, clearly and confidently, that Malaysia's climate transition will be powered not only by infrastructure, carbon markets, and policy, but by something equally vital, the capability and inclusion of our people, right down to our rural communities and smallholders.

3. I would also like to welcome our distinguished guests from abroad, particularly representatives from Thailand, Algeria and our regional

partners across ASEAN. Your presence today reflects the growing international interest in sustainable agriculture, carbon markets and climate cooperation.

Ladies and gentlemen,

CONTEXT OF CLIMATE CHANGE AND THE AGRICULTURE SECTOR

4. To understand the sheer scale of this opportunity, we need only look at the data from Malaysia's First Biennial Transparency Report (BTR1). In 2021, our agriculture sector accounts for just 2.2% of our total national greenhouse gas emissions. But above all, our forests and natural landscapes are quietly sustaining the entire country.

Based on the BTR1 report, our Land Use, Land-Use Change, and Forestry (LULUCF) sector acts as a massive carbon sink, which means our natural landscapes are actively absorbing and offsetting nearly 65% of Malaysia's entire greenhouse gas emissions.

5. Thus, it is undeniable that our agricultural lands and forests are not the problem, they are our greatest climate asset. If we build the right frameworks to reward sustainable practices and monetise this potential, we are not just fighting climate change. We are turning our natural landscapes into a powerful new economic engine for our communities and the nation.

MALAYSIA'S CURRENT CLIMATE CHANGE CONTEXT

6. For NRES, the driving force behind this journey is clear and deeply important. At present, we confront a threefold global emergency, climate instability, the rapid decline of biodiversity and widespread pollution. Both internationally and within our own borders, the stark realities of a changing climate are impossible to ignore. In recent times, Malaysia has endured devastating floods, the erosion of our coastlines, and intense heatwaves where temperatures have climbed to 37.5 degrees Celsius.

7. However, our immediate concern is the impending El Niño phenomenon, which is expected to strengthen between June and August this year and persist into early 2027. With nationwide rainfall anticipated to drop by 40% to 60% in some areas, this prolonged dry spell could push 2026 or 2027 to surpass 2024 as the warmest year on record. This extreme weather directly endangers our water reserves, with reservoir levels at critical dams like the Muda Dam plunging and lower river flows threatening water quality.

8. For today's audience, the agricultural risks are particularly severe. Key commodity sectors like palm oil and rice paddies are at risk of a 10% to 18%

yield reduction due to extreme heat stress and prolonged droughts. Coupled with increased risks of heatstroke, potential forest fires, and haze, these compounding crises directly threaten our public health and food security.

GOVERNMENT EFFORTS TO ADDRESS CLIMATE CHANGE

9. Far from standing by, the Government has actively stepped up to lead. We have set out an ambitious course. Just last year, on 24th October 2025, we agreed to our latest Nationally Determined Contribution (NDC), aiming for Malaysia's greenhouse gas emissions to peak between 2029 and

2034. We have also committed to achieving an absolute emissions reduction of 15 to 30 million tonnes of carbon dioxide equivalent by 2035, and net-zero greenhouse gas emissions by 2050. In terms of action this means we have to expand our renewable capacity and embed sustainability into the core of how we operate as a nation.

10. However, vision inspires us, but structure delivers results and this is why ambition requires a framework to succeed. Recognizing this need, the Government had approved the National Climate Change Policy 2.0 (DPIN 2.0) on 25 September 2024 to serve as a catalyst for nationwide climate action.

11. To demonstrate that we are actively building momentum rather than standing still, we need only look at two of DPIN 2.0's core pillars. The first, which is uniquely relevant to our conference here today, is **Enabling Sustainable Markets (Strategic Thrust 4)**. Under this pillar, we launched the National Carbon Market Policy (DPKK) on 21st April 2026, establishing the definitive strategic framework to catalyse our carbon ecosystem and spur private investments into low-carbon solutions. However, let me be absolutely clear, our carbon market is not a playground for hollow monetization. It must be, and will be, unshakeably anchored in trust,

data, and environmental credibility which will be addressed in the DPKK.

