



**NORTHPORT (MALAYSIA) BHD**

**PRE-ISSUANCE SUSTAINABILITY SUKUK  
FRAMEWORK ASSESSMENT**

**FEBRUARY 2025**



**SUSTAINABILITY SUKUK  
FRAMEWORK ASSESSMENT**

MARC Ratings Berhad has been engaged by Northport (Malaysia) Bhd (Company Registration No: 198501014394 (146850-A)) as an independent external reviewer for its Sustainability Sukuk Framework. This external review was conducted according to the analytical framework in MARC Ratings' Impact Bond Assessment (IBA) methodology that is published on its website.

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## SUMMARY

Northport (Malaysia) Bhd (Northport) (Company Registration No: 198501014394 (146850-A)) has engaged MARC Ratings Berhad to review its Sustainability Sukuk Framework (the Framework).

The review consists of three parts: an impact significance analysis based on Northport's Framework; an assessment of alignment with the Social Bond Principles (SBP), Green Bond Principles (GBP), and Sustainability Bond Guidelines (SBG) of the International Capital Market Association (ICMA); or Social Bond Standards (SBS), Green Bond Standards (GBS), and Sustainability Bond Standards (SUS) of the ASEAN Capital Markets Forum (ACMF) (ASEAN Standards); or Sustainable and Responsible Investment (SRI) Sukuk Framework of the Securities Commission Malaysia (SC) or as they may be subsequently updated or amended; and an evaluation of Northport's sustainability implementation capacity and performance.

The Framework has been developed to set out how Northport intends to utilise sustainability finance towards Eligible Projects that will deliver environmental and social benefits in support of 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 proceeds raised in accordance with the Framework will be used to finance, in whole or in part, new or existing assets, businesses, projects and/or products that meet the Eligible Criteria set out in the Framework. Northport has set up a clear and proper process of project evaluation and selection. The relevant business unit will propose projects based on business requirements, and the facilities and equipment maintenance team will provide technical specifications. The finance team, with the environmental, social, and governance (ESG) committee's assistance, will evaluate these proposals against the Framework, and the strategic planning team will review them before seeking the Chief Executive Officer's (CEO) approval.

The Eligible Projects and the proceeds allocation will be managed internally by Northport through a register containing relevant information. Northport will publish an annual Sustainability Sukuk Report on its website detailing the amount of proceeds raised, the allocation of funds to each Eligible Category, any outstanding amounts pending allocation, among others. Where possible, Northport intends to provide examples of the Eligible Projects and the quantifiable impact of each Eligible Category in relation to the issuance of such relevant Sustainability Sukuk, as per the relevant impact indicators provided in the Framework.

Based on our review of the relevant documentation and assessment as per our IBA methodology, we have assigned a “**Gold**” assessment to the Framework. We also opine that the Framework is correspondingly aligned with the core components of the GBP/ SBP/ SBG, ASEAN GBS/ SBS/ SUS, and the SRI Sukuk Framework.

## Introduction

Northport is a member of MMC Corporation Berhad (MMC), a utilities and infrastructure group with four divisions, namely Ports and Logistics, Energy and Utilities, Engineering, and Industrial Development. The company, situated at Port Klang, Malaysia, operates a multipurpose port, with facilities and services handling a wide range of cargo, including containers, cars, and various types of bulk goods. Its facilities are located at two locations, with Southpoint handling conventional cargo, and North Port containing modern facilities for both container and conventional cargo.

As one of the main port operators serving Port Klang, Northport contributes to Malaysia's international trade and overall economic growth. Northport's real-time information application system optimises operations and reduces costs, ensuring rapid delivery and efficient vessel turnaround. To support the growth in global trade, Northport has expanded its services by offering integrated logistics solutions, attracting a wider range of shippers and shipping lines. Due to its extensive global shipping connectivity, Northport is served by major shipping lines that offer a comprehensive range of shipping services in the region.

The main services provided by Northport are as follows:

| Container Services  | Conventional Services   |
|---|---|
|  <p>Container services are operating at dedicated container terminals, namely CT1 and CT2, which are fully equipped with state-of-the-art handling equipment and facilities to meet the growing demand for container services. The wide and extensive connectivity provided by leading global shipping lines has helped Northport to leverage and emerge as a major regional transshipments hub port.</p> |  <p>Non-containerised cargoes are handled at two facilities – a dedicated conventional cargo terminal in Southpoint, and the conventional cargo terminals in Northport. It offers a very broad range of facilities and services for handling a variety of conventional cargoes including liquid bulk, dry bulk and breakbulk cargoes. Combined handling capacities for both terminals are 12 million tonnes.</p> |

| Logistics Services   | Marine Services   |
|--|---|
|  <p>In recognition of the international end-to-end supply chain development, Northport has envisaged an important role as part of this development. Northport has invested heavily in downstream on-dock supporting facilities, products and services. Among these is the dedicated logistics business unit called Northport <del>Distripark</del> which develops and offers value proposition as a Regional Distribution Centre and a wide range of services, which include warehousing, pre-shipment activities and other value-added activities to complement the core business activities at Northport.</p> <p>There is also Container Freight Station (CFS) which offers a Multi Consolidation Centre, with services ranging from warehousing, distribution and freight forwarding, all located within Northport's Free Commercial Zone.</p> |  <p>Northport's Marine Services provides a 24-hour service to ensure the safe and efficient movement of vessels within port waters. This includes all necessary coordination of port services and dissemination of relevant information. The efficient and safe movement of vessels is coordinated by highly experienced pilots while utilising the appropriate number and type of tugs for berthing and unberthing activities at the wharves. Knowledge of the Port Klang waterways and tidal flows is essential in determining the appropriate resources required and the timing for the movement of vessels.</p> |

To drive sustainable growth in the port and logistics industry, Northport has integrated the SDGs in its business activities. This includes focusing on energy efficiency, water conservation, and waste management to reduce its environmental impact and create long-term value. The company's Sustainability Sukuk Framework is aimed at supporting the transition to a low carbon economy, in alignment with the SDGs, with adequate access to sustainable financing.

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## APPENDIX

### COMPLIANCE REVIEW FORM

## 01 IMPACT SIGNIFICANCE ANALYSIS

The qualitative analysis of the impact of the Use of Proceeds is conducted in the context of the UN SDGs. As a globally accepted guidepost for transition to sustainable development, the SDGs serve as a useful framework of reference for impact analysis. The 17 UN 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 was established to outline how Northport intends to fund Eligible Projects that will deliver environmental and social benefits in alignment with the SDGs. The net proceeds of the Sustainability Sukuk will be used to finance, in whole or in part, new or existing assets, businesses, projects and/or products that meet the Eligible Criteria with social and/or green focus.

