

MARC

MARC RATINGS BERHAD

2020010441436 (1397757-W)



EVERGREEN CORPORATE SDN BHD

PRE-ISSUANCE SUSTAINABLE FINANCE FRAMEWORK
ASSESSMENT

DECEMBER 2022



SUSTAINABLE FINANCE
FRAMEWORK ASSESSMENT

MARC Ratings Berhad (MARC Ratings) has been engaged by Evergreen Corporate Sdn Bhd (Evergreen) (Company Registration No.: 200801025771(827096-W)) as an independent external reviewer for its Sustainable Finance Framework. This external review was conducted according to the analytical framework in MARC Ratings' Impact Bond Assessment (IBA) methodology that is published on its website.

Contact: (+603) 2717 2958

Publication date: December 16, 2022

SUMMARY

Evergreen Corporate Sdn Bhd (Evergreen) (Company Registration No.: 200801025771(827096-W)) has engaged MARC Ratings Berhad (MARC Ratings) to review its Sustainable Finance Framework (the Framework). The Framework has been established to set guidelines for the company's issuances of financing instruments. In assigning the assessment, MARC Ratings has relied on information provided by Evergreen and associated parties as well as information gathered from the public domain.

MARC Ratings' external review consists of three parts: an impact significance analysis based on Evergreen's Framework; an assessment of alignment with the Green Bond Principles (GBP) and Social Bond Principles (SBP) of the International Capital Markets Association (ICMA), the ASEAN Green Bond Standards (GBS) and ASEAN Social Bond Standards (SBS) of the ASEAN Capital Markets Forum (ACMF), the Green Loan Principles (GLP) and Social Loan Principles (SLP) of the Loan Market Association (LMA), and the Sustainable and Responsible Investment (SRI) Sukuk Framework of the Securities Commission Malaysia (SC); and an evaluation of the issuer's sustainability implementation capacity and performance.

Evergreen intends to utilise financing to be procured, in part or in whole, new or existing projects that directly support 5 of the 17 United Nations (UN) Sustainable Development Goals (SDGs). All five Eligible Categories for the Use of Proceeds identified in the Framework are recognised as impactful by the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework. Each of the Eligible Categories will support achieving SDGs such as Pollution Prevention and Control (SDG 9, 12, 13); Renewable energy (SDG 7, 13); Environmental sustainable management of living natural resources and land use (SDG 12); Green buildings (SDG 13); and Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises (SDG 8). These Eligible Categories align with the Green and/or Social project categories recognised by the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework.

The process for the project evaluation and selection is clearly defined and transparent, with sufficiently detailed selection and exclusion criteria. The Framework details an internal process by which Eligible SRI projects are assessed and selected. Sustainability at Evergreen is guided by the Board of Directors with the chief executive officer (CEO) taking an executive role in the implementation of any sustainability exercise. The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.

A Sustainable Finance Working Committee (SFWC) under the CEO will undertake the tasks of monitoring progress and forming contingency plans. The SFWC comprises senior management of Evergreen, namely the technical director, finance director as well as the compliance manager, production manager and the monitoring team.

All roles and responsibilities along with the process flows as set out in the Framework, shall apply to the identification, mitigation, and monitoring of environmental, social and governance (ESG) issues in respect of funded projects; this is also to always ensure consistency and alignment with the Group's overall ESG agenda and be guided by the respective codes and policies of the Group. The SFWC will monitor the Eligible Projects portfolio during actual operations. An Eligible Asset that ceases to meet the eligibility criteria can be substituted with an asset that is evaluated and selected in accordance with the said procedures.

The net proceeds will be managed internally and on a portfolio basis in accordance with the Framework. Baker Tilly Malaysia will be appointed as the auditor to verify the internal tracking and allocation process. If an Eligible Asset ceases to meet the eligibility criteria and is removed from the Eligible Assets pool, Evergreen commits to reallocate as soon as practicable the equivalent amount of proceeds to other Eligible Assets. Evergreen will continuously monitor the allocation to Eligible Assets to ensure that the aggregate value of the Eligible Assets portfolio matches or exceeds the balance of net proceeds.

The proceeds will be channelled towards Eligible Projects and Eligible Assets as set forth within the Framework. Currently, the projects to be financed through the Framework are as listed below:

- New Thermal Recovery Unit (TRU) recycling plant and machinery at Simpang Pulai, Perak (Phase 1) – 2Q2023
- New TRU recycling plant and machinery at Simpang Pulai, Perak (Phase 2 & 3) – 1Q2026
- New TRU recycling plant and machinery at Simpang Pulai, Perak (Phase 4) – 1Q2028

MARC Ratings considers the process for the management of proceeds to be in line with market practice. The Framework aligns Evergreen's tracking and reporting on Use of Proceeds from the financing with the SC's SRI Sukuk Framework. It provides for annual reporting of the projects to which the proceeds have been allocated, the balance of unallocated proceeds and where such unutilised amount is placed or invested pending utilisation, as well as project impact indicators. Where feasible, Evergreen will disclose qualitative performance indicators, quantitative performance measures and the key underlying methodology and/or assumptions used.

Based on our review of the relevant documentation and assessment as per our Impact Bond Assessment (IBA) methodology, we have assigned a "Gold" assessment to the Framework. MARC Ratings also opines that the Framework is correspondingly aligned with the core components of the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework.

Introduction

Evergreen started operations in 2009 and has become one of the leading companies in Malaysia pioneering the recycling industry for waste tyres and rubber. It is one of Pelaburan MARA Berhad's (PMB) affiliate companies, in which PMB holds a 20% equity stake.

The company's vision is to turn waste into wealth, promote green technology, reduce illegal dumping of waste tyres, care for the environment, and establish its Thermal Recovery Unit (TRU) technology.

Waste tyres are regarded as a high-grade energy source. By focusing its research and development (R&D) efforts in the fields of recycling and renewable energy, Evergreen strives to develop the most advanced environmentally friendly sustainable technology. Currently, Evergreen's cutting-edge continuous TRU technology can fully recycle waste tyres without any harmful emissions, producing beneficial renewable energy and useful goods that can be reintroduced into the market.

Evergreen has patented its TRU technology and is able to convert waste automotive tyres into:

- 45% Euro 2 grade synthetic diesel
- 35% Refined carbon black
- 10% Recycled steel wires
- 10% Syngas

Euro 2 synthetic diesel, refined carbon black and steel wires are sold as commodities in the global marketplace while syngas is reused to fuel the TRU plant. Its Euro 2 grade synthetic diesel is marketed at competitive prices to provide a cheaper fuel alternative for industries with an average energy value of 9,500 kCal; its product is one of the most cost-efficient renewable energy in the market. Its refined carbon black is being reused for the manufacturing of automotive tyres, fan belts and printer toners. The recycled carbon black is refined to nano qualities and acts as a substitute to the highly expensive virgin carbon black to enable manufacturers to provide cheaper alternatives and replacement products. Evergreen aims to achieve 99.7% recovery of each waste tyre and its TRU plants are 100% self-sustaining after the initial start-up.

In Simpang Pulai, Perak, Evergreen established a recycling facility (Phase 1) with a production capacity of 30 tonnes per day, producing tyre-derived fuel and carbon black for use as industrial fuel. Evergreen expanded its commercial operations in 2020 by building another recycling facility (Phase 2) in Telok Gong, Selangor with a production capacity of 60 tonnes per day. This facility uses cutting-edge continuous TRU technology to create higher-quality diesel and carbon black for more sophisticated industrial applications. In addition, the TRU plants help to reduce its carbon footprint and will potentially generate 720,000 carbon credits annually.

