



MARC SOLUTIONS SDN BHD
201001025092 (909006-W)



TADAU ENERGY SDN BHD
PRE-ISSUANCE GREEN FINANCE
FRAMEWORK ASSESSMENT
SEPTEMBER 2025



GREEN FINANCE FRAME-
WORK ASSESSMENT

MARC Solutions Sdn Bhd (MARC Solutions) has been engaged by Tadau Energy Sdn Bhd (Tadau Energy) (Company Registration No.: 201501023659 (1148988-K)) as an independent external reviewer for its Green Finance Framework. This external review was conducted according to the analytical framework in the Impact Bond Assessment (IBA) methodology that was published on Malaysian Rating Corporation Berhad's (MARC) website.

Publication date: 26 September 2025

Contact: (+603)-2717 2963

SUMMARY

Tadau Energy Sdn Bhd (Tadau Energy) (Company Registration No.: 201501023659 (1148988-K)) has engaged MARC Solutions Sdn Bhd to provide a Second-Party Opinion (SPO) for its Green Finance Framework (Framework). This Framework outlines Tadau Energy's plans to utilise green financing that will deliver environmental benefits in line with the United Nations Sustainable Development Goals (UN SDGs or SDGs). In assigning the assessment, we have relied on pre-issuance information provided by associated parties, as well as information gathered from the public domain.

The review consists of three parts: an impact significance analysis based on Tadau Energy's Framework; an assessment of alignment with the Green Bond Principles (GBP) of the International Capital Market Association (ICMA), Green Bond Standards (GBS) of the ASEAN Capital Markets Forum (ACMF) (ASEAN Standards), Sustainable and Responsible Investment (SRI) Sukuk Framework of the Securities Commission Malaysia (SC), and the Green Loan Principles (GLP) of the Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA) and Loan Syndications and Trading Association (LSTA); and an evaluation of Tadau Energy's sustainability implementation capacity and performance.

The proceeds raised from the green finance transactions (GFTs) will be utilised to finance or refinance, in whole or in part, assets or activities or products that meet the Eligibility Criteria set out in the Framework. Tadau Energy has established a proper process of project evaluation and selection, whereby the Green Finance Working Group (GFWG) will be tasked to oversee the Framework implementation and allocation processes. A list of exclusion criteria has been defined in the Framework.

Tadau Energy will manage the proceeds internally through designated accounts with proceeds earmarked for the Eligible Projects. The company commits to the annual reporting of the allocation of proceeds and their impact; the report will be made available on its website. We consider the Framework to be in line with the core components of the applicable guidelines, frameworks, and principles.

Based on our review of the relevant documentation and assessment as per our IBA methodology, we have assigned a "Gold" assessment to the Framework.

Introduction

Established in 2015, Tadau Energy is a power generation company driving the adoption of photovoltaic and other renewable energy (RE) technologies. Their capacity spans the entire life cycle of solar projects — from design and engineering to long-term operation. The company operates a 50MWac solar power plant and interconnected facilities in Kudat, Sabah.

Tadau Energy's RE project development expertise encompasses site surveys, financing, and construction, ensuring cost-effective and efficient project delivery. Their project management services cover feasibility studies, engineering design, commissioning, and handover. Operations are supported by continuous monitoring, Artificial Intelligence (AI)-powered data analysis, and proactive maintenance to ensure optimised yields and minimised downtime.

Tadau Energy offers solutions that prioritise energy efficiency and clean power generation, enabling the company to supply sustainable energy and reducing the nation's dependence on fossil fuels. Consequently, Tadau Energy's clients benefit from energy independence, responsible environmental management, and enhanced cost stability.

The 50MWac Kudat solar project, comprised of Phase 1 (2MWac) and Phase 2 (48MWac) across three distinct sites within the Kudat district of Sabah, Malaysia, operates under two long-term power purchase agreements (PPAs) with Sabah Electricity Sdn Bhd (SESB). These PPAs, signed in 2016, stipulate that Tadau Energy will supply electricity generated by the solar plant to SESB for a period of 21 years from the Commercial Operation Date (COD) of each respective phase. This arrangement ensures a stable and predictable revenue stream for Tadau Energy while providing SESB with a reliable source of RE to meet the growing demand in the region.

To facilitate the development and construction of this project, Tadau Energy raised RM250 million through its SRI Green Sukuk issued in 2017. Notably, this was Malaysia's first green sukuk, and it received a 'Dark Green' rating from the Center for International Climate and Environmental Research – Oslo (CICERO), acknowledging the project's support for a low-carbon and climate-resilient future.

Building upon its experience in green financing to facilitate continued sustainable expansion, Tadau Energy has established this Framework, outlining its approach to utilise GFTs to fund projects that deliver positive environmental outcomes. The Framework provides flexibility in selecting new and/or existing investments, assets, and projects, and it extends to GFTs issued by entities related to Tadau Energy. Furthermore, it allows for the issuance of GFTs in any currency, tenor, jurisdiction, and market, with terms and conditions determined by financing strategies and commercial agreements. To ensure responsible and ethical financing, Tadau Energy's sukuk transactions must adhere to Shariah-compliant principles, utilising proceeds exclusively for permissible activities.

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COMPLIANCE REVIEW FORM


01 IMPACT SIGNIFICANCE ANALYSIS






This Framework details how Tadau Energy plans to fund Eligible Projects that are expected to deliver positive environmental impacts. The net proceeds from the GFTs will be utilised to finance Eligible Projects under the following Eligible Categories:



- Renewable and/or Clean Energy
- Energy Efficiency
- Pollution Prevention and Control
- Environmentally Sustainable Management of Living Natural Resources and Land Use

The qualitative analysis of the impact of the Use of Proceeds is conducted in the context of the UN SDGs. Based on the assessments, the Eligible Projects defined in Tadau Energy's Framework collectively support five of the 17 UN SDGs.

