

SEP RESOURCES (M) SDN BHD

▪ PESONA ASEAN SUSTAINABILITY SRI SUKUK WAKALAH FRAMEWORK

**PROPOSED ISSUANCE OF ISLAMIC MEDIUM TERM NOTES OF
UP TO RM185.0 MILLION IN NOMINAL VALUE**

SECOND OPINION REPORT 24 July 2024

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RAM SUSTAINABILITY'S SECOND OPINION APPROACH

RAM Sustainability has assessed SEP Resources (M) Sdn Bhd's (SEP or the Issuer) Pesona ASEAN Sustainability SRI Sukuk Wakalah Framework (hereinafter referred to as the Framework) against sustainability responsibilities and disclosure requirements under the following standards and guidelines (hereinafter collectively referred to as the Standards):

- Securities Commission Malaysia's (SC) Sustainable and Responsible Investment **(SRI) Sukuk Framework**
- The ASEAN Capital Market Forum's (ACMF) **ASEAN Green Bond Standards (GBS)**
- The ACMF's **ASEAN Social Bond Standards (SBS)**
- The ACMF's **ASEAN Sustainability Bond Standards (SUS)**
- The International Capital Market Association's (ICMA) **Green Bond Principles (GBP)**
- The ICMA's **Social Bond Principles (SBP)**
- The ICMA's **Sustainability Bond Guidelines (SBG)**

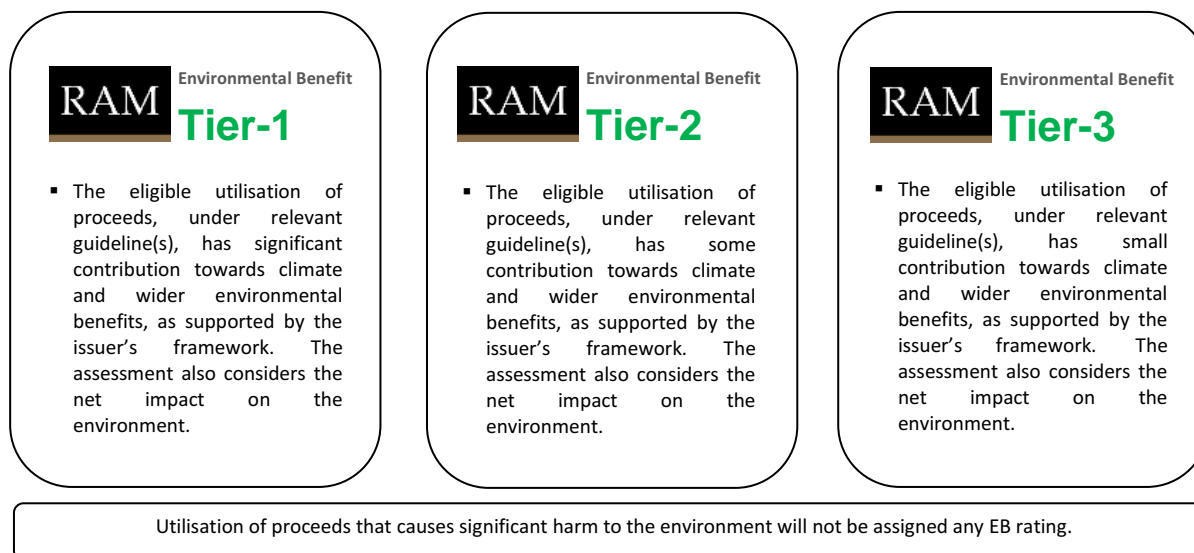
Our assessment relies on both public information and information provided by the Issuer and its parent, Pesona Metro Holdings Berhad (Pesona Metro or the Group). We have not undertaken any audit or other related activity to ascertain the validity or accuracy of the information provided.

RAM Sustainability classifies green, social or sustainability bond frameworks as *Weak*, *Aligned*, *Strong* or *Advanced*, in comparison to applicable regulations and guidelines or best practices.

Level	Framework Characteristics
Weak	Not observable in the framework.
Aligned	Observable in the framework, but is below best practice.
Strong	Observable in the framework and in line with best practice.
Advanced	Observable in the framework and is more stringent, comprehensive, and establishes a new benchmark and new best practice.

