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MARC RATINGS BERHAD

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PARAMOUNT CORPORATION BERHAD

PRE-ISSUANCE SUSTAINABILITY-LINKED
FINANCING FRAMEWORK ASSESSMENT

MAY 2024



SUSTAINABILITY-LINKED
FINANCING
FRAMEWORK ASSESSMENT

MARC Ratings Berhad has been engaged by Paramount Corporation Berhad (Company Registration No: 196901000222 (8578-A)) as an independent external reviewer for its Sustainability-Linked Financing Framework. This external review was conducted by applying methodology that is adapted from the standard methodology and analytical framework set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is published on its website.

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SUMMARY

Paramount Corporation Berhad (Paramount or “the Company”) (Company Registration No: 196901000222 (8578-A)) has engaged MARC Ratings Berhad (MARC Ratings) to review its Sustainability-Linked Financing Framework (the Framework).

The review consists of three parts: an impact significance analysis based on Paramount’s Framework; an assessment of alignment with the International Capital Market Association’s (ICMA) Sustainability-Linked Bond Principles (SLBP); or Sustainable and Responsible Investment Linked Sukuk Framework (SRILSF) of the Securities Commission Malaysia (SC) or as they may be subsequently updated or amended; and an evaluation of Paramount’s sustainability implementation capacity and performance. In assigning the IBA, we have relied on pre-issuance information provided by associated parties and information gathered from public domains.

The Framework has been developed to guide Paramount’s fundraising activities to align its sustainability ambitions with its business strategies and plans. The three selected key performance indicators (KPIs) are relevant, core, and material to Paramount’s primary business of property development:

- KPI 1: Percentage of cumulative gross floor area (GFA) assigned with green certification
- KPI 2: Percentage of cumulative construction sites certified via Construction Industry Development Board Malaysia’s (CIDB Malaysia) Safety and Health Assessment System in Construction (SHASSIC); and
- KPI 3: Reduction of greenhouse gas (GHG) emissions intensity covering Scopes 1 and 2.

These KPIs drive Paramount towards more environmentally sustainable and safe development practices in its operations. Using performance in 2023 as a baseline, for KPI 1, Paramount targets to achieve 45% or more of cumulative GFA certified with green certification by 2030, and 50% or more by 2031; for KPI 2, Paramount aims to achieve 55% or more of cumulative construction sites certified via CIDB Malaysia’s SHASSIC by 2030, and 60% or more by 2031; and for KPI 3, Paramount’s target is to reduce 25% of GHG emissions intensity covering Scopes 1 and 2 of all of its operations by 2030, and 30% or more by 2031. Considering the strategies that Paramount commits to undertake, the sustainability performance targets (SPTs) are deemed ambitious, backed by appropriate strategies and action plans, providing a meaningful improvement from Paramount’s baseline.

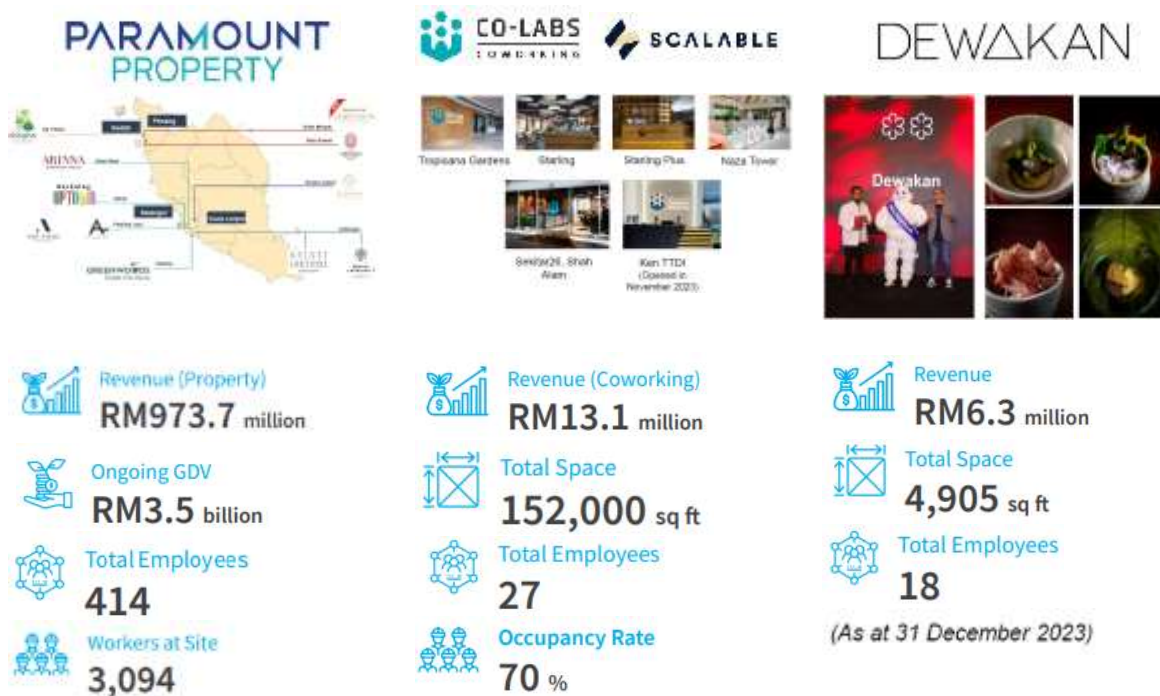
The Framework has been structured in a manner that incentivises the achievement of SPTs, with its financial characteristics varying depending on whether the targets are met by the target observation date. Up-to-date information on the performance of the selected KPI(s) will be disclosed by Paramount as part of its sustainability report or a separate sustainability-linked sukuk-level report which shall be published on its corporate website. The achievement of these selected KPIs will be verified by a qualified independent party to a limited level of assurance.

Based on our review of the relevant documentation and assessment as per our Impact Bond Assessment (IBA) methodology, we have assigned a “**Gold**” assessment to the Framework. We also opine that the Framework is correspondingly aligned with the five core components of the SLBP and the SRILSF.

