

**MARC**

**MARC RATINGS BERHAD**

202001041436 (1397757-W)



**MALAKOFF CORPORATION BERHAD (MCB)**

**PRE-ISSUANCE SUSTAINABLE FINANCE FRAMEWORK  
ASSESSMENT**

**JANUARY 2024**



**SUSTAINABLE FINANCE  
FRAMEWORK ASSESSMENT**

MARC Ratings Berhad has been engaged by Malakoff Corporation Berhad (Company Registration No: 200601011818 (731568-V)) 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.

Publication date: January 10, 2024

Contact: (+603)-2717 2963

## SUMMARY

Malakoff Corporation Berhad (MCB or “the Company”) (Company Registration No: 200601011818) (731568-V)) has engaged MARC Ratings Berhad (MARC Ratings) to review its Sustainable Finance Framework (the Framework).

MARC Ratings’ external review consists of three parts: an impact significance analysis based on MCB’s Framework; an assessment of alignment with the Social Bond Principles (SBP), Green Bond Principles (GBP), and Sustainability Bond Guidelines (SBG) of the International Capital Market Association (ICMA); or Social Bond Standards (SBS), Green Bond Standards (GBS), and Sustainability Bond Standards (SUS) of the ASEAN Capital Markets Forum (ACMF); or Social Loan Principles (SLP), and Green Loan Principles (GLP) of the Asia Pacific Loan Market Association (APLMA), the Loan Market Association (LMA) and the Loan Syndications and Trading Association (LSTA); or the SRI Sukuk Framework of the Securities Commission Malaysia (SC) or as they may be subsequently updated or amended; or the recommended disclosures of the Climate Transition Finance Handbook (CTFH) of the ICMA; and an evaluation of MCB’s sustainability implementation capacity and performance.

The Framework has been developed to guide MCB’s fund-raising activities to fund projects that will deliver environmental and social benefits, in line with MCB’s strategic transformation towards becoming a global renewable energy player guided by environmental, social and governance (ESG) considerations. In assigning the assessment, MARC Ratings has relied on pre-issuance information provided by MCB and associated parties as well as information gathered from the public domain.

The proceeds raised in accordance with the Framework shall be used exclusively for financing/refinancing projects, assets or activities including operational and capital expenditure, research and development, and inter-company advances within Malakoff Group that comply with the eligibility criteria for the financing of Eligible Projects. The Eligible Projects collectively represent eligible green, social and transition projects as defined in the Framework.

The Eligible Projects will be proposed by the respective project team/ division head to Malakoff’s Management Sustainability Committee (MSC) for approval. The MSC is supported by the Sustainability Department in identifying and reviewing compliance matter pertaining to the Framework. Monitoring of approved Eligible Projects during operations will be conducted by the respective project team/division head and a report shall be made to the MSC should an Eligible Project no longer meet the eligibility criteria.

The net proceeds from the financing will be managed internally. MCB will create a register to track the allocation of the proceeds raised in reference to this Framework. The Framework aligns MCB’s post-issuance tracking and reporting on Use of Proceeds 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, MCB will disclose qualitative performance indicators, quantitative performance measures and the key underlying methodology and/or assumptions used. MARC Ratings considers the process for the management of proceeds to be in line with market practice.

Based on our review of the relevant documentation and assessment as per our 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/SBG, ASEAN GBS/SBS, GLP/SLP/SUS, the SRI Sukuk Framework, and the recommended disclosure guidelines of the CTFH.

## Introduction

Malakoff Corporation Berhad (MCB), a sustainable multinational energy generation and environmental solutions company that focuses on improving lives and communities. As of November 2023, it stands as Malaysia's largest independent power producer with a total generation capacity of 6,953 MW and a Renewable Energy portfolio of 151 MW. MCB also plays a prominent role in environmental services through its subsidiary, Alam Flora Sdn Bhd, managing 5,748 tonnes of waste daily. The company has expanded globally, particularly in power generation and water desalination in Saudi Arabia, Bahrain, and Oman.

### MCB's 1.5°C Climate Transition: Science-Based and National Climate Agenda Alignment

In 2022, MCB rolled out its Sustainability Framework, underpinning its commitment to sustainability. Following the Science Based Target Initiative (SBTi) Sectoral Decarbonisation Approach and the International Energy Agency (IEA) scenario analysis, MCB has committed to achieving net zero emissions by 2050, aligning with the 1.5°C climate transition scenario. MCB's transformation is also in alignment with the environmental goals of the Malaysian Government.

MCB's transformative phase is facilitated through its three core entities:





## MCB's Sustainability Framework

In 2022, MCB rolled out its Sustainability Framework, underpinning its commitment to key ESG matters in advancing the transition to cleaner energy sources as well as a low-carbon and circular economy future.

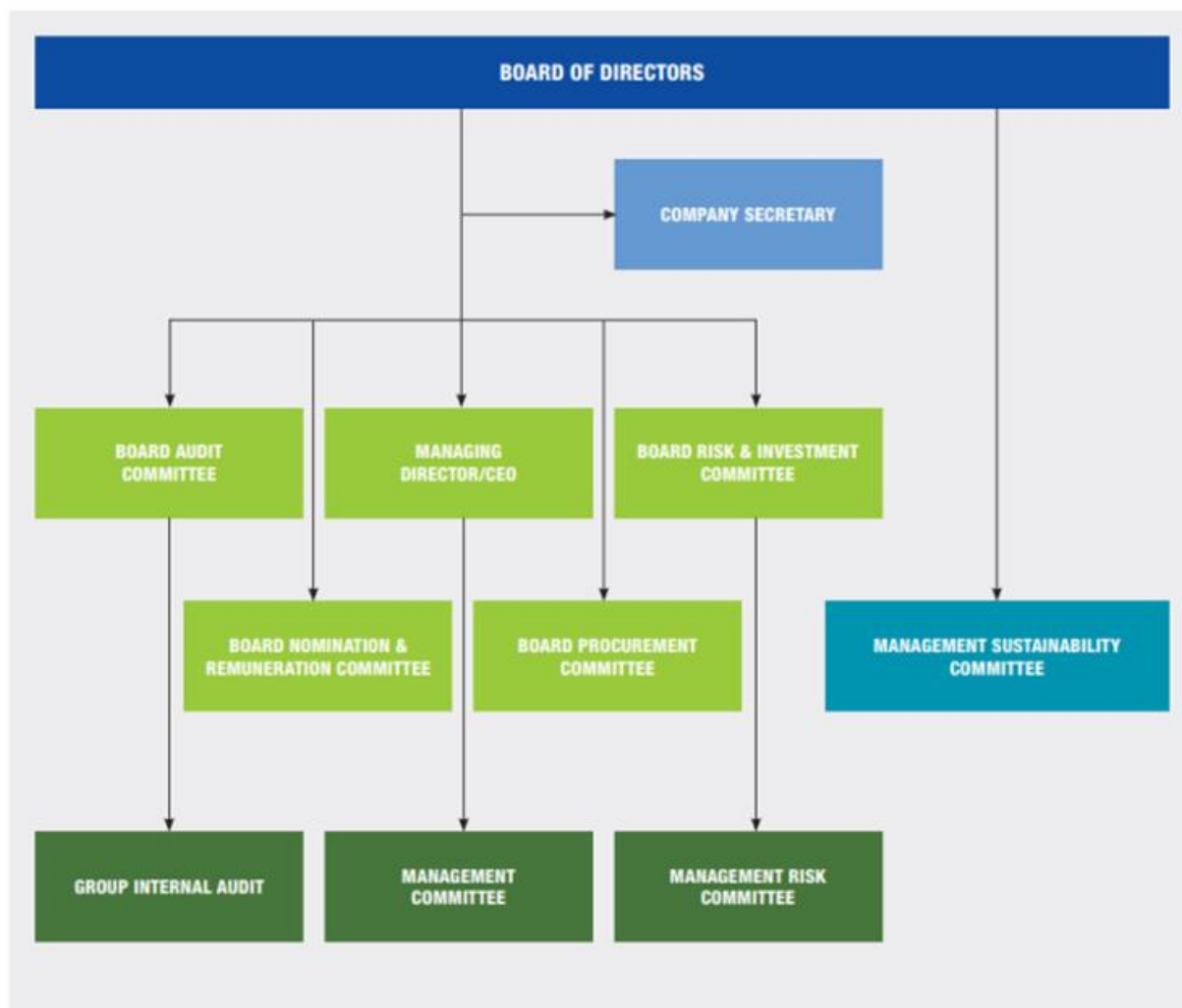


## MCB's ESG Roadmap



## Sustainability Governance Structure

Sustainability oversight at MCB is the responsibility of the company's Board of Directors. The Board plays a vital role in managing corporate governance and creating value for stakeholders. Supporting the Board is a dedicated Sustainability Department, reporting to both the senior management and the Board. To further enhance sustainability governance, MCB has setup the Management Sustainability Committee (MSC) to ensure that sustainability is at the forefront of the company's strategic initiatives and decision-making processes.



Chaired by the Managing Director/ Group Chief Executive Officer, the MSC reports directly to the Board and meets at least twice a year, with the flexibility for extra meetings when necessary. The MSC prepares an annual ESG report for the Board, highlighting achievements and progress on Sustainability Performance Indicators. Additionally, it plays a pivotal role in supervising the implementation of the Group's Sustainability Framework and the ESG Roadmap to attain net zero carbon emissions.