ELIGIBLE CATEGORY FOR USE OF PROCEEDS

| | | | |
|----------|---|---|--|
| 1 | Renewable and/or Clean Energy | | |
| | Eligibility Criteria: Facilities, systems and equipment of renewable and/or clean energy, including those related to: <ul style="list-style-type: none"> • Solar power • Wind power • Hydropower that fulfils one of the following criteria: <ul style="list-style-type: none"> ○ For facilities beginning operations post-2019: <ul style="list-style-type: none"> ▪ Lifecycle greenhouse gas (GHG) emission intensity below 50g CO₂e/kWh, or ▪ Power density exceeding 10 W/m², or ▪ Operation as a run-of-river system with minimal or no artificial reservoir ○ For facilities beginning operations pre-2019: <ul style="list-style-type: none"> ▪ Lifecycle GHG emission intensity below 100g CO₂e/kWh, or ▪ Power density exceeding 5 W/m², or ▪ Operation as a run-of-river system with minimal or no artificial reservoir • Biomass power excluding sources derived from palm, peat, and unsustainable crops • Bioenergy that fulfils one of the following criteria: <ul style="list-style-type: none"> ○ Utilising feedstock certified by credible schemes ○ Lifecycle GHG emission intensity below 100g CO₂e/kWh for electricity production • Green hydrogen | | |
| | Sustainability Objective | Sustainability Benefit | Corresponding to the UN SDGs |
| | <ul style="list-style-type: none"> • To mitigate climate change by reducing GHG emissions and fostering a shift towards a low-carbon economic model • To protect the environment by minimising pollution, conserving resources, safeguarding biodiversity, and mitigating the impact of energy production | <ul style="list-style-type: none"> • Reducing carbon emissions, improving air and water quality, and minimising habitat disruption • Fostering local community development, particularly in remote areas, by expanding access to clean and reliable energy • Ensuring cost stability by reducing the reliance on |  <p>Alignment to the UN SDGs:</p> <p>UN SDG 7 Increase accessibility to affordable, reliable, and clean energy through investment in energy infrastructure</p> |

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| | <ul style="list-style-type: none"> To bolster energy security and resilience by diversifying energy sources and lessening the dependence on fossil fuels | volatile fossil fuels, bolstering energy independence, and stimulating economic growth, and facilitating the transition to a low-carbon economy | Indicative measurement: <ul style="list-style-type: none"> RE installed capacity (MW) Annual GHG emissions reduced/avoided (tCO₂e) Annual RE generation (MWh) |
| 2 | Energy Efficiency Eligibility Criteria: Facilities, systems and equipment that contribute to energy efficiency including: <ul style="list-style-type: none"> smart grids that provide real-time monitoring, and data analytics to optimise energy distribution and reduce system losses energy storage solutions, whether lithium-ion-based or other types, which store surplus energy generated and adjust to fluctuations in energy supply and demand, maximising RE utilisation | | |
| | Sustainability Objective | Sustainability Benefit | Corresponding to the UN SDGs |
| | <ul style="list-style-type: none"> To optimise energy usage while enhancing grid stability to better integrate renewables, thereby directly reducing the demand for fossil fuels and supporting a low-carbon transition To promote sustainable resource management by optimising the flow of electricity and reducing losses To increase access to clean and affordable energy, particularly for underserved communities | <ul style="list-style-type: none"> Safeguarding the environment by conserving resources and minimising energy waste Bolstering energy security and reliability, increasing industrial productivity and lowering revenue losses from power outages Smart grids and energy storage solutions facilitate renewable integration, improving grid resilience, and providing reliable, off-grid energy options. | <div>   </div> <p>Alignment to the UN SDGs:</p> <p>UN SDG 7 Invest in infrastructure that enhance energy efficiency, thereby increasing the share of RE in the nation's energy mix</p> <p>UN SDG 9 Develop and adopt environmentally sound technologies to support economic development and human well-being</p> <p>Indicative measurement:</p> <ul style="list-style-type: none"> Annual energy savings (MWh) Annual GHG emissions reduced/avoided (tCO₂e) |
| 3 | Pollution Prevention and Control Eligibility Criteria: Technologies and processes that capture and reduce carbon emissions using biological waste. This includes facilities producing biochar from biological feedstock, which will be used as fertiliser. | | |
| | Sustainability Objective | Sustainability Benefit | Corresponding to the UN SDGs |
| | <ul style="list-style-type: none"> To mitigate climate change by reducing GHG concentrations in the atmosphere and methane emissions from decomposing biological waste | <ul style="list-style-type: none"> Reducing atmospheric CO₂ levels by sequestering carbon and avoiding waste-related emissions, minimising air pollution | <div>    </div> <p>Alignment to the UN SDGs:</p> |