Introduction

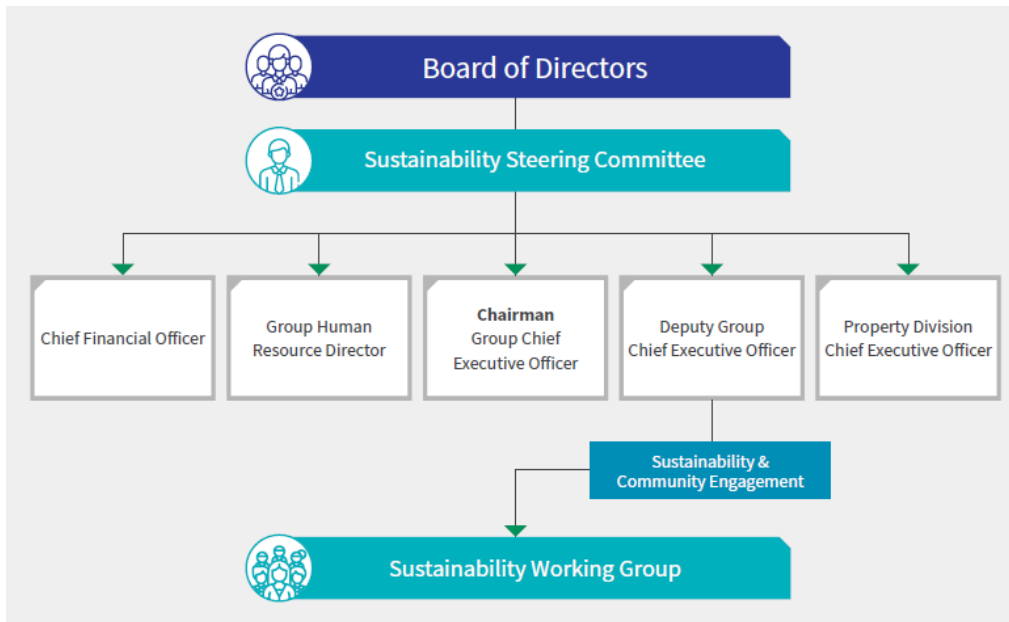
Incorporated as Malaysia Rice Industries Berhad on April 15, 1969, Paramount was listed on the Kuala Lumpur Stock Exchange on July 15, 1971. The Company assumed its current name in 1980 to reflect its new business of property development after acquiring real estate company Perumahan Berjaya Sdn Bhd in 1978.

As a longstanding investment holding entity, Paramount’s portfolio spans across various sectors, with property development being its primary focus. The Company’s operations extend across Kuala Lumpur, Selangor, Kedah, and Penang in Malaysia, as well as an equity venture in Bangkok, Thailand. Their different types of developments include residential, commercial, retail, educational, industrial, hospitality, and integrated developments.



Paramount’s Sustainability Policy, established on March 31, 2023, sets out the roles and responsibilities of the various stakeholders within the Company for the stewardship of its sustainability agenda and outlines the code of conduct for the execution and reporting of the Company’s sustainability strategies and projects.

Sustainability Governance Structure



Paramount employs a two-tiered sustainability governance structure to drive its sustainability efforts, comprising the Sustainability Steering Committee (SSC) and the Sustainability Working Group (SWG). The SWG reports to the SSC, which is accountable to the Board of Directors (the Board). The SSC consists of Paramount’s key senior management and ensures that appropriate sustainability considerations are embedded in the Company’s long-term strategic plans and mid- to immediate-term business plans.

In 2023, a dedicated Sustainability and Community Engagement Department was established, led by the Deputy Group Chief Executive Officer (DGCEO) serving as the Designated Sustainability Officer (DSO), to oversee sustainability tasks and initiatives. This department consists of business unit heads and cross-functional representatives, including department heads and subject matter experts.

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01 IMPACT SIGNIFICANCE ANALYSIS



Our qualitative analysis of the impact of the KPIs and SPTs is conducted in the context of the United Nations Sustainable Development Goals (UN SDGs or “SDGs”). As a globally accepted guidepost for the transition to sustainable development, the SDGs serve as a useful framework of reference for impact analysis. The 17 SDGs are at the heart of the global sustainability agenda covering three broad areas of economic, social, and environmental developments to be achieved by 2030.


The Framework defines three KPIs with their respective SPTs which cumulatively support 6 of the 17 UN SDGs:

1. Industry, Innovation, and Infrastructure
2. Sustainable Cities and Communities
3. Climate Action
4. Good Health and Well-Being
5. Decent Work and Economic Growth
6. Responsible Consumption and Production

IMPACT SIGNIFICANCE OF THE KPIs AND SPTs

1 Percentage of cumulative GFA assigned with green certification		
SPT by 2030		SPT by 2031
45% or more of cumulative GFA certified		50% or more of cumulative GFA certified
Baseline		
0% out of total GFA with green certification (completion assessment/final verification) in 2023		
Strategies to achieve SPT		
<ul style="list-style-type: none"> • Implement planning and target setting at the design stage for buildings with provisional green certification. • Closely monitor the progress of development, ensuring compliance with the green certification requirements, with final completion assessment verified by an accredited certification body. 		
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"> • To employ Green Building Index (GBI) and GreenRE rating systems to assess the environmental performance of the buildings. • To increase the adoption of green building practices within the nation’s property development industry. • To address and mitigate the risks posed by climate change. • To increase operation efficiency and reduce the overall environmental impact of the buildings. 	<ul style="list-style-type: none"> • Reducing the consumption of water, energy, and other natural resources, lowering the buildings’ impacts on the environment. • Lowering carbon emissions of the buildings throughout their life cycle. • Enhancing the well-being of the buildings’ occupants. 	<p>Alignment to the UN SDGs:</p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div> <p>UN SDGs: 9, 11 and 13</p> <p>By adhering to the standards imposed by green certifications, Paramount aims to achieve the following SDGs:</p> <ol style="list-style-type: none"> 1. Goal 9: Build resilient infrastructure and promote sustainable development.

			<p>2. Goal 11: Enhance the safety, resiliency and sustainability of cities and human settlements.</p> <p>3. Goal 13: Integrate climate change measures into the design, construction, and management of buildings.</p>
2 Percentage of cumulative construction sites certified via CIDB Malaysia’s SHASSIC			
SPT by 2030		SPT by 2031	
55% or more of cumulative sites certified via CIDB Malaysia’s SHASSIC		60% or more of cumulative sites certified via CIDB Malaysia’s SHASSIC	
Baseline			
20% of cumulative sites certified via CIDB Malaysia’s SHASSIC in 2023			
Strategies to achieve SPT			
<ul style="list-style-type: none"> Carry out Internal Safety and Health Assessments prior to SHASSIC assessments. Employ Occupational Safety and Health (OSH) framework which conforms to the best practices as stipulated in the Occupational Safety and Health Act 1994. Maintain the ISO certifications (ISO 45001:2018 for safety and health and ISO 14001:2015 for environmental laws and regulations) at all project sites. Perform regular risk assessments, including Hazard Identification, Risk Assessment and Determining Control (HIRADC). 			
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs	
<ul style="list-style-type: none"> To ensure adherence to high standards of safety and health management and performance in accordance with the Construction Industry Standard (CIS 10:2020) with SHASSIC assessments. To ensure the workers’ safety and well-being at the construction sites. To uphold the workers’ labour rights to a safe, secure, and hazard-free working environment. To identify, assess, mitigate, and control all health and safety-related risks at the construction sites. 	<ul style="list-style-type: none"> Promoting a safe and secure working environment for all workers on-site. Protecting labour rights of all employees and workers. Evaluating the performance of contractors on safety and health practices on-site. Identifying areas for improvement or necessary corrective action required on OSH performance and management on-site. 	<p>Alignment to the UN SDGs:</p> <div style="display: flex; justify-content: space-around;">   </div> <p>UN SDGs: 3 and 8</p> <p>Through SHASSIC assessments, Paramount aims to achieve the following SDGs:</p> <p>Goal 3: Ensure health and well-being of workers on-site, preventing work-related deaths and injuries.</p> <p>Goal 8: Protect labour rights and promote sustainable economic growth in the property development industry through the creation of a safe and secure working environment.</p>	