## CONTENTS

### SUMMARY

01	IMPACT SIGNIFICANCE ANALYSIS	6
02	ASSESSMENT OF ALIGNMENT WITH GBP/SBP/SBG, ASEAN GBS/SBS/SUS, SC SRI SUKUK FRAMEWORK AND GLP/SLP	19
03	ANALYSIS OF SUSTAINABILITY PERFORMANCE	23
04	RATING SCALE	28
05	MARC RATINGS BERHAD	29

### APPENDIX

#### COMPLIANCE REVIEW FORM

## 01 IMPACT SIGNIFICANCE ANALYSIS

MARC Ratings' qualitative analysis of Use of Proceeds impact is conducted in the context of the United Nations' Sustainable Development Goals (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 Sustainable Finance Framework's major objective is to set guidelines for the Company's future fundraising through sustainable debt instruments, including green/social/sustainability bonds/sukuk and green/social/sustainability loans/financing. The proceeds from 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 framework defines 10 broad eligible green and social categories, and two eligible transition categories for Use of Proceeds that cumulatively support 12 of the 17 United Nations' SDGs:

1. Renewable energy
2. Energy efficiency
3. Pollution prevention and control
4. Clean transportation
5. Sustainable water and wastewater management
6. Circular economy adapted products, production technologies, processes, and/or certified eco-efficient products
7. Terrestrial and aquatic biodiversity conservation
8. Access to essential services
9. Socioeconomic advancement and empowerment
10. Employment generation
11. Thermal power plant efficiency
12. Low-carbon alternatives for thermal power generation



### ELIGIBLE CATEGORIES FOR USE OF PROCEEDS




Eligible Green Projects




<b>1</b>	<b>Renewable Energy</b> <b>Eligibility Criteria:</b>  Investments and expenditure relating to the construction, development, acquisition, maintenance, and/or operation of renewable energy installations, such as solar and wind power, hydropower, biogas, green hydrogen, and associated grid infrastructure, such as: <ul style="list-style-type: none"> <li>• Development of solar power projects, solar rooftops, solar building integrated photovoltaics, and solar farms and floating solar farms</li> <li>• Development of concentrated solar plants with the majority of electricity (&gt;85%) sourced from solar energy)</li> <li>• Wind energy farms</li> <li>• Hydropower projects (with power density of &gt; 5W/m<sup>2</sup>, OR greenhouse gas (GHG) emissions intensity of &lt; 100g CO<sub>2</sub>e/kWh, OR run-of-river without artificial reservoir/low storage capacity) to be undertaken have had environmental and social impact assessments conducted by a credible third-party with no significant risk, controversies, or expected negative impact identified.</li> </ul>
----------	---


	<ul style="list-style-type: none"><li>• Biogas energy plants which are not derived from palm, peat and non-sustainably produced crops.</li><li>• Green hydrogen production by electrolysis which is powered by renewables or through extraction from landfill gas.</li><li>• Energy storage system (ESS) for renewable energy storage which includes battery, pumped hydro and hydrogen.</li></ul>	
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"><li>• Develop new clean and sustainable energy products and solutions</li><li>• Offer value-added services for customers such as battery energy storage systems</li><li>• Expand solar PV system solutions to the commercial buildings, industrial and residential segments</li><li>• Provide renewable energy with lowest impact to the environment</li></ul>	<ul style="list-style-type: none"><li>• Contributing towards mitigating climate change and its impacts</li><li>• Reduced reliance on fossil fuel-based energy generation</li><li>• Increasing generation capacity and dispatch from renewable energy</li><li>• Improvement in energy security with the use of alternative fuel sources</li><li>• Discoveries/developments to enhance the renewable energy sector/technology</li><li>• Development of energy storage system in line with increased renewable energy generation</li><li>• Contributing to the readiness of Malaysia as the centralised energy hub of the Asian Power Grid</li></ul>	<div><div></div><div></div><div></div></div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 7, Target 7.2</b></p> <ul style="list-style-type: none"><li>• Increase renewable energy share in the local and global energy mix</li></ul> <p><b>UN SDG 9, Target 9.1</b></p> <ul style="list-style-type: none"><li>• Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being</li></ul> <p><b>UN SDG 11, Target 11.c</b></p> <ul style="list-style-type: none"><li>• Provide technical and financial assistance in building sustainable infrastructure in underserved areas utilising local materials</li></ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"><li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li><li>• Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)</li><li>• Capacity of renewable energy plant(s) constructed or rehabilitated in MW</li><li>• Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in MWh/GWh (electricity) ad GJ/TJ (other energy)</li></ul>
2	Energy efficiency	
Eligibility Criteria:		
Investments and expenditure relating to the development, acquisition, maintenance, and/or retrofitting of existing public utilities and infrastructure to increase energy efficiency, such as:		





	<ul style="list-style-type: none"><li>• Energy efficiency initiatives (i.e. combustion tuning, mill optimisation, sea water pump optimisation, mechanical ventilation and air cooling system (MVAC), air compressor system)</li><li>• Energy efficient systems such as LED lighting, motion sensors, and digital transformations that increase efficiency</li><li>• Development of smart grids (i.e. electric power grids upgraded with advanced automatic control and communications techniques and other forms of information technology)</li></ul>	
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"><li>• Improve the operating efficiency of existing equipment and infrastructure</li><li>• Invest in the latest technologies to reduce emissions, working towards becoming a net zero organisation by 2050, supporting the national agenda</li></ul>	<ul style="list-style-type: none"><li>• Reduction in emission of GHG</li><li>• Optimisation of electricity distribution systems and district cooling systems by minimising electricity distribution losses and maximising chiller operating efficiency</li><li>• Avoidance of unnecessary cooling and loss of energy</li><li>• Harness digitalisation in power systems and infrastructure management (including building management) to improve efficiency and performance monitoring while addressing losses</li></ul>	<div><div><p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p></div><div><p><b>9</b> INDUSTRY INNOVATION AND INFRASTRUCTURE</p></div></div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 7, Target 7.3</b></p> <ul style="list-style-type: none"><li>• Enhance the global rate of improvement in energy efficiency</li></ul> <p><b>UN SDG 9, Target 9.4</b></p> <ul style="list-style-type: none"><li>• Upgrade infrastructure and retrofit industries by increasing resource use efficiency and clean/environmentally-sound technologies</li></ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"><li>• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)</li><li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li></ul>
<b>3 Pollution prevention and control</b>		
<p><b>Eligibility Criteria:</b></p> <p>Investments, acquisitions and expenditures relating to the prevention, reduction, or elimination of pollution, including the mitigation of GHG emissions, such as:</p> <ul style="list-style-type: none"><li>• Waste management facilities that improve waste minimisation, waste filtering and waste management</li><li>• Recycling and reuse processes that divert organic materials from landfills to composting</li><li>• Waste-to-energy (WTE) power plants</li><li>• Biomass power plants</li><li>• Carbon capture (including the capture of GHG) technologies emission reduction initiatives (including carbon emission accounting platforms)</li><li>• Microalgae production by repurposing fuel gas from boilers</li><li>• Production of bio-coal from biomass or municipal solid waste (which has undergone separation of waste components for recycling).</li></ul>		




Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"> <li>Use of technological innovation, with a strong focus on recycling, to ensure supply chain resilience and sustainability</li> <li>Leverage emerging technologies for waste management i.e. port reception facilities, construction, demolition waste collection, anaerobic digester, reduce and reuse or leachate water at incinerators, etc</li> <li>Disposal of all scheduled waste in accordance with regulatory requirements and best practices</li> <li>Adoption of new waste energy generation technologies such as WTE, biomass, biogas, and production of alternative fuels from waste</li> </ul>	<ul style="list-style-type: none"> <li>Minimising pollution to land and water sources, thereby safeguarding the environment and promoting the well-being of both humans and biodiversity</li> <li>Lessening the reliance on landfills by minimising waste</li> <li>Promoting the 5R concept (refuse, reduce, reuse, recycle, recover) to limit waste-to-landfill</li> <li>Conversion of waste to alternative energy generation sources</li> <li>Promote the circular economy concept and reduce utilisation of raw materials in energy production</li> </ul>	<div>   </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 3, Target 3.9</b></p> <ul style="list-style-type: none"> <li>Reducing deaths and illnesses caused by hazardous chemicals, pollution and contamination</li> </ul> <p><b>UN SDG 11, Target 11.6</b></p> <ul style="list-style-type: none"> <li>Reduce the adverse environmental impact on cities relating to air quality, municipal and other waste management</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>Volume of air/water pollutants prevented, avoided, or reduced as a result of the projects in tonnes or any other equivalent unit</li> <li>Volume of hazardous waste generated and treated as a result of the project in tonnes of any other relevant units</li> <li>Annual absolute (gross) amount of waste separated and/or collected, and treated (including composted) or disposed of in tonnes per annum and percentage of total waste</li> </ul>
<b>4 Clean transportation</b>		
<p><b>Eligibility Criteria:</b></p> <p>Investments and expenditures relating to the development, acquisition, maintenance, and/or retrofitting of transportation systems to reduce greenhouse gas emissions and other pollutants, such as:</p> <ul style="list-style-type: none"> <li>Development of infrastructure for electric vehicle (EV) charging</li> <li>Electric vehicles which include micro mobility (i.e. electric scooters, paddled-assisted bicycles, electric motorcycles, etc)</li> <li>Hybrid vehicles at or below the threshold of 100g CO<sub>2</sub>/km</li> <li>Development of carbon-free fuel (e.g. hydrogen/ammonia) for transport</li> <li>Biofuel production from palm oil and recycled oil (where feedstock used is certified by Roundtable of Sustainable Biofuels (RSB) or International Sustainability and Carbon Certification (ISCC Plus)) AND with efficient life cycle emissions</li> </ul>		
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"> <li>Provision of infrastructure to enable the electric vehicle ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of GHG emissions and air pollution generated as a result of transportation</li> </ul>	