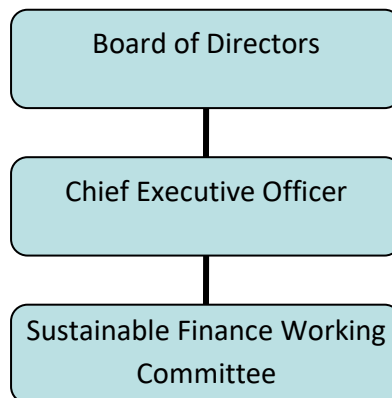
Evergreen intends to further increase its waste tyre recycling capacity, up to 480 tonnes per day by 2028, through investment in new TRU plants in Simpang Pulai, Perak. This is in line with the company's objective of becoming the leader in Malaysia's waste tyre and rubber recycling industry.

Evergreen's TRU technology has received recognition from various Malaysian agencies such as Malaysian Investment Development Authority's (MIDA) Pioneer Status, support from Malaysian

Industry Government Group for High Technology (MIGHT), the Bumiputera Agenda Steering Unit (TERAJU), RM50 million Green Technology Financing Scheme (GTFS) by the Malaysian Green Technology Corporation and InvestPerak, to name a few.

The strategic direction for sustainability at Evergreen is guided by the Board of Directors, with the CEO taking an executive role in the implementation of any sustainability exercise. The CEO will hold the ultimate responsibility to uphold the company's sustainability governance and spearhead the company's sustainability initiatives.

Evergreen's Sustainability Governance



Evergreen established the SFWC to support the CEO. The SFWC comprises senior management of Evergreen, namely the technical director, finance director as well as the compliance manager, production manager and the monitoring team.

The SFWC holds meetings on a biweekly basis, or whenever necessary, and its key responsibilities include:

- Monitor stock movements so there is no hazardous overstocking
- Monitor production volumes to ensure TRUs are operating at normal parameters
- Monitor the number of waste tyres used as well as calculate and monitor the total reduction in greenhouse gas (GHG) emissions
- Ensure the machine maintenance schedules are followed and met
- Discuss and plan the training schedules for staff advancement.

CONTENTS

SUMMARY

01	IMPACT SIGNIFICANCE ANALYSIS	6
02	ASSESSMENT OF ALIGNMENT WITH GBP, ASEAN GBS, GLP AND SC SRI SUKUK FRAMEWORK	14
03	ANALYSIS OF SUSTAINABILITY PERFORMANCE	19
04	RATING SCALE	22
05	MARC RATINGS	23

APPENDIX

COMPLIANCE REVIEW FORM

01 IMPACT SIGNIFICANCE ANALYSIS




MARC Ratings' qualitative analysis of Use of Proceeds and impact significance is conducted in the context of the UN SDGs. As a globally accepted guidepost for transition to sustainable development, the SDGs serve as a useful framework of reference for project impact analysis. The 17 SDGs are at the heart of a global sustainability agenda covering three broad areas of economic, social and environmental development to be reached by 2030.



The Framework's major objective is to lay forth guidelines for the company's future fundraising through sustainable debt instruments, including green/social/sustainability sukuk and green/social loans/financings. The proceeds from the respective financing instruments will be utilised to support the transition towards a more inclusive, resource-efficient economy that is aligned with the UN SDGs and circular economy concept.


The proceeds will be used for Eligible Use of Proceeds, as defined in the Framework, to finance five Eligible Categories that cumulatively support five of the 17 UN SDGs:



1. Pollution Prevention and Control,
2. Renewable energy,
3. Environmental sustainable management of living natural resources and land use,
4. Green buildings, and
5. Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.

ELIGIBLE CATEGORIES

1 Pollution Prevention and Control		
<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> • Zero harmful emissions from TRU recycling plant • Increase the recycling rate and reduce illegal dumping of waste tyres 		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> • Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation • Ensure sustainable consumption and production patterns • Take urgent action to combat climate change and its impacts 	<ul style="list-style-type: none"> • Open access to innovative solutions and sustainable infrastructure, which is a key part of a more equitable world • Achieve sustainable management and efficient use of natural resources • Increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes 	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div> <ul style="list-style-type: none"> • SDG 9: Industry, Innovation, and Infrastructure • SDG 12: Responsible Consumption and Production • SDG 13: Climate Action <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> • Development and implementation of recycling facilities and systems that do not release any dust, odour or harmful emissions to the atmosphere. • Expands the current production capability which will increase the number of local waste tyres recycled using clean and green technology.

	<ul style="list-style-type: none"> • Avoidance of GHG emissions • Transforming and improving renewable energy sources 	<ul style="list-style-type: none"> • Reduce the amount of illegal dumping of waste tyres and the need for landfills. <p>Outcomes from the project evaluation</p> <p>Land</p> <ul style="list-style-type: none"> • Air monitoring process conducted, and Air Monitoring and Modelling Report prepared by Velcro Envirotech Sdn Bhd (VESB) • The results indicate that there is no significant risk to the surrounding environment/community <p>Technical</p> <ul style="list-style-type: none"> • Air pollution assessment conducted, and Air Pollution Control Systems Report prepared by VESB • The results indicate that the expected emissions are below regulatory limits <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> • Total GHG emissions (TCO₂EQ) reduced • Water consumption (m³) • Other relevant info
<p>2 Renewable Energy</p>		
<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> • Recover and recirculate energy back into the community • Reuse of by-products for cogeneration 		
<p>Sustainability Objective</p>	<p>Sustainability Benefit</p>	<p>Corresponding SDG</p>
<ul style="list-style-type: none"> • Ensure access to affordable, reliable, sustainable and modern energy for all • Take urgent action to combat climate change and its impacts 	<ul style="list-style-type: none"> • Ensure universal access to affordable, reliable, and modern energy services • Promote usage of renewable energy • Enhance research and upgrade technological capabilities for renewable energy • Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warnings 	<div style="display: flex; justify-content: space-around; align-items: center;">   </div> <ul style="list-style-type: none"> • SDG 7: Affordable and Clean Energy • SDG 13: Climate Action <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> • The renewable energy and products from waste tyre recycling enables maintaining the material in use while regenerating resources into the economy. • Improve process efficiency and produce higher quality products. The process carried out by the Thermal Recovery Unit (TRU) will generate syngas that is able to be fully reused to fuel the whole TRU system, removing the requirement for any external fuel resources. • Sell cheaper fuel to assist small and medium sized enterprises (SMEs). <p>Outcomes from the project evaluation</p>

			<p>Technical</p> <ul style="list-style-type: none"> Recycled products are valuable commodities which assessed by MIGHT Technology Nurturing Sdn Bhd The TRU production can recycle entire waste tyres without any scheduled waste as assessed by Sher Engineering & Consulting Sdn Bhd (SHER) <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Total production of diesel fuels (Terajoule or TJ) and carbon black (kg) Other relevant info
3 Environmental sustainable management of living natural resources and land use			
<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> Reduce carbon footprint Renewable energy and products 			
	Sustainability Objective	Sustainability Benefit	Corresponding SDG
	<ul style="list-style-type: none"> Ensure sustainable consumption and production patterns 	<ul style="list-style-type: none"> Substantially reduce waste generation through prevention, reduction, recycling and reuse Improvement in energy efficiency infrastructure Ensure communities have the relevant information and awareness for sustainable development and lifestyles in harmony with nature 	<div style="display: flex; align-items: center;">  <ul style="list-style-type: none"> SDG 12: Responsible Consumption and Production </div> <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> To reduce the carbon dioxide (CO₂) emission, of approximately 720,000 CO₂ every year, once Evergreen achieves its full capacity. Diesel produced through TRU technology can be used as a substitute for fossil fuel, thus reducing its consumption. <p>Outcomes from the project evaluation</p> <p>Land</p> <ul style="list-style-type: none"> Conducted site survey and topographical survey, the outcome of which is flat land with minimal displacement of earth <p>Technical</p> <ul style="list-style-type: none"> Obtain Independent Technical Assessment Report from the Malaysian Green Technology, and Climate Change Corporation (MGTC), MIGHT and SHER. <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Number of environmental management certifications Other relevant info
4 Green buildings			
<p>Eligibility Criteria:</p> <p>Development/redevelopment of new/existing buildings to be certified by a third party in accordance with any one or more of the following green building standards:</p> <ul style="list-style-type: none"> GreenRE 			