3	Reduction of GHG Emissions Intensity Covering Scope 1 and 2	
	SPT by 2030	SPT by 2031
	Reduce emissions intensity by 25%	Reduce emissions intensity by 30%
	Baseline	
	Emissions intensity of 1,529kgCO ₂ e/m ² in 2023	
	Strategies to achieve SPT	
<ul style="list-style-type: none"> • Redirect focus from optimising electricity consumption to transitioning to renewable energy sources. • Incorporate circular economy principles into water and waste management practices as part of the Company's transition to a low-carbon framework for design and development. • Engage in carbon sequestration activities. 		
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"> • To proactively address the Company's emissions across its operations to uphold its climate action responsibilities, in line with the government's Net Zero 2050 objective. • To progressively reduce the Company's carbon footprint without constraining its overall growth, development, and profitability. • To improve operational efficiency through the enhancement of energy and resource management across all operational levels. 	<ul style="list-style-type: none"> • Reducing Scope 1 and 2 GHG emissions intensity, in line with Malaysia's Net Zero 2050 targets. • Utilising renewable energy as a more sustainable energy source. • Enhancing operational efficiencies to reduce electricity consumption. • Lowering the intensity of resource consumption through the adoption of circular economy practices. 	<p>Alignment to the UN SDGs:</p>  <p>UN SDGs: 11, 12 and 13</p> <p>Paramount's targets to reduce its GHG emissions align to the following SDGs:</p> <ol style="list-style-type: none"> 1. Goal 11: Enhance sustainable urbanisation through efficient resource management and climate change mitigation and adaptation. 2. Goal 12: Increase efficiency of resource consumption by strengthening technological capacity. 3. Goal 13: Integrate climate change measures into the design, development, management, and operation of buildings.

Overall Impact Significance

Overall, the anticipated impact of the chosen SPTs is assessed to be “Significant”, considering its potential to contribute to an advanced and transformative sustainable development. Following Malaysia’s commitment to its Nationally Determined Contribution (NDC), which pledges to reduce the country’s carbon intensity against GDP by 45% in 2030 compared to its 2005 level, Malaysian companies have followed suit with targets to reduce their own emissions. Paramount will aim towards developing eco-friendly projects as its primary effort in mitigating climate change.

Minimising the Company’s overall carbon footprint would require other initiatives to address its electricity consumption, energy sources, and resource management practices across its operations, without hindering business growth to ensure financial sustainability. Meanwhile, the Company is also expected to comply with safety and health standards to position itself as a responsible employer that respects workers’ right to safe working conditions. Hence, we opine that the expected sustainability benefits of Paramount’s KPIs and SPTs are aligned with their sustainability approach, the UN SDGs, and national sustainable development priorities.

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

02 ASSESSMENT OF ALIGNMENT WITH ICMA'S SLBP AND SC'S SRILSF

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

Core Component 1: Selection of Key Performance Indicators (KPIs)



Paramount has selected the KPIs that provide a trajectory towards improving the sustainability performance of its primary business of property development. The three selected KPIs will measure Paramount's ESG performance, specifically regarding its achievement in green building certifications, compliance with safety and health requirements, and mitigation of climate change.

- KPI 1: Percentage of cumulative GFA assigned with green certification;
- KPI 2: Percentage of cumulative construction sites certified via CIDB Malaysia's SHASSIC; and
- KPI 3: Reduction of GHG emissions intensity covering Scopes 1 and 2.

KPI 1:
Percentage of cumulative GFA assigned with green certification

More than 90% of Paramount's revenue is generated from the construction and sales of its property development projects. Hence, it is imperative for Paramount to address the sustainability performance of its development projects. The Company's initiative to focus on environmentally friendly development is also consistent with its commitment to reduce carbon emissions.

Green building certifications serve as holistic frameworks that provide external validations, which Paramount aims to obtain to affirm its efforts in incorporating environmental considerations within its projects. Paramount employs both the GBI and GreenRE rating systems to evaluate the environmental performance of its buildings. Both rating systems are voluntary, assessing environmental elements of a property such as energy efficiency, water efficiency, indoor environmental quality, and green innovation.

KPI 2:
Percentage of cumulative construction sites certified via CIDB Malaysia's SHASSIC

The labour-intensive nature of the construction industry involves high exposure to various potentially dangerous situations, resulting in comparably high fatality and injury rates. In 2023, Malaysia recorded 159 cases of construction accidents, with 45 of these accidents leading to deaths.¹

To promote a safe and secure working environment, Paramount seeks to increase the percentage of cumulative construction sites certified via CIDB Malaysia's SHASSIC, a non-mandatory, independent assessment tool that evaluates the health and safety performance of construction sites. To be assessed and awarded a minimum rating via SHASSIC, a development pro-

¹ "Total number of construction accidents in Malaysia from 2014 to 2023," Statista, <https://www.statista.com/statistics/965651/total-number-of-construction-accidents-malaysia/>

ject needs to meet at least 50% of the certification's stringent OSH performance and management requirement. In 2023, 142 projects had been assessed via SHASSIC out of 187 applicants.²

Meeting SHASSIC's stringent criteria and achieving high ratings require a significant amount of training, resources, and investment. Prioritising the allocation of such resources towards external verification underscores Paramount's commitment to the safety and health of its employees and workers as a property developer.

KPI 3:
Reduction of GHG emissions intensity covering Scopes 1 and 2

Buildings are currently responsible for 39% of global energy-related carbon emissions.³ As Paramount's business spans across property development, co-working and others, it is affected by climate-related risks.

Paramount had recently commenced its carbon emission measurement in 2023, covering only Scopes 1 and 2. However, to establish its commitment towards addressing climate change, the Company has begun setting targets to reduce its emissions intensity. Paramount looks to reduce Scopes 1 and 2 emissions intensity for its operations, which include its offices, sales galleries, property construction sites, retail properties, co-working spaces and restaurants.

In setting its KPI, Paramount focused on Scopes 1 and 2 emissions, as these are directly manageable and within its operational control. Considering that committing to reductions in absolute emissions may have implications for construction activities and overall profitability, Paramount views the reduction of emission intensity as a more suitable KPI.

KPI Materiality and Relevance

Based on our assessment, Paramount has selected KPIs that are core, material and relevant to its overall business, and are of strategic significance to the Company. The KPIs are highly relevant to Paramount, whereby environmental impact, climate change and occupational safety and health are material to the property development industry. This has also been affirmed by Paramount's materiality assessment, with topics including "Safety, Health and Well-being" and "Climate Change (Energy and Emissions)" being among the Company's top priorities.