The Framework defines eight broad Eligible Categories for the Use of Proceeds which cumulatively support nine of the 17 UN SDGs. The Eligible Categories are as follows:

1. Clean Transportation
2. Energy Efficiency
3. Renewable Energy
4. Green Buildings
5. Climate Change Adaptation
6. Pollution Prevention, Control and Circular Economy
7. Sustainable Water and Wastewater Management
8. Socioeconomic Advancement and Empowerment

### ELIGIBLE CATEGORIES FOR USE OF PROCEEDS

#### Eligible Green Projects

| 1 Clean Transportation  |   |   |  |   |   |
|---|---|---|--|---|---|
| <b>Eligibility Criteria:</b> <ul style="list-style-type: none"> <li>• Initiatives that advance environmentally friendly transportation, such as low- or zero-emission vehicles including electric vehicles (EVs) and other supporting infrastructure</li> <li>• Research and development (R&amp;D) aimed at reducing emissions from Northport terminal, logistics, or maritime assets for port equipment and vessels, and also for automation systems for electric terminal equipment, such as autonomous trucks</li> </ul> |   |   |  |   |   |
| Sustainability Objective  | Sustainability Benefit  | Corresponding to the UN SDGs  |  |   |   |
| <ul style="list-style-type: none"> <li>• To reduce greenhouse gas (GHG) emissions by the port's vehicles, equipment and infrastructure</li> <li>• To prevent or minimise air pollution through lowered emissions of harmful pollutant particles</li> </ul>  | <ul style="list-style-type: none"> <li>• Lowering the carbon footprint of port operations, and mitigating risks associated with climate change</li> <li>• Safeguarding both ecosystem and human health with improved air quality in the port's surrounding areas</li> </ul> | <br><b>7 AFFORDABLE AND CLEAN ENERGY</b> | <br><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> | <br><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> | <br><b>13 CLIMATE ACTION</b> |
| <b>Alignment to the UN SDGs:</b> <p><b>UN SDG 7</b><br/>Ensure access to affordable, reliable, and sustainable energy through the deployment of clean transportation.</p>   |   |   |  |   |   |

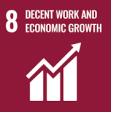
|   | <ul style="list-style-type: none"> <li>To enhance energy efficiency via utilisation of sustainable port equipment and infrastructure</li> </ul>   | <ul style="list-style-type: none"> <li>Reducing energy consumption, leading to lower operational costs in the long term</li> </ul>   | <p><b>UN SDG 9</b><br/>Enhance the reliability and resiliency of port infrastructure to promote sustainable industrialisation.</p> <p><b>UN SDG 11</b><br/>Increase access to sustainable transport systems to minimise the environmental impact of port activities.</p> <p><b>UN SDG 13</b><br/>Strengthen resilience and adaptive capacity to climate-related hazards through the adoption of clean transportation.</p> <p><b>Indicative measurement:</b></p> <ul style="list-style-type: none"> <li>Annual GHG emissions reduced or avoided (tCO<sub>2</sub>e)</li> <li>Estimated reduction in fuel consumption</li> <li>Number of clean vehicles deployed</li> </ul> |
|---|---|--|--|
| <b>2 Energy Efficiency</b>  |   |  |  |
| <p><b>Eligibility Criteria:</b></p> <p>Deployment of products or technologies that achieve a minimum 30% reduction in energy consumption for underlying assets, projects, appliances, products, or systems, including advancements such as improved lighting, more efficient chillers, or reduced power usage in manufacturing operations</p> |   |  |  |
| Sustainability Objective  | Sustainability Benefit  | Corresponding to the UN SDGs   |  |
| <ul style="list-style-type: none"> <li>To reduce energy consumption for the port's operations</li> <li>To increase overall energy efficiency through innovation and adoption of new technologies</li> <li>To lower GHG emissions associated with energy generation</li> </ul>   | <ul style="list-style-type: none"> <li>Increasing resource consumption efficiency, leading to lower long-term operational costs</li> <li>Enhancing the port operations' resilience by investing in environmentally sound technologies and practices</li> <li>Minimising climate change-related risks</li> </ul> |    | <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 7</b><br/>Develop infrastructure and upgrade technology for efficient energy consumption.</p> <p><b>UN SDG 9</b><br/>Support the development of climate-resilient infrastructures, and increasing the adoption of environmentally sound technologies.</p> <p><b>UN SDG 13</b><br/>Integrate climate change indicators into resource planning and industrial processes.</p> <p><b>Indicative measurement:</b></p> <ul style="list-style-type: none"> <li>Annual energy savings (MWh/GWh)</li> <li>Annual GHG emissions reduced or avoided (tCO<sub>2</sub>e)</li> </ul>  |

|   |   |  |   |
|---|---|--|---|
| <b>3 Renewable Energy</b>   |   |  |   |
| <b>Eligibility Criteria:</b> <p>Installation, maintenance, and operation of both existing and new renewable energy generation facilities, including rooftop solar panels</p>  |   |  |   |
| <b>Sustainability Objective</b> <ul style="list-style-type: none"> <li>• To conserve resources required for conventional energy generation, lowering fossil fuel dependency</li> <li>• To reduce the port's reliance on external energy suppliers through in-house renewable energy initiatives</li> <li>• To lower the port's electricity expenses in the long term</li> <li>• To reduce GHG emissions by transitioning to renewable energy sources</li> </ul>   |   |  |   |
| <b>Sustainability Benefit</b> <ul style="list-style-type: none"> <li>• Phasing out fossil fuels for energy generation by utilising renewable energy</li> <li>• Enhancing the port's energy security and resilience by placing lower reliance on external energy suppliers</li> <li>• Saving costs associated with energy, promoting operational resiliency</li> <li>• Lowering the port's carbon footprint, demonstrating its environmental commitment</li> </ul> | <b>Corresponding to the UN SDGs</b> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>7</b><br/>AFFORDABLE AND<br/>CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p><b>9</b><br/>INDUSTRY, INNOVATION<br/>AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p><b>13</b><br/>CLIMATE<br/>ACTION</p> </div> </div> | <b>Alignment to the UN SDGs:</b> <p><b>UN SDG 7</b><br/>Increase the share of renewable energy in the port's energy mix.</p> <p><b>UN SDG 9</b><br/>Promote sustainable industrialisation via the adoption of clean and environmentally sound technologies and industrial processes.</p> <p><b>UN SDG 13</b><br/>Mitigate the impact of climate change by diversifying energy sources.</p> <p><b>Indicative measurement:</b></p> <ul style="list-style-type: none"> <li>• Renewable energy savings (MWh)</li> <li>• Annual GHG emissions reduced or avoided (tCO<sub>2</sub>e)</li> <li>• Amount of renewable electricity consumed as a percentage of total energy consumption</li> </ul>  |   |
|   |   |  |   |
|   |   |  |   |
| <b>4 Green Buildings</b>  |   |  |   |
| <b>Eligibility Criteria:</b> <p>Construction, development, renovation, maintenance, and/or acquisition of new or refurbished buildings that comply with regional, national, or international standards or certifications, including Green Real Estate (GreenRE), Green Building Index (GBI), and Leadership in Energy and Environmental Design (LEED) (Gold or above)</p>   |   |  |   |
| <b>Sustainability Objective</b> <ul style="list-style-type: none"> <li>• To reduce energy consumption by constructing and maintaining buildings that adhere to high sustainability standards</li> <li>• To increase operational efficiency and reduce the overall environmental impact of the buildings</li> </ul>  | <b>Sustainability Benefit</b> <ul style="list-style-type: none"> <li>• Lowering the buildings' impacts on the environment, minimising the port's environmental footprint</li> <li>• Reducing resource consumption, leading to cost savings and operational resiliency</li> </ul>  | <b>Corresponding to the UN SDGs</b> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>7</b><br/>AFFORDABLE AND<br/>CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p><b>9</b><br/>INDUSTRY, INNOVATION<br/>AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p><b>11</b><br/>SUSTAINABLE CITIES<br/>AND COMMUNITIES</p> </div> <div style="text-align: center;">  <p><b>13</b><br/>CLIMATE<br/>ACTION</p> </div> </div> | <b>Alignment to the UN SDGs:</b> <p><b>UN SDG 7</b><br/>Ensure access to reliable and sustainable energy sources by increasing energy efficiency.</p> |
|   |   |  |   |