| | | | |
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| | <ul style="list-style-type: none"> To reduce waste disposal and its associated environmental impacts by turning biological waste into tradable products To promote circular economy and reduce the reliance on virgin materials, minimising environmental footprints | <ul style="list-style-type: none"> Diverting biological waste from landfills, lowering waste management costs while generating revenue from biological waste Enhancing soil fertility, water holding capacity, and microbial activity which will improve agricultural productivity and reduce the reliance on chemical fertilisers | <p>UN SDG 9 Promote sustainable industrialisation and foster innovation through increased resource efficiency and technological capabilities</p> <p>UN SDG 12 Adopt sustainable consumption and production patterns to reduce waste generation</p> <p>UN SDG 15 Conserve ecosystems through pollution prevention</p> <p>Indicative measurement:</p> <ul style="list-style-type: none"> Annual GHG emissions reduced/avoided/removed (tCO₂e) Annual absolute (gross) amount of biochar produced (tonnes) Market share of green and sustainable feedstock and/or products against conventional feedstock and/or products (%) |
| 4 | Environmentally Sustainable Management of Living Natural Resources and Land Use | | |
| | <p>Eligibility Criteria: Acquisition, maintenance, and management of forests certified under relevant sustainable forest management (SFM) certification schemes, including:</p> <ul style="list-style-type: none"> Forest Stewardship Council (FSC) Programme for the Endorsement of Forest Certification (PEFC) Malaysian Timber Certification Scheme (MTCS) <p>Eligible Projects may include:</p> <ul style="list-style-type: none"> Post-harvest forest regeneration Silvicultural operations, including soil preparation, planting, and pre-commercial thinning Fertilisation Wood harvesting of SFM-certified forests Production of wood pellets from SFM-certified forests SFM infrastructure development Digitalisation and automation in forest management Forest restoration and biodiversity conservation | | |
| | Sustainability Objective | Sustainability Benefit | Corresponding to the UN SDGs |
| | <ul style="list-style-type: none"> To ensure the long-term health and productivity of forests by balancing economic and environmental needs, while preventing deforestation and forest degradation To maintain and enhance forest ecosystems and biodiversity through | <ul style="list-style-type: none"> Protecting habitats and maintaining healthy ecosystems to conserve local biodiversity, ensuring continued carbon sequestration, preserving water quality, and maintaining soil health, which supports the long-term availability of forest products | <div>   </div> <p>Alignment to the UN SDGs:</p> <p>UN SDG 13 Mitigate climate change by strengthening resilience and adaptive capacity</p> |

| | | |
|--|--|---|
| <p>responsible resource management</p> <ul style="list-style-type: none"> To mitigate climate change by maintaining forests that function as carbon sinks | <ul style="list-style-type: none"> Integrating ESG considerations into forestry, ensuring regulatory compliance and promoting best practices, which, in turn, provides access to markets that demand sustainable products | <p>to climate-related hazards and natural disasters</p> <p>UN SDG 15 Protect sustainable terrestrial ecosystems through sustainably managed forests, halting land degradation and biodiversity loss</p> <p>Indicative measurement:</p> <ul style="list-style-type: none"> Total land area certified by FSC/PEFC/MTCS (ha) Annual GHG emissions sequestered (tCO₂e) |
|--|--|---|

Overall Impact Significance for Use of Proceeds

The list of Eligible Categories defined in the Framework aligns with the applicable principles, supporting Tadau Energy's strategic objective to develop sustainable energy infrastructures and deliver RE sources.

In 2023, the share of global energy for RE (solar, wind, hydro, geothermal, and ocean) and modern bioenergy increased slightly to 5.7% and 6.5%. However, to meet the Net Zero Emissions by 2050 Scenario, RE expansion needs to achieve an annual growth rate of about 15%¹. Tadau Energy's Framework would allow the company to expand its operations, accelerating the deployment of renewables in support of Malaysia's Nationally Determined Contributions (NDCs) and ASEAN's broader energy transition goals. In addition, even at the prospective stage, the Eligible Projects focus on proactive measures that facilitate energy transition, such as investments in smart grids, energy storage infrastructure, and production of biomass feedstock (wood pellets). This underscores Tadau Energy's comprehensive approach to RE operations planning, encompassing the projects' life cycle. Overall, the anticipated impact of the Use of Proceeds is assessed to be "Significant", supporting the achievement of targeted SDGs.

| | | |
|-------------------------------------|---------------------------|---|
| <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. |

¹ International Energy Agency (IEA). (2024). Renewables 2023. IEA. <https://www.iea.org/reports/renewables-2023>.

02 ASSESSMENT OF ALIGNMENT WITH ICMA's GBP, ASEAN GBS, SC'S SRI SUKUK FRAMEWORK AND APLMA/LMA/LSTA's GLP

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



Principle One:
Utilisation of Proceeds

The proceeds raised from the GFTs shall be utilised exclusively to finance or re-finance, in whole or in part, new and/or existing Eligible Projects as defined in the Framework, in alignment with the Eligibility Criteria of the applicable guidelines.

The Eligible Projects may include assets, investments, capital expenditures (capex), operational expenditures (opex), and research and development (R&D) expenditures meeting the Eligibility Criteria outlined in the Framework.

Refinancing of opex in relation to the Eligible Categories is subject to a maximum lookback period of up to 36 months prior to the year of issuance. Assets and capex will qualify for refinancing without a specific lookback period.



Principle Two:
Process for Project
Evaluation and Selection

Tadau Energy's Framework has outlined the process and procedures established to ensure proper identification and assessment of the projects.

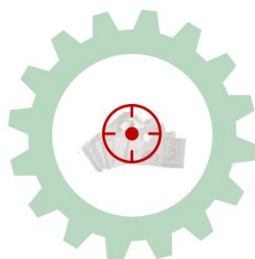
As mandated by the Board, a GFWG will review, evaluate and advise on the selection of Eligible Projects. The GFWG's responsibilities include overseeing the Framework's implementation and allocation process, periodically reviewing and refining Eligibility Criteria and project categories, selecting and monitoring Eligible Projects, and validating annual allocation and impact reports. Future revisions to the Framework, such as expanding the Eligibility Criteria for Use of Proceeds, will also be managed by the working group, subject to the Chief Executive Officer's (CEO) approval.