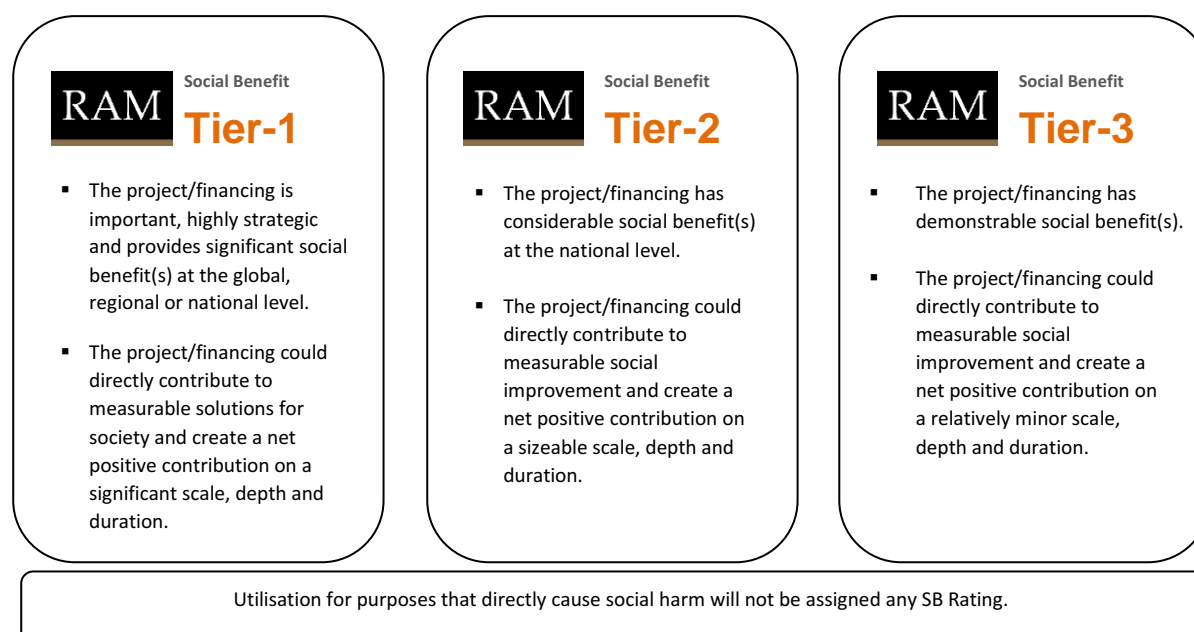
RAM SUSTAINABILITY'S ENVIRONMENTAL BENEFIT ASSESSMENT AND DEFINITION

The ultimate objective of green bonds is to facilitate the financing of environmentally friendly solutions that can help mitigate the effects of climate change and/or create value for the surrounding ecosystem. RAM Sustainability's green bonds evaluation is a qualitative and quantitative assessment of the contributions of a project or financing facility to a low-carbon, sustainable future. The transparency and disclosure strength of the green bonds is also a key consideration. RAM Sustainability's Environmental Benefit (EB) rating definitions are as follows:



RAM SUSTAINABILITY'S SOCIAL BENEFIT ASSESSMENT AND DEFINITION

The ultimate objective of social bonds is to facilitate the financing of social solutions that enhance social wellbeing by, inter alia, reducing the poverty level, increasing affordable housing and improving access to essential services. RAM Sustainability's social bond evaluation is a qualitative and quantitative assessment of a project or financing facility's potential contributions to social solutions. The transparency and disclosure strength of the social bonds is also a key consideration. RAM Sustainability's Social Benefit (SB) rating definitions are as follows:



SUMMARY OF SECOND OPINION ON THE FRAMEWORK

SEP is an investment holding company that is 70%-owned by Pesona Metro, a public-listed construction-focused group. SEP has been tasked to undertake the proposed issuance of the Islamic medium term notes (the ASEAN Sustainability SRI Sukuk Wakalah or the Sustainability Sukuk) of up to RM185 million in nominal value (the Sustainability Sukuk Issuance).


The Issuer will utilise the Sustainability Sukuk proceeds primarily for early redemption of all outstanding amount of Islamic medium term notes of RM150.0 million in nominal value (Existing Sukuk Wakalah) which was originally utilised to part-finance an eligible project under SEP's subsidiary, Budaya Positif Sdn Bhd (BPSB). BPSB is a concessionaire of Universiti Malaysia Perlis (UniMAP) and the Government of Malaysia via the Ministry of Higher Education, to undertake the design, construction, development and the provision of asset management services for student hostels located within the UniMAP Pauh Putra campus in Arau, Perlis (UniMAP Hostel Project). The student hostel, namely Kolej Kediaman Tuanku Tengku Fauziah, is one of six hostels in the campus and can house up to 4,000 students. The hostel also includes common facilities such as multipurpose hall, cafeteria, prayer hall and self-service washing area. The UniMAP Hostel Project is an eligible project under the Access to Essential Services project category.

The Issuer has identified ongoing green building projects in Pesona Metro's order book which may be eligible projects, subject to meeting the eligibility criteria, and may identify other social projects for the utilisation of the Sustainability Sukuk proceeds.

Pesona Metro envisions to promote access to basic essential services and affordable housing, and sustainable practices through their construction business activities. The Group has safeguards in place to protect its workers through the establishment of an occupational health and safety policy and its ISO 45001:2018 – Occupational Health and Safety standard certification.