|  |  |  |
|--|--|--|
|  | <ul style="list-style-type: none"> <li>• To address and mitigate the risks posed by climate change</li> <li>• To provide a healthy indoor environment for the buildings' occupants</li> </ul>  | <ul style="list-style-type: none"> <li>• Lowering carbon emissions from the buildings throughout their life cycle</li> <li>• Enhancing the health and well-being of the buildings' occupants</li> </ul> <p><b>UN SDG 9</b><br/>Develop or upgrade infrastructure to increase resource-use efficiency and well-being of building occupants.</p> <p><b>UN SDG 11</b><br/>Ensure adequate, resilient and sustainable infrastructure for industrial usage.</p> <p><b>UN SDG 13</b><br/>Lower the overall environmental impact of buildings to combat climate change.</p> <p><b>Indicative measurement:</b></p> <ul style="list-style-type: none"> <li>• Number of solar panels installed on the customer's premises</li> <li>• Annual energy savings (MWh/GWh)</li> <li>• Annual GHG emissions reduced or avoided (tCO<sub>2</sub>e)</li> </ul>  |
| <b>5 Climate Change Adaptation</b>   |  |  |
| <b>Eligibility Criteria:</b>   |  |  |
| Construction or upgrade of port infrastructure and other activities to enhance resilience against the physical risks of climate change, including rising sea levels and extreme weather conditions   |  |  |
| <b>Sustainability Objective</b>  |  |  |
| <ul style="list-style-type: none"> <li>• To adapt to the foreseeable impact of climate change and mitigate related risks</li> <li>• To protect the port's assets and operations by investing in climate-resilient infrastructure</li> <li>• To reduce economic losses associated with disruptions caused by extreme weather events, such as port closures or damage to facilities</li> </ul> | <ul style="list-style-type: none"> <li>• Enhancing the port's resilience to the physical impacts of climate change to ensure delivery of the port's long-term value</li> <li>• Safeguarding the port's assets and ensuring the continuity of its operations despite increasingly severe weather conditions</li> <li>• Minimising the economic impact due to the physical risks of climate change, increasing operational resilience</li> </ul> | <p><b>Corresponding to the UN SDGs</b></p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">  <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p><b>13</b> CLIMATE ACTION</p> </div> </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 7</b><br/>Promote sustainable energy practices to enhance resilience against climate change.</p> <p><b>UN SDG 13</b><br/>Strengthen the port's resilience and adaptive capacity to climate-related hazards and natural disasters.</p> <p><b>Indicative measurement:</b></p> <ul style="list-style-type: none"> <li>• Annual GHG emissions reduced or avoided (tCO<sub>2</sub>e)</li> <li>• Reduction in repair costs of all types of infrastructure and assets from exposure to extreme weather conditions</li> </ul> |
| <b>6 Pollution Prevention, Control and Circular Economy</b>  |  |  |
| <b>Eligibility Criteria:</b>   |  |  |
| <ul style="list-style-type: none"> <li>• Repurposing materials for reuse, recycling, and refurbishment of components and products; practice of circular procurement; and the protection and conservation of natural resources</li> </ul>   |  |  |

|  | <ul style="list-style-type: none"> <li>Installation and improvement of recycling infrastructure, including systems for waste prevention and reduction, filtering, reusing and recycling, and energy/emission-efficient waste-to-energy management</li> </ul>  |   |  |  |  |
|--|---|---|--|--|--|
| Sustainability Objective   | Sustainability Benefit  | Corresponding to the UN SDGs  |  |  |  |
| <ul style="list-style-type: none"> <li>To reduce the consumption of new materials by reusing and recycling existing ones</li> <li>To minimise landfill waste, thereby reducing the environmental impact of waste disposal</li> <li>To reduce GHG emissions associated with waste disposal and the production of new materials</li> </ul>   |   |   |  |  |  |
| <ul style="list-style-type: none"> <li>Conserving raw materials, lowering reliance on the increasingly unpredictable raw material supply chain, and promoting a circular economy</li> <li>Protecting the environment and ecosystems by reducing pollution</li> <li>Mitigating climate change risks through the adoption of sustainable industrial technologies, processes and practices</li> </ul>   |   |   |  |  |  |
|   <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 12</b><br/>Ensure sustainable consumption and management of materials at the end of their life cycles to enhance resource efficiency.</p> <p><b>UN SDG 13</b><br/>Minimise the port's environmental footprint to help reduce its impact on the climate.</p> <p><b>Indicative measurement:</b></p> <ul style="list-style-type: none"> <li>Quantity of waste that is prevented, minimised, reused or recycled</li> </ul> |   |   |  |  |  |
| <b>7 Sustainable Water and Wastewater Management</b> <p><b>Eligibility Criteria:</b></p> <p>Capital expenditures for water-efficient equipment and fittings designed to reduce water consumption</p>   |   |   |  |  |  |
| Sustainability Objective   | Sustainability Benefit  | Corresponding to the UN SDGs  |  |  |  |
| <ul style="list-style-type: none"> <li>To reduce water consumption throughout the port's operations</li> <li>To prevent water pollution by reducing wastewater and water runoffs</li> <li>To increase resource-use efficiency and avoid the occurrence of water stress</li> </ul>  | <ul style="list-style-type: none"> <li>Lowering the impact of the port's operations on local water resources</li> <li>Preserving underwater ecosystems and the well-being of local communities</li> <li>Contributing to climate resilience by reducing the strain on water resources, especially during extreme weather events</li> </ul> |   <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 6</b><br/>Increase water-use efficiency by integrating water resource management in port operations.</p> <p><b>UN SDG 13</b><br/>Promote climate change-related planning and management in port operations.</p> <p><b>Indicative measurement:</b></p> <ul style="list-style-type: none"> <li>Decrease in the percentage of non-revenue water through advanced monitoring systems, infrastructure upgrades and leak detection technologies</li> <li>Water saved per year (m<sup>3</sup>/year)</li> </ul> |  |  |  |

## Eligible Social Projects

| 1 Socioeconomic Advancement and Empowerment   |  |   |
|---|--|---|
| <b>Eligibility Criteria:</b><br>Provision of training and educational programmes, and upskilling opportunities for employees' career advancement and personal growth  |  |   |
| Sustainability Objective  | Sustainability Benefit   | Corresponding to the UN SDGs  |
| <ul style="list-style-type: none"> <li>To ensure effective capacity building among employees and encourage innovative solutions in the workplace</li> <li>To provide employees with adequate and equitable opportunities for career growth and advancement</li> <li>To create a productive working environment and attract or retain talents</li> </ul> | <ul style="list-style-type: none"> <li>Developing employees' skills and knowledge to enhance operational efficiency</li> <li>Enhancing workplace satisfaction that will, in turn, reduce employee turnover, contributing to operational stability</li> <li>Committing to social responsibility and building a positive image as an employer</li> </ul> | <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>4</b> QUALITY EDUCATION</p> </div> <div style="text-align: center;">  <p><b>5</b> GENDER EQUALITY</p> </div> <div style="text-align: center;">  <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> </div> </div> <p><b>Alignment to the UN SDGs:</b></p> <p><b>UN SDG 4</b><br/>           Ensure employees possess adequate skills and knowledge necessary for the sustainable development of the port.</p> <p><b>UN SDG 5</b><br/>           Empower women employees with equal opportunities for leadership roles in the workplace.</p> <p><b>UN SDG 8</b><br/>           Promote inclusive, productive and sustainable employment through employee capacity building.</p> <p><b>Indicative measurement:</b></p> <ul style="list-style-type: none"> <li>Proportion of women in managerial positions</li> <li>Increase in staff retention rate</li> <li>Number of staff receiving relevant training</li> </ul> |