<ul style="list-style-type: none"> Green Building Index (GBI) Leadership in Energy and Environmental Design (LEED) <p>The buildings should include features, designs and materials that allow resources to be efficiently utilised.</p>		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Take urgent action to combat climate change and its impacts 	<ul style="list-style-type: none"> Reduce GHG emissions Integrate climate change measures into national policies, strategies, and planning 	 <ul style="list-style-type: none"> SDG 13: Climate Action <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> Evergreen’s production facility can be verified as a Green Building due to the inclusion of materials and methods in the development of the new TRU plant according to widely accepted green certificate standards. <p>Outcomes from the project evaluation Technical</p> <ul style="list-style-type: none"> MGTC verified that Evergreen can obtain 720,000 carbon credits once it achieves full capacity. The TRU architectural design meets the green building index with the emphasis on recycled construction materials <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Number of green buildings meeting the minimum eligibility criteria, by certification type and level Other relevant info
<p>5 Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises</p>		
<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> Education and knowledge sharing Creation of job opportunities 		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Promote sustained, inclusive and sustainable economic growth, as well as full and productive employment and decent work for all 	<ul style="list-style-type: none"> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation Improve efficiency in the use of energy, water, materials and other resources. 	 <ul style="list-style-type: none"> SDG 8: Decent Work and Economic Growth <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> Development of training and placement programmes targeted at the community and/or in collaboration with functional educational specialists such as government, private sectors, non-governmental organisations (NGO) and academia partners. Create employment opportunities through approximately 200 newly-created jobs. Training opportunities for the employees will be provided.

		<ul style="list-style-type: none"> • Target of 90% local workforce. • Provide scholarships to assist the B40 income group in Malaysia. • Provide green technology seminars to students. <p>Outcomes from the project evaluation</p> <p>Land</p> <ul style="list-style-type: none"> • Obtain local council development and building plan approvals and proceed to develop the green technology industry in Perak <p>Technical</p> <ul style="list-style-type: none"> • Attend the training and education of communities on the latest recycling technologies in Northern Corridor Economic Region (NCER) • Conduct feasibility studies to determine the market rate for wages and determine the size of workforce needed for the project • Prepare financial model to estimate the contribution towards local job creation <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> • Total number of employees • Apprenticeship/internship • Permanent employees • Temporary employees • Hours of training of workforce • Other relevant info
--	--	---

Overall Impact Significance

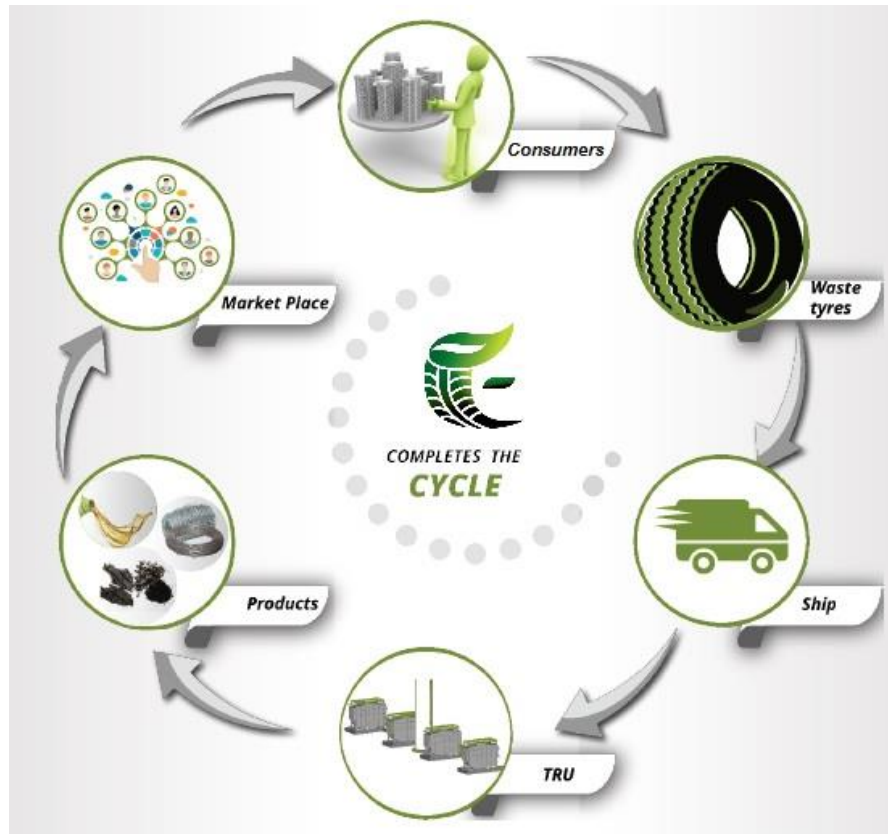
The main goal of this Framework is to set forth principles under which Evergreen would utilise proceeds from financing for green, social and sustainability projects. The five Eligible Categories identified in the Framework align with the Green and/or Social project categories recognised by the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework. Each of the Eligible Categories will support achieving SDGs such as:

1. Pollution prevention and control (SDG 9, 12, 13)
2. Renewable energy (SDG 7, 13)
3. Environmentally sustainable management of living natural resources and land use (SDG 12)
4. Green buildings (SDG 13)
5. Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises (SDG 8)

The financing to be procured will be utilised to develop recycling facilities for waste tyres and rubber and any related activities, that are aligned with the United Nations' Sustainable

Development Goals and circular economy concept. The Framework considers the environmental, social and governance (ESG) factors.

Evergreen’s Circular Economy Sustainable Model



The use of proceeds from the financing will be channelled towards Eligible Projects and Eligible Assets as set forth within the Framework. Currently, the projects to be financed through the Framework are listed below:

- New TRU recycling plant and machinery at Simpang Pulai, Perak (Phase 1) – 2Q2023
- New TRU recycling plant and machinery at Simpang Pulai, Perak (Phase 2&3) – 1Q2026
- New TRU recycling plant and machinery at Simpang Pulai, Perak (Phase 4) – 1Q2028

For the projects defined above, Evergreen has completed its environmental due diligence with the following preliminary studies and selection criteria as part of the process of project evaluation and selection. Evergreen has appointed an environmental consultant and engineer to conduct an environment assessment and perform an independent technical assessment on the green technology used by Evergreen.

The environmental and socioeconomic benefits of the outlined projects are as stated below:

Environment benefits	Socioeconomic benefits
<ul style="list-style-type: none"> • “Best Available Technique” in Malaysia, ZERO harmful emissions 	<ul style="list-style-type: none"> • Provide affordable/cheaper fuel alternatives for local businesses, SMEs and communities

<ul style="list-style-type: none"> • Closed-loop operating system that reduces dust and odour, designed in-house • Target to recycle up to 160,000 tons of waste tyres in Malaysia by 2028, increase national recycling rate and reduce illegal dumping • Assist to reduce an estimated 720,000 tons of CO₂ every year by 2028 • Fully sustainable recycling where zero waste is generated and products are all re-introduced into the circular economy 	<ul style="list-style-type: none"> • Job creation for local workers (estimated 200 pax) • Education and training provided for staff, community and related parties (both government and private sector) • Provide scholarships to assist the B40 income group in Malaysia • Provide green technology seminars to students • Enhance cooperation between recycling industry, consumers and retailers of tyres
--	---

The exclusion criteria of the use of proceeds include the financing of alcohol; adult entertainment; child labour or forced labour; gambling; fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels); large-scale hydro-power projects with a generating capacity of over 25 megawatts; nuclear; production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; tobacco; and weapons and military contracting. Where applicable, Evergreen will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Projects.