12. The second pillar, which we are currently and actively pushing is **Strengthening Climate Governance (Strategic Thrust 1)**. Through this pillar, we are finalizing a landmark regulatory instrument, the National Climate Change Bill, or RUUPIN. This legislation will fundamentally shift our climate target from an abstract policy goal into a binding statutory obligation. More importantly for everyone in this room, RUUPIN is the ultimate guarantor of our carbon market. By providing the explicit legal teeth needed to enforce accountability and ensure absolute transparency, this Bill

will rigorously safeguard our Nationally Determined Contribution (NDC) targets and ensure our market integrity is second to none. We are now at the final stretch and I know everyone in this room is looking forward to what comes next. So, let's work together to ensure this legislation provides the momentum and the fundamental shift we all aspire to see.

Ladies and gentlemen,

AGRICULTURE SPECIFIC EFFORT TO ADDRESS CLIMATE CHANGE

13. Addressing climate change requires everyone to participate and collaborate. Thus, the agriculture and agro-commodity sector with FELDA,

MPOB among others, are leading the way and at the very centre of this transformation. You are the backbone of our agro-based climate solutions, perfectly positioned to turn sustainable palm oil practices into a driving force for Malaysia's high-integrity carbon market.

14. From our view, agriculture occupies a unique position because it is both affected by climate change and capable of contributing to climate solutions. Sustainable land management, carbon sequestration, methane reduction, circular economy practices and biomass utilisation all present opportunities to reduce

emissions while supporting economic growth and rural livelihoods.

15. This is particularly relevant for Malaysia's oil palm sector. As one of the world's leading palm oil producers, Malaysia has developed significant expertise in sustainable plantation management, certification systems, biomass utilisation and methane capture technologies. These efforts demonstrate that the sector is already contributing towards emissions reduction and resource efficiency.

16. The challenge before us now is how to further recognise, incentivise and scale these efforts while maintaining environmental integrity and public

confidence. This is where carbon markets may play an important role. When properly designed, carbon markets can mobilise private sector investment, encourage innovation and direct financial resources towards activities that deliver measurable climate benefits. At the same time, carbon markets must be supported by robust governance, credible methodologies and strong Measurement, Reporting and Verification systems.

17. But I would like to reiterate that, at the end of the day, environmental integrity must always remain the foundation of any carbon programme. Credibility, transparency and scientific rigour are

essential if carbon projects are to gain acceptance among investors, regulators and international markets. In this regard, collaboration between government agencies, industry players, research institutions and academia will be critical. The development of emission baselines, methodologies and verification systems requires strong scientific expertise and continuous engagement among stakeholders.

Ladies and gentlemen,

CALL FOR ACTION

18. We do not need to reinvent the wheel. We can learn from international and regional experiences while developing

approaches that are suited to our own national circumstances. This is why I am particularly encouraged to see growing interest in exploring agricultural carbon opportunities, including those involving smallholders and rural communities. As we advance our climate agenda, we must ensure that the benefits of the transition are shared broadly and inclusively.

19. I see The Malaysia Palm Carbon Conference 2026 comes at a timely moment. It provides a valuable platform for dialogue, knowledge sharing and collaboration among stakeholders who are committed to advancing sustainable agricultural development and climate action.

20. I was made to understand that we have excellent speakers spanning from policy makers to industrial leaders that will touch upon agricultural carbon credits, biomass utilisation, innovations supporting decarbonisation, the circular bioeconomy and long-term industry competitiveness. So I am confident that the discussions today will undoubtedly contribute valuable insights into how Malaysia can strengthen its agricultural carbon ecosystem while ensuring environmental integrity, economic viability and social inclusiveness.

Ladies and gentlemen,

CLOSING

21. As we move forward, let us remember that carbon credits are not the ultimate objective. The ultimate objective is climate action, reducing emissions, enhancing resilience, protecting our natural resources and creating a more sustainable future for generations to come.

22. Climate action should not only reduce emissions. I believe it should also create opportunities for innovation, investment and green growth. It should strengthen rural livelihoods. It should support sustainable agricultural practices. And it should enable

communities to participate meaningfully in the emerging low-carbon economy. This principle is consistent with the aspirations of Malaysia MADANI, where economic progress, environmental stewardship and social inclusion go hand in hand.

23. Before I end my speech, I would like again to congratulate FELDA and all partners involved in organising this conference and I wish all participants a productive and meaningful discussion.

Thank you