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

## Overall Impact Significance

The list of Eligible Categories defined in the Framework outlines Northport's commitment to utilising the Sustainability Sukuk proceeds towards supporting climate action and a low carbon economy, in line with the ICMA's GBP/SBP/SBG, ASEAN GBS/SBS/SUS, and SC's SRI Sukuk Framework.

Ports, as part of the shipping and logistics industry, play a significant role in facilitating global trade, serving as vital hubs for the movement of goods. Globally, shipping accounted for approximately 2% of energy-related carbon emissions in 2022. For the shipping sector to achieve net zero by 2050, nearly 15% reduction in emissions from 2022 to 2030 is required.<sup>1</sup> International Maritime Organization's (IMO) Ma-

<sup>1</sup> International Energy Agency. (2023). International Shipping. <https://www.iea.org/energy-system/transport/international-shipping>

Maritime Environment Protection Committee (MEPC) has invited its member states to promote voluntary collaboration throughout the entire value chain, including ports, to reduce GHG emissions along shipping routes and maritime hubs.<sup>2</sup>

The Use of Proceeds categories under the Framework are expected to reduce or mitigate climate change-related impacts, in support of IMO's initiatives. The Eligible Projects are also expected to create additional environmental and social impacts, towards achieving the targeted SDGs. Overall, the anticipated impact of the Use of Proceeds is assessed to be "Significant".

#### Exclusion Criteria

The Sustainability Sukuk Proceeds are excluded from financing the production, trade or activities related to the following industries (Exclusion List):

1. Any product or activity banned by the host country's laws, international agreements, or international bans, including pharmaceuticals, pesticides, ozone-depleting substances, polychlorinated biphenyls, wildlife, or items regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora
2. Weapons and munitions
3. Alcoholic beverages
4. Tobacco products
5. Gambling, casinos and equivalent enterprises
6. Commercial logging operations
7. Fossil fuel power generation projects
8. Activities that involve exploitative forced labour or child labour

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

<sup>2</sup> International Maritime Organization. (2023). Resolution MEPC.366(79): 2023 guidelines for the reduction of greenhouse gas emissions from ships. <https://wwwcdn.imo.org/localresources/en/KnowledgeCentre/IndexofIMOResolutions/MEPCDocuments/MEPC.366%2879%29.pdf>

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

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 issuance of Sustainability Sukuk will be utilised for the financing, in whole and/or in part, new or existing assets, businesses, projects and/or products that comply with the eligibility criteria recognised by ICMA's GBP/SBP/SBG; the ASEAN GBS/SBS/SUS, and the SC's SRI Sukuk Framework.

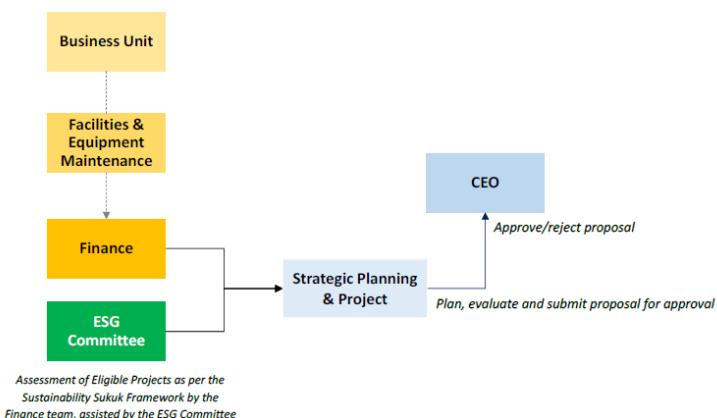
The proceeds shall be utilised for the following purposes in relation to the Eligible Projects:

- to finance and/or reimburse capital expenditure requirements
- to finance current and future investments
- to finance working capital requirements



Principle Two:  
Process for Project  
Evaluation and Selec-  
tion

Northport's internal process for project identification, selection, and approval involves the working and management levels, as illustrated below.



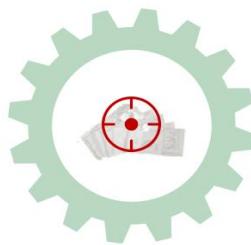
The projects will be identified and proposed by the relevant business unit according to business requirements, and the facilities and equipment maintenance team will provide technical specifications. The proposal will then be submitted to the finance team, who will evaluate the proposed projects according to the Eligibility Criteria set out in the Framework with the ESG Committee's assistance. Subsequently, the Strategic Planning and Project Team will assess the proposal and submit it to the CEO for approval.

During the project evaluation process, Northport will identify and address the relevant environmental and social risks to ensure the company achieves its sustainability objectives. This includes determining the availability and sustainability of required resources, assessing the project's environmental, social and economic impact, and establishing performance agreements with technology providers. For instance, the company may

undertake technical assessments, environmental impact assessments and evaluate its compliance with local regulations and safety standards for renewable energy projects. The assessments will be conducted internally by the facilities and equipment maintenance team.

Where necessary, the finance team and ESG Committee will update the Framework to accommodate any expansion of the Eligibility Criteria for the Use of Proceeds. The Framework will also be reviewed on a regular basis and amended as required. Significant changes will be reviewed by an independent external reviewer. The revised Framework will be published on Northport's corporate website and will supersede the current version.

Additionally, the Framework has defined exclusion criteria.



Principle Three:  
Management of  
Proceeds

The proceeds will be managed internally by Northport. The finance division is responsible for tracking the sustainability financing proceeds. It will manage the allocation of sustainability sukuk proceeds to eligible sustainability projects.

Pending allocation to the Eligible Projects, the net issuance proceeds shall be deposited into Northport's general funding accounts. Pending full allocation, Northport may hold the unallocated amount in cash or cash equivalents, including Shariah-compliant temporary investments in money markets or other liquid marketable instruments.

Northport will monitor the Eligible Projects and track the proceeds allocation by establishing a register containing relevant information including but not limited to:

- Sustainability Sukuk issuance details
- Information about the Eligible Projects
- Amount of proceeds allocated to the Eligible Projects
- Amount of proceeds utilised for the Eligible Projects
- Unallocated amount of proceeds
- Information on temporary investments for unallocated proceeds

On a best-effort basis, Northport will replace any Eligible Projects that no longer fulfil the Eligibility Criteria as soon as practicable with appropriate replacement projects. The replacement projects shall comply with the Eligible Requirements outlined in the Framework.

Northport will publish an Annual Sustainability Sukuk Report on its website (<https://www.northport.com.my>). The report shall be updated yearly until the funds are fully allocated, and in a timely manner in the event of material developments.