RAM Sustainability opines that SEP's Framework is aligned with the transparency and disclosure requirements of the Standards. The Framework provides clarity on important aspects such as the intended use of proceeds, the process for project evaluation and selection, the procedure for the management of the proceeds, and the Issuer's future reporting commitments. We have assigned the following EB and SB ratings to SEP's eligible projects:

Table 1: RAM Sustainability's EB and SB Assessment of SEP's Eligible Project Categories

No.	Eligible Project Category under the Standards	SEP's Eligible Project	RAM Sustainability EB/SB Rating
1	Access to Essential Services	Access to Essential Services	 Social Benefit Tier-3
<p>Rationale:</p> <p>The Sustainability Sukuk proceeds may be used to finance or refinance the construction of affordable educational infrastructure projects linked to public educational institutions such as student accommodation/hostels. These infrastructures are a crucial part of the education system, allowing access to quality and affordable education. The Group also expects new employment and training opportunities to arise from these projects.</p> <p>At the UniMAP Hostel Project, the rental rates for undergraduates are RM450.00 per semester¹ for Malaysian students and RM10.00 per day for international students whereas for postgraduates, the rates are RM6.50 per day and RM12.00 per day for Malaysian and international students, respectively. Between March 2023 to March 2024, the UniMAP Hostel Project has recorded a 71% average accommodation rate.</p> <p>SEP has not disclosed other projects to be financed under this category. In view of the limited scale to only one project, RAM Sustainability has assigned a Tier-3 SB rating due to its moderated social benefit.</p>			

¹ For a 7-week semester, Malaysian students pay approximately RM9.20 per day.

2	Affordable Housing	Affordable Housing	
<p>Rationale:</p> <p>Proceeds from the Sustainability Sukuk may be used to finance or refinance the construction of affordable housing projects under the following government schemes:</p> <ol style="list-style-type: none"> Skim Perumahan Rakyat 1 Malaysia (PR1MA) Skim Perumahan Mampu Milik Swasta (MyHome) Perumahan Penjawat Awam 1Malaysia (PPA1M) Residensi Wilayah (formerly RUMAWIP) Rumah Selangorku Residensi Madani <p>Such affordable housing schemes are typically aimed at making housing and homeownership more accessible for the low- to middle-income groups. Our national house prices have been categorised as “Seriously Unaffordable” at a price to income ratio of 4.7 as reported by Bank Negara Malaysia in 2020². We expect SEP and the Group, through the Sustainability Sukuk, to contribute towards the national affordable housing agenda. However, the scale of the social benefit is viewed to be limited. In the immediate utilisation, there is no utilisation under this category. Moreover, the Group has yet to identify any affordable housing projects to be financed under the Framework. According to SEP, any eligible affordable housing projects will be identified and disclosed in its annual reporting, if any. In its portfolio, SEP has completed one Residensi Wilayah project in September 2023.</p>			
3	Green Building	Green Building	
<p>Rationale:</p> <p>The Group also undertakes the construction of green buildings. Under the Framework, SEP, via the subscription of New Murabahah Stocks to be issued by BPSB, shall enable BPSB to make advances to Pesona Metro and its subsidiaries via Shariah compliant intercompany advances to finance or refinance the construction and development costs of new residential or commercial green buildings certified with any of the following:</p> <ol style="list-style-type: none"> Leadership in Energy and Environmental Design (LEED) certification; Building Research Establishment Environmental Assessment Method (BREEAM) certification; Green Building Index (GBI); GreenRE; Such other standard/certification that is widely accepted and recognised locally and internationally. <p>Apart from environmental categories pertaining to resource use efficiency such as energy, building material and water, green building certifications also consider indoor environmental quality to ensure occupants’ health and comfort. Under the various rating systems, points are acquired by adhering to mandatory minimum prerequisites and achieving improved performance in various areas.</p> <p>According to the International Energy Agency, the operations of buildings consumed 30% of global final energy and contributed to 26% of global energy-related emissions in 2022. A building’s operational phase accounts for 80-90% of its total lifecycle emissions due to required energy use³. To meet the 2050 Net Zero Emissions target called for in the Paris Agreement, energy reduction must be at least 35% in 2030 compared to 2021. That said, the certification level of the Issuer’s green building projects are at the project owner’s discretion. Thus, SEP has not included minimum certification level in the eligibility criteria. Green buildings with higher certification levels is typically associated with better environmental performance and may result in greater environmental benefit, compared to green buildings with lower certification levels.</p>			

² Bank Negara Malaysia Spotlight: Housing (Un)affordability (2021)

³ Common Carbon Metric for Measuring Energy Use & Reporting Greenhouse Gas Emissions from Building Operations (UNEP SBCE) [Source: <https://c2e2.unepccc.org/wp-content/uploads/sites/3/2016/09/unep-sbce-common-carbon-metric.pdf>]

We further find the Framework to have a *Strong* level of disclosure. It incorporates details that we view to be in line with best practices. Our key assessment areas are illustrated in Table 2 below.