	<ul style="list-style-type: none"> <li>• Increase offerings of low-carbon transport vehicles</li> <li>• Production and utilisation of bio-based and carbon-free fuel sources as an alternative to traditional fossil fuels</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of emission of harmful gases that will affect the human health</li> <li>• Reduced reliance on fossil fuels as a key enabler of transportation</li> </ul>	<p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 11, Target 11.2</b></p> <ul style="list-style-type: none"> <li>• Provide access to safe, affordable, sustainable and accessible transport systems for all</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>• Annual reduction in transport-related GHG emissions in tonnes of CO<sub>2</sub> equivalent</li> <li>• Annual reduction in fuel consumption in litres or other relevant units</li> </ul>
<b>5</b>	<b>Sustainable water and wastewater management</b>		
	<p><b>Eligibility Criteria:</b></p> <p>Investments and expenditures relating to the production, construction, development, research, and maintenance of sustainable infrastructure for clean and/or drinking water, and wastewater treatment, such as:</p> <ul style="list-style-type: none"> <li>• Desalination projects with a reasonable brine disposal plan (powered by low-carbon sources such as renewables or where the average carbon intensity of electricity used for desalination is at or below 100g CO<sub>2</sub>e/kWh)</li> <li>• Water recycling systems for installation at plants</li> <li>• Rainwater harvesting</li> <li>• Leachate treatment plant for repurposing byproducts to reduce wastewater</li> </ul>		
	<b>Sustainability Objective</b>	<b>Sustainability Benefit</b>	<b>Corresponding to the UN SDGs</b>
	<ul style="list-style-type: none"> <li>• Provision of water desalination services to ensure security of water supply to the local population</li> <li>• Use of emerging technologies to reduce raw water consumption for internal consumption (e.g. housekeeping, domestic use)</li> <li>• Ensure effluents are properly treated and meet the regulated standards prior to being released into the environment</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure responsible usage of water and to protect water sources from pollution to ensure sustainable supply for surrounding communities</li> <li>• Increasing supply of clean water in water-stressed areas</li> <li>• Reduce wastage of water and increase its efficiency by maximising its utilisation</li> </ul>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>6</b> CLEAN WATER AND SANITATION</p> </div> <div style="text-align: center;">  <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="text-align: center;">  <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 6, Target 6.3</b></p> <ul style="list-style-type: none"> <li>• Improve water quality and increase recycling and safe water reuse globally</li> </ul> <p><b>UN SDG 11, Target 11.5</b></p> <ul style="list-style-type: none"> <li>• Reduce negative impact and economic losses caused by water-related disasters</li> </ul> <p><b>UN SDG 12, Target 12.2</b></p> <ul style="list-style-type: none"> <li>• Achieve and increase the sustainable management and efficient use of natural resources</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>• Annual million M<sup>3</sup> of water produced</li> <li>• Volume of water delivered to customers</li> </ul>





			<ul style="list-style-type: none"> <li>Compliance with water drinking quality standards</li> </ul>
6	<b>Circular economy adapted products, production technologies, and processes, and/or certified eco-efficient products</b>		
	<p><b>Eligibility Criteria:</b></p> <p>Investments and expenditures relating to the development, production, and/or use of circular economy adapted products, production technologies, and processes, and/or certified eco-efficient products, such as:</p> <ul style="list-style-type: none"> <li>Waste reduction and recycling technologies</li> <li>Plastic recycling via mechanical recycling</li> <li>Plastic recycling via chemical recycling</li> <li>E-waste recycling which follows robust waste management policies and processes</li> <li>Fly ash recycling</li> </ul>		
	<b>Sustainability Objective</b>	<b>Sustainability Benefit</b>	<b>Corresponding to the UN SDGs</b>
	<ul style="list-style-type: none"> <li>Leverage emerging technologies for circular economy</li> <li>Collaborate with fly ash off-takers for cement production and studying the potential of brick production as well as sand replacement for roadworks using bottom ash</li> <li>Roll-out of various community recycling programmes</li> </ul>	<ul style="list-style-type: none"> <li>Contribute towards achieving the goal of a zero waste circular economy</li> <li>Reduce overconsumption.</li> <li>Designing out waste, regenerating the ecosystem and promoting reuse of new raw materials</li> <li>Creating the awareness that is needed to increase the recycling rate in Malaysia to 40% as per the national target</li> <li>Reduce exploration of raw plastics and dependency on landfills for waste disposals</li> </ul>	<div style="text-align: center;">  </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 12, Target 12.5</b></p> <ul style="list-style-type: none"> <li>Reduce waste generation through prevention, reduction, recycling and reuse</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>Annual volume of waste reduced, reused, or recycled resulting from the project in tonnes or any other relevant unit.</li> <li>Annual volume of certified eco-efficient products or materials produced or consumed resulting from the project in tonnes or any other relevant unit.</li> </ul>
7	<b>Terrestrial and aquatic biodiversity conservation</b>		
	<p><b>Eligibility Criteria:</b></p> <p>Investments and expenditures relating to the conservation and restoration of terrestrial and aquatic ecosystems, including the protection, afforestation and restoration of habitats of endangered species:</p> <ul style="list-style-type: none"> <li>Marine conservation programme</li> <li>Mangrove planting</li> <li>Projects that support the development of carbon offsets/credits (such as through biological sequestration projects) certified under relevant carbon credit registry standards.</li> </ul>		


Where relevant, prior to undertaking such projects, environmental and/or social impact assessments may be carried out to understand the feasibility of such measures and if they are required. For avoidance of doubt, animal pest management, as well as synthetic and chemical pesticides and weedicides will be excluded from financing. Only tree species that are well-adapted to the local site conditions shall be planted, and the above activities will also have a sustainable management plan.		
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"> <li>Preserve the environment through conservation efforts</li> <li>Plant and rehabilitate mangrove saplings in RAMSAR areas (wetland sites designated to be of international importance)</li> <li>Community outreach programmes to emphasise environmental consciousness and the preservation of biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Preservation of biodiversity for future generations</li> <li>Minimise threats associated with significant loss of biodiversity</li> <li>Raise awareness of the importance of the mangrove ecosystem in supporting marine biodiversity</li> <li>Protecting local communities from ravages of the sea</li> <li>Increase carbon removal strength for the nation</li> </ul>	<div style="display: flex; justify-content: space-around;">   </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 14, Target 14.2</b></p> <ul style="list-style-type: none"> <li>Protect marine and coastal ecosystems to avoid adverse impacts</li> </ul> <p><b>UN SDG 15, Target 15.1</b></p> <ul style="list-style-type: none"> <li>Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems.</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>Net change in area of habitat protected or restored, in hectares.</li> <li>Number of species protected, or their habitats restored or enhanced.</li> </ul>

### Eligible Social Projects

<b>1 Access to essential services</b>		
<p><b>Eligibility Criteria:</b></p> <p>Investment in providing basic services like water, electricity, and telecommunications to underserved and unserved communities, such as:</p> <ul style="list-style-type: none"> <li>Development of water desalination systems and distribution networks</li> <li>Related infrastructure for transmission and distribution of renewable energy sourced electricity to underserved and unserved areas</li> </ul>		
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"> <li>Ensure that the public have easy access to reliable power, clean water and effective waste management</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the quality of life by meeting everyone's need for a clean, green environment while ensuring delivery of reliable access to power, water and integrated environmental management</li> </ul>	<div style="display: flex; justify-content: space-around;">    </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 1, Target 1.4</b></p>





		<ul style="list-style-type: none"> <li>Enhance the quality of life of the unserved and underserved</li> </ul>	<ul style="list-style-type: none"> <li>Ensure equal rights and access to basic services, natural resources and appropriate new technology</li> </ul> <p><b>UN SDG 3, Target 3.3</b></p> <ul style="list-style-type: none"> <li>Prevent the spread of water-borne and other communicable diseases</li> </ul> <p><b>UN SDG 10, Target 10.2</b></p> <ul style="list-style-type: none"> <li>Empower and promote social, economic and political inclusion for all.</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>Number of people provided with access to clean and affordable energy</li> <li>Number of affordable solar or other renewable energy projects</li> <li>Number of new household power connections</li> <li>Number of kilometres of new or upgraded power lines</li> <li>Number of water infrastructure projects built/upgraded</li> <li>Percentage/size of populations provided with access to clean water and/or sanitation</li> <li>Number of new household water connections</li> </ul>
<b>2</b>	<b>Socioeconomic advancement and empowerment</b>		
	<p><b>Eligibility Criteria:</b></p> <p>Support programmes and projects that improve livelihoods and create income-generating opportunities, such as:</p> <ul style="list-style-type: none"> <li>Community engagement activities and welfare programmes to improve socioeconomic conditions of vulnerable communities</li> <li>Malakoff Edufund Programme to support educational advancement</li> <li>Investing in the needs of local communities</li> </ul>		
	<b>Sustainability Objective</b>	<b>Sustainability Benefit</b>	<b>Corresponding to the UN SDGs</b>
	<ul style="list-style-type: none"> <li>Provide financial support to adopted schools via the Malakoff Edufund Programme</li> <li>Running of various CSR programmes targeting the under-privileged</li> </ul>	<ul style="list-style-type: none"> <li>Contribute towards narrowing social inequalities and improvement of socioeconomic conditions</li> </ul>	<div>     </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 1, Target 1.2</b></p>