#### Allocation Reporting

The section on allocation in the Annual Sustainability Sukuk Report will include:

- Net proceeds raised from each Sustainability Sukuk issuance
- Aggregate amount of proceeds allocated to each Eligible Category

Principle Four: Report-  
ing

- Outstanding amount of proceeds pending allocation at the end of the reporting period and its temporary placement
- Removal or substitution of the Eligible Projects

#### **Impact Reporting**

Where possible, Northport intends to provide examples of the Eligible Projects and the quantifiable impact of each Eligible Category. The relevant impact indicators are provided in the Framework.

Northport shall make the pre-issuance external review available in its corporate website. Post-issuance, the company may engage an independent external assurance provider to verify the management of the proceeds and reporting of the Sustainability Sukuk as and when required.

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

#### **Overall Assessment**

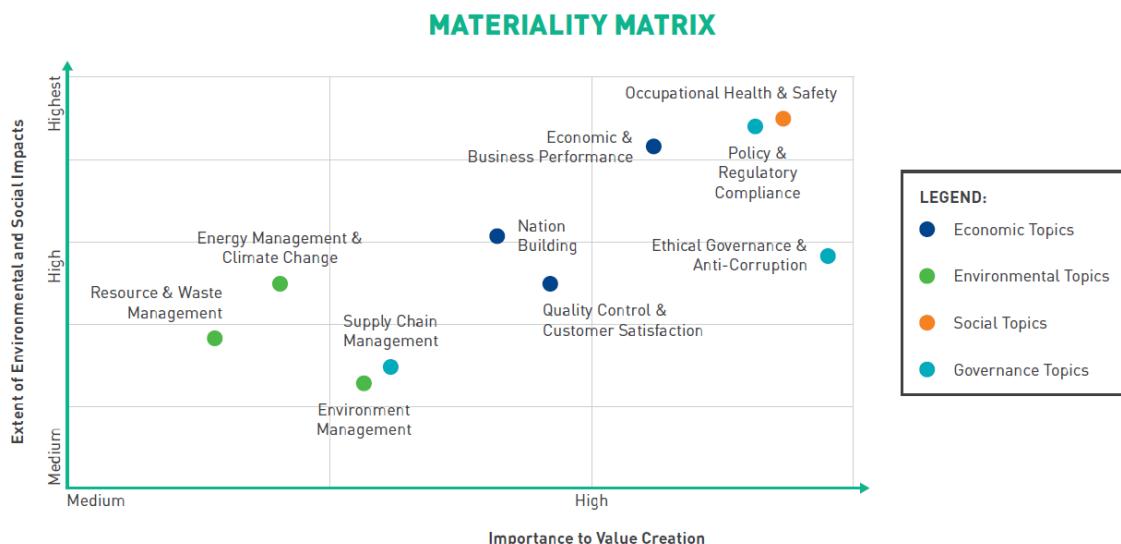
|                                     | <b>Clarity of Issuance Process and Disclosure</b> | <b>Total Score</b> |
|-------------------------------------|---|--------------------|
| <input checked="" type="checkbox"/> | High  | 10 - 12 points     |
| <input type="checkbox"/>            | Good  | 7 - 9 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.

| <b>Assessment Grade</b> | <b>High</b> | <b>Good</b> | <b>Satisfactory</b> | <b>Low</b> |
|-------------------------|-------------|-------------|---------------------|------------|
|                         | 3           | 2           | 1                   | 0          |

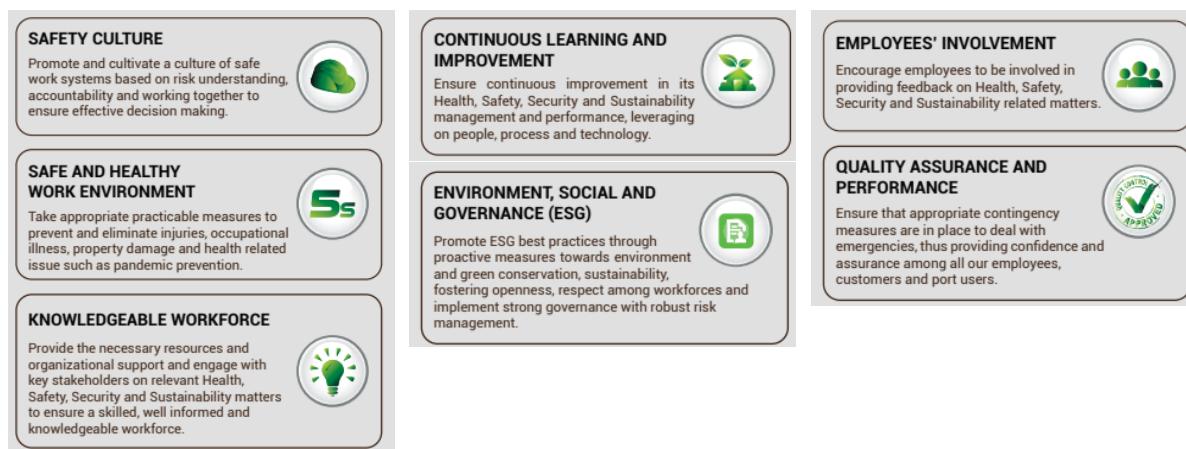
## 03 ANALYSIS OF SUSTAINABILITY PERFORMANCE

As a member of the MMC Group, Northport benefits from MMC's overarching sustainability governance structure. In 2023, the group undertook a Materiality Assessment Exercise to develop a matrix of ESG topics based on their importance to MMC's operational performance and potential environmental and social impacts. The group recognised that while all identified topics are equally important, the matrix helps the group effectively prioritise areas with the most immediate impacts, as identified by its stakeholders.



Northport's sustainability approach aligns with MMC's material ESG topics and is consistent with its vision to be the preferred regional gateway by providing integrated logistics solutions. The company focuses on maintaining high standards of occupational health and safety, environmental compliance, capacity building, modernising its facilities and equipment, and providing innovative solutions. The company is currently conducting its own stakeholder engagement and materiality assessment to determine its priority sustainability topics.

The company has in place a Health, Safety, Security, Sustainability and Quality (HSSSQ) Policy to govern all its business activities. This policy aims to ensure the company's compliance with relevant standards while delivering comprehensive, effective and efficient port services. The HSSSQ Policy also outlines Northport's commitment in the following aspects:



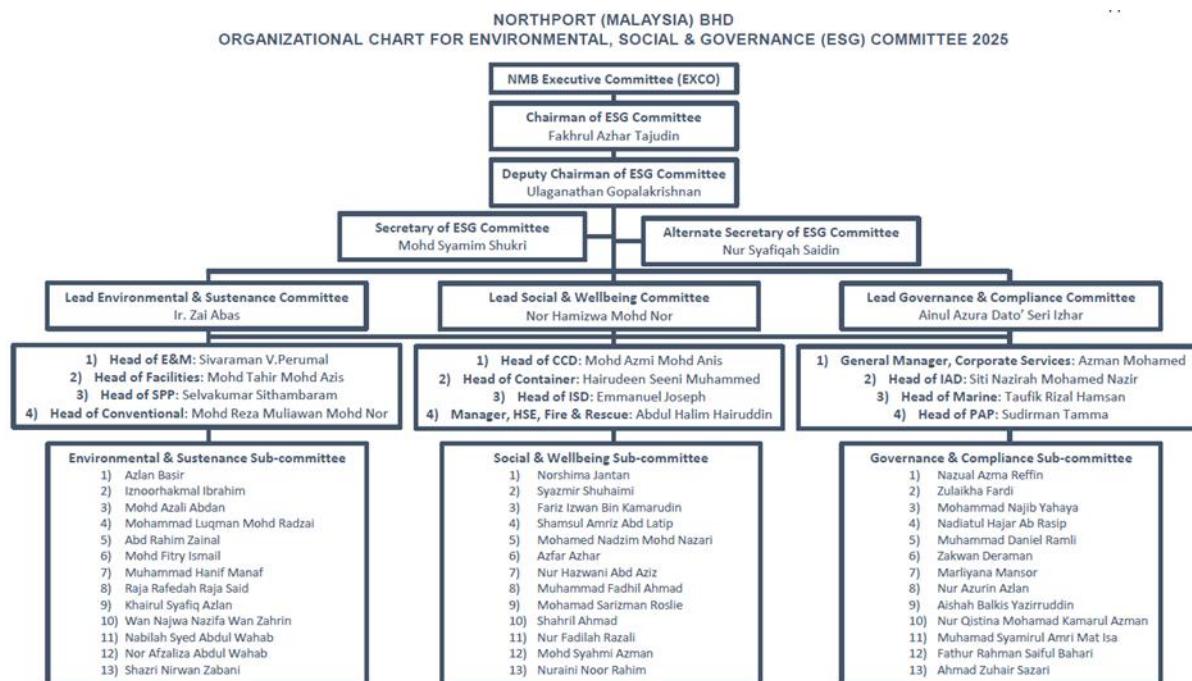
## Sustainability Governance and Risk Management

MMC's Board of Directors (Board) and Senior Management oversee the group's sustainability performance. Through the Finance, Investment, and Risk Committee (FIRC), the Board remains in charge of the group's sustainability matters. The Board is responsible for reviewing and approving management frameworks and policies at both the group and operating company levels.

While the group provides overall strategic direction and guidance, each operating company independently implements MMC's policies and ESG risk mitigation efforts at the operational level. This approach provides the flexibility for each operating company to customise their sustainability risk management strategies to their individual operating context. Each operating company has a dedicated management committee, similar to the FIRC, that oversees the company's ESG risk management.

Northport's Board oversees the company's sustainability strategies and performance, despite not having a dedicated Board-level sustainability committee. This oversight is conducted through quarterly reviews of the Health, Safety, Security and Environment (HSSE) and Risk Management reports during the Board meeting, which include ESG matters that are crucial for Northport's business. The Risk Management reports are reviewed by Northport's Board Audit Committee prior to deliberation by the Board.

To address sustainability challenges faced by the company, Northport has established an ESG Committee to spearhead and manage its ESG-related policies, planning and implementation. Chaired by the CEO, the ESG Committee comprises management representatives from relevant departments. They are responsible for supporting the company's management on ESG matters, including setting targets, allocating resources, reviewing the effectiveness of risk management and internal control policies, and ensuring the successful implementation of ESG-related initiatives.



## Managing Climate and Environmental Sustainability

Given MMC's diverse portfolio of companies, each facing unique climate challenges, climate-related risks and opportunities are identified at the operational level. These are then integrated into the group's broader sustainability strategy. Individual operating companies set their own climate targets, aligning them with the group's overarching sustainability goals.

Recognising the inherent link between energy consumption, carbon emissions, and environmental impact, the group continuously explores opportunities to enhance operational efficiency while shifting from fossil fuel energy sources. Meanwhile, fossil fuels and electricity remain the primary energy sources for MMC's ports, including Northport that utilises diesel, petrol, and liquefied petroleum gas.

Northport has conducted a carbon footprint baseline study with the aim to set up a decarbonisation framework. Currently, the company has identified its Scopes 1 and 2 emission sources and is currently setting decarbonisation targets.

Similar to other ports operating under MMC, Northport focuses on enhancing energy efficiency either by optimising existing equipment or shifting to more efficient alternatives. The company has been using electrified rubber-tyred gantry (eRTG) cranes since 2013 and had purchased 23 eRTGs out of the total 46 RTG cranes for its container yard operations, of which 11 units have been received in 2023 and the remaining 12 units will be staggered delivery in 2024 and 2025. In addition to upgrading equipment, Northport has increased the use of renewable energy through the installation of solar panels within its premises. The company's building is also designed to reduce its reliance on air conditioning or artificial lighting by incorporating open spaces and maximising natural ventilation and lighting.

To manage its water usage, Northport has implemented non-revenue water management to avoid leakages and reduce wastage. The company also utilises rainwater harvesting systems to conserve water resources, using rainwater captured for general cleaning and landscaping. Effluents collected from vessels through its on-site Port Reception Facility (PRF) are treated before being discharged, in adherence to environmental standards.

Waste management is an integral component of Northport's employee health and safety and environmental quality control. The company also recognises the opportunities associated with proper waste management practices, including alternative revenue streams and operational cost savings via circular economy practices. Waste, including those collected through the PRF, is segregated for reuse, recycling and resource recovery. The company ensures its scheduled waste management complies with environmental guidelines; Northport's scheduled waste is collected and disposed by certified third-party contractors.

In addition, Northport manages air, water, and noise pollution by undertaking regular assessments, analyses, and monitoring to ensure adherence to the regulatory requirements. The company has also integrated biodiversity management into its HSSSQ Policy to identify potential biodiversity risks and implement appropriate mitigation measures. It is overseen by the Port Klang Authority (PKA) as part of the Port Klang Sustainability Focus Group.

## Workforce Development and Wellbeing

To ensure the group's workforce is equipped with adequate operational skills and knowledge, MMC conducts regular training and development programmes. This includes training on ESG matters to enhance environmental sustainability and social responsibility within the group, driving its sustainability agenda. In efforts to encourage knowledge transfer among its operating companies, the group has organised several knowledge sharing sessions within the group. Northport has utilised the platform to share its expertise on its Halal Silk Route initiative.

At MMC, occupational safety and health (OSH) is managed at the operating company level, with the group regularly coordinating and monitoring its operating companies' OSH performance. Each operating company has its own health, safety, and environment (HSE) department, responsible for managing OSH risks, implementing safety controls and providing relevant employee training.

At the operational level, a HSE Committee is established for each site, with representatives from the HSE department, employees, third-party contractors and, if required, union representatives. Employees are also encouraged to provide OSH-related feedback and raise concerns to the HSE department.

Northport has formulated a phased roadmap towards achieving HSE excellence, starting with the transformation phase in 2012 that focused on changing employee attitude and behaviour. The focus shifted in 2016, and Northport began implementing actions that would improve OSH. In 2019, the company prioritised the continuous improvement of its HSE best practices among its stakeholders. The roadmap concluded in 2020 with Northport enforcing its commitment towards business continuity management<sup>3</sup>. The company received several awards for its dedication towards improving OSH. The awards included International Association of Ports and Harbours (IAPH) 2022 World Sustainability Award under the Health, Safety and Security Category, OSH Practitioner with Best Integrity at Anugerah Integriti, Governans dan Antirasuah (AIGA) Awards in 2023 and Merit awards at the British Safety Council (BSC) International Safety Awards in 2023 and 2024.