Overall, the anticipated impact of the Use of Proceeds is assessed to be very significant, considering their potential to contribute to advanced transformative sustainable development. The expected sustainability benefits of the Use of Proceeds are highly aligned with Evergreen’s sustainability approach, the SDGs, and national sustainable development priorities.

<input checked="" type="checkbox"/>	Very Significant	This level of impact significance is assigned where underlying projects are expected to generate very visible positive ground level impact. Projects at this level support the realisation of long-term integrated visions of sustainable development that are consistent with global sustainability goals, as well as national sustainable development goals and priorities.
<input type="checkbox"/>	Significant	This level of impact significance is assigned where underlying projects are expected to generate a visible positive ground level impact. Projects at this level have the potential to facilitate adjustments towards a more sustainable development trajectory and to meaningfully advance national level sustainable development goals.
<input type="checkbox"/>	Fairly Significant	This level of impact significance is assigned where underlying projects are expected to generate a ground level impact which, although at a lower magnitude than that expected for higher assessment levels, is still considered noteworthy.
<input type="checkbox"/>	Marginal	This level of impact significance is assigned where underlying projects are expected to generate a positive but limited ground level impact.
<input type="checkbox"/>	Not Significant	This level of impact significance is assigned where underlying projects are expected to have negligible ground level impact.

02 ALIGNMENT WITH THE GBP/SBP, ASEAN GBS/SBS, GLP/SLP AND SRI SUKUK FRAMEWORK

A summary of the findings of our review is given below. The detailed review is attached in this assessment's appendix.



Principle One:
Utilisation of Proceeds

The proceeds of the financing will be allocated to finance and/or refinance new or existing eligible assets from Green and/or Social project categories recognised by the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework.

The Eligible Categories outlined in the Framework are aligned to one or more of the following Green and/or Social project categories specified in the SRI Sukuk Framework:

- Renewable energy
- Energy efficiency
- Environmentally sustainable management of living natural resources and land use
- Green buildings
- Pollution prevention and control
- Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises

The eligible Use of Proceeds categories and associated expected sustainability benefits are in line with Evergreen's sustainability approach and its focus SDGs. Evergreen may add Green and/or Social Eligible Categories from time to time that are aligned to the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework collectively. Clear exclusion criteria have also been defined by the Framework.

The exclusion criteria of the proceeds include the financing of alcohol; adult entertainment; child labour or forced labour; gambling; fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels); large-scale hydro-power projects with a generating capacity of over 25 megawatts; nuclear; production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; tobacco; and weapons and military contracting.

The Eligible Categories have been mapped against directly supported SDGs in the Framework. Social and environmental impacts of the Use of Proceeds are linked to SDG 7 - Affordable and Clean Energy; SDG 8 - Decent Work and Economic Growth; SDG 9 - Industry, Innovation and

Infrastructure; SDG 12 - Responsible Consumption and Production; and SDG 13 - Climate Action.

The company has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, Evergreen shall endeavour for refinanced projects to have a look-back period of three (3) years from the time of issuance of each instrument.

A register of Eligible Assets will be maintained by Evergreen, and it will be periodically reviewed to verify that all assets in the register continue to meet the criteria under the Framework. Evergreen has committed to annually disclose its allocation of proceeds to each Eligible Category in aggregate. In MARC Ratings' opinion, the defined Eligible Use of Proceeds categories meet the criteria for Use of Proceeds as set forth in the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework.



Principle Two:
Process for Project
Evaluation and Selection

The Framework details an internal process by which Eligible SRI projects are assessed and selected. Sustainability at Evergreen is guided by the Board of Directors with the Chief Executive Officer (CEO) taking an executive role in the implementation of any sustainability exercise. The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.

A Sustainable Finance Working Committee (SFWC) under the CEO will undertake the tasks of monitoring progress and forming contingency plans. SFWC comprises senior management of Evergreen, namely the technical director, finance director as well as the compliance manager, production manager and the monitoring team.

The SFWC meeting is conducted biweekly, or whenever necessary. The SFWC's key responsibilities include:

- Monitor stock movements so there is no hazardous overstocking
- Monitor production volumes to ensure TRUs are operating under normal parameters
- Monitor the number of waste tyres used, and calculate and monitor the total reduction of GHG emissions
- Ensure the machine maintenance schedules are followed and met; and
- Discuss and plan the training schedules for staff advancement.

Eligible project screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks. Evergreen has established internal processes for project

evaluation and selection which provide for senior management and Board involvement. Prior to selection for the Eligible Assets pool, all Eligible Projects will be reviewed and approved by approving authorities within their defined approval authority limits.

The SFWC will submit recommendations to the CEO and Board for approval on the selection of the Eligible Projects. All roles and responsibilities along with the process flows as set out by the Framework shall apply to the identification, mitigation, and monitoring of ESG issues in respect of funded projects as well as to always ensure consistency and alignment with the Group's overall ESG agenda and be guided by the respective codes and policies of the Group.

If there are any ESG concerns in respect of funded Eligible Expenditures, Business Units will escalate these concerns to the SFWC for deliberation and thereafter recommendations to senior management and/or the Board for approval. An Eligible Asset that ceases to meet the eligibility criteria can be substituted with an asset that is evaluated and selected in accordance with the said procedures. The Framework identifies excluded activities which cannot be financed by the proceeds.

Evergreen will conduct environmental due diligence prior to implementation of new projects which includes air monitoring and modelling, air pollution assessment, land assessment, independent technical assessment, site survey and feasibility studies.

In all project assessments, it must be shown that ESG considerations are included. The criteria for ESG assessment include:

- Approval by Jabatan Alam Sekitar
- Project is in line with the National Agenda
- How the project improves green technology know-how
- Minimal pollution and waste generated during production
- Whether products can be introduced into the economy
- Improve job opportunities for locals
- Promote knowledge-sharing among stakeholders



The net proceeds from the financing will be managed internally and on a portfolio basis in accordance with the Framework. Baker Tilly Malaysia will be appointed as the auditor to verify the internal tracking and allocation process.

If an Eligible Asset ceases to meet the eligibility criteria and is removed from the Eligible Assets pool, Evergreen commits to reallocate as soon as practicable the equivalent amount of proceeds to other Eligible Assets. Evergreen will continuously monitor the allocation to Eligible

Principle Three:
Management of
Proceeds

Assets to ensure that the aggregate value of the Eligible Assets portfolio matches or exceeds the balance of net proceeds.

Where the aggregate amount in the Portfolio is less than the total outstanding amount of Evergreen's sustainable financing proceeds, Evergreen may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with Evergreen's liquidity policy until the amount is allocated to the Portfolio.

For proceeds allocated for the purpose of refinancing operating projects, in which case the projects' costs were fully disbursed in the past, no separate management of proceeds is required.

Evergreen will prepare an annual Sustainability Financing Report which will be published at www.evergreencorporate.com. This report will include, among others:



Principle Four:
Reporting

- Summary of projects details
- Amount of proceeds allocated to each eligible project
- Expected environmental and/or social impacts of Eligible Expenditures
- Aggregate amount of proceeds of Sustainable Financing allocated to Eligible Expenditures
- Removal or substitution of eligible projects
- Remaining balance of unallocated proceeds and where such unallocated proceeds is placed or invested pending allocation, and
- Other necessary information.

Evergreen will include impact reporting in its progress update. The impact report will include:

- The impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact
- The key performance indicators (KPIs) achieved in supporting 17 of the UNSDGs 2030 and Evergreen's 2030 Sustainability Goals.