	<ul style="list-style-type: none"> <li>Undertake community engagement activities and implement welfare programmes to improve socioeconomic conditions</li> <li>Actively invest in the needs of local communities</li> </ul>		<ul style="list-style-type: none"> <li>Reduce at least by half the proportion of people living in poverty</li> </ul> <p><b>UN SDG 4, Target 4.4</b></p> <ul style="list-style-type: none"> <li>Increase the number of youths and adults who have relevant technical and vocational skills for employment, decent jobs and entrepreneurship</li> </ul> <p><b>UN SDG 8, Target 8.6</b></p> <ul style="list-style-type: none"> <li>Reduce the proportion of youths not in employment, education or training</li> </ul> <p><b>UN SDG 10, Target 10.3</b></p> <ul style="list-style-type: none"> <li>Ensure equal opportunities and reduce inequalities of outcome</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>Number of micro, small, and medium enterprises in the utility sector supported</li> <li>Number of capacity-building programmes for utility sector workers</li> <li>Gender and diversity ratios in utility sector beneficiaries</li> <li>Number of schools reached</li> <li>Number of scholarship beneficiaries</li> <li>Number of education facilities and/or initiatives</li> </ul>
<b>3</b>	<b>Employment generation</b>		
	<p><b>Eligibility Criteria:</b></p> <p>Investments and expenditures relating to the initiatives that promote employment generation, such as:</p> <ul style="list-style-type: none"> <li>Programmes to develop technical skills and inculcate competitive spirit</li> </ul>		
	<b>Sustainability Objective</b>	<b>Sustainability Benefit</b>	<b>Corresponding to the UN SDGs</b>
	<ul style="list-style-type: none"> <li>Upskilling programmes to develop technical skills</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring agility and relevancy in industries that are rapidly changing</li> <li>Provide employment opportunities for local communities</li> </ul>	 <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 8, Target 8.5</b></p> <ul style="list-style-type: none"> <li>Increase productive employment and decent work for all men and women, including for young people and persons with disabilities, and equal pay for work of equal value</li> </ul>

		<b>Indicative reporting criteria:</b> <ul style="list-style-type: none"> <li>• Rate of employment for people with disabilities</li> <li>• Number of disabled people employed</li> <li>• Jobs created and/or retained</li> </ul>
--	--	---

### Eligible Transition Projects

Guided by clear sustainability considerations, MCB has committed to making no new coal investments. In line with their transition initiative, and until lower carbon and greener alternatives become feasible, MCB will decarbonise its existing thermal assets through transition projects as listed below.

1 Thermal power and plant efficiency		
<b>Eligibility Criteria:</b>  Investments and expenditures relating to the implementation of energy efficiency measures at fossil fuel power plants, such as: <ul style="list-style-type: none"> <li>• System optimisation programmes, e.g. MVAC at Malakoff's thermal plants to ensure that the input and output temperatures are continuously monitored to lower fuel usage</li> <li>• Leak detection tests carried out to avoid unnecessary cooling and loss of energy</li> <li>• Upgrade of existing coal fired plants to ultra-supercritical (USC) technology.</li> <li>• Upgrades on power plants to enhance the heat rate margin and increase performance efficiency and improve reduction of emissions where applicable</li> <li>• Life extension of repowering programmes to extend the service life of power plants (excluding coal-fired power plants)</li> <li>• Retrofits to existing power plants with installation of: <ul style="list-style-type: none"> <li>○ Carbon Capture and Storage ("CCS") technology (to reduce lifecycle emissions by at least 50% over conventional (unabated) natural gas-fired power or with carbon capture efficiency of at least 90%) and</li> <li>○ Methane leakage measurement/ estimates from the supply chain (if any)</li> </ul> </li> </ul>		
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"> <li>• Improve the energy efficiency of existing equipment for optimised thermal performance</li> <li>• Improve thermal performance reporting</li> <li>• Enhance performance measurement and gap identification for optimised thermal performance</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to rely on less coal burnt for the same heat generation</li> <li>• Reduce coal and gas consumption for thermal power plants</li> <li>• Reduction in emission of GHG</li> <li>• Optimisation of energy usage during power generation activities</li> </ul>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 7, Target 7.3</b></p> <ul style="list-style-type: none"> <li>• Increase the global rate of energy efficiency improvement</li> </ul> <p><b>UN SDG 9, Target 9.4</b></p> <ul style="list-style-type: none"> <li>• Upgrade infrastructure to make them more sustainable by increasing resource use efficiency</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>• Annual energy savings</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> </ul>

2	<b>Low-carbon alternatives for thermal power generation</b>		
	<p><b>Eligibility Criteria:</b></p> <p>Investments relating to the construction, development, acquisition, maintenance, life-extension, installation and/or operation of:</p> <ul style="list-style-type: none"> <li>Gas-fired power plants as part of an overarching scheme/framework to balance an increase in the share of green energy in the electricity generation mix, with: <ul style="list-style-type: none"> <li>Methane leakage measurement/estimates from their supply chain, if any</li> </ul> </li> <li>New gas-fired power plants with <ul style="list-style-type: none"> <li>Life cycle GHG intensity below 25 gCO<sub>2</sub>e/kWh.</li> <li>Intent to switch away from coal/oil power, or to deliver services to industries for seasonal peaks, storage, or high-temperature heat; and</li> <li>Methane leakage measurement/estimates from their supply chain, if any</li> </ul> </li> <li>Production of hydrogen through a steam reforming process using natural gas/biogas with carbon capture and storage</li> <li>Power plant fuel-switching projects to lower carbon alternatives, such as: <ul style="list-style-type: none"> <li>Co-firing and fuel switching studies</li> <li>Co-firing with biomass</li> <li>Co-firing/ switching to ammonia/ hydrogen</li> <li>Co-firing/ switching to natural gas</li> </ul> </li> </ul>		
	<b>Sustainability Objective</b>	<b>Sustainability Benefit</b>	<b>Corresponding to the UN SDGs</b>
<ul style="list-style-type: none"> <li>Invest in co-firing and fuel switching studies to enable use of less carbon-intensive fossil fuels for power generation</li> </ul>		<ul style="list-style-type: none"> <li>Reduce demand/dispatch from coal-fired power plants</li> <li>Reducing emissions of GHG from power generation activities by using alternative lower carbon sources such as gas, biogas, ammonia or hydrogen until lower-carbon options become feasible</li> <li>Advancing the transition to a cleaner energy while balancing between energy security, affordability and sustainability</li> </ul>	<div style="display: flex; justify-content: space-around; align-items: center;">    </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 7, Target 7.2</b></p> <ul style="list-style-type: none"> <li>Decrease the share of coal-fired energy in the global energy mix</li> </ul> <p><b>UN SDG 9, Target 9.1</b></p> <ul style="list-style-type: none"> <li>Develop quality, reliable, sustainable and resilient infrastructure for equitable access to economic development and human well-being for all</li> </ul> <p><b>UN SDG 11, Target 11.c</b></p> <ul style="list-style-type: none"> <li>Providing infrastructure in underserved areas utilising local materials</li> </ul> <p><b>Indicative reporting criteria:</b></p> <ul style="list-style-type: none"> <li>Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> </ul>

*Note: Indicative measurements stated represent examples only and are not exhaustive.*

## Overall Impact Significance

The main goal of the Framework is to set forth principles under which MCB intends to issue financing instruments.

The ten (10) eligible green and social categories identified in the Framework align with the project categories recognised by ICMA's GBP/SBP/SBG, ACMF's ASEAN GBS/SBS/SUS, SC's SRI Sukuk Framework and LMA's GLP/SLP.

The two (2) eligible transition categories identified in the Framework align with the four (4) disclosure guidelines outlined by ICMA's Climate Transition Finance Handbook 2023 (CTFH):

- Issuer's climate transition strategy and governance
- Business model environmental materiality
- Climate transition strategy to be "science-based"; and
- Implementation strategy.