Table 2: Summary of RAM Sustainability's assessment of the Framework

Components	GBP/SBP/SBG	ASEAN GBS/ ASEAN SBS/ ASEAN SUS	SRI Sukuk Framework	RAM's Overall Opinion
Utilisation of Proceeds (By Asset/Project Category):	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>
i) Eligibility Criteria Disclosure Quality	<i>Aligned</i>	<i>Aligned</i>	<i>Aligned</i>	<i>Aligned</i>
ii) Indicative Proceeds Allocation	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>
iii) Exclusion List:				
- Issue Transaction-level	<i>Strong</i>	<i>Aligned</i>	<i>Aligned</i>	<i>Aligned</i>
- Group-level	<i>While there is no explicit exclusion list disclosed at the Group-level, Pesona Metro's core business activities involve generating revenue through building construction activities.</i>			
Project Evaluation & Selection	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>
Management of Proceeds	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>
Reporting Commitments:				
i) Allocation reporting	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>
ii) Impact reporting	<i>Aligned</i>	<i>Aligned</i>	<i>Aligned</i>	<i>Aligned</i>

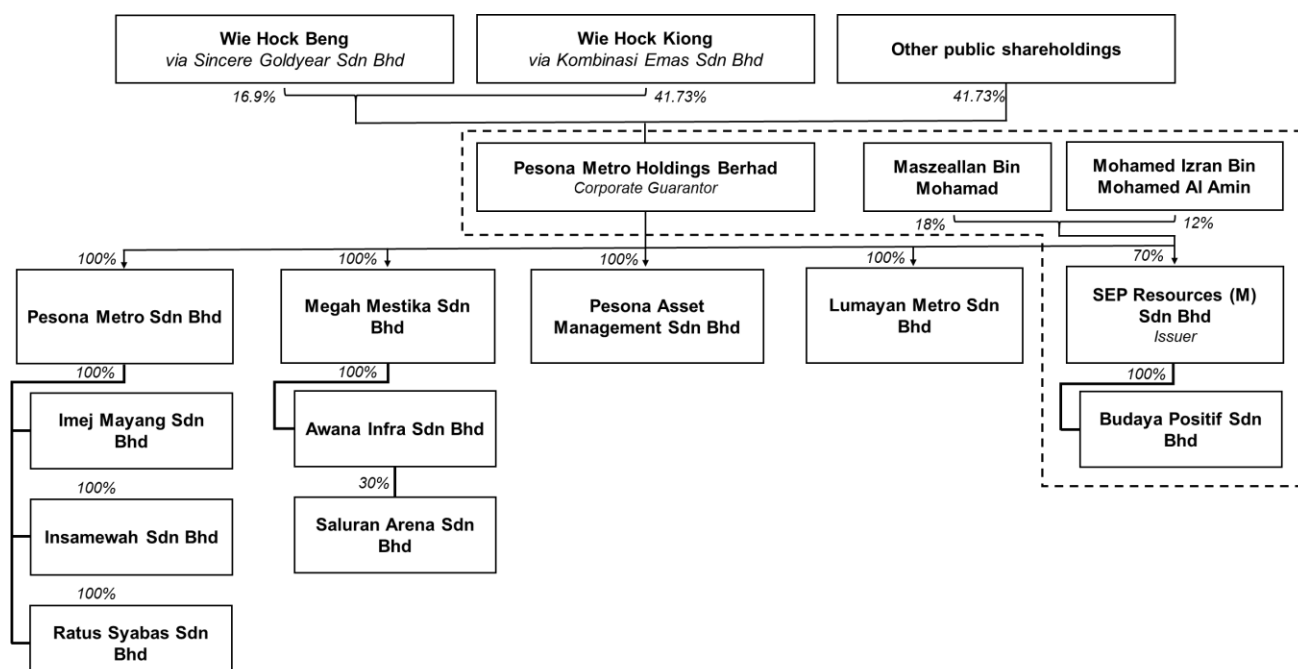
1. CORPORATE PROFILE

SEP is an investment holding company that is 70%-owned by Pesona Metro. SEP has only one subsidiary, Budaya Positif Sdn Bhd (BPSB), which is principally engaged in development of facilities through private finance initiatives.