KPI Measurability and Verifiability

Overall, we opine that Paramount's selected KPIs are measurable, externally verifiable, and benchmarkable to a limited extent. For KPI 1 and KPI 2, deployment of green building certification and SHASSIC assessment as KPIs inherently results in external verification, as consistent methodologies are used by third parties to arrive at final ratings and certifications. In terms of KPI 3, Paramount measures emissions in accordance with the

² "Statistic", CIDB Malaysia, <http://shassic.cidb.gov.my/Shassic/Statistic>

³ "Bringing embodied carbon upfront", World Green Building Council, <https://worldgbc.org/advancing-net-zero/embodied-carbon/>

Greenhouse Gas Protocol Guidance using appropriate emission factors available.

Paramount has also appointed Green Quarter Sdn Bhd to verify the baseline for KPI 3⁴. Green Quarter has found the Company’s overall approach to calculating its emission intensity to be technically sound, backed by appropriate standards and references. Areas for improvement entails Paramount’s future GHG reports to include Scope 1 emissions arising from refrigerant systems and CO₂ consumption for fire protection systems; Scope 3 emissions; as well as enhanced traceability of GHG activities and data.

While all three KPIs are newly established and previous performance was only available for the baseline 2023, Paramount has disclosed relevant rationale and process for the KPIs selection and the alignment with their overall sustainability strategy. We note that Paramount has recently begun calculation of GHG emissions in 2023 and opines that the Company is on track to align itself with Malaysia’s Net Zero objective.

**Core Component 2:
Calibration of SPTs**



For each KPI established, Paramount had calibrated SPTs by 2030 and 2031 as guidance, and configured the projection of achievements for KPIs 1 and 2 from 2024 until 2031:

KPIs		Projected Targets (%)				SPTs (%)			
		2024	2025	2026	2027	2028	2029	2030	2031
KPI 1	Cumulative GFA assigned with green certification	20	30	35	40	40	45	≥45	≥50
KPI 2	Cumulative construction sites certified by SHASSIC	25	30	35	40	45	50	≥55	≥60

Due to the nature of its business, Paramount foresees fluctuations in its GHG emissions intensity, and it anticipates evident reduction in emission levels from 2026 onwards. Ultimately, the Company targets to reduce 25% of Scope 1 and 2 GHG emissions intensity by 2030, and 30% or more by 2031.

SPTs for KPI 1:
Percentage of cumulative GFA assigned with green certification

Paramount targets to achieve 45% or more of cumulative GFA certified with green certification by 2030, and 50% or more by 2031. The KPI’s scope encompasses 100% of Paramount’s projects in Malaysia.

The following calculation methodology is employed by Paramount for the SPTs:

$$\frac{\text{Cumulative Total GFA with Green Certification}^* \text{ in a given year}}{\text{Cumulative Total GFA launched in a given year}^{**}}$$

* Completion assessment / final verification obtained.

** Using 2023 as a baseline whereby 0% GFA launched has obtained completion assessment/ final verification.

⁴ Green Quarter’s GHG Verification Report is available in Paramount’s Sustainability Report 2023 on page 93

Using 2023 as a baseline whereby 0% of total GFA launched has obtained completion assessment or final verification, Paramount has projected the percentage of GFA with green certification from 2024 until 2031 in the following graph:



The Company received its first green certification in 2016 for its KDU University College building at Utropolis Glenmarie in Shah Alam. Since then, it secured two more green certifications — for Wisma Paramount, Sungai Petani, in 2018 and Sri KDU International School, Klang, in 2021.

The certification process typically begins at the planning stages with a design assessment (provisional certification), which will be reviewed upon completion of the building (completion assessment), and continuously monitored thereafter to monitor the building’s performance (final verification). As at end-2023, 678 projects have been certified by GBI⁵, and 367 projects certified by GreenRE as at February 29, 2024⁶.

To ensure the achievement of the SPTs, Paramount plans to incorporate environmental considerations into its development from the design stage with provisional green certification, and will continue monitoring throughout the development, ensuring the achievement of final certification. It is worth noting that Paramount acknowledges that the number of projects launched is subject to market conditions, which will affect the actual certification efforts, even at the provisional design stage.

⁵ “Executive Summary as of 31 December 2023”, Green Building Index, <https://www.greenbuildingindex.org/how-gbi-works/gbi-executive-summary/>

⁶ “Project Statistics as of 29 February 2024”, GreenRE, <https://www.greenre.org/statics>

SPTs for KPI 2:
Percentage of
Cumulative
construction sites
certified by SHAS-
SIC

Paramount aims to achieve 55% or more of cumulative sites certified via CIDB Malaysia’s SHASSIC by 2030, and 60% or more by 2031. The KPI’s scope encompasses all the Company’s construction sites operating in Malaysia.

Using 2023 as a baseline, whereby 20% of Paramount’s sites were assessed using SHASSIC, the Company used the calculation methodology:

Cumulative sites assessed using SHASSIC

Total cumulative number of sites (%)

to project the percentage of sites certified using SHASSIC from 2024 to 2031 as shown in the graph below:



Paramount has been continuously benchmarking its safety management and practices against SHASSIC. From 2019 to 2023, 15 Paramount sites had been awarded 3- to 5-star ratings through SHASSIC assessments.



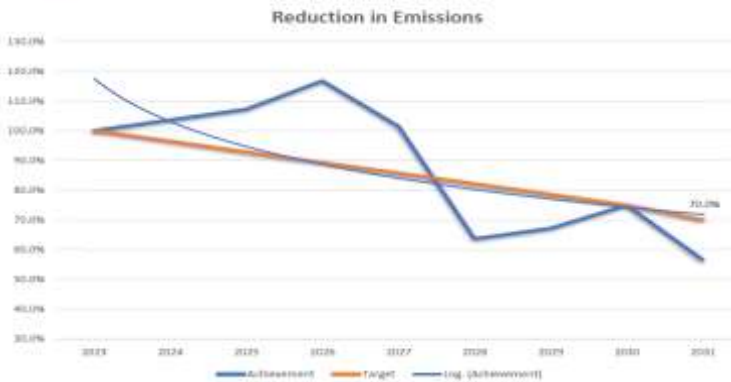
Placing high priority on the safety and health of its workers, Paramount aims to achieve the SPTs by taking stringent measures including carrying out the Internal Safety and Health Assessment prior to the actual SHASSIC assessment, maintaining and complying with its OSH Framework, and regularly conducting various risk assessments. All the Company’s project sites are ISO certified (ISO 45001:2018 for safety and health and ISO 14001:2015 on environmental laws and regulations).

SPTs for KPI 3:
Reduction of GHG emissions intensity covering Scopes 1 and 2

Paramount’s target is to reduce 25% of GHG emissions intensity covering Scopes 1 and 2 of all its operations by 2030, and 30% or more of that by 2031, with 2023 as a baseline, whereby the emissions intensity was recorded to be 1,529kgCO₂e/m².