Each of the Eligible Categories will support the initiatives in achieving the UN SDGs such as:

### Green Category:

Renewable energy (UN SDGs 7, 9, and 11); Energy efficiency (UNs SDG 7 and 9); Pollution prevention and control (UN SDGs 3 and 11); Clean transportation (UN SDG 11); Sustainable water and wastewater management (UN SDGs 6, 11, and 12); Circular economy adapted products, production technologies, and processes, and/or certified eco-efficient products (UN SDG 12); and Terrestrial and aquatic biodiversity conservation (UN SDGs 14 and 15)

### Social Category

Access to essential services (UN SDGs 1, 3, and 10); Socioeconomic advancement and empowerment (UN SDGs 1, 4, 8, and 10); and Employment generation (UN SDG 8)

### Transition Category

Thermal power plant efficiency (UN SDG 7 and 9); and Low-carbon alternatives for thermal power generation (UN SDGs 7, 9, and 11)

MCB's primary focus on energy efficiency and renewable energy serves as an enabler for the inclusion of MCB's other categories listed under their Sustainable Finance Framework. Examples of projects to be financed through the Sustainable Finance Framework include equity injection into RP Hydro for redeemable preference shares ("RPS") subscription, equity injection Sg Udang WTE Plant for RPS subscription, and reimbursement of advances to MRSB for rooftop solar projects.

The Use of Proceeds for the Eligible Projects may include:

- Disbursements to the projects three (3) years prior to the issuance or signing date of each tranche of the respective Sustainable Finance and for the duration of their life
- Investments, capital expenditure (CAPEX) and operational expenditure (OPEX) of physical assets meeting the eligibility criteria
- Research and development (R&D) expenditures aimed at developing new products and solutions, investments and/or business ventures and opportunities.



### Exclusion Criteria

MCB's Utilisation of Proceeds for Green and Social Projects shall be excluded from financing projects or activities related to the following industries below (Green and Social Project Exclusion List), consistent with Malaysia's projected total primary energy source by 2050, and as aligned with the ACMF's ASEAN GBS (e.g. fossil fuel generation projects), and ACMF's ASEAN SBS (e.g. activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry):

- (a) Luxury sectors (precious metals/ precious minerals/ artworks and antiques wholesale or brokerage)
- (b) Child labour or forced labour
- (c) Gambling
- (d) Adult entertainment
- (e) Weapons and military contracting
- (f) Alcohol
- (g) Tobacco
- (h) Fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels); and
- (i) Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans.

### *Notes:*

1. *The above includes exclusions that are not currently relevant to the business. However, they are included for clarity and compliance with the standards and guidelines related to MCB's Sustainability Finance issuance.*
2. *Any loans/financing/assets/projects which are not Shariah-compliant will be excluded from the utilisation of Sustainability Sukuk Proceeds.*

<input checked="" type="checkbox"/>	<b>Very Significant</b>	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"/>	<b>Significant</b>	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"/>	<b>Fairly Significant</b>	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"/>	<b>Marginal</b>	This level of impact significance is assigned where underlying projects are expected to generate a positive but limited ground level impact.
<input type="checkbox"/>	<b>Not Significant</b>	This level of impact significance is assigned where underlying projects are expected to have negligible ground level impact.

## 02 ASSESSMENT OF ALIGNMENT WITH GBP/SBP/SBG, ASEAN GBS/SBS/SUS, SC SRI SUKUK FRAMEWORK AND GLP/SLP

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 Sustainable Finance Proceeds will be exclusively utilised for the financing and/or the refinancing, in whole and/or in part, of Eligible Projects, new and/or existing assets, businesses, projects and/or products that comply with the eligibility criteria recognised by GBP/SBP/SBG, ASEAN GBS/SBS/SUS, the SRI Sukuk Framework and GLP/SLP.

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

1. Renewable energy
2. Energy efficiency
3. Pollution prevention and control
4. Clean transportation
5. Sustainable water and wastewater management
6. Circular economy adapted products, production technologies, processes, and/or certified eco-efficient products
7. Terrestrial and aquatic biodiversity conservation
8. Access to essential services
9. Socioeconomic advancement and empowerment
10. Employment generation

Additionally, clear exclusion criteria have been defined by the Framework.

MCB commits to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, MCB 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.

A register of Eligible Projects will be maintained by MCB that will be periodically reviewed to verify that all assets in the register continue to meet the criteria under the Framework.

In MARC Ratings' opinion, the defined eligible Use of Proceeds categories in the Framework meet the criteria for Use of Proceeds as set forth in the GBP/SBP/SBG, ASEAN GBS/SBS/SUS, the SRI Sukuk Framework and GLP/SLP.



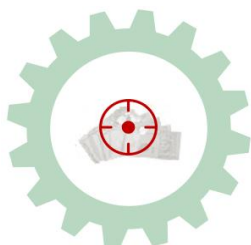
Principle Two:  
Process for Project Eval-  
uation and Selection

The step-by-step process for evaluation and selection of Eligible Projects is as follows:

- a) The heads of divisions of projects teams of MCB's subsidiaries will review and validate that the operations of the intended Eligible Project is in accordance with the guiding principles for the selection of Eligible Categories and Eligibility Criteria for the Use of Proceeds as laid out within MCB's Sustainable Finance Framework
- b) The head of divisions of project teams will submit their recommended Eligible Projects to the MSC for approval and selection
- c) The respective heads of division of project teams will monitor the Eligible Projects during their operations, and report to the MSC as soon as practicable in case an Eligible Project no longer fulfills the eligibility criteria.

Where applicable, MCB will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Projects. An Eligible Project that ceases to meet the eligibility criteria can be substituted with another Eligible Project that is evaluated in accordance with the aforementioned procedures. The MSC shall meet at least twice a year to evaluate prospective Eligible Projects, and shall also convene in the event of any material development to the Sustainable Finance Transactions ("SFTs") or the status of the Eligible Projects.

In MARC Ratings' opinion, the above is in line with market practice.



Principle Three: Man-  
agement of Proceeds

The proceeds raised in accordance with the Sustainable Finance Framework shall be allocated to the Eligible Projects selected based on the evaluation and approval process. MCB will track the Sustainable Finance Proceeds and monitor the allocation of the proceeds internally.

The proceeds will be deposited into MCB's bank account which shall be managed by MCB's Group Finance Division and earmarked for utilisation towards Eligible Projects. MCB will create a register to track the allocation of the proceeds raised in reference to this Framework. The register will contain the following information:

- i. **Type of funding allocation** – Key information including issuer/borrower entity, transaction date, tranche information, principal amount of proceeds, repayment or amortisation profile, maturity date, interest or coupon rate, and the ISIN number in the case of a bond or sukuk transaction.
- ii. **Allocation of Use of Proceeds information:**
  - a. Name and description of Eligible Projects to which the proceeds of the SFTs have been allocated with this Framework.
  - b. Amount of the SFT proceeds allocated to each project.
  - c. Remaining balance of unallocated proceeds.
  - d. Other relevant information such as information of temporary investment for unallocated proceeds.

The utilisation is intended to be dynamic, with new Eligible Projects able to be added and removed, where applicable. If any Eligible Project ceases to meet the eligibility criteria, the Project can be substituted with other Eligible Project(s) that is evaluated and selected in accordance with the same evaluation and approval process as soon as practicable.

MCB's internal records will show the allocation of the net proceeds relative to each Eligible Project for as long as the offering remains outstanding. Payment of principal and interest on any SFTs may be made from general funds and shall not be directly linked to the performance of any Eligible Project. Pending full allocation, the proceeds of the financing instrument shall be invested cash, cash equivalents, deposits, money market instruments and/or other short-term liquid marketable investments in accordance with MCB's cash management policy. Full allocation of proceeds will be carried out as soon as reasonably practicable, or within 36 months, whichever sooner.

MCB will issue a progress report on an annual basis, which will provide information on the allocation and impacts throughout the tenure of the financing facility. The Impact Report will be published on MCB's website.



Principle Four: Reporting

In the Allocation Report, MCB will include:

- i. Amount issued and outstanding for the SFTs
- ii. Total value of Eligible Projects
- iii. Description of the portfolio of Eligible Projects, including breakdown of the allocated amounts by ICMA/LMA categories where appropriate
- iv. Amount and/or percentage of new and existing projects (share of financing and refinancing); and
- v. Any further information on how unallocated proceeds have been held.

The Impact report will provide qualitative and quantitative performance measures and examples associated with each category of Eligible Projects, where feasible. Subject to the nature of Eligible Projects and availability of information, MCB aims to include, but not limited to, the following Impact Indicators:

- i. Impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact.
- ii. Key Performance Indicators achieved in supporting the UN SDGs and MCB's sustainability ambitions.

External verifiers may be engaged to verify MCB's use of proceeds and reporting as described in the sections above.

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

The review of MCB's compliance with the recommended disclosures of the CTFH is attached in this assessment's appendix.

Overall, MARC Ratings considers the Framework to be aligned with the core components of the respective standards regarding the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting (including Disclosures), and recommendations made by the CTFH guidelines.

## 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

### Sustainability at Malakoff

Malakoff takes a three-pronged holistic approach towards sustainability, covering all business areas. It applies the approach of embedding the triple bottom line into its business operations, objectives, and goals to ensure that Malakoff and its group of companies ("Malakoff Group" or the "Group") will remain relevant in the longer term.

#### Commitment Towards Sustainability



### Adoption of UN SDGs

Malakoff has adopted the following goals to demonstrate its commitments, in alignment with the ESG pillars:



## MCB's ESG Roadmap against ESG pillars



## MCB's 2.0 Strategic Transformation

MCB's strategic transformation was launched in mid-2021 and is a transformative shift from its traditional Independent Power Producer (IPP) identity to becoming a global player in renewable energy (RE) and environmental solutions, driven by sustainability and ESG principles. This new direction is rooted in the company's purpose, "Enhancing Life, Enriching Communities," which emphasises delivering reliable energy, effective environmental management, and innovative green solutions worldwide.