Tadau Energy's project team employs a structured, internal evaluation process to identify potential projects. Subsequently, the GFWG assesses these projects against the Eligibility Criteria, aligning with Tadau Energy's sustainability goals and risk management protocols. The GFWG's review and approval is required prior to raising any green financing. Should a project cease to meet the Eligibility Criteria, the GFWG will reallocate the GFTs' proceeds to other Eligible Projects.

Tadau Energy's risk mitigation process will be guided by its Environment, Health, and Safety Policy (EHS Policy). Based on our review, the policy demonstrates a foundational commitment to addressing essential safety aspects, such as fire, electrical, and site safety. However, areas for improvement include a review of environmental management strategies to address the diverse risks inherent in Tadau Energy's varied operations across different locations.

Additionally, the Framework has defined exclusion criteria as follows, in alignment with ASEAN GBS and SC's SRI Sukuk Framework:

- Luxury sectors, including precious metals, precious minerals, artworks and antiques, wholesale or brokerage
- Child labour or forced labour
- Gambling
- Adult entertainment
- Weapons and military contracting
- Alcohol
- Tobacco
- Fossil fuel generation-related activities, including its extraction, exploration, production, power generation or transport
- Production or trade in any product or activity which is in violation of international agreements



Principle Three:
Management of
Proceeds

Tadau Energy will deposit proceeds from each GFT into designated accounts. The proceeds will be earmarked for the Eligible Projects. Tadau Energy will monitor and manage the allocation of proceeds through its internal systems during the tenor of the GFTs.

In the interim, pending utilisation, Tadau Energy may invest the GFT proceeds in Shariah-compliant permitted investments, including:

- Islamic treasury bills, money market instruments, and sukuk issued by Bank Negara Malaysia (BNM) or the Malaysian Government
- Shariah-compliant deposits and investment accounts with licensed Islamic financial institutions and/or development financial institutions in Malaysia, with a minimum short-term rating of MARC-1 and long-term rating of AA by MARC or equivalent
- Islamic principal-guaranteed structured investments approved by BNM and issued by licensed financial institutions, with a minimum short-term rating of MARC-1 and long-term rating of AA by MARC or their local or foreign equivalents
- Islamic banker acceptances, Islamic bills, and other Islamic money market instruments issued by licensed financial institutions, with a minimum short-term rating of MARC-1 and a long-term rating of AA by MARC or equivalent

- Islamic unit trusts that invest in any of the above instruments, with a credit rating agency's prior written approval

Tadau Energy will maintain internal records of the allocation of the net proceeds to the Eligible Projects so long as a GFT remains outstanding. Any unallocated proceeds will be managed according to Tadau Energy's management processes.

In the event of asset divestment or cancellation of a project, Tadau Energy will reallocate the funds to other Eligible Projects as soon as it is feasible. The company aims to fully allocate the proceeds within 36 months, or any period deemed fit by the project team and GFWG, subject to project timelines and market conditions.

Tadau Energy will provide allocation and impact reporting annually on its corporate website at <https://tadau.com.my/>, until the allocation of GFTs is completed. The company will also disclose material developments, such as modification of the Framework, in a timely manner on its website.



Principle Four: Reporting

Allocation Reporting

The allocation report will include:

- Amounts issued and outstanding for the GFTs
- Total value of the Eligible Projects
- Description of the Eligible Projects, including a breakdown of the allocated amounts based on the project categories by year, where applicable
- The amount and/or percentage of new and existing projects, i.e. share of financing and refinancing
- Details in relation to management of unallocated proceeds

Impact Reporting

The impact report will include qualitative and quantitative performance measures in relation to each category of Eligible Projects, and the example of impact metrics that have been disclosed in the Framework. The relevant calculation methodology and key assumptions corresponding to the impact indicators will also be disclosed where feasible.

At the time of this assessment, Tadau Energy has not committed to seek any post-issuance external review.

Overall, we consider the Framework to be aligned with the core components of the respective standards i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting (including Disclosures).

Overall Assessment

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

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

| Assessment Grade | High | Good | Satisfactory | Low |
|------------------|------|------|--------------|-----|
| | 3 | 2 | 1 | 0 |

03 ANALYSIS OF SUSTAINABILITY PERFORMANCE

Sustainability Governance and Strategy

In relation to the Framework, Tadau Energy ensures proper governance through a dedicated GFWG, overseen by the Board of Directors. The GFWG is responsible for project eligibility assessment, overseeing the Framework implementation, risk management, and reporting. This seeks to align the Eligible Projects with Tadau Energy's broader strategy, which is to participate in the clean energy value chain, from sustainable resource development to efficient product distribution.

To achieve its strategy, the company focuses on four key sustainability areas, namely environmentally sustainable management, pollution prevention and control, renewable and/or clean energy, and energy efficiency. Its environmentally sustainable management strategy prioritises the replanting of degraded forest areas in the short term, and transitions to a medium- to long-term strategy of synchronising harvesting and replanting cycles, ensuring continuous sustainable land use and biomass yield. Tadau Energy is embarking on a 60-year reforestation programme to replant over 20,000 hectares of forest in Pahang. As an initial step, the company has launched its pilot project to cultivate energy crops for renewable bioenergy production across 647 hectares of land in Tersang, Pahang.

Similarly, Tadau Energy's pollution prevention and control initiatives follow a phased approach. Initially, the company will focus on developing and operating facilities and equipment that reduce or remove carbon emissions, particularly through biochar production from biological waste. The medium- to long-term goal is to certify these facilities and the biochar's value chain for carbon removal, enabling carbon credit trading and fostering a local biochar market.