Pesona Metro, a public listed investment holding company on the Main Market of Bursa Malaysia, is mainly involved in the construction sector. Their primary business activity is the construction of residential and commercial buildings, and infrastructure works through its main and wholly owned subsidiary, Pesona Metro Sdn Bhd (PMSB). The Group also engages in other activities including civil engineering, river rehabilitation and beautification, concessionaire activities as well as the trading of building-related materials through its other subsidiaries (Figure 1). The Group's primary shareholders are Wie Hock Beng and Wie Hock Kiong – two brothers who collectively own 58.63% via Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd respectively.

On 25 January 2013, BPSB was awarded a 22.5 years concession for the UniMAP Hostel Project. BPSB shall also perform asset management services including the replacement of assets, provide maintenance services of the UniMAP Hostel Project's facility and infrastructure. The construction of the UniMAP Hostel Project commenced on 22 October 2013 and was subsequently completed in June 2017. On 27 December 2019, backed by the stable Concession cashflows, SEP issued the Existing Sukuk Wakalah to:

- i) repay amount owing of up to RM62.0 million to PMSB in relation to construction costs pursuant to construction of the UniMAP Hostel Project; and
- ii) redeem existing outstanding financing facilities of up to RM88.0 million granted by Maybank Islamic Bank, which was granted to BPSB for the construction of the UniMAP Hostel Project.



Source: Pesona Metro

Figure 1: Shareholding structure of Pesona Metro as at 2 July 2024

2. REVIEW OF THE FRAMEWORK

We have analysed the Framework according to four core components under the Standards:

- Utilisation of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting Commitments

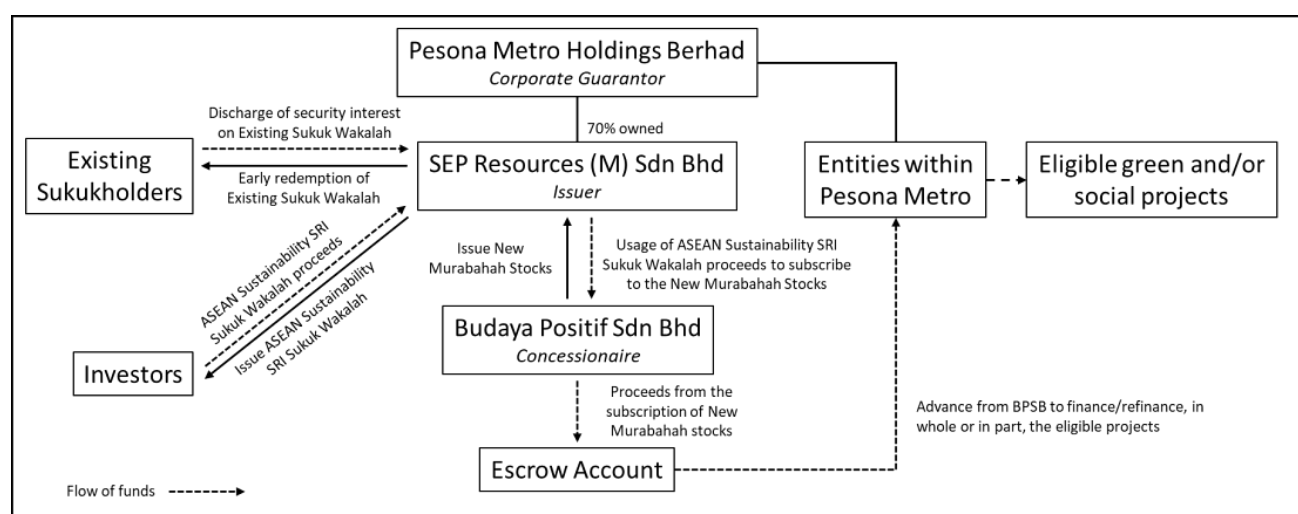
For a detailed review, please refer to Appendix 1 for the SRI Sukuk Framework Checklist, Appendix 2 for the ASEAN SUS Checklist, and Appendix 3 for the SBG External Review Form.

2.1. Utilisation of Proceeds

The Standards recognise several categories of eligible green and social projects. Broadly defined, green projects refer to innovative, climate-friendly solutions that help deliver clear environmental benefits. Social projects refer to solutions that are geared towards positive societal outcomes, for a target population group.

The eligible categories within the Framework include eligible green and social activities under the Standards (Table 1). For the refinancing of eligible projects, the lookback period is up to seven years.

The proceeds from the Sustainability Sukuk will be utilised to finance/refinance, in whole or in part, the eligible projects (Table 3). Part of the financing will be done via subscription of New Murabahah stocks issued by BPSB to SEP (Figure 2).