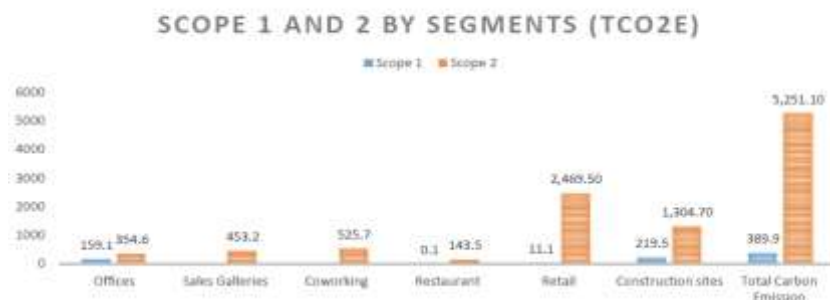
Due to the nature of its business, Paramount anticipates fluctuations in its emissions corresponding with its development activities each year. With enhanced energy and resource management implemented across all operational levels, the Company looks to have evident reduction in emission levels from 2026 onwards. The Company’s projection for Scopes 1 and 2 emissions intensity from 2024 to 2031 is illustrated in the graph below:

Projected reduction for Scope 1 & 2

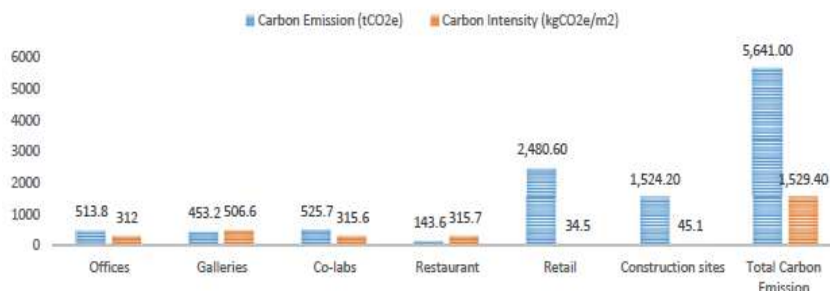


The Company’s Scope 1 emissions stem from the operation of owned assets, primarily from fuel combustion, while Scope 2 emissions are derived from purchased energy, mostly in the form of electricity, which makes up a significant portion of its emissions.

Emissions baseline – FYE 2023



CARBON BY SEGMENTS



As electricity consumption is the leading contributor for Paramount's emissions, Paramount will pivot its focus towards energy efficiency and transitioning towards renewable energy sources. The Company also commits to a low-carbon framework for design and development of its projects, including incorporation of circular economy principles.

Level of Ambition

We opine that the SPTs set for each KPI are ambitious, supported by a clear baseline, timeline, and strategies. As the action plans, namely green certification of buildings, SHASSIC assessment and reduction of GHG emissions, require considerably tedious planning and execution, Paramount has demonstrated considerable effort in developing sustainable projects, which is beyond its "Business as Usual" trajectory.

Additionally, Paramount had conducted an internal competitive benchmarking analysis, and believes that they fare well against other property developers with market capitalisation below RM1 billion due to its commitment to investing in and developing green-certified buildings.

Recalculation Policy

Recognising that its operations may be susceptible to unforeseen circumstances, Paramount foresees the following situations may prompt recalculation:

For KPI 1 and KPI 2:

- Delays in certification due to unexpected disruptions in project schedules caused by major incidents or events such as pandemics and economic crises.
- Changes to green certification standards.

For KPI 3:

- Acquisitions or disposals of assets that could significantly alter the carbon footprint.
- Unforeseen events impacting construction projects that may substantially influence the carbon footprint.
- Changes in the ownership structure of the business.
- Material alterations to reporting methodologies, computations, or the discovery of significant errors in calculations.
- Significant changes in emission factors by governing bodies or agencies that could affect calculations.

Paramount is committed to engaging independent verification in the event of any recalculations.

Core Component 3:
Bond Characteristics



A detailed description of the potential variation of the financial characteristics of the bond/sukuk has been specified in the relevant documentation of the specific transaction and the Framework, including the financial years for which achievement of SPTs will be determined, the observation date, and conditions for achievement.

To provide economic incentive for Paramount's performance against SPTs, the financing characteristics are linked to pre-agreed SPTs through effects on premium payments, which modes may encompass:

- Escalation of the coupon/profit rate
- Imposition of a premium payable upon the redemption of the instrument
- Active disbursement to a research institute or non-governmental organisation (NGO)
- Engagement in the domains of climate research or climate change mitigation; and
- Implementation of a combination of the aforementioned alternatives.

In the event that the determination or observation of performance against each SPT proves unfeasible or unsatisfactory, for instance, in the case where the independent auditor is unable to verify the achievement of the SPTs or the verification report expresses any reservations, the obligation to effect the premium shall ensue.

Core Component 4:
Reporting



Relevant disclosure regarding Paramount's progress against the identified SPTs of the selected KPI(s) will be reported as part of the Company's annual sustainability report or within a separate bond/sukuk-level report, which shall be published on its corporate website at www.pcb.my.

The following information will be included as part of the disclosure:

- Up-to-date information on the achievement of the selected KPI, including baselines where relevant
- A verification assurance report relative to the SPT outlining the KPI achievement against the SPT and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics; and
- Any information enabling investors to monitor the level of ambition of the SPT, such as updates in Paramount's sustainability strategy or on the related KPI, ESG governance and any information relevant to the analysis of the KPI and SPT.

Core Component Pre-issuance

5: Verification Paramount has appointed MARC Ratings to provide a Second-Party Opinion on the alignment of the Framework with the SLBP and SRILSF. The Second-Party Opinion report will be made available on the Company’s website at www.pcb.my.



Post-issuance

The achievement of the designated KPIs in accordance with their SPTs, along with their associated impacts and timing on the financing structure characteristics, will be verified by a qualified independent party to a limited level of assurance. The verification results against the SPT will be publicly accessible on Paramount’s website.

Paramount is committed to a regular review of the Framework to ensure alignment with updated versions of the sustainability-linked financing principles, adhering to market best practices. In the event of material changes to the scope, methodology, and/or SPT calibration, a review of the Framework, which potentially leads to updates and amendments, will be prompted.

All substantial updates to the Framework will necessitate prior approval from a qualified second-party opinion provider. These revisions will maintain or enhance transparency of the reporting disclosures through external review. The updated Framework will be made readily available on Paramount’s website, superseding the current version.

Overall, we consider the Framework to be aligned with the selection standard for KPIs, calibration of SPTs, financing characteristics, reporting, and verification.