In the areas of renewable and clean energy, Tadau Energy aims to develop clean energy power plants using internally sourced feedstock, and build new RE facilities in the short-to-medium term. The long-term objective is to fulfil PPAs and concessions for these sustainable plants. The company seeks to participate in public and private RE programmes and has tendered multiple biomass power plant proposals under the Sustainable Energy Development Authority (SEDA) Malaysia Feed-in Tariff (FiT) 2.0 scheme.

For energy efficiency, Tadau Energy plans to implement smart grids and energy storage solutions in the short-to-medium term. The company is assessing the feasibility of Battery Energy Storage Systems (BESS) integration at its Kudat solar power plant. These combined efforts seek to increase the sustainability and viability of clean energy production, while simultaneously ensuring Tadau Energy's operational feasibility, strategic growth potential and alignment to national and regional policies and best practices.

Recognising the dynamic nature of the clean energy sector, Tadau Energy engages in active discourse with stakeholders, including government agencies, industry peers, consultants, community groups, and technology providers. These engagements will provide crucial insights into evolving ESG practices and regulatory landscapes, allowing the company to refine its sustainability targets. For instance, the 21-year PPAs with SESB for its Kudat solar plants signify both parties' strategic commitment to securing long-term revenue and ensuring stable, sustainable energy supply for the region.

Tadau Energy's legal team has integrated ESG considerations into its standard due diligence process for suppliers and service providers, which takes a phased approach. The initial Know Your Counterparty and data collection phase involves gathering information on potential suppliers from various sources. This is followed by an ESG risk assessment to evaluate the counterparty's sustainability performance. Subsequently, an ESG benchmarking is conducted to compare the potential supplier's practices against industry leaders and competitors. The legal team will then invite the counterparty to present the latter's credentials during the engagement phase.

Environmental Sustainability and Community Wellbeing

Tadau Energy's Kudat solar plants are well-aligned with the Sabah Energy Roadmap and Master Plan 2040, which aims to increase renewable energy contribution to Sabah's energy mix. Since 2021, Sabah's electricity production has depended heavily on natural gas, accounting for over 86% of the state's energy sources.² This reliance poses a significant threat to the region's energy security, particularly as natural gas production is anticipated to decline in the future. By entering into PPAs with SESB, Tadau Energy has contributed solar energy to the state's generation mix, supplying power to 24,000 households and enhancing the state's energy supply stability.

Tadau Energy views its operations as an opportunity to ensure sustainable community development through the pursuance of environmentally sound technologies that reduce fossil fuel dependency. To cultivate productive long-term relationships with the communities where it operates, the company's corporate social responsibility (CSR) activities focus on education and basic needs. Alongside charitable donations and contributions of solar-powered lamps, the company has delivered structured educational initiatives designed to increase awareness of RE among students, educators, and the local community.

As a non-listed entity, Tadau Energy is not subjected to sustainability reporting. However, the company demonstrates its sustainable approach to operations through several key initiatives. For instance, the company has established an EHS Policy to ensure a safe environment for its stakeholders. The company is also working towards compliance with applicable SFM requirements in relation to its energy crop project. These efforts, even in the early phase of a continuous process, are instrumental in mitigating key social and environmental risks associated with Tadau Energy's operations.




² Energy Commission of Sabah. (2023, September). Sabah Energy Roadmap and Master Plan 2040. Retrieved from: <https://ecos.gov.my/sites/default/files/uploads/downloads/2023-09/SABAH%20ENERGY%20ROADMAP%20AND%20MASTER%20PLAN%202040%20%28SE-RAMP%202040%29.pdf>

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 in its operations and has a robust process for assessing significant sustainability risks exposures to minimise adverse impacts on its business. The focus of the issuer's sustainability performance monitoring and evaluation is on managing risk exposures to minimise downside risk. Globally recognised best practice reporting frameworks guide the issuer's sustainability reporting. |
| <input type="checkbox"/> | Good/Medium | The issuer has adopted a CSR-centric sustainability strategy that prioritises stakeholder engagement and goodwill building. Sustainability is a small part of the issuer's business strategy, nonetheless there is evidence to suggest that its sustainability performance has progressed beyond maintaining regulatory compliance. The issuer has implemented general sustainability reporting to investors. |
| <input type="checkbox"/> | Fair/Basic | The issuer has a policy of regulatory compliance but has yet to incorporate sustainability considerations into its business operations. At this performance level, the goal of sustainability management is to achieve and maintain compliance with health, safety, and environmental requirements mandated by government laws and regulations. |
| <input type="checkbox"/> | Poor/Weak | The issuer has a record of poor sustainability performance or operates in unsustainable industries. |

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 marketplace expectations and in compliance with its framework for financing issuance.

04 ASSESSMENT 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 is a major concern.</p> |

05 MARC SOLUTIONS SDN BHD

MARC Solutions Sdn Bhd was incorporated as a private limited company to undertake the business of providing analytics solutions for ESG risks and sustainability-related offerings, on behalf of the MARC group of companies.

MARC Solutions 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 assessing 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 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 assessed as Gold, Silver or Bronze.

For more information, visit www.marc.com.my or contact us at solutions@marc.com.my.