MCB aims to decarbonise its power generation, expand renewable energy ventures, and offer sustainable environmental solutions that promote a circular economy. Digitalisation plays a role in enhancing its sustainability efforts by automating carbon accounting and supporting data-driven decision-making. With some existing Power Purchase Agreements (PPAs) set to expire, MCB is transitioning its power plants to cleaner energy sources and bridging potential earnings gaps by developing new growth projects. As a result, MCB's business portfolio now spans diverse sectors, primarily focusing on RE (solar, small hydro, biogas, biomass, and WTE), integrated environmental services, carbon-free mobility infrastructure, and water desalination.



MCB is also exploring opportunities for Renewable Energy Certificates (RECs) and carbon credit generation based on its RE projects and circular economy initiatives. It is also engaging in discussions with education hubs to drive research and development in alignment with its sustainability goals.

MCB prioritises its social responsibility by creating an inclusive and high-performance workplace for its employees. Additionally, MCB engages in various community initiatives and projects, demonstrating its commitment to making a positive impact and aligning itself with the broader social and environmental goals of sustainability.

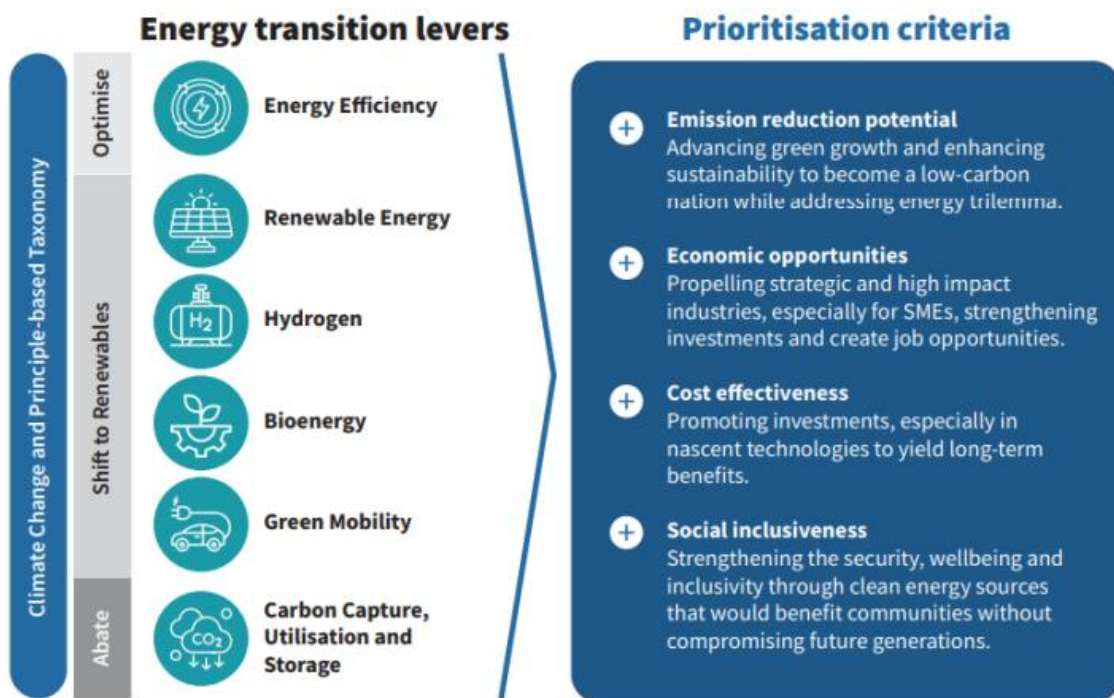
Its approach to sustainability is underpinned by good corporate governance that emphasises transparency and integrity while adhering to regulatory guidelines such as the Malaysian Code on Corporate Governance and the Main Market Listing Requirements.

### MCB's 1.5°C Climate Transition: Science-Based and National Climate Agenda Alignment


Following the Science Based Target Initiative (SBTi) Sectoral Decarbonisation Approach and the International Energy Agency (IEA) scenario analysis, MCB has committed to achieving net zero emissions by 2050, aligning with the 1.5°C climate transition scenario. The company is currently developing its emission projections and has pinpointed specific operational activities to support its decarbonisation goals. New business activities and potential investments are subject to approval by MCB's Sustainability Committee. MCB's transformation aims to align with the environmental goals of the Malaysian Government.

 <b>Malaysia's Sustainability Commitments</b>	 <b>Malakoff's Sustainability Commitments</b>
<ul style="list-style-type: none"> <li>▪ Become a Net Zero GHG Emissions nation as early as 2050<sup>2</sup></li> <li>▪ Achieve a target of 70% of installed RE capacity by 2050<sup>3</sup></li> <li>▪ National Recycling Rate to be at least 40% by 2025<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduce GHG emissions intensity by 30% by 2031, from a 2019 baseline</li> <li>▪ Become a Net-Zero Emissions organisation by 2050, in line with the 1.5°C scenario analysis based on the SBTi Sectoral Decarbonisation Approach</li> <li>▪ No new greenfield coal investments</li> <li>▪ Increase Malakoff's RE capacity to 1,400 MW by 2031</li> <li>▪ Increase revenue contribution from RE &amp; Environmental Solutions to at least 50% in the next 10 years</li> <li>▪ Achieve a 15%-20% Recycling Rate by 2025 from waste collected by Alam Flora</li> <li>▪ Collect, handle and manage waste volume of 10,000 tonnes per day by 2031</li> <li>▪ Towards achieving a Zero Waste Circular Economy goal</li> </ul>

MCB employs the following energy transition levers that are in line with Malaysia's National Energy Transition Roadmap (NETR) as announced in August 2023:



In conjunction with the NETR, Malakoff will be championing one of the NETR's 10 flagship catalyst projects and initiatives, for bioenergy.

Energy Transition Levers	Flagship	Modalities	Champion
<b>Bioenergy</b> 	<b>Biomass Demand Creation</b>	<b>Biomass Co-firing</b> Co-firing initiative at the existing 2100 MW Tanjung Bin Power Plant by burning biomass along with coal. Biomass sources include empty fruit bunch ("EFB") pellets, wood chips, wood pellets, bamboo pellets, coconut husk and rice husk. A pilot phase of co-firing will commence in 2024 with the scale-up potential to a minimum of 15% biomass co-firing capacity by 2027.	<ul style="list-style-type: none"> <li>Kementerian Peladangan dan Komoditi ("KPK")</li> <li>Malakoff</li> </ul>

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




## Sustainability Performance Assessment

<input checked="" type="checkbox"/>	<b>Excellent/Highest Assurance</b>	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"/>	<b>Very Good/High</b>	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"/>	<b>Good/Medium</b>	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"/>	<b>Fair/Basic</b>	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"/>	<b>Poor/Weak</b>	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 them are major concern.</p>

## 05 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 [www.marc.com.my](http://www.marc.com.my). 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 [www.marc.com.my](http://www.marc.com.my) or contact us at [ratings@marc.com.my](mailto:ratings@marc.com.my).