Overall Assessment

	Clarity of Issuance Process and Disclosure	Total Score
<input checked="" type="checkbox"/>	High	12 - 15 points
<input type="checkbox"/>	Good	8 - 11 points
<input type="checkbox"/>	Satisfactory	5 - 7 points
<input type="checkbox"/>	Low	Below 5 points

Equal weighting is given to each of the five 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

Paramount’s sustainability efforts are anchored on Economic, Environment, Social and Governance pillars which, together, form the Company’s Sustainability Framework. The Company’s Sustainability Framework, in alignment with the SDGs, is designed to serve as a guidance towards achieving its over-all business and growth strategy, delivering sustainable value with purpose.



Paramount’s latest materiality assessment was conducted in 2023 to reevaluate and prioritise sustainability matters that are important to the Company and its stakeholders. “Climate Change and Emissions” was included in the assessment process to align with the global initiative of achieving net zero emissions. In addition, “Safety, Health and Wellbeing”, as well as other environmental issues such as “Waste Management” and “Water Management”, had also been identified as important matters to the Company, and were taken into consideration for the selection of KPIs.

Corporate Governance and Risk Management

The Board is responsible for maintaining a sound framework for risk management and internal controls. The Board has established an ongoing process for identifying, evaluating, monitoring, and managing significant risks. Sustainability, alongside strategic, operational, financial, compliance, reputational, cybersecurity, as well as bribery and corruption risks, is recognised as a key risk category.

The Company has committed itself to ensuring long-term sustainability through appropriate corporate governance and internal controls. In preventing, identifying, and managing relevant risks, Paramount has established policies governing matters related to Anti-Bribery and Corruption, Boardroom Diversity, Code of Business Conduct and Ethics, among others.

In 2019, the Board had enhanced the Company’s internal controls and governance structure by adopting the methodologies prescribed in the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) Internal Control Integrated Framework.

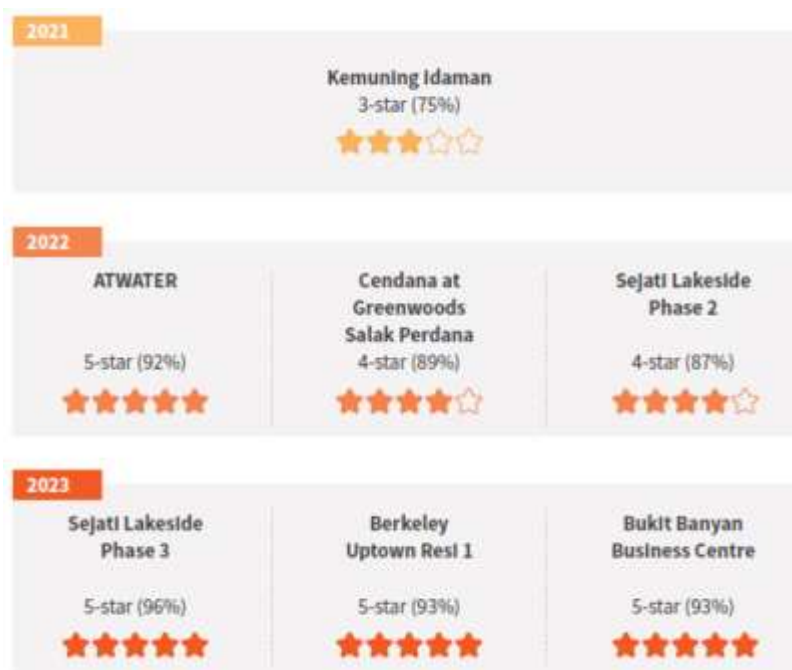
Occupational Safety and Health

Paramount has established OSH Committees at its offices and project sites to maintain a safe working environment by minimising the risk of accidents, injury and exposure to safety and health hazards. The OSH committees at the Company’s project sites comprise its employees and contractors’ representatives, who are responsible for monitoring safety and health risk exposure and reviewing the effectiveness of safety and health programmes. This ensures the Company’s compliance with the safety and health management system, aligns with the Occupational Safety and Health Act and regulations.

In its effort to ensure project safety, Paramount proactively identifies and manages potential hazards for both existing and planned projects. Through these hazard assessments, risks can be analysed, mitigated, and controlled. In addition to regular HIRADC, monthly safety inspections are conducted to effectively eliminate any potential safety risks at all project sites. Paramount’s OSH performance between 2021 and 2023 is as follows:

Indicators	2021	2022	2023
Fatalities	0	0	0
Work-related injuries	2	6	6
Lost Time Incident Rate (LTIR)	-	-	0

SHASSIC is used as a benchmark to externally verify Paramount’s safety management and practices. From 2021 to 2023, Paramount achieved 3- to 5-star ratings in SHASSIC assessments for the following construction projects:



Managing Environmental Impact

Paramount manages its environmental footprint throughout its operations by conducting Environmental Aspect and Impact Assessments to identify potential issues and develop corresponding Environmental Management Plans. These plans are continuously monitored to ensure their effectiveness. Additionally, operational controls such as fire prevention, dust suppression, and waste management are implemented at construction sites, alongside regular air, water, and noise monitoring to mitigate any pollution-related risks.

Maintaining the urban biodiversity of its development is also part of Paramount's environmental commitment. The Company prioritises the use of native plants in landscaping to preserve regional landscape character and avoid disruption to the local ecosystem.




Paramount's sustainability performance to date provides reasonably high assurance of its sustainability implementation capacity and performance.

Sustainability Performance Assessment

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

Our 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 our confidence in the issuer's continuing performance of its sustainability obligations in line with market 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 KPI(s) and SPT(s) selected by the issuer. 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 SLBP 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 KPI(s) and SPT(s) selected by the issuer. 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 SLBP 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 KPI(s) and SPT(s) selected by the issuer. 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 SLBP 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 a 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.

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 the 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. As explained in the criteria, the analytical framework consists of three components that provide insights into 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 or contact us at ratings@marc.com.my.