Appendix

Review of Tadau Energy's Compliance with ICMA's GBP, ASEAN GBS, and SC'S SRI Sukuk Framework

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|--|--|----------------------------------|
| <p>Issuer</p> <p><u>ASEAN GBS</u></p> <p>3.1 The issuer must be an ASEAN issuer, or the eligible green project(s) must be in an ASEAN country.</p> <p><u>SRI Sukuk Framework</u></p> <p>7.02 The proceeds (of Sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</p> <p>7.03 An issuer must not– (a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</p> <p>7.04 An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</p> <p>7.05 The information relating to the issuer and the details of the issuer's SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.</p> <p>Eligible Projects</p> <p><u>SRI Sukuk Framework</u></p> <p>7.07 An eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:</p> <ul style="list-style-type: none"> a) Preserving and protecting the environment and natural resources; b) Conserving the use of energy; c) Promoting the use of renewable energy; d) Reducing greenhouse gas emissions; e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or f) Improving the quality of life of society. | <p>Tadau Energy is an ASEAN issuer.</p> <p>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.</p> <p>The Issuer intends to issue SRI sukuk that complies with the Guidelines.</p> <p>The Issuer commits to establishing policies and processes needed to ensure compliance with the SRI Sukuk Framework.</p> <p>The Issuer's Framework will be made available at the point of issuance and throughout the tenure of the SRI sukuk via its corporate website as indicated in the Framework.</p> <p>Eligible Projects as defined by the Framework seek to achieve objectives (a), (b), (c), and (d) set out in paragraph 7.07 of the SRI Sukuk Framework.</p> | |

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|---|--|--|
| <p>7.08 The Eligible SRI projects may include but not limited to the following:</p> <p>a) 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.</p> <p><u>ASEAN GBS</u></p> <p>4.1.1 The utilisation of issue proceeds must be described in the documentation for issuance.</p> <p>4.1.2 The issuer must disclose the following information: The categories of eligible Green Projects to which the issue proceeds will be allocated; and/or the information on specific Green Projects in the case where the issuer has identified the specific Green Projects to which the issue proceeds will be allocated.</p> <p>4.1.3 All designated Green Projects must provide clear environmental benefits, which will be assessed and, where feasible, quantified by the issuer.</p> <p>4.1.4 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 lookback period for refinanced projects.</p> <p>Process for Project Evaluation and Selection</p> <p><u>SRI Sukuk Framework</u></p> <p>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>The Eligible Categories outlined in the Framework are aligned to the following green project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework: renewable energy; energy efficiency; pollution prevention and control; and environmentally sustainable management of living natural resources and land use.</p> <p>The utilisation of proceeds is clearly described in the Framework.</p> <p>The Issuer has disclosed the categories of eligible Green Projects to which the issue proceeds will be allocated.</p> <p>The Green Project categories set out in the Framework provide clear environmental benefits, which will be assessed and, where feasible, quantified by the Issuer.</p> <p>The Issuer has disclosed that the proceeds may be used for refinancing Eligible Projects. Refinancing of opex in relation to the Eligible Projects is subject to a maximum lookback period of 36 months prior to issuance year. Assets and capex will qualify for refinancing without specific lookback period.</p> <p>The Issuer has established internal processes for project evaluation and selection.</p> | <p>Where applicable, the Issuer will state the share of refinancing in the relevant transaction documentation and/or its post-issuance annual reporting.</p> <p>The Framework has outlined a step-by-step process which involve the Issuer's GFWG for evaluation and selection of Eligible Projects.</p> |

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|---|--|---|
| <p>ASEAN GBS</p> <p>4.2.1</p> <p>The issuer must clearly communicate to investors:</p> <p>(i) The environmental sustainability 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 risks associated with the selected projects.</p> <p>4.2.2</p> <p>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</p> <p>Issuers are encouraged to position this information within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability. Issuers are also encouraged to disclose any green standards or certifications referenced in project selection.</p> <p>4.2.4</p> <p>It is recommended that the issuer's process for project evaluation and selection be supported by an external review.</p> <p>4.2.5</p> <p>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:</p> <p>(i) The process for project evaluation;</p> <p>(ii) The Use of Proceeds; and</p> <p>(iii) External review report on the process (if any)</p> <p>Management of Proceeds</p> <p>SRI Sukuk Framework</p> <p>7.13</p> <p>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>The eligible categories in the Framework are framed in the context of SDGs with specific environmental sustainability objectives.</p> <p>The Framework outlines an internal process by which Eligible Projects are assessed and selected to ensure fulfilment of criteria.</p> <p>The eligibility criteria, including exclusion criteria and process applied to identify and manage potentially material E&S risks associated with the selected projects have been detailed in the Framework.</p> <p>The Framework details the process for project evaluation and selection, and these details will be available to investors prior to the issuance of the bonds.</p> <p>The Issuer has positioned this information within the context of the Issuer's overarching sustainability strategies. The Issuer has also provided information on standards and certifications referenced in project selection.</p> <p>The Issuer has appointed MARC Solutions as the external reviewer for its Framework.</p> <p>The issuer has committed to making the process for project evaluation, the Use of Proceeds, and pre-issuance external review available on its corporate website at the time of the issuance and throughout the tenure of the bonds.</p> <p>The Issuer will monitor the allocation of the sukuk proceeds and the Eligible Projects portfolio internally.</p> | <p>Tadau Energy employs a structured, internal evaluation process, where the project team identifies potential projects. Subsequently, the GFWG assesses these projects against the eligibility criteria, aligning with Tadau Energy's sustainability goals and risk management protocols. The GFWG's review and approval is required prior to raising any green financing.</p> <p>The Issuer has not committed to appointing post-issuance external review.</p> <p>The proceeds will be deposited into the Issuer's designated accounts and earmarked for the Eligible SRI Projects.</p> |