## Appendix

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

**Issuer: Malakoff Corporation Berhad**  
**MCB's Sustainable Finance Framework**

**Key Additional Features to be complied 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><b>Issuer</b> <u>ASEAN GBS/SBS/SUS</u> 3.1 <i>The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</i></p> <p><u>SRI Sukuk Framework</u> 7.02 <i>The proceeds (of Sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</i></p> <p>7.03 <i>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.</i></p> <p>7.04 <i>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.</i></p> <p>7.05 <i>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.</i></p>	<p><i>MCB is an ASEAN issuer.</i></p> <p><i>The Sukuk proceeds will be applied exclusively for the funding of activities falling within those broad categories of eligibility recognised by the SC's SRI Sukuk Framework.</i></p> <p><i>The issuer intends to issue SRI sukuk that comply with the Guidelines.</i></p> <p><i>MCB commits to establish policies and processes as needed to ensure compliance with the SRI Sukuk Framework.</i></p> <p><i>The Issuer's Framework will be made available at the point of issuance and throughout the tenure of the SRI sukuk via its website indicated in the Framework.</i></p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><b>Eligible Projects</b></p> <p><u>SRI Sukuk Framework</u></p> <p>7.07</p> <p>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"> <li>Preserving and protecting the environment and natural resources;</li> <li>Conserving the use of energy;</li> <li>Promoting the use of renewable energy;</li> <li>Reducing greenhouse gas emission;</li> <li>Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or</li> <li>Improving the quality of life of society.</li> </ol> <p>7.08</p> <p>The Eligible SRI projects may include but not limited to the following:</p> <ol style="list-style-type: none"> <li>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 wastewater 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.</li> <li>Social projects that relate to, amongst others—affordable basic infrastructure; access to essential services; affordable housing; employment generation including the potential effect of SME financing and microfinance; food security; and socioeconomic advancement and empowerment.</li> <li>Projects which are the combination of Green and Social projects as described in (a) and (b) above; and</li> <li>Waqf projects that relate to the development of waqf properties or assets.</li> </ol>	<p>Eligible projects as defined by the Framework will achieve any one or a combination of objectives (a) through (f) 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 Social project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework.</p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><b>Use of Proceeds</b></p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.1</p> <p>4.1.1</p> <p><i>The utilisation of issue proceeds must be described in the documentation for issuance.</i></p> <p>4.1.2</p> <p><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</p> <p><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</p> <p><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 social and green project categories recognised by the Standards.</i></p> <p><i>The eligible Use of Proceeds project categories set out in the Framework are recognised as impactful by ASEAN Standards.</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, the issuer shall endeavor 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>MARC Ratings has reviewed the Social and Green Eligible Categories and concluded that the eligible projects/financing fulfil the applicable criteria to be considered green and/or social for the purposes of the GBP/SBP, ASEAN GBS/SBS and SC's SRI Sukuk Framework.</i></p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><b>Process for Project Evaluation and Selection</b></p> <p><u>SRI Sukuk Framework</u> 7.12 An issuer must establish internal processes for evaluation and selection of the Eligible SRI projects as identified in paragraph 7.08 above.</p> <p><u>ASEAN GBS/SBS/SUS</u> 4.2.1 The issuer must clearly communicate to investors:</p> <p>(i) The environmental / social sustainability objectives; The Eligible Categories are framed in the context of SDGs with specific E&amp;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 environmental and social (E&amp;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 issuer has established internal processes for project evaluation and selection which provides for senior management involvement.</p> <p>The Eligible Categories in the Framework are framed in the context of SDGs with specific social and environmental objectives.</p> <p>The Framework details an internal process by which Eligible Projects are assessed and selected to ensure fulfillment of criteria.</p> <p>An exclusion list is clearly stated in MCB's Framework. The exclusion criteria of the use of proceeds include the financing of:</p> <ul style="list-style-type: none"> <li>Luxury sectors (precious metals/ precious minerals/artworks and antiques wholesale or brokerage)</li> <li>Child labour or forced labour</li> <li>Gambling</li> <li>Adult entertainment</li> <li>Weapons and military contracting</li> <li>Alcohol</li> <li>Tobacco</li> <li>Fossil fuel-related activities (including extraction, exploration, production, power generation or transport of fossil fuels)</li> <li>Nuclear</li> <li>Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; and</li> </ul> <p>Where applicable, MCB will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Projects.</p> <p>The issuer has appointed MARC Ratings as the external reviewer for its Framework.</p> <p>The issuer has committed to make the required information available on its corporate website.</p>	<p>The eligibility criteria are clearly communicated in the Framework.</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>MCB also disclosed that the respective project teams will assume the responsibility for monitoring the Eligible Projects during the life of the transaction and will report to the Sustainability Committee as soon as practicable in the case where an Eligible Project no longer meets the eligibility criteria. An Eligible Project that ceases to meet the eligibility criteria can be substituted with other Eligible Project(s) that is evaluated and selected in accordance with the aforesaid procedures.</p> <p>The Framework will provide information on the process for project evaluation, and MCB 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 its corporate website as indicated in the Framework.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><b>Management of Proceeds</b></p> <p><u>SRI Sukuk Framework</u></p> <p>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><u>ASEAN GBS/SBS/SUS</u></p> <p>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 If 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>MCB will monitor the allocation of the Sukuk proceeds and the Eligible Projects portfolio internally.</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 financing.</p> <p>The net proceeds from the sukuk issuance will be internally tracked. MCB will invest the balance of unallocated proceeds in permitted investment instruments in accordance with MCB'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 that the temporary placement of the balance of unallocated net proceeds is subject to its liquidity management policy.</p> <p>MCB will track the allocation of funds internally.</p>	<p>Issuer will ensure that the relevant information is disclosed in the documentation of the Bonds.</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>



Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><b>Reporting</b></p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p><b>4.4.1</b> 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><b>4.4.2</b> 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><b>4.4.3</b> 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><b>4.4.4</b> 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><b>4.4.5</b> 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><b>Disclosure Requirements</b></p> <p><u>SRI Sukuk Framework</u></p> <p><b>7.16</b> 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>The allocation and impact reporting will be published annually until the maturity of the Sustainable Finance Transactions and such reporting will be made available on the Issuer's corporate website.</p> <p><b>(a) Allocation Reporting</b></p> <p>The allocation section of the Sustainable Finance Report will include, among others:</p> <ul style="list-style-type: none"> <li>List of the Eligible Projects/Eligible Assets together with a brief description, to which proceeds of the Sustainable Finance Transactions have been allocated to.</li> <li>Aggregate amount of proceeds allocated and used for the Eligible Projects/Eligible Assets, with a summary on the assets allocated including the purpose, location and status of the Eligible Projects/Eligible Assets.</li> <li>Remaining balance of the unallocated proceeds at the end of the reporting period and where such unutilised amount is placed or invested pending utilisation.</li> <li>Removal or substitution of Eligible Projects/Eligible Assets; and</li> <li>Confirmation that the Use of Proceeds from the Sustainable Finance Transactions conforms to the Framework.</li> </ul> <p><b>(b) Impact Reporting</b></p> <p>Where possible, MCB will report on the environmental and social impacts associated with the Eligible Projects/Eligible Assets funded with the proceeds from the Sustainable Finance Transactions, including information on the methodology and assumptions used to determine the impact or expected impact, subject to the nature of Eligible Projects/Eligible Assets and availability of information.</p> <p>The Issuer has committed to provide information items (a) through (h) within its Sustainable Finance Framework.</p>	<p>Updates to the external review are encouraged by the ASEAN Standards but are strictly voluntary.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<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 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>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>		
<p><b>External Review</b></p> <p><u>SRI Sukuk Framework</u></p> <p>7.17</p> <p>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/SUS</u></p> <p>5.1</p> <p>Issuers are recommended to appoint external review providers for the bond issuances or programmes.</p> <p>5.2</p> <p>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.</p> <p>5.3</p> <p>The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</p> <p>5.4</p> <p>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 the 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 assessment analysis that is published on its 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)

<p><b>Issuer: Malakoff Corporation Berhad</b>  <b>MCB's Sustainable Finance Framework</b></p> <p><b>Note:</b>  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 have produced guidelines to harmonise with the Green Loan Principles (GLP) and Social Loan Principles (SLP).</p>		
<b>Criteria</b>	<b>Compliance with criteria</b>	<b>Remarks/Scope of Work Undertaken</b>
<p><u>GLP/SLP/APLMA/LMA/LSTA</u></p> <p><b>Use of Proceeds</b>  <i>The standards 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&amp;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 and/or Social loan may take the form of one or more tranches of a loan facility. In such cases, the loan tranche(s) must be clearly designated, with proceeds of the tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</i></p> <p><b>Process for Project Evaluation and Selection</b>  <i>The borrower of a green and/or social loan should clearly communicate to its lenders:</i></p> <ul style="list-style-type: none"> <li>• <i>their sustainability objectives;</i></li> <li>• <i>the process by which the borrower determines how its projects fit within the Eligible Categories; and</i></li> <li>• <i>the related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social risks associated with the proposed projects.</i></li> </ul>	<p><i>All designated Green and/or Social Projects have clear environmental and/or social benefits, which will be assessed, and where feasible, quantified, measured, and reported by the borrower.</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 Borrower has established internal processes for project evaluation and selection which provides for senior management involvement.</i></p> <p><i>The Eligible Categories are framed in the context of SDGs with specific environmental objectives.</i></p>	

<p><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> <p><i>Borrowers are also encouraged to disclose any green standards or certifications to which they are seeking to conform.</i></p> <p><b>Management of Proceeds</b></p> <p><i>The proceeds of a green and/or social 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 and/or social loan takes the form of one or more tranches of a loan facility, each 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><b>Reporting</b></p> <p><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 and/or social 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/SLP 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>Transparency is of 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, greenhouse gas emissions reduced/avoided, etc.) and disclosure of the</i></p>	<p><i>The net proceeds from the loans will be internally tracked. The Borrower will invest the balance of unallocated proceeds in the permitted investment instruments in accordance with its cash management policy.</i></p> <p><i>The Borrower will issue a progress report on an annual basis, which will provide information on the allocation and impacts throughout the tenure of the financing facility. This report will be made available at MCB's corporate website. The allocation section of the Sustainable Finance Report will include, among others:</i></p> <ul style="list-style-type: none"> <li><i>• List of the Eligible Projects/Eligible Assets together with a brief description, to which proceeds of the Sustainable Finance Transactions have been allocated to</i></li> <li><i>• Aggregate amount of proceeds allocated and used for the Eligible Projects/Eligible Assets, with a summary on the assets allocated including the purpose, location and status of the Eligible Projects/Eligible Assets.</i></li> <li><i>• Remaining balance of the unallocated proceeds at the end of the reporting period and where such unutilised amount is placed or invested pending utilisation</i></li> <li><i>• Removal or substitution of Eligible Projects/Eligible Assets; and</i></li> <li><i>• Confirmation that the Use of Proceeds from the Sustainable Finance Transactions conforms to this Framework.</i></li> </ul> <p><i>Where possible, MCB will report on the environmental and social impacts associated with the Eligible Projects/Eligible Assets</i></p>	
--	---	--