In MARC Ratings' opinion, the reporting commitments are aligned with the requirements of the GBP/SBP, ASEAN GBS/SBS, GLP/SLP, the SRI Sukuk Framework, and market practice.

Overall, MARC Ratings considers Evergreen's Framework to be aligned with the core components of the SC's SRI Sukuk Framework regarding the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting (including Disclosures).

Overall Assessment

	Clarity of Issuance Process and Disclosure	Total Score
<input checked="" type="checkbox"/>	High	10- 12 points
<input type="checkbox"/>	Good	7 -9 points
<input type="checkbox"/>	Satisfactory	4 – 6 points
<input type="checkbox"/>	Low	Below 4 points

Equal weighting is given to each of the four principles in arriving at the total score which is then expressed on the above four-point descriptive scale which ranges from High to Low.

Assessment Grade	High	Good	Satisfactory	Low
	3	2	1	0

03 ANALYSIS OF SUSTAINABILITY PERFORMANCE

One of the most effective sustainable solutions for reducing the activity of waste tyre landfills, while preserving natural resources and lowering GHG emissions in our environment, is waste tyre recycling. It has been noted that the number of waste tyres has increased due to industry expansion, population growth, and rapid urbanisation. Evergreen has therefore outlined its business strategy to become the top sustainable environmental waste tyre recycling company in Malaysia.

Evergreen is certified by the Department of Environment (DoE) as an operator for waste tyre pyrolysis and certified for the Green Technology Financing Scheme under Rentak Transformasi Sdn Bhd (RTSB), one of the holding companies of Evergreen. Evergreen works tirelessly to minimise the negative impacts of its operations on the environment.

The company has cooperated with the DoE to innovate and operate new and cleaner technology; its TRU technology has been accredited with the “Best Available Technology” standards for waste tyre recycling in Malaysia. The Malaysian Green Technology and Climate Change Corporation (MGTC), Might Technology Nurturing Sdn Bhd, and SHER Engineering & Consultancy Sdn Bhd (SHER) have independently assessed and confirmed that Evergreen's TRU technology is a sustainable green technology.

Evergreen has also obtained the approval and recognition for its green technology from relevant authorities, as stated below:

- Approval letter from Malaysia Investment Development Authority (MIDA)
- Approval letter from Perak Investment Management Centre (Invest Perak)
- Supporting letter from Invest Perak
- Approval letter from Minister of Energy, Green Technology and Water Malaysia
- Approval of business plan by Majlis Daerah Batu Gajah (MDBG)
- Land use status information letter from MDBG
- Air modelling study conducted by Velcro Envirotech Sdn Bhd (VESB)
- Submission of “Written Notification of Air Emission Sources (Air Pollution Control System (Scrubber)) Under Regulation 5 of the Environmental Quality (Clean Air) Regulations 2014” to the Ministry of Natural Resources and Environment
- Green Project Certificate issued by Malaysia Green Technology Corporation

Risk management is an integral part of business operations; business, financial, strategic, and operational risks need to be managed, more so in a dynamic industry where technological disruptions and other changes occur at a rapid pace. The management is involved in the monitoring of the strategies and direction where risk and opportunities are reviewed collectively. The Board oversees risk-related matters which include financial and operational risks as well as ESG-related risks.




Overall, MARC Ratings believes that Evergreen’s sustainability performance to date provides reasonably high assurance of its sustainability implementation capacity and performance.

Sustainability Performance Assessment

<input checked="" type="checkbox"/>	Excellent/Highest Assurance	The issuer positions itself as a sustainability leader in its industry, ranking in the "top tiers" of performance across multiple categories of engagement, ranging from supply chain management to environmental performance. Sustainability-related risks and opportunities are integrated with the business strategy. Well-defined sustainability policies and practices are augmented by strong accountability systems which allow for a benchmarking of the issuer's performance against stated objectives and the incorporation of external assurance in its sustainability reporting framework.
<input type="checkbox"/>	Very Good/High	The issuer has integrated risk-based sustainability considerations in its operations and has a robust process for assessing significant sustainability risks exposures to minimise adverse impacts on its business. The focus of the issuer's sustainability performance monitoring and evaluation is on managing risk exposures to minimise downside risk. Globally-recognised best practice reporting frameworks guide the issuer's sustainability reporting.
<input type="checkbox"/>	Good/Medium	The issuer has adopted a CSR-centric sustainability strategy that prioritises stakeholder engagement and goodwill building. Sustainability is a small part of the issuer's business strategy, nonetheless there is evidence to suggest that its sustainability performance has progressed beyond maintaining regulatory compliance. The issuer has implemented general sustainability reporting to investors.
<input type="checkbox"/>	Fair/Basic	The issuer has a policy of regulatory compliance but has yet to incorporate sustainability considerations into its business operations. At this performance level, the goal of sustainability management is to achieve and maintain compliance with health, safety, and environmental requirements mandated by government laws and regulations.
<input type="checkbox"/>	Poor/Weak	The issuer has a record of poor sustainability performance or operates in unsustainable industries.

MARC Ratings assessment of the issuer's sustainability implementation capabilities and performance is expressed on a five-level descriptive scale that runs from "Excellent" to "Poor" which corresponds to five levels of assurance (Highest, High, Medium, Basic and Weak). The assurance level can be interpreted as a measure of MARC Ratings' confidence in the issuer's continuing performance of its sustainability obligations in line with marketplace expectations and in compliance with its framework for financing issuance.

04 RATING SCALE

GRADE	DESCRIPTION
	<p>Bonds assessed at this level are judged to offer very significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support high standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support good standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer fairly significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support satisfactory standards of accountability and transparency. Minor shortcomings exist in the areas assessed but none of major concern.</p>

MARC RATINGS BERHAD

MARC Ratings Berhad was incorporated as a public limited company to undertake the business of providing credit rating services, as well as economic and fixed-income research publications, on behalf of the MARC group of companies.

Effective January 1, 2022, Malaysian Rating Corporation Berhad (MARC) transferred its regulatory license as a credit rating agency with the SC and the Bank Negara Malaysia-accredited External Credit Assessment Institution (ECAI) status under Basel II to its wholly-owned subsidiary MARC Ratings. MARC Ratings continues to adopt practices and procedures for Domestic Credit Rating Agencies based on the guidance on the Code of Conduct Fundamentals provided by the International Organisation of Securities Commissions (IOSCO) and the Association of Credit Rating Agencies in Asia (ACRAA). MARC Ratings continues to consult international best practices and the International Capital Market Association's Guidelines for Green, Social and Sustainability Bonds External Reviews in its conduct of external reviews, particularly in relation to the organisation and content of external reviews.

Following a series of outreach and external reviewer capacity building initiatives jointly undertaken by domestic market regulators and World Bank Group, MARC published its proposed criteria for rating green, social or sustainability bonds in April 2018. The version that was adopted in July 2018 after public consultation can be accessed on MARC's corporate website at https://www.marc.com.my/images/Rating_Methodologies/201912_/Impact-Bonds-Assessment-Criteria-201912-newlogo-.pdf. As explained in the criteria, the analytical framework consists of three components that provide insights to the green, social and sustainability credentials of green, social and sustainability bonds: (1) an assessment of environmental and/or social benefits of the underlying funded project(s); (2) an assessment of compliance with internationally recognised principles and market standards for the evaluation of such bonds; and (3) an evaluation of the issuer's sustainability strategy and performance. Bonds which meet the minimum thresholds in each of the three analytical components will be rated Gold, Silver or Bronze.

For more information, visit <https://www.marc.com.my/> or contact us at ratings@marc.com.my.