Standard operating procedures (SOPs) for incident management have been set up in alignment with the requirements of the International Organization for Standardization (ISO) and Department of Occupational Safety & Health Malaysia (DOSH). Should an incident occur, Northport's HSE department will identify its cause and take the appropriate corrective and preventive actions. Progress and outcomes will be reported quarterly to MMC's Board and Management.

In addition, MMC's Ports and Logistics division, including Northport, is planning to set up an in-house clinic and organise regular health checks and awareness programmes to improve employee well-being.

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<sup>3</sup> Northport (Malaysia) Bhd - Journey towards HSE excellence. Sustainable World Ports. (2020.) <https://sustainableworldports.org/project/northport-malaysia-bhd-journey-towards-hse-excellence/>

## Sustainability Performance Assessment

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

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 RATING SCALE

| GRADE  | DESCRIPTION  |
|--|--|
|  GOLD   | 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.   |
|  SILVER | 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.  |
|  BRONZE | 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. |

## 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 World Bank Group, MARC published its proposed criteria for rating green, social or sustainability bonds in April 2018. The version that was adopted in July 2018 after public consultation can be accessed on MARC's corporate website at [www.marc.com.my](http://www.marc.com.my). As explained in the criteria, the analytical framework consists of three components that provide insights to the green, social and sustainability credentials of green, social and sustainability bonds: (1) an assessment of environmental and/or social benefits of the underlying funded project(s); (2) an assessment of compliance with internationally recognised principles and market standards for the evaluation of such bonds; and (3) an evaluation of the issuer's sustainability strategy and performance. Bonds which meet the minimum thresholds in each of the three analytical components will be rated Gold, Silver or Bronze.

For more information, visit [www.marc.com.my](http://www.marc.com.my) or contact us at [ratings@marc.com.my](mailto:ratings@marc.com.my).

## Appendix

### Review of Compliance with ICMA's GBP/ SBP/ SBG, the ASEAN GBS/ SBS/ SUS, and SC's SRI Sukuk Framework

#### Issuer: Northport's Sustainability Sukuk Framework

##### Key Additional Features to comply with for sukuk issuance:

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

| Criteria  | Compliance with criteria   | Remarks/Scope of work undertaken |
|---|--|----------------------------------|
| <p><b>Issuer</b></p> <p><b>ASEAN GBS/ SBS/ SUS</b></p> <p>3.1<br/><i>The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</i></p> <p><b>SRI Sukuk Framework</b></p> <p>7.02<br/><i>The proceeds (of Sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</i></p> <p>7.03<br/><i>An issuer must not—(a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</i></p> <p>7.04<br/><i>An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</i></p> <p>7.05<br/><i>The information relating to the issuer and the details of the issuer's SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.</i></p> | <p><i>The Issuer is an ASEAN issuer.</i></p> <p><i>The Sukuk proceeds will be applied exclusively for the funding of activities falling within those broad categories of eligibility recognised by the SC's SRI Sukuk Framework.</i></p> <p><i>The Issuer intends to issue SRI sukuk that complies with the Guidelines.</i></p> <p><i>The Issuer commits to establish policies and processes as needed to ensure compliance with the SRI Sukuk Framework.</i></p> <p><i>The Issuer's Framework will be made available at the point of issuance and throughout the tenure of the SRI sukuk via its website as indicated in the Framework.</i></p> |                                  |

| Criteria  | Compliance with criteria   | Remarks/Scope of work undertaken   |
|---|--|--|
| <p><b>Eligible Projects</b></p> <p><u>SRI Sukuk Framework</u></p> <p>7.07</p> <p>An eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:</p> <p>a) Preserving and protecting the environment and natural resources;</p> <p>b) Conserving the use of energy;</p> <p>c) Promoting the use of renewable energy;</p> <p>d) Reducing greenhouse gas emissions;</p> <p>e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or</p> <p>f) Improving the quality of life of society.</p> <p>7.08</p> <p>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>b) Social projects that relate to, amongst others—affordable basic infrastructure; access to essential services; affordable housing; employment generation including the potential effect of SME financing and microfinance; food security; and socioeconomic advancement and empowerment.</p> <p>c) Projects which are the combination of Green and Social projects as described in (a) and (b) above; and</p> <p>d) Waqf projects that relate to the development of waqf properties or assets.</p> <p><u>ASEAN GBS/ SBS/ SUS</u></p> <p>4.1</p> <p>4.1.1</p> <p>The utilisation of issue proceeds must be described in the documentation for issuance.</p> <p>4.1.2</p> <p>The Issuer must disclose the following information: The categories of eligible Green and/or Social Projects to which the issue</p> | <p>Eligible Projects as defined by the Framework seek to achieve objectives (a), (b), (c), (d), and (e) set out in paragraph 7.07 of the SRI Sukuk Framework.</p> <p>The Eligible Categories outlined in the Framework are aligned to the following Green and Social project categories specified in paragraph 7.08 (a) and (b) of the SRI Sukuk Framework: renewable energy; energy efficiency; pollution prevention and control; clean transportation; sustainable water and wastewater management; climate change adaptation; green buildings which meet regional, national or internationally recognised standards or certifications; and socioeconomic advancement and empowerment.</p> | <p>The Framework defined clean transportation, energy efficiency, renewable energy, green buildings, climate change adaptation, pollution prevention, control and circular economy, sustainable water and wastewater management, and socioeconomic advancement and empowerment as the Eligible Projects.</p> |

| Criteria   | Compliance with criteria   | Remarks/Scope of work undertaken  |
|--|--|---|
| <p>proceeds will be allocated; and/or the information on specific Green and/or Social Projects in the case where the issuer has identified the specific Green and/or Social Projects to which the issue proceeds will be allocated.</p> <p>4.1.3<br/>All designated Green and/or Social Projects must provide clear environmental/social benefits, which will be assessed and, where feasible, quantified by the Issuer.</p> <p>4.1.4<br/>In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that Issuers provide an estimate of the share of financing and refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced and, to the extent relevant, the expected look-back period for refinanced projects.</p>  | <p>The Eligible Categories set out in the Framework provide clear environmental/social benefits.</p> <p>The proceeds will not be used for refinancing.</p>   |   |
| <p><b>Process for Project Evaluation and Selection</b></p> <p><u>SRI Sukuk Framework</u></p> <p>7.12<br/>An issuer must establish internal processes for evaluation and selection of the Eligible SRI projects as identified in paragraph 7.08 above.</p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.2.1<br/>The issuer must clearly communicate to investors:</p> <p>(i) The environmental/ social sustainability objectives; The Eligible Categories are framed in the context of SDGs with specific E&amp;S objectives;</p> <p>(ii) The process by which the Issuer determines how the projects fit within the identified eligible project categories; and</p> <p>(iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social (E&amp;S) risks associated with the selected projects.</p> <p>4.2.2<br/>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>The Issuer has established internal processes for project evaluation and selection.</p> <p>The Eligible Categories in the Framework are framed in the context of SDGs with specific E&amp;S 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&amp;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 eligibility criteria are clearly communicated in the Framework.</p> <p>The Framework details the information on the Eligible Projects, including their objectives, description and alignment with the UN SDGs.</p> |