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|--|--|--|
| <p>ASEAN GBS</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>4.3.6 Where the issuer appoints an auditor or other third party to verify the issuer's management of proceeds, the issuer must make the report produced by the auditor or other third party publicly available on a website designated by the issuer at the time of the issuance of the bonds.</p> <p>Reporting</p> <p>ASEAN GBS</p> <p>4.4.1 Issuers must report to investors at least on an annual basis and are encouraged to make more frequent reporting on the Use of Proceeds until full allocation, and on a timely basis in the case of material developments. The annual report should include a list of the projects to which the bonds' proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.</p> | <p>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 issuance will be internally tracked. Any unallocated proceeds will be managed according to the Issuer's management processes.</p> <p>The Issuer will disclose the amounts issued and outstanding. The Issuer commits to fully allocating the proceeds within 36 months, subject to project timelines and market conditions.</p> <p>The Issuer has disclosed the types of temporary placement for the balance of unallocated net proceeds in the Framework.</p> <p>The Issuer did not commit to seek a post-issuance external review.</p> <p>The Issuer has committed to publishing allocation and impact reporting annually on its corporate website.</p> <p>(a) Allocation Reporting The allocation report will include:</p> <ul style="list-style-type: none"> • Amounts issued and outstanding for the proceeds • Total value of the Eligible Projects | <p>In the event of asset divestment or cancellation of a project, the proceeds will be reallocated to finance other Eligible Projects which meet the eligible criteria set out in the Framework.</p> <p>In the interim, pending utilisation, the issuer may invest the unallocated net proceeds in Shariah-compliant permitted investments.</p> <p>The Issuer's GFWG will be responsible for overseeing the Framework implementation and allocation process, including reviewing and approving allocation.</p> |

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|---|--|---|
| <p>4.4.2 Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the issuer may present the information in generic terms or on an aggregated portfolio basis (e.g., percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>4.4.4 It is recommended that the issuer's annual reporting on the Use of Proceeds be supplemented by a confirmation of such Use of Proceeds by an external reviewer along with any relevant updates of the external review.</p> <p>4.4.5 The issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by the issuer and/or annual reports throughout the tenure of the bonds.</p> <p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.16 The following information must be included:</p> <p>a) The overall SRI objectives that the issuer intends to achieve;</p> <p>b) The utilisation of proceeds from the issuance of the SRI sukuk. Where all or part of the proceeds are used for refinancing, an issuer must provide the amount of proceeds being allocated for refinancing and which Eligible SRI projects to be refinanced;</p> <p>c) The Eligible SRI projects in which the proceeds will be allocated;</p> <p>d) The details of the Eligible SRI projects and to the extent possible, 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> | <ul style="list-style-type: none"> Description of the Eligible Projects, including a breakdown of the allocated amounts based on the project categories by year, where applicable The amount and/or percentage of new and existing projects, i.e. share of financing and refinancing Details in relation to management of unallocated proceeds <p>(b) Impact Reporting The impact report will include qualitative and quantitative performance measures and examples associated with each category of Eligible Projects, and the example of impact metrics have been disclosed in the Framework. The relevant methodology and key assumptions corresponding to the impact indicators will also be disclosed where feasible.</p> <p>The Issuer did not commit to seek a post-issuance external review.</p> <p>The Issuer has committed to publishing the annual reporting on its corporate website throughout the tenure of the bonds.</p> <p>The Issuer has committed to providing information including items (a) through (h) within its Framework.</p> | <p>The Issuer's GFWG will be responsible for reviewing and validating the annual Allocation and Impact Reports.</p> |

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|--|--|--|
| <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>h) A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</p> <p>External Review</p> <p><u>SRI Sukuk Framework</u> 7.17 If an external reviewer is appointed to assess and provide a 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</u> 5.1 Issuers are recommended to appoint external review providers for the bond issuances or programmes.</p> <p>5.2 The external review may be partial, covering only certain aspects of the bonds' Framework or full, assessing alignment with all four core components as stated in the relevant standards.</p> <p>5.3 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 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 Solutions has been engaged as the independent external reviewer for the Framework. The external reviewer's report will be made available on the Issuer's corporate website.</p> <p>The review conducted by MARC Solutions is a full review and addresses alignment with all four components of the relevant standards.</p> <p>The scope of MARC Solutions' external review is set out in MARC Solutions' IBA methodology that is publicly accessible from its corporate website.</p> | <p>MARC Solutions has established a transparent score-based Framework for its green, social and sustainability bond assessments 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 Tadau Energy's Compliance with APLMA/LMA/LSTA's GLP

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|---|--|---|
| <p>Use of Proceeds</p> <p>The fundamental determinant of a green loan is the utilisation of the loan proceeds for Green Projects (including other related and supporting expenditures, including R&D), which should be appropriately described in the finance documents, and if applicable, marketing materials for the financing and/or a green loan Framework. All designated Green Projects should provide clear environmental benefits, which will be assessed and, where feasible, quantified by the borrower.</p> <p>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. Where appropriate, they should also clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected lookback period for refinanced eligible Green Projects.</p> <p>The GLP explicitly recognise broad, non-exhaustive categories of eligibility for Green Projects, which contribute to environmental objectives such as: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.</p> <p>Process for Project Evaluation and Selection</p> <p>The borrower of a green loan should clearly communicate to its lenders:</p> <ul style="list-style-type: none"> the environmental sustainability objective(s) of the Green Projects; the process by which the borrower determines how the project(s) to be funded fits within the eligible Green Projects categories; and complementary information on the processes by which the borrower identifies and manages perceived, actual or potential environmental and social risks associated with the relevant project(s). <p>Borrowers are encouraged to:</p> <ul style="list-style-type: none"> position the information communicated above within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability; | <p>The utilisation of the loan proceeds for Green Projects has been appropriately described in the Framework. The Framework has also defined clear environmental benefits for all designated Green Projects, which will be assessed and, where feasible, quantified by the borrower.</p> <p>The borrower has disclosed that the proceeds may be used for refinancing Eligible Projects. Refinancing of opex in relation to the Eligible Projects is subject to a maximum lookback period of up to 36 months prior to the issuance year. Assets and capex will qualify for refinancing without specific lookback period.</p> <p>The Framework has outlined categories of eligible Green Projects, which contribute to environmental objectives such as climate change mitigation, natural resource conservation, biodiversity conservation, and pollution prevention and control.</p> <p>The borrower has clearly communicated the required information to its lenders in the Framework.</p> <p>The borrowers have positioned/provided the information as required.</p> | <p>Where applicable, the borrower will state the share of refinancing in the relevant transaction documentation and/or its post-issuance annual reporting.</p> <p>The Framework has outlined a step-by-step process which involves the borrower's GFWG for evaluation and selection of Eligible Projects.</p> |