Appendix

Review of Compliance with SLBP and SRILSF

Issuer: Paramount Corporation Berhad		
Criteria	Compliance with Criteria	Remarks/Scope of Work Undertaken
<p>Framework</p> <p><u>SLBP</u> The SLBP have five core components:</p> <ol style="list-style-type: none"> 1. Selection of Key Performance Indicators (KPIs) 2. Calibration of Sustainability Performance Targets (SPTs) 3. Bond characteristics 4. Reporting 5. Verification <p><u>SRILSF</u> 9.07 The core components of the SRI-linked Sukuk Framework are as follows:</p> <ol style="list-style-type: none"> (a) SRI-linked sukuk characteristics; (b) Selection of Key Performance Indicators (KPIs); (c) Calibration of Sustainability Performance Targets (SPTs); (d) External review; and (e) Reporting. <p>Selection of KPIs</p> <p><u>SRILSF</u> 9.09 An issuer must select KPIs that the issuer intends to use as its sustainability targets.</p> <p>9.10 An issuer must select KPIs that, among others–</p> <ol style="list-style-type: none"> (a) are significant to the issuer’s sustainability and business strategy; (b) address relevant environmental, social or governance (ESG) challenges in the issuer’s industry; and (c) are within the issuer’s control. <p><u>SLBP</u> The KPIs should be:</p> <ul style="list-style-type: none"> • relevant, core and material to the corporate issuer’s overall business, and of high strategic significance to the issuer’s current and/or future operations; • measurable or quantifiable on a consistent methodological basis; • externally verifiable; and • able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPT’s level of ambition. 	<p>The issuer’s Framework is aligned with the core components of SLBP and SRILSF.</p> <p>The issuer has selected the following three KPIs as its sustainability targets:</p> <ul style="list-style-type: none"> • KPI 1: Percentage of cumulative GFA assigned with green certification; • KPI 2: Percentage of cumulative construction sites certified via CIDB Malaysia’s SHASSIC; and • KPI 3: Reduction of GHG emissions intensity covering Scope 1 and 2. <p>The three KPIs are significant, relevant, core and material to the issuer’s overall business strategies and operations. The KPIs are measurable on a consistent methodological basis; externally verifiable; and able to be benchmarked to external references to a limited extent. It is worth noting that using external certifications or ratings as KPIs would imply the issuer’s lack of direct influence on the KPIs, implicating a risk not reaching the targets. This is, however, mitigated by the issuer’s strategies set out to achieve the stipulated targets.</p>	<p>For our review of compliance with SLBP and SRI-Linked Sukuk Framework, the issuer’s Framework will be reviewed in the following sequence under this section:</p> <ul style="list-style-type: none"> • Selection of KPIs • Calibration of SPTs • Bond/SRI-linked sukuk characteristics • Reporting • Verification/ External review <p>We have reviewed the issuer’s KPIs and concluded that the selected KPIs fulfil the applicable criteria set out in SLBP and SRILSF.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>SRILSF 9.11 An issuer may select any previous or existing KPIs that the issuer has set for itself subject to the following:</p> <p>(a) The KPIs must have been made available to the public in any of the issuer’s publications, such as in the issuer’s annual reports, sustainability reports or other non-financial disclosure reports; or</p> <p>(b) In the case where the KPIs were not made available to the public, the KPIs’ values must be externally verified to the extent possible, for a period covering at least the three most recent years.</p> <p>SLBP It is recommended that issuers communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p> <p>A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter, as well as the calculation methodology, definition of a baseline, where feasible, science-based or benchmarked against an industry standard/ recognised international data.</p>	<p>The selected KPIs are new metrics to be adopted for the purposes of the issuer’s Sustainability-Linked Financing Framework.</p> <p>The historical KPI values that have been provided for the selected KPIs covered only the baseline year, i.e. 2023.</p> <p>The baseline value for KPI 3 has been externally verified by Green Quarter, an independent firm specialising in sustainability benchmarking and GHG reporting.</p> <p>The rationale and process according to which the KPIs have been selected and how the KPIs fit into their sustainability strategy have been communicated clearly by the issuer.</p> <p>The definition, scope, calculation methodology, and baseline of the KPIs have been provided by the issuer.</p>	
<p>Criteria</p> <p>Calibration of SPTs</p> <p>SRILSF 9.12 An issuer must set out the SPTs, which are measurable targets of improvement over a predefined timeline, for each KPIs.</p> <p><i>Guidance to paragraph 9.12</i> The SPTs selected must be–</p> <p>(a) ambitious yet realistic;</p> <p>(b) a material improvement in the respective KPIs and be beyond a “Business as Usual” trajectory;</p> <p>(c) comparable to a benchmark or an external reference, where possible;</p> <p>(d) consistent with the issuers’ overall sustainability, business and ESG strategy; and</p> <p>(e) set before, or concurrently with, the issuance of the SRI-linked sukuk.</p>	<p>The issuer has set out the SPTs for each KPI, with target observation dates stated in the Framework.</p> <p>The SPTs selected are ambitious and represent a material improvement in the respective KPIs and are beyond a “Business as Usual” trajectory. The SPTs can be benchmarked against external reference to a limited extent. The SPTs are set before the issuance of the bond/sukuk, and this is consistent with the issuers’ overall sustainability, business and ESG strategy.</p>	<p>The SPTs provide a trajectory towards improving the sustainability performance of Paramount’s primary business of property development, with the KPIs specifically focusing on achievement in developing green buildings, compliance with safety and health requirements, and reducing its climate impact. We consider these topics to be material to Paramount’s core business of property development.</p> <p>While the selected KPIs are new metrics to be adopted for the purposes of Paramount’s Sustainability-Linked Financing Framework, Paramount has set out strategies to achieve the SPTs within the targeted timeline.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>SLBP</p> <p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ul style="list-style-type: none"> • the issuer’s own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI; • the issuers’ peers, i.e. the SPT’s relative positioning versus its peers’ where available (average performance, best-in-class performance) and comparable, or versus current industry or sector standards; and/or • reference to the science, i.e. systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets), or to official country/regional/international targets (Paris Agreement on Climate Change and net zero goals, Sustainable Development Goals (SDGs), Kunming-Montreal Global biodiversity framework, etc.) or to recognised Best-Available-Technologies or other proxies to determine relevant targets across environmental and social themes. <p>Disclosures on target setting should make clear reference to:</p> <ul style="list-style-type: none"> • the timelines for the target achievement, including the target observation date(s)/ period(s), the trigger event(s) and the frequency of SPTs; • where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used (including date/ period); • where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place; • where possible and taking competition or confidentiality considerations into account, how the issuers intend to reach such SPTs, (e.g. by describing their ESG strategy, supporting ESG governance and investments, and their operating strategy, i.e. through highlighting the key levers/type of actions that are expected to drive the performance towards the SPTs as well as their expected respective contribution, in quantitative terms wherever possible); and • any other key factors beyond the issuer’s direct control that may affect the achievement of the SPT(s). 	<p>The selected KPIs are new metrics to be adopted for the purposes of the issuer’s Sustainability-Linked Financing Framework.</p> <p>The issuer had conducted an internal benchmarking exercise against its industry peers and current sector standards, in setting its SPTs for KPI 1 and KPI 2.</p> <p>The targets for the selected KPIs collectively referenced to SDGs 3, 8, 9, 11, 12 and 13. For KPI 3, the issuer also referred to the Malaysian government’s Net Zero 2050 objective.</p> <p>The timelines for target achievement are appropriately disclosed in the issuer’s Framework.</p> <p>The baseline selected for improvement of KPIs is the issuer’s historical performance in 2023.