Source: Pesona Metro

Figure 2: Transaction structure of the Sustainability Sukuk

Table 3: Breakdown of the utilisation of proceeds for the Sustainability Sukuk

Allocation	Nominal Amount (RM million)	Percentage (%)
Early redemption of Existing Sukuk Wakalah (including redemption premium arising from the early redemption) which was originally ultimately utilised towards financing the construction costs of the UniMAP Hostel Project	108.50	58.65
To defray/reimburse issuance fees and expenses for ASEAN Sustainability SRI Sukuk Wakalah and to prefund the Finance Service Reserve Account Minimum Required Balance	7.30	3.95
Towards subscription of the New Murabahah Stocks to be issued by BPSB to make advances to Pesona Metro to finance and/or refinance eligible projects to be identified	69.20	37.40
Total	185.00	100.00

Ineligible Projects

Consistent with the ASEAN GBS and SBS, the Framework prohibits any net proceeds from the Sustainability Sukuk to provide funding for projects related to fossil fuel power generation, alcohol, gambling, tobacco, and weaponry.

Alignment of Project Categories with relevant Sustainable Development Goals (SDGs)

In tandem with the rise of sustainable finance, SDGs have been gaining traction among financial market participants since their launch in 2015. For many institutional investors, SDGs provide a harmonised structure to align investments with key sustainability issues that affect the world today. The Group's project category is mapped with the relevant SDGs namely, SDG 1: No Poverty, SDG 4: Quality Education, SDG 8: Decent Work and Economic Growth and SDG 11: Sustainable Cities and Communities.

2.2. Process for Project Evaluation and Selection

The Framework describes an evaluation and selection process that the Issuer undertakes to ensure that the environmental and social risks associated with the eligible projects are managed.

The process for selecting the eligible projects take place at the Group level, where oversight for sustainability is also managed. The Board of Directors are ultimately responsible for the Framework. The Board of Directors is also supported by an Executive Committee (EC), comprising senior management chaired by the managing director, that is responsible for approving the eligible projects. The EC is also further supported by a Sustainability Working Committee (SWC) which is responsible for the implementation of any sustainability exercise within the Group and for the proposal of the eligible projects to the EC for approval.

The process for evaluating the eligible projects' eligibility for financing/refinancing under the Sustainability Sukuk is as follows:

- i. Review and validate that the eligible projects are in accordance with the Framework;
- ii. Evaluate the eligible projects against the Framework;
- iii. Submit recommendation to the EC for approval on the selection of the eligible projects based on the proposal from the SWC;
- iv. Monitor the eligible projects during the actual operations; and
- v. Oversee the evaluation of social and environmental risks associated with the eligible projects during the project selection and construction phase, if applicable.

The Group and SEP are committed to ensure compliance with relevant environmental, social and governance standards or recognised best practices relating to the eligible projects. The Framework has outlined the environmental and social risks associated to the eligible projects during the project selection and construction phase, and the mitigation measures (Table 4).

Table 4: The associated environmental and social risks of the eligible projects and its mitigation measures.

Risk	Criteria/Aspects	Mitigation
Environmental	<ul style="list-style-type: none">Construction wastePollutionCarbon output	<ul style="list-style-type: none">Adopting the ISO 14001:2015 – Environmental Management System (EMS) standardEducation and awareness programmesSIRIM Green 5S practicesEnvironmental talkMaterial, utilities and waste management programmesCompliance with regulatory requirements known as the Environmental Management Plan (EMP)Environmental initiatives to be aligned with the International Standard for EMS
Social	<ul style="list-style-type: none">Occupational health and safetyLabour practicesProduct responsibility	<ul style="list-style-type: none">Adopting the ISO 45001:2018 standardLabour and decent workplace practices with fair and equal opportunity policyEducation and personal developmentEmployee reward and recognition practicesEmployee welfare and benefitsAdopting the ISO 9001 standardAssess projects via Quality Assessment System for Building Construction Works systemAssess customer satisfactionPerform sub-contractor and supplier evaluation

In our view, the processes employed by SEP are good governance practices for the evaluation and selection of eligible projects to be financed/refinanced under the Framework.

2.3. Management of Proceeds

The net proceeds from the Sustainability Sukuk will be utilised towards the early redemption of the Existing Sukuk Wakalah (including premium), prefund the Finance Service Reserve Account (FSRA), reimburse SEP for issuance fee and expenses and the balance are to be deposited into designated accounts which will be operated by a security trustee.

The designated accounts include, amongst others, BPSB's Escrow Account, Revenue Account and FSRA. The proceeds from SEP's subscription of the New Murabahah Stocks issued by BPSB will be deposited into BPSB's Escrow Account which will be advanced to the Group and its subsidiaries for the utilisation of other eligible projects.

The disbursement of the proceeds from BPSB's Escrow Account shall be subject to receipt of documentary evidence by the security trustee and the joint lead arrangers of the Sustainability Sukuk. The EC will track the utilisation of proceeds internally and ensure it is allocated within 12 months of the first issuance date of the Sustainability Sukuk in accordance with the Framework.