Review of Compliance with Green/Social Bond Principles (GBP/SBP), ASEAN Green/Social Bond Standards (GBS/SBS), and Sustainable and Responsible Investment (SRI) Sukuk Framework

Issuer: Evergreen Corporate Sdn Bhd's (Evergreen) Sustainable Finance Framework

Key Additional Features to comply with for sukuk issuance:

- The proceeds allocated for the Project must not be used for ineligible projects specified by the ASEAN GBS (i.e. fossil fuel power generation projects) as well as the ASEAN SBS (i.e. projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry).
- Continuous accessibility of information on Use of Proceeds, process for project evaluation and selection, and management of proceeds to investors throughout the tenure of the sukuk.
- Periodic reporting on the allocation of the sukuk proceeds.
- The external reviewer's credentials and scope of review conducted to be made publicly accessible from a website designated by the Issuer throughout the tenure of the sukuk.

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Issuer <u>ASEAN GBS/SBS</u> 3.1 The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</p> <p><u>SRI Sukuk Framework</u> 7.02 The proceeds (of sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</p> <p>7.03 An issuer must not – (a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</p> <p>7.04 An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</p> <p>7.05 The information relating to the issuer and the details of the issuer's SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.</p>	<p>Evergreen is an ASEAN issuer.</p> <p>The net sukuk proceeds will exclusively be allocated to finance and/or refinance new and/or existing projects that fulfil the criteria for Eligible SRI projects.</p> <p>The issuer intends to issue SRI sukuk that complies with the Guidelines.</p> <p>Evergreen commits to comply with the SRI Sukuk Framework.</p> <p>The Issuer's Framework will be made available at the point of issuance and throughout the tenure of the SRI sukuk via its corporate website www.evergreencorporate.com.</p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Eligible Projects</p> <p><u>SRI Sukuk Framework</u></p> <p>7.07 An eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:</p> <ol style="list-style-type: none"> Preserving and protecting the environment and natural resources; Conserving the use of energy; Promoting the use of renewable energy; Reducing GHG emission; Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or Improving the quality of life of the society. <p>7.08 The Eligible SRI projects may include but are not limited to the following:</p> <ol style="list-style-type: none"> Green projects that relate to – renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity conservation; clean transportation; sustainable water and waste water management; climate change adaptation; eco-efficient and/ or circular economy adapted products, production technologies and processes; and green buildings which meet regional, national or internationally recognised standards or certifications. Social projects that relate to, among others – affordable basic infrastructure; access to essential services; affordable housing; employment generation including the potential effects of SME financing and microfinance; food security; and socioeconomic advancement and empowerment. Projects which are the combination of Green and Social projects as described in (a) and (b) above; and Waqf projects that relate to the development of waqf properties or assets. 	<p>The eligible projects as defined by the Framework will achieve any one or a combination of objectives set out in paragraph 7.07 of the SRI Sukuk Framework.</p> <p>The Eligible Categories outlined in the Framework are aligned to one or more of the following Green and/or Social project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework:</p> <ul style="list-style-type: none"> Renewable energy Energy efficiency Environmentally sustainable management of living natural resources and land use Green buildings Pollution prevention and control Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises 	<p>Evergreen intends to use the net proceeds issued under the Framework to finance and/or refinance, in whole or in part, new and existing projects within the categories of Pollution prevention and control, Renewable energy, Environmentally sustainable management of living natural resources and land use, Green buildings, and Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.</p> <p>Environmental Use of Proceeds impacts are linked to SDGs 7 – Affordable and Clean Energy; 8 – Decent Work and Economic Growth; 9 – Industry, Innovation and Infrastructure; 12 – Responsible Consumption and Production; and 13 – Climate Action.</p> <p>Evergreen may add Green and/or Social Eligible Categories from time to time that are aligned with the SC’s SRI Sukuk Framework, ICMA’s GBP/SBP and ACMF’s ASEAN GBS/SBS collectively.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Use of Proceeds</p> <p><u>ASEAN GBS/SBS</u></p> <p>4.1</p> <p>4.1.1 <i>The utilisation of issue proceeds must be described in the documentation for issuance.</i></p> <p>4.1.2 <i>The Issuer must disclose the following information: The categories of eligible Green and/or Social Projects to which the issue proceeds will be allocated; and/or the information on specific Green and/or Social Projects in the case where the issuer has identified the specific Green and/or Social Projects to which the issue proceeds will be allocated.</i></p> <p>4.1.3 <i>All designated Green and/or Social Projects must provide clear environmental/social benefits, which will be assessed and, where feasible, quantified by the Issuer.</i></p> <p>4.1.4 <i>In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that Issuers provide an estimate of the share of financing and refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced and, to the extent relevant, the expected look-back period for refinanced projects.</i></p>	<p><i>The utilisation of proceeds is described in the Framework.</i></p> <p><i>The eligible Use of Proceeds categories identified by the Framework are aligned with the Green and/or Social project categories recognised by the ASEAN GBS/SBS.</i></p> <p><i>The eligible Use of Proceeds project categories set out in the Framework are recognised as impactful by ASEAN GBS/SBS.</i></p> <p><i>The issuer has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, Evergreen shall endeavour for refinanced projects to have a look-back period of no more than three (3) years from the time of issuance of each instrument.</i></p>	<p><i>The proceeds will be used to finance and/or refinance, in part or in whole, new or existing eligible assets falling within the green and/or social categories recognised by the GBP/SBP, ASEAN GBS/SBS and the SC's SRI Sukuk Framework.</i></p> <p><i>MARC Ratings has reviewed the Green and/or Social Eligible Categories and concluded that the eligible projects/financing fulfill the applicable criteria and would be considered green for the purposes of the GBP/SBP, ASEAN GBS/SBS and the SC's SRI Sukuk Framework.</i></p> <p><i>A look-back period of no more than three (3) years aligns with best market practices.</i></p>
<p>Criteria</p> <p>Process for Project Evaluation and Selection</p> <p><u>SRI Sukuk Framework</u></p> <p>7.12 <i>An issuer must establish internal processes for evaluation and selection of the Eligible SRI projects as identified in paragraph 7.08 above.</i></p> <p><u>ASEAN GBS/SBS</u></p> <p>4.2.1 <i>The issuer must clearly communicate to investors:</i></p> <p><i>(i) The environmental/social sustainability objectives; The Eligible Categories are framed in the context of</i></p>	<p><i>The issuer has established internal processes for project evaluation and selection with board and senior management involvement. The Eligible Categories are framed in the context of SDGs with specific environmental objectives. The issuer has clearly communicated:</i></p> <p><i>The sustainability objectives of the Framework and the Eligible Categories</i></p>	<p><i>The Framework details an internal process by which Eligible SRI projects are assessed and selected. Sustainability at Evergreen is guided by the Board of Directors with the CEO taking an executive role for the implementation of any sustainability exercise.</i></p> <p><i>The eligibility criteria are clearly communicated in the Framework.</i></p>