| <b>Criteria</b>  | <b>Compliance with criteria</b>  | <b>Remarks/Scope of work undertaken</b>  |
|--|--|--|
| <p><b>4.2.3</b><br/> <i>Issuers are encouraged to position this information within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability. Issuers are also encouraged to disclose any green and social standards or certifications referenced in project selection.</i></p> <p><b>4.2.4</b><br/> <i>It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.</i></p> <p><b>4.2.5</b><br/> <i>The Issuer must make the following publicly available on a website designated by the Issuer at the time of the issuance and throughout the tenure of the Bonds:</i><br/> <i>(i) The process for project evaluation</i><br/> <i>(ii) The Use of Proceeds; and</i><br/> <i>(iii) External review report on the process (if any)</i></p>   | <p><i>The Issuer has positioned this information within the context of the Issuer's sustainability strategies.</i></p> <p><i>The Issuer has appointed MARC Ratings as the external reviewer for its Framework.</i></p> <p><i>The Issuer has committed to make the required information available in a Sustainability Sukuk Report to be published on its corporate website.</i></p>  | <p><i>The Framework will provide information on the process for project evaluation, and the Issuer will issue a Sustainability Sukuk Report on an annual basis that will provide information on the allocation and impacts throughout the tenure of the Sukuk. MARC Ratings' external review assessment will also be made available on its corporate website indicated in the Framework.</i></p> |
| <p><b>Management of Proceeds</b></p> <p><b><u>SRI Sukuk Framework</u></b></p> <p><b>7.13</b><br/> <i>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.</i></p> <p><b><u>ASEAN GBS/ SBS/ SUS</u></b></p> <p><b>4.3.1</b><br/> <i>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.</i></p> <p><b>4.3.2</b><br/> <i>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.</i></p> | <p><i>The Issuer will manage the proceeds internally via its finance division.</i></p> <p><i>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.</i></p> <p><i>The net proceeds from the issuance of the Sukuk will be internally tracked. The Issuer will invest the balance of unallocated proceeds in Shariah-compliant temporary investments such as money markets or other liquid marketable instruments.</i></p> |  |

| Criteria  | Compliance with criteria  | Remarks/Scope of work undertaken   |
|---|---|--|
| 4.3.3<br><i>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.</i>  | <i>The Issuer will disclose the amount of proceeds allocated to the Eligible Projects and the balance of unallocated proceeds in its allocation reporting.</i>  | <i>An area of improvement will be to state in the Framework that the Issuer will undertake periodic reconciliation of the tracked proceeds to allocations made to Eligible Projects.</i>                         |
| 4.3.4<br><i>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.</i>  | <i>The Framework discloses the intended temporary placement for the balance of unallocated net proceeds.</i>  | <i>The Issuer will invest the unallocated proceeds in Shariah-compliant temporary investments such as money markets or other liquid marketable instruments.</i>  |
| 4.3.5<br><i>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.</i>  | <i>The Issuer will track the allocation of funds internally. Post-issuance, the company may engage an independent external assurance provider to verify the management of the proceeds and reporting of the Sustainability Sukuk as and when required.</i>  | <i>The appointment of a third party to verify the internal tracking method and the allocation of funds from the Sukuk proceeds is encouraged by the ASEAN Standards to provide a high level of transparency.</i> |
| 4.3.6<br><i>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.</i>  |   |  |
| <b>Reporting</b>  |   |  |
| <u>ASEAN GBS/SBS/SUS</u>  |   |  |
| 4.4.1<br><i>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.</i> | <i>The Issuer has committed to publish a Sustainability Sukuk Report on its corporate website, which includes allocation reporting and impact reporting.</i>  |  |
|   | <p><b>(a) Allocation Reporting</b></p> <p><i>The section on allocation in the Sustainable Finance Report will include, among others:</i></p> <ul style="list-style-type: none"> <li>• <i>Net proceeds raised from each Sustainability Sukuk issuance</i></li> <li>• <i>Aggregate amounts of proceeds allocated to each Eligible Categories</i></li> <li>• <i>Outstanding amount of proceeds pending allocation at the end of the reporting period and its temporary placement</i></li> <li>• <i>Removal or substitution of the Eligible Projects</i></li> </ul> |  |
| 4.4.2<br><i>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).</i>   | <p><b>(b) Impact Reporting</b></p> <p><i>Where possible, the Issuer will report on the impacts associated with the Eligible Projects.</i></p>   |  |
| 4.4.3<br><i>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.</i>   |   | <i>An area of improvement will be to state in the Framework that the Issuer will disclose the key underlying methodology and/or assumptions used in the quantitative determination.</i>                          |

| <b>Criteria</b>  | <b>Compliance with criteria</b>  | <b>Remarks/Scope of work undertaken</b>   |
|--|--|---|
| <p><b>4.4.4</b><br/> <i>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.</i></p> <p><b>4.4.5</b><br/> <i>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.</i></p> <p><b>Disclosure Requirements</b></p> <p><b><u>SRI Sukuk Framework</u></b></p> <p><b>7.16</b><br/> <i>The following information must be included:</i></p> <p>a) <i>The overall SRI objectives that the issuer intends to achieve;</i></p> <p>b) <i>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;</i></p> <p>c) <i>The Eligible SRI projects in which the proceeds will be allocated;</i></p> <p>d) <i>The details of the Eligible SRI projects and to the extent possible, impact objectives from the Eligible SRI projects;</i></p> <p>e) <i>The processes used by the issuer to evaluate and select the Eligible SRI projects;</i></p> <p>f) <i>The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects;</i></p> <p>g) <i>The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</i></p> <p>h) <i>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.</i></p> | <p><i>The Issuer may engage an independent external assurance provider to verify the management of the proceeds and reporting of the Sustainability Sukuk as and when required.</i></p> <p><i>The Issuer shall provide to investors the annual reporting and the external review on the annual reporting, if any.</i></p> <p><i>The Issuer has committed to providing information items (a), (c), (d), (e), (f), (g), and (h) within its Sustainability Sukuk Framework.</i></p> | <p><i>The proceeds will not be used for refinancing.</i></p>  |
| <p><b>External Review</b></p> <p><b><u>SRI Sukuk Framework</u></b></p> <p><b>7.17</b><br/> <i>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.</i></p>  | <p><i>MARC Ratings 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.</i></p>   | <p><i>MARC Ratings 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.</i></p> |

| <b>Criteria</b>  | <b>Compliance with criteria</b>  | <b>Remarks/Scope of work undertaken</b> |
|--|--|---|
| <p><b><u>ASEAN GBS/ SBS/ SUS</u></b></p> <p>5.1<br/><i>Issuers are recommended to appoint external review providers for the bond issuances or programmes.</i></p> <p>5.2<br/><i>The external review may be partial, covering only certain aspects of the bond's framework or full, assessing alignment with all four core components as stated in the relevant standards.</i></p> <p>5.3<br/><i>The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</i></p> <p>5.4<br/><i>The external review provider must also disclose their relevant credentials and expertise, and the scope of the review conducted in the external review report.</i></p> | <p><i>The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' IBA methodology that is publicly accessible from its corporate website.</i></p> |   |

THE UN SUSTAINABLE DEVELOPMENT GOALS



**GOAL 1:** End poverty in all its forms everywhere



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



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



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



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



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



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



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



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



**GOAL 10:** Reduce inequality within and among countries



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



**GOAL 12:** Ensure sustainable consumption and production patterns



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



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



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



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



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

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