Any unutilised proceeds standing in the designated accounts will be placed in permitted investments comprising of Shariah-compliant investment products approved by the Security Commission's Shariah Advisory Council (SAC), the Bank Negara Malaysia's SAC and/or the other recognised Shariah authorities:

- i. Islamic treasury bills, Islamic money market instruments and sukuk issued by Bank Negara Malaysia or the Government of Malaysia; or
- ii. Islamic money market instruments, such as deposits, overnight repos/deposits or its equivalent, certificate of deposits, bankers acceptances of depository institutions having, at the time of investment, a minimum short-term of P1 or MARC-1 and a minimum long-term rating of AA₁ or AA+ or its equivalent; or
- iii. Sukuk issued in Malaysia having, at the time of investment, a minimum short-term of P1 or MARC-1 and a minimum long-term rating of AA₁ or AA+ or its equivalent.

While we view the process for management of proceeds above to be sound, we note that the Issuer has not established any ESG screening criteria for sukuk investments to ensure its unutilised proceeds are channelled towards purposes in line with the objectives of the Sustainability Sukuk. The Issuer has also not committed to appoint independent auditors or other third parties to verify its management of proceeds for Sukuk Proceeds under the Framework.

2.4. Reporting Commitments

The Standards require issuers to establish a formal process to communicate the allocation of proceeds and the positive impact created.

SEP is committed to report on an annual basis until full allocation of proceeds, the following information.

Table 5: Reporting Commitments of SEP

Allocation Reporting	<ul style="list-style-type: none"> ▪ The original amount earmarked for the eligible projects; ▪ The amount utilised for the eligible projects. SEP shall report the use of proceeds at least on an annual basis until full allocation, and on a timely basis, in the case of material developments; ▪ The unutilised amount and where such unutilised amount is placed or invested pending utilisation; and ▪ The description of the eligible projects which the proceeds from the Sustainability Sukuk have been allocated to.
Impact Reporting	<ul style="list-style-type: none"> ▪ The impact or expected impact of the eligible projects, which may include, but is not limited to the key underlying methodology or assumptions, and key performance indicators in supporting the SDGs, based on the metrics below: <ol style="list-style-type: none"> a. Access to essential services

	<ul style="list-style-type: none"> i. Estimated number of students benefiting from the infrastructure; ii. Number of infrastructure built/ refurbished/ improved; iii. Number of businesses/ services provided/ health facilities built/ refurbished/ improved; iv. Total number of employees; <ul style="list-style-type: none"> a. Apprenticeship/internship; b. Permanent employees; c. Temporary employees; and/or v. Hours of training of workforce. <p>b. Affordable housing</p> <ul style="list-style-type: none"> i. Estimated number of household/individuals benefiting from the eligible projects; and/or ii. Number of infrastructure built/ refurbished/ improved. iii. Number of businesses/ services provided/ health facilities built/ refurbished/ improved; iv. Total number of employees; <ul style="list-style-type: none"> • Apprenticeship/internship; • Permanent employees; • Temporary employees; and/or v. Hours of training of workforce. <p>c. Green building</p> <ul style="list-style-type: none"> i. Type of green building certification and level, and where available, the performance indicators achieved pursuant to the relevant certification up to the handover of the project by the Group (as the contractor) to the respective project owner, where applicable. <p>▪ In relation to the UniMAP Hostel Project, the impact reporting may also include the following:</p> <ul style="list-style-type: none"> i. Customer service rating; ii. Complaints on services; iii. Effectiveness of helpdesk regarding work request/ complaint; iv. Response to the corrective maintenance and rectification of work; v. Availability of critical services; vi. Availability of heating, ventilation and air-conditioning/ Maintenance of acceptable temperature; vii. Security patrolling; viii. Energy management; ix. Power factor; x. Water quality; xi. Health, safety and statutory requirements; xii. Zero incidents reported to authorities; xiii. Maintenance of technical library; and xiv. Computerised maintenance management system report.
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Such reporting will be made publicly available on the Group's website (<https://www.pesona.com.my>). The Group has also committed to making available this Second Opinion Report and the Framework on the same website. This will ensure that its sukuk investors are kept updated on the latest material developments. In addition, this Second Opinion Report will be available on RAM Sustainability's website (<https://www.ram.com.my/sustainability>).

3. SUSTAINABILITY ASSESSMENT

3.1. Group-Level Assessment

Sustainability Governance

The Group's sustainability efforts are guided and overseen by the Board of Directors, who are supported by the EC which is chaired by the Group's Managing Director. Meanwhile, the SWC is in charge of planning and executing the Group's sustainability strategies and policies. Table 6 describes Pesona Metro's sustainability governance structure.