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|--|---|--|
| <ul style="list-style-type: none"> provide information on the related eligibility criteria, including if applicable, exclusion criteria and also disclose any green standards or certifications referenced in project selection; and have a process in place to identify mitigants to known or potential material risks of negative social and/or environmental impacts from the relevant project(s). Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the borrower assesses the potential risks to be meaningful. <p>Management of Proceeds</p> <p>The proceeds of a green loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.</p> <p>Management of proceeds should be attested to by the borrower in a formal internal process linked to the borrower's lending and investment operations for Green Projects. The borrower should make known to the lenders any intended types of temporary placement for the balance of unallocated proceeds.</p> <p>Where a green 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.</p> <p>Reporting</p> <p>Borrowers should make, and keep, readily available up to date information on the use of proceeds, such information to be renewed annually until the green loan is fully drawn (or until the loan maturity in the case of a revolving credit facility), and on a timely basis in the event of material developments. This annual report should include a list of the Green Projects to which the green loan proceeds have been allocated and a brief description of the projects, the target population, the amounts allocated and their expected and, where possible, achieved impact.</p> | <p>The borrower will monitor the allocation of the proceeds and the Eligible Projects portfolio internally.</p> <p>The Framework discloses that any unallocated proceeds will be managed according to the borrower's management processes. The borrower commits to fully allocate the proceeds within 36 months, subject to project timelines and market conditions. The borrower had disclosed the intended types of temporary placement for the balance of unallocated proceeds in the Framework.</p> <p>Proceeds raised will be deposited in the borrower's designated accounts and earmarked for Eligible Projects. The borrower will maintain internal records about the allocation of net proceeds to the Eligible Projects.</p> <p>The borrower has committed to making, and keeping, readily available up-to-date information on the use of proceeds annually until the green loan is fully drawn, and on a timely basis in the event of material developments. This annual report will include the information required.</p> | <p>Prior to issuance, the borrower will make the Framework available to investors. The Framework describes the process for managing the net proceeds from the financing.</p> <p>In the event of asset divestment or cancellation of a project, the proceeds will be re-allocated to finance other Eligible Projects which meet the eligible criteria set out in the Framework.</p> <p>The borrower has committed to publishing allocation and impact reporting annually on its corporate website.</p> <p>(a) Allocation Reporting The allocation report will include:</p> <ul style="list-style-type: none"> Amounts issued and outstanding for the proceeds Total value of the Eligible Projects Description of the Eligible Projects, including a breakdown of the allocated amounts based on the project categories by year, where applicable The amount and/or percentage of new and existing projects, i.e. share of financing and refinancing Details in relation to management of unallocated proceeds. |

| Criteria | Compliance with criteria | Remarks/Scope of work undertaken |
|---|--|--|
| <p>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the information can be presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories). Information need only be provided to those institutions participating in the loan, but borrowers should make this information public where feasible.</p> <p>The GLP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Borrowers with the ability to monitor achieved impacts are encouraged to include those in regular reports to those institutions participating in the loan.</p> <p>Review</p> <p>Where appropriate, it is recommended that borrowers appoint (an) external review provider(s) to assess the alignment of their green loan or green loan programme with the four core components of the GLP.</p> <p>The GLP encourage external review providers to disclose their credentials and relevant expertise and communicate clearly the scope of the review(s) conducted.</p> <p>Where applicable, any external review should be communicated and made available in a timely manner to all the financial institutions party to the loan in accordance with the relevant loan documentation provisions. Where appropriate, and taking into account confidentiality and competitive considerations, borrowers should make the external review publicly available, or an appropriate summary, via their website or otherwise.</p> | <p>Qualitative and quantitative performance measures will be used. The key underlying methodology used in the quantitative determination will also be disclosed where feasible.</p> <p>MARC Solutions has been engaged as the independent external reviewer for the Framework. The review conducted by MARC Solutions is a full review and addresses alignment with all four components of the relevant standards.</p> <p>The scope of MARC Solutions' external review is set out in MARC Solutions' IBA methodology that is publicly accessible from its corporate website.</p> <p>The external reviewer's report will be made available on the borrower's corporate website.</p> | <p>(b) Impact Reporting</p> <p>The impact report will include qualitative and quantitative performance measures and examples associated with each category of Eligible Projects, and the example of impact metrics have been disclosed in the Framework. The relevant methodology and key assumptions corresponding to the impact indicators will also be disclosed where feasible.</p> <p>MARC Solutions 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.</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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Published by:

MARC SOLUTIONS SDN BHD 201001025092 (909006-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: solutions@marc.com.my Website: www.marc.com.my