<p>SDGs with specific environmental and social (E&S) objectives;</p> <p>(ii) The process by which the Issuer determines how the projects fit within the identified eligible project categories; and</p> <p>(iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material E&S risks associated with the selected projects.</p> <p>4.2.2 The Issuer must establish the process for project evaluation and selection prior to the issuance of the Bonds and disclose the same to investors in the documentation for the issuance of the Bonds.</p> <p>4.2.3 Issuers are encouraged to position this information within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability. Issuers are also encouraged to disclose any green and social standards or certifications referenced in project selection.</p> <p>4.2.4 It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.</p> <p>4.2.5 The Issuer must make the following publicly available on a website designated by the Issuer at the time of the issuance and throughout the tenure of the Bonds: (i) The process for project evaluation; (ii) The Use of Proceeds; and (iii) External review report on the process (if any)</p>	<p>The exclusion criteria of the proceeds include the financing of alcohol; adult entertainment; child labour or forced labour; gambling; fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels); large-scale hydro-power projects with a generating capacity of over 25 megawatts; nuclear; production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; tobacco; and weapons and military contracting.</p> <p>The issuer has described in the Framework an internal process for project evaluation and selection which involves a Sustainable Finance Working Committee (SFWC). The Issuer has positioned this information within the context of the Issuer's sustainability strategy, its focus SDGs, and its processes relating to environmental sustainability.</p> <p>The issuer has appointed MARC Ratings as external reviewer for its Framework.</p> <p>The issuer has committed to make the required information available on its corporate website at www.evergreencorporate.com.</p>	<p>The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.</p> <p>Where applicable, Evergreen will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Project and Eligible Assets. If there are any ESG concerns in respect of funded Eligible Expenditures, Business Units will escalate to SWG for deliberation and recommendations, subject to the senior management's/Board's approval.</p> <p>The Issuer has also disclosed that review of the Eligible Projects will be conducted annually by the SFWC to confirm the continued eligibility of the Eligible Assets, and the course of action to be taken where the project/financing no longer meets the Framework's Eligibility Criteria. Projects/financing that are no longer eligible will be removed from the register of Eligible Assets and replaced with projects/financing that are compliant with the Framework.</p> <p>The Framework will provide information on the process for project evaluation, and it will issue a progress report on an annual basis that will provide information on the allocation and impacts throughout the tenure of the Sukuk. MARC Ratings' external review assessment will also be made available on the Evergreen corporate website.</p>
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Management of Proceeds</p> <p><u>SRI Sukuk Framework</u> 7.13 An issuer must ensure that the proceeds allocated for the Eligible SRI projects are credited into a designated account or otherwise tracked in an appropriate manner.</p>	<p>Evergreen will monitor the allocation of the Sukuk proceeds and the Eligible Assets portfolio internally.</p>	

<p><u>ASEAN GBS/SBS</u> 4.3.1 Prior to the issuance of the Bonds, the Issuer must disclose to investors in the documentation for the issuance of the Bonds the process for managing the net proceeds from the Bonds.</p> <p>4.3.2 The net proceeds of the Bonds, or an amount equal to these net proceeds, must be credited into a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process. The total amount deployed from the net proceeds for the eligible projects need not occur simultaneously.</p> <p>4.3.3 As long as the Bonds are outstanding, the balance of the tracked net proceeds must be periodically adjusted to match allocations to eligible projects made during that period.</p> <p>4.3.4 The Issuer must also disclose to investors in the documentation for the issuance of the Bonds the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>4.3.5 It is recommended that the Issuer's management of proceeds be supplemented by the use of an auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Bonds proceeds.</p>	<p>Prior to issuance, the issuer will make the Framework available to investors. The Framework describes the process for managing the net proceeds from the Sukuk.</p> <p>Evergreen will invest the balance of unallocated financing instrument proceeds in the permitted investment instruments in accordance with Evergreen's cash management policy.</p> <p>The Issuer has committed that until full allocation, the allocation of Eligible Projects will be continuously monitored to ensure that the aggregate value of the Eligible Projects is at a level that is equal to the net proceeds raised from the outstanding Sukuk.</p> <p>The Framework discloses the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>Baker Tilly Malaysia will be appointed as the auditor to verify the internal tracking and allocation process.</p>	<p>Where the aggregate amount in the Portfolio is less than the total outstanding amount of Evergreen's sustainable financing proceeds, Evergreen may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with Evergreen's liquidity policy until the amount is allocated to the Portfolio.</p> <p>The appointment of a third party to verify the internal tracking method and the allocation of funds from the Sukuk proceeds is encouraged by the ASEAN Standards to provide a high level of transparency.</p>
<p>Criteria</p>	<p>Compliance with criteria</p>	<p>Remarks/Scope of Work Undertaken</p>
<p><u>ASEAN GBS/SBS</u> 4.4.1 Issuers must report to investors at least on an annual basis and are encouraged to make more frequent reporting on the Use of Proceeds until full allocation, and on a timely basis in the case of material developments. The annual report should include a list of the projects to which the Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.</p> <p>4.4.2</p>	<p>Evergreen will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the financing instrument proceeds. This report will include, among others:</p> <ul style="list-style-type: none"> • The original amount earmarked for the Eligible Projects and/or Eligible Assets; • The amount of financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects and/or 	

<p>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the Issuer may present the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that Issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>4.4.4 It is recommended that the Issuer's annual reporting on the Use of Proceeds be supplemented by a confirmation of such Use of Proceeds by an external reviewer along with any relevant updates of the external review.</p> <p>4.4.5 The Issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the Bonds.</p> <p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.16 The following information must be included:</p> <p>a) The overall SRI objectives that the issuer intends to achieve;</p> <p>b) The utilisation of proceeds from the issuance of the SRI sukuk. Where all or part of the proceeds are used for refinancing, an issuer must provide the amount of proceeds being allocated for refinancing and which Eligible SRI projects to be refinanced;</p> <p>c) The Eligible SRI projects in which the proceeds will be allocated; d) The details of the Eligible SRI projects and to the extent possible,</p> <p>d) impact objectives from the Eligible SRI projects;</p> <p>e) The processes used by the issuer to evaluate and select the Eligible SRI projects;</p> <p>f) The criteria used by the issuer to identify and manage material environmental or social risks</p>	<p>Eligible Assets defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent);</p> <ul style="list-style-type: none"> • The unutilised amount and where such unutilised amount is placed or invested pending utilisation; • The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions; • Expected impact metrics, where feasible; and • The outstanding amount of net financing instrument proceeds yet to be allocated to Eligible Projects and/or Eligible Assets at the end of the reporting period. <p>The Issuer has committed to provide information items (a) through (h) annually through its corporate website in its progress report under its Framework.</p>	<p>Updates of the external review are encouraged by the ASEAN Standards but are strictly voluntary.</p>
---	---	---

<p>associated with the Eligible SRI projects;</p> <p>g) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</p> <p>h) A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</p>		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>External Review</p> <p><u>SRI Sukuk Framework</u> 7.17 If an external reviewer is appointed to assess and provide report on the Eligible SRI projects or the issuer's compliance with the requirements under these Guidelines, such external reviewer's report must be made available on the designated website.</p> <p><u>ASEAN GBS/SBS</u> 5.1 Issuers are recommended to appoint external review providers for the bond issuances or programmes. 5.2 The external review may be partial, covering only certain aspects of the bonds framework or full, assessing alignment with all four core components as stated in the relevant standards. 5.3 The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing. 5.4 The external review provider must also disclose their relevant credentials and expertise, and the scope of the review conducted in the external review report.</p>	<p>MARC Ratings has been engaged as independent external reviewer for the Framework. The external reviewer's report will be made available on a designated website.</p> <p>The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</p> <p>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</p>	<p>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on our website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</p>

Review of Compliance with Green/Social Loan Principles (GLP/SLP)

Issuer: Evergreen Corporate Sdn Bhd (Evergreen)'s Sustainable Finance Framework

Note:

The Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA) view that it is important to provide market practitioners with clarity on their application of financing guidelines and promote a harmonised approach. Hence, APLMA, LMA and LSTA has produced a guideline to harmonise with Green/Social Loan Principles (GLP/SLP).