<p><i>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><b>External Review</b> <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 and/or social 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 and/or social loan or associated green and/or social framework or full, assessing alignment with all four core components of the GLP/SLP. It should be made available to all institutions participating in the green and/or social loan on request. When appropriate, and considering confidentiality and competitive considerations, borrowers should make publicly available the external review, or an appropriate summary, via their website or otherwise.</i></p>	<p><i>funded with the proceeds from the Sustainable Finance Transactions, including information on the methodology and assumptions used to determine the impact or expected impact.</i></p> <p><i>MARC Ratings has been engaged as the 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 loan 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>
--	---	--

## Review of Compliance with Climate Transition Finance Handbook (CTFH) Recommended Disclosures

<p><b>Issuer: Malakoff Corporation Berhad</b> <b>MCB's Sustainable Finance Framework</b></p> <p>The Climate Transition Finance Handbook acts as additional guidance for issuers seeking to utilise green bonds, sustainability bonds or sustainability-linked bonds towards the achievement of their climate transition strategy. Issuers are encouraged to reference the recommendations outlined in the Climate Transition Finance Handbook in their reporting.</p>		
<i>Elements</i>	<i>Recommended Disclosures</i>	<i>Compliance with recommendations</i>
Element One: Issuer's climate transition strategy and governance	<ul style="list-style-type: none"> <li>A long-term, science-based target to align with the goals of the Paris Agreement</li> <li>Relevant and credible interim science-based targets in the short and medium term on the trajectory towards the long-term goal, in line with the relevant regional, sector, or international climate change scenarios</li> <li>Disclosure on an issuer's transition plan or climate transition strategy. This should include specific itemisation of the main levers towards GHG emission reduction, such as a detailed capital expenditure (capex) plan and relevant technological implications (i.e. amounts to be spent, what carbon cost is considered for implementing such capex programme, operational impacts, regulatory considerations, etc)</li> <li>Clear oversight and governance of an issuer's climate transition strategy, including management/board level accountability</li> <li>Evidence of a broader sustainability strategy to mitigate relevant environmental and social externalities, including 'just transition' considerations where appropriate, and contributions to the UN Sustainable Development Goals (UN SDGs)</li> </ul>	<p>MCB's transition strategy incorporates relevant science-based targets in the short- and medium-term interim towards the trajectory of their long-term goals, in line with the Paris Agreement, their targets of achieving net zero emissions by 2050, and Malaysia's National Energy Transition Roadmap (NETR).</p> <p>MCB's climate transition strategy is outlined in its Sustainability Framework, and is in line with MCB's 2.0 Strategic Transformation. The implementation of both the Sustainability Framework and MCB's climate transition strategy will be governed by the MSC.</p>
Element Two: Business model environmental materiality	<ul style="list-style-type: none"> <li>Disclosed in the form of a materiality matrix made publicly available by an issuer or be covered in an issuer's annual reports</li> <li>Address the materiality of climate-related eligible projects and/or KPI(s) on the overall emissions profile of an issuer</li> </ul>	<p>The 13 identified ESG materiality matters of MCB's climate transition strategy are disclosed in the form of a materiality matrix, with each material matter itemised according to the level of priority.</p> <p>MCB's climate transition strategy also addresses the materiality of climate-related eligible projects and their corresponding KPI(s) on the emissions profile of MCB.</p>
Element Three: Climate transition strategy and	<ul style="list-style-type: none"> <li>Short, medium, and long-term GHG emission reduction targets aligned with the Paris Agreement</li> </ul>	MCB has incorporated relevant science-based targets in the short- and medium-term interim towards the trajectory of their long-term goals,

<p>targets to be science-based</p>	<ul style="list-style-type: none"> <li>• Baseline year and historic emissions (including absolute emissions, where intensity metrics are the main indicator)</li> <li>• Scenario utilised and methodology applied (e.g., ACT, SBTi, IEA, etc). When third-party trajectories are not available, industry peer comparison and/or internal methodologies/historical performance</li> <li>• GHG emission objectives covering all scopes and most relevant sub-categories (Scopes 1, 2 and 313)</li> <li>• Targets formulated in either intensity or absolute terms, noting, that where intensity targets are used, projections on the change to absolute emissions should also be provided</li> <li>• Where applicable, use of carbon capture technology as well as of high-quality and high-integrity carbon credits<sup>14</sup>, and their relative contribution to the GHG emissions reduction trajectory in line with best industry practices (e.g. SBTi, VCMi and ICVCM)</li> </ul>	<p>in line with the 1.5°C climate transition scenario analysis based on the Science Based Target Initiative (SBTi) Sectoral Decarbonisation Approach, mv and based on the International Energy Agency (IEA) scenario analysis.</p> <p>Utilising 2019 as their baseline year, MCB aims to fulfil Malaysia's Sustainability Commitments by:</p> <ul style="list-style-type: none"> <li>• Reducing GHG emissions by 30% by 2031.</li> <li>• Become a net zero emissions organisation by 2050, in line with the 1.5°C scenario analysis based on the SBTi Sectoral Decarbonisation Approach.</li> <li>• Increasing MCB's RE capacity to 1,400MW by 2031.</li> <li>• Increasing revenue contribution from RE and Environmental Solutions to at least 50% within the next 10 years.</li> <li>• Achieving a 15%-20% recycling rate by 2025 from waste collected from Alam Flora.</li> <li>• Collecting, handling and managing waste volume of 10,000 per day by 2031 towards achieving the goal of a Zero Waste Circular Economy.</li> </ul> <p>MCB will be employing energy transition levers by championing one of the NETR's 10 flagship catalyst projects and initiatives for bioenergy:</p> <ul style="list-style-type: none"> <li>• Co-firing initiative at the existing 2100 MW Tanjung Bin Power Plant, with the pilot phase commencing in 2024 with a scale-up potential to a minimum of 15% biomass co-firing capacity by 2027.</li> </ul>
<p>Element Four: Implementation transparency</p>	<ul style="list-style-type: none"> <li>• Capex roll-out plan consistent with the overall climate transition strategy and climate science and discussion of how it informs capex decision-making within the organisation</li> <li>• Phase-out plan regarding activities/products incompatible with the climate transition strategy (when such activities or products are significantly harmful or display levels of performance inconsistent with science based GHG emission reduction trajectories)</li> <li>• Green capex, for example those referenced under the eligible green project categories in the Green Bond Principles, as a percentage of total capex and how the ratio may be expected to evolve over time</li> <li>• Disclosure on the percentage of assets/ revenue/ expenditure/ divestments aligned to the various levers</li> </ul>	<p>MCB's implementation of its climate transition strategy is guided by their Sustainability framework and ESG roadmap.</p> <p>MCB's ESG Roadmap is mapped against the ESG pillars, and will serve as a guidepost that will help take MCB progressively closer towards its sustainability goals while contributing to the nation's transition towards a low-carbon, circular economy.</p>



	<ul style="list-style-type: none"> <li>• A qualitative and/or quantitative assessment of the potential locked-in GHG emission from an issuer's key assets and products</li> <li>• Assumptions on the internal cost of carbon</li> <li>• Disclosure on adverse impacts on the workforce, community and surrounding environment, and related strategies used to mitigate those negative impacts</li> </ul> <p>For independent reviews, assurance and verification:</p> <ul style="list-style-type: none"> <li>• The percentage/relative share of green/sustainability* spending out of an issuer's total spending</li> <li>• The absolute amount of green/sustainability spending</li> <li>• The GHG emission reduction outcomes or benefits achieved or expected to be achieved through such increased green/sustainability spending, and where available, the decreased non-green/significantly harmful spending</li> </ul>	<p>MCB is in discussions with several external sustainability statement assurance service providers to finalise its carbon accounting service provider to enhance its sustainability disclosures.</p> <p>To review the methodology of its ESG scoring while improving its ESG score on its public domain, MCB has engaged with ESG institutions such as S&amp;P Global, the United Nations Global Compact Network Malaysia &amp; Brunei (UNGCMYB) and other research institutions.</p>
--	---	--

## THE UN SUSTAINABLE DEVELOPMENT GOALS

	<b>GOAL 1:</b> End poverty in all its forms everywhere		<b>GOAL 10:</b> Reduce inequality within and among countries
	<b>GOAL 2:</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture		<b>GOAL 11:</b> Make cities and human settlements inclusive, safe, resilient and sustainable
	<b>GOAL 3:</b> Ensure healthy lives and promote well-being for all at all ages		<b>GOAL 12:</b> Ensure sustainable consumption and production patterns
	<b>GOAL 4:</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		<b>GOAL 13:</b> Take urgent action to combat climate change and its impacts
	<b>GOAL 5:</b> Achieve gender equality and empower all women and girls		<b>GOAL 14:</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	<b>GOAL 6:</b> Ensure availability and sustainable management of water and sanitation for all		<b>GOAL 15:</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	<b>GOAL 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all		<b>GOAL 16:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	<b>GOAL 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		<b>GOAL 17:</b> Strengthen the means of implementation and revitalize the global partnership for sustainable development
	<b>GOAL 9:</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		

----- Disclaimer -----

Copyright © 2024 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.

© 2024 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](mailto:ratings@marc.com.my) Website: [www.marc.com.my](http://www.marc.com.my)