</p> <p>The situations that will prompt recalculations are appropriately disclosed.</p> <p>The issuer has disclosed the appropriate strategies to reach the SPTs.</p> <p>The issuer has disclosed key factors beyond its direct control that may affect the achievement of the SPT(s).</p>	<p>The measurement of the selected KPIs’ track record covered only the baseline year, i.e. 2023.</p> <p><i>Based on Paramount’s internal benchmarking exercise, its commitment to developing green certified buildings is commendable among property developers with market capitalisation below RM1 billion. Paramount has also referred to the number of projects certified by GreenRE, GBI and SHASSIC in 2022 and 2023 within the Framework in regard to KPI 1 and KPI 2.</i></p> <p>We note that the issuer has not provided external benchmarks or references to science-based scenarios to demonstrate that its target for KPI 3 in reduction of GHG emissions intensity is aligned with official country or international targets.</p> <p>The rationale for the baselines is not referenced in the issuer’s disclosure on target setting.</p> <p>We note that Paramount had recently commenced its carbon emissions calculation in 2023, covering only Scopes 1 and 2. The emissions intensity in 2023 which was selected as the baseline for KPI 2 has been externally verified.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Bond/SRI-linked sukuk characteristics</p> <p><u>SRILSF</u></p> <p>9.08 An issuer must ensure that a SRI-linked sukuk is structured in a manner that its financial or structural characteristics, or both its financial and structural characteristics vary depending on whether the issuer meets the predefined sustainability targets during the tenure of the SRI-linked sukuk.</p> <p><i>Guidance to paragraph 9.08</i></p> <p>The variation in the financial or structural characteristics, or both its financial and structural characteristics, should commensurate and be meaningful.</p> <p>For example, the SRI-linked sukuk is structured such that the profit rate of the SRI-linked sukuk payable to sukuk holders would be varied if the issuer fails to meet the sustainability targets.</p> <p>The variation to the profit rate should commensurate and be meaningful after having considered the original profit rate payable had the issuer achieved the sustainability targets.</p> <p><u>SLBP</u></p> <p>The KPI(s) definition and SPT(s) (including calculation methodologies) and the potential variation of the SLB’s financial and/or structural characteristics are a necessary element of the bond documentation.</p> <p>Any fallback mechanisms in the case that the SPTs cannot be calculated or observed in a satisfactory manner should be explained.</p> <p>Issuers may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events (such as significant change in perimeters through material M&A activities for corporate issuers) or extreme events, including drastic changes in the regulatory or technical environment that could substantially impact the calculation of the KPI, the restatement of the SPT, and/or proforma adjustments of baselines or KPI scope.</p>	<p>A detailed description of the potential variation of the financial characteristics of the bond/sukuk has been provided by the issuer in the Framework. The financial characteristics of the sukuk are linked to the issuer’s performance levels against the SPTs.</p> <p>The variation in the financing structure characteristics has been detailed in the Framework, which may encompass the following mode of payments:</p> <ul style="list-style-type: none"> • Escalation of the coupon/profit rate • Imposition of a premium payable upon the redemption of the instrument • Active disbursement to a research institute or NGO • Engaged in the domains of climate research or climate change mitigation • Implementation of a combination of the aforementioned alternatives <p>The definition and calculation methodologies of the KPIs and SPTs, as well as the potential variation of the bond/sukuk’s financial characteristics have been disclosed in the issuer’s Framework.</p> <p>The issuer has explained that should, for any reason, the determination or observation of performance against each SPT prove unfeasible or unsatisfactory, the obligation to effect premium payments shall ensue.</p> <p>Potential exceptional and extreme events that could prompt a recalculation have been outlined by the issuer. The issuer has also committed to seeking independent verification for any recalculations made.</p>	<p>We have reviewed and considered the bond characteristics to be aligned with the SLBP and SRILSF.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Reporting</p> <p><u>SLBP</u> Issuers of SLBs should publish, and keep readily available and easily accessible:</p> <ul style="list-style-type: none"> • up-to-date information on the performance of the selected KPI(s), including baselines where relevant; • a verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics; and • any information enabling investors to monitor the level of ambition of the SPTs (e.g. any update in the issuers sustainability strategy or on the related KPI/ESG governance or any update in the sovereign issuer's strategic development plans and/or policies, and more generally any information relevant to the analysis of the KPIs and SPTs). <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB's financial and/or structural characteristics.</p> <p><u>SRILSF</u> 9.18 An issuer must publish the following information on the designated website:</p> <p>(a) An up-to-date information on the performance of the selected KPIs, including baselines, where relevant; and</p> <p>(b) Relevant information to enable the sukuk holders to assess and monitor the progress or relevancy of the selected KPIs and SPTs including any changes to the issuer's sustainability, business and ESG strategy that may impact the KPIs and SPTs.</p> <p>9.19 For the purpose of paragraph 9.18, the issuer must publish such information at least annually to allow for a proper assessment to be undertaken by the sukuk holders of the issuer's performance in relation to the selected SPTs.</p>	<p>The issuer will make the relevant disclosure as required by SLBP and SRILSF regarding its progress against the identified SPTs within its annual sustainability report or a separate bond/sukuk-level report which shall be published on its corporate website at www.pcb.my.</p>	<p>We have reviewed and concluded that the issuer's commitment to reporting is aligned with the criteria set out in SLBP and SRILSF.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Verification/ External Review</p> <p><u>SRILSF</u> <u>Pre-Issuance</u> 9.13 An issuer must appoint an external reviewer to assess and provide a report on the issuer’s compliance with the requirements under these Guidelines.</p> <p><i>Guidance to paragraph 9.13</i> The external reviewer’s report should include– :</p> <ul style="list-style-type: none"> (a) the assessment of the relevance, robustness and reliability of the selected KPIs; (b) the rationale and level of ambition of the proposed SPTs; (c) the relevance and reliability of selected benchmarks and baselines; and (d) the credibility of the strategy outlined to achieve the SPTs, based on scenario analyses, where relevant. <p>9.14 The issuer must make available the external reviewer’s report on the designated website.</p> <p><u>Post-Issuance</u> 9.15 An issuer must appoint an independent verifier to provide a verification report on the issuer’s performance level against each SPT for each KPI.</p> <p>9.16 The verification must be carried out at least annually, during the predefined timeline for assessing the SPT performance, until after the last SPT trigger event of the SRI-linked sukuk has been reached.</p> <p>9.17 The issuer must make available the verifier’s report on the designated website.</p> <p><u>SLBP</u> The SLBP encourage external reviewers to disclose their credentials and relevant expertise and communicate clearly the scope of the review(s) conducted.</p>	<p>The issuer has appointed MARC Ratings to provide a Second-Party Opinion on the Framework, which will be made available on its corporate website at www.pcb.my.</p> <p>Our report includes item (a) to (c) outlined in SRILSF Guidance to paragraph 9.13.</p> <p>The issuer will appoint a qualified independent party to provide verification, to a limited level of assurance, of its performance level against each SPT for each KPI, along with their associated impacts and timing on the financing structure characteristics. The verification assurance report will be published in the issuer’s annual sustainability report or a separate bond/sukuk-level report, which will be made available on its corporate website.</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>	

THE UN SUSTAINABLE DEVELOPMENT GOALS

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

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