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><u>GLP/APLMA/LMA/LSTA</u></p> <p>Use of Proceeds <i>The GLP explicitly recognise several broad categories of eligibility for Green and/or Social projects with the objective of addressing key areas of environmental concern such as climate change, natural resources depletion, loss of biodiversity, and air, water and soil pollution.</i></p> <p><i>The utilisation of loan proceeds for Green and/or Social projects (including other related and supporting expenditures, including R&D), should be appropriately described in the finance documents.</i></p> <p><i>Where funds are to be used, in whole or part, for refinancing, it is recommended that borrowers provide an estimate of the share of financing versus refinancing.</i></p> <p><i>A green loan may take the form of one or more tranches of a loan facility. In such cases, the green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</i></p> <p>Process for Project Evaluation and Selection <i>The borrower of a green loan should clearly communicate to its lenders:</i></p> <ul style="list-style-type: none"> • <i>their environmental sustainability objectives;</i> • <i>the process by which the borrower determines how its projects fit within the Eligible Categories; and</i> • <i>the related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material</i> 	<p><i>All designated Green and/or Social projects have clear environmental benefits, which will be assessed, and where feasible, quantified, measured and reported by the company.</i></p> <p><i>Where appropriate, the company will clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected look-back period for refinanced Green and/or Social projects.</i></p> <p><i>The issuer has established internal processes for project evaluation and selection which provide for Board and senior management involvement. The Eligible Categories are framed in the context of SDGs with specific environmental objectives.</i></p>	

<p><i>environmental risks associated with the proposed projects.</i></p> <ul style="list-style-type: none"> <i>Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability.</i> <p><i>Borrowers are also encouraged to disclose any green standards or certifications to which they are seeking to conform.</i></p> <p>Management of Proceeds <i>The proceeds of a green loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.</i></p> <p><i>Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</i></p> <p><i>Borrowers are encouraged to establish an internal governance process through which they can track the allocation of funds towards Green and/or Social projects.</i></p> <p>Reporting <i>Borrowers should make and keep readily available up to date information on the Use of Proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments.</i></p> <p><i>This should include a list of the Green and/or Social projects to which the green loan proceeds have been allocated and a brief description of the projects and the amounts allocated and their expected impact.</i></p> <p><i>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GLP recommend that information is presented in generic terms or on an aggregated project portfolio basis. Information need only be provided to those institutions participating in the loan.</i></p>	<p><i>The net proceeds from the issue of Sukuk will be internally tracked. Baker Tilly Malaysia will be appointed as the auditor to verify the internal tracking and allocation process. Evergreen will invest the balance of unallocated financing instrument proceeds in permitted investment instruments in accordance with Evergreen’s cash management policy.</i></p> <p><i>Evergreen will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the financing instrument proceeds. This report will include, among others:</i></p> <ul style="list-style-type: none"> <i>The original amount earmarked for the Eligible Projects and/or Eligible Assets;</i> <i>The amount of financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects and/or Eligible Assets defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent);</i> <i>The unutilised amount and where such unutilised amount is placed or invested pending utilisation;</i> 	<p><i>Where the aggregate amount in the Portfolio is less than the total outstanding amount of Evergreen’s sustainable financing proceeds, Evergreen may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with Evergreen’s liquidity policy until the amount is allocated to the Portfolio.</i></p>
---	--	--

<p><i>Transparency is of particular value in communicating the expected impact of projects. The GLP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures (for example, energy capacity, electricity generation, GHG emissions reduced/avoided, etc.) and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Borrowers with the ability to monitor achieved impacts are encouraged to include those in regular reports.</i></p> <p>External Review <i>When appropriate, an external review is recommended. There are a variety of ways for borrowers to obtain outside input into the formulation of their green loan process and there are several levels and types of review that can be provided to those institutions participating in the loan.</i></p> <p><i>An external review may be partial, covering only certain aspects of a borrower's green loan or associated green loan framework or full, assessing alignment with all four core components of the GLP. It should be made available to all institutions participating in the green loan on request. When appropriate, and taking into account confidentiality and competitive considerations, borrowers should make publicly available the external review, or an appropriate summary, via their website or otherwise.</i></p>	<ul style="list-style-type: none"> • <i>The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions;</i> • <i>Expected impact metrics, where feasible; and</i> • <i>The outstanding amount of net financing instrument proceeds yet to be allocated to Eligible Projects and/or Eligible Assets at the end of the reporting period.</i> <p><i>MARC Ratings has been engaged as independent external reviewer for the Framework. The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</i></p>	<p><i>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on its website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>
--	--	--

THE UN SUSTAINABLE DEVELOPMENT GOALS



GOAL 1: End poverty in all its forms everywhere



GOAL 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture



GOAL 3: Ensure healthy lives and promote well-being for all at all ages



GOAL 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



GOAL 5: Achieve gender equality and empower all women and girls



GOAL 6: Ensure availability and sustainable management of water and sanitation for all



GOAL 7: Ensure access to affordable, reliable, sustainable and modern energy for all



GOAL 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



GOAL 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



GOAL 10: Reduce inequality within and among countries



GOAL 11: Make cities and human settlements inclusive, safe, resilient and sustainable



GOAL 12: Ensure sustainable consumption and production patterns



GOAL 13: Take urgent action to combat climate change and its impacts



GOAL 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development



GOAL 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



GOAL 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



GOAL 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Disclaimer -----

Copyright © 2022 MARC Ratings Berhad and any of its subsidiaries or affiliates ("MARC Ratings") have exclusive proprietary rights in the data or information provided herein. This report is the property of MARC Ratings and is protected by Malaysian and international copyright laws and conventions. The data and information shall only be used for intended purposes and not for any improper or unauthorised purpose. All information contained herein shall not be copied or otherwise reproduced, repackaged, transmitted, transferred, disseminated, redistributed or resold for any purpose, in whole or in part, in any form or manner, or by any means or person without MARC Ratings' prior written consent.

A Green Bond Assessment, Social Bond Assessment or Sustainability Bond Assessment, hereafter collectively referred to as Impact Bond Assessments, is not a credit rating. This assessment is arrived based on the Impact Bond Assessment (IBA) criteria that MARC Ratings has published and continuously evaluates and updates. The IBA may be changed or withdrawn at any time for any reason in the sole discretion of MARC Ratings. IBAs are not a recommendation to buy, sell, or hold any security. IBAs do not comment on the adequacy of market price or the suitability of any security for a particular investor. The IBA does not constitute a recommendation to buy, sell or hold any security and/or investment. MARC Ratings receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities.

Ratings are solely statements of opinion and therefore shall not be taken as statements of fact under any circumstances. The information which MARC Ratings relies upon to assign its ratings includes publicly available and confidentially provided information obtained from issuers and its advisers including third-party reports and/or professional opinions which MARC Ratings reasonably believes to be accurate and reliable to the greatest extent. MARC Ratings assumes no obligation to undertake independent verification of any information it receives and does not guarantee the accuracy, completeness and timeliness of such information. MARC RATINGS OR ITS AFFILIATES, SUBSIDIARIES, DIRECTORS AND EMPLOYEES DISCLAIM ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY AS TO THE ACCURACY, COMPLETENESS OR TIMELINESS OF ANY INFORMATION CONTAINED HEREIN FOR ANY PARTICULAR PURPOSE AND SHALL NOT IN ANY EVENT BE HELD RESPONSIBLE FOR ANY DAMAGES, DIRECT OR INDIRECT, CONSEQUENTIAL OR COMPENSATORY, ARISING OUT OF THE USE OF SUCH INFORMATION. MARC Ratings will not defend, indemnify or hold harmless any user of this report against any claims, demands, damages, losses, proceedings, costs and/or expenses which the user may suffer or incur as a result of relying on this report in any way whatsoever. Any person making use of and/or relying on any credit analysis report produced by MARC Ratings and information contained therein solely assumes the risk in making use of and/or relying on such reports and all information contained therein and acknowledges that this disclaimer has been read and understood and agrees to be bound by it.

© 2022 MARC Ratings Berhad

Published by:

MARC RATINGS BERHAD 202001041436 (1397757-W)
19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 KUALA LUMPUR
Tel: [603] 2717 2900 Fax: [603] 2717 2920
Email: ratings@marc.com.my Website: www.marc.com.my