Table 6: Sustainability governance structure of Pesona Metro

Sustainability Governance Body	Responsibilities
Board of Directors	The Board of Directors of Pesona Metro is responsible for upholding corporate governance best practices and sound internal controls in its evaluation and incorporation of relevant sustainable material matters into the Group's business strategy. The Board is also tasked with overseeing, supporting and promoting the smooth implementation of economic, environmental and social efforts within the Group.
Executive Committee	Chaired by the Managing Director, the EC oversees the development of the Group's sustainability framework. This involves formulating objectives, identifying stakeholders, and prioritising material matters related to environmental, social, and economic sustainability. The EC also reports progress to the Board and develops the Group's Sustainability Report and Policy.
Sustainability Working Committee	The SWC is tasked with closely monitoring and ensuring achievement of the Group's sustainability targets. It also drives the development and implementation of sustainability strategies.

Source: Pesona Metro

Sustainability Strategies

Long-Term Strategies

The vision of Pesona Metro is to be the preferred construction company in Malaysia as well as a trusted and passionate partner that delivers sustainable value and builds enduring relationships with all stakeholders. It also envisions to promote equal access to basic essential services, including affordable housing. Pesona Metro's long-term strategies involve a four-phased blueprint focused on strengthening operational processes, enhancing the workforce, and acquiring projects competitively.

Near-Term Strategies

In the short term, Pesona Metro strives to enhance operational efficiency and quality by minimising operational waste. Additionally, their employee training programs aim to bolster workforce efficiency, supporting the delivery of high-quality products within specified timeframes.

Sustainability Policies and Certifications

Pesona Metro has established the following policies and certifications to reflect the Group's commitment to ethical practices and employee welfare:

Table 7: Sustainability Policies and Certifications of Pesona Metro

	Description
Sustainability Policies	
Whistleblowing Policy	This policy encourages a culture of transparency and accountability. It allows employees to report concerns without fear of reprisal, ensuring that any potential issues related to financial reporting or malpractices are addressed promptly.
Fair and Equal Opportunity Policy	Pesona Metro is committed to fostering a diverse and inclusive workplace, fostering creativity and productivity among employees from various backgrounds.

Health and Safety Policy	Safety is paramount in property development, especially in construction sites. Having stringent health and safety policies ensures compliance with regulations, reduces accidents, and protects the well-being of employees, contractors, and assets. It also showcases Pesona Metro's responsibility towards the community where their projects are located.
Sustainability Certifications and Audits	
ISO 45001:2018 – Occupational Health and Safety Management Systems	Pesona Metro has completed its upgrade of the OHSAS 18001:2007 certification to the ISO 45001:2018 standard.
ISO 9001:2015 – Quality Management Systems	Pesona Metro has completely upgraded its ISO 9001 and ISO 14001 standards to the 2015 requirements.
ISO 14001:2015 – Environmental Management Systems	
SIRIM Green 5S	Pesona Metro was one of the first builders in Malaysia to subscribe to the SIRIM 5S methodology which ensures that their project sites remain continuously organised, clean and incident-free. All of the Group's projects have been audited by the SIRIM Green 5S team for their relevant Green 5S practices. PMHB's The Mews project site was the first of their sites to achieve a Zero Non-Conformance Report under SIRIM's Green 5S Audit back in 2017. To date, 7 project sites out of 12 had achieved Zero Non-Conformance Report.
Green Building Index (GBI)	<p>The following development projects constructed by the Group was awarded the following GBI certifications:</p> <ul style="list-style-type: none"> i. KPJ Bandar Dato' Onn Specialist Hospital, Johor – Silver (Provisional), Commercial ii. Menara Technip, Kuala Lumpur – Gold, Commercial iii. Third Avenue, Cyberjaya – Certified (Provisional), Residential iv. Conlay 301, Kuala Lumpur – Gold, Commercial v. Tria Seputeh, Kuala Lumpur – Certified (Provisional), Residential

Source: Pesona Metro

In our view, Pesona Metro demonstrates a strong commitment to social and environmental responsibility by obtaining relevant certifications and implementing consistent social and environmental policies in product quality, environmental sustainability, and health and safety.

The Group has identified seven UNSDGs that are material to its business and corporate sustainability strategy:



The Group had set targets for health and safety, labour practices, environment and product quality and was transparent in the reporting of its achievement in 2023. Most of its targets for 2023 were achieved except for the following:

Table 8: Pesona Metro's targets and achievements in 2023.

Target	Achievement
Labour Practices	
Minimum 14 hour/staff training	Not achieved
Internship – 10 at Pesona Metro headquarters, 25 at their operational sites	Not achieved – 2 at Pesona Metro headquarters, 13 at their operational sites
8 scholarships	Not achieved
Product Quality	
80% Customer Satisfaction	Not achieved – 73.3% for Tria Seputeh project
75% Sub-Contract Grade B	Not achieved – 51.7% for Tria Seputeh project

Source: Pesona Metro Sustainability Report 2023


Controversy Scan

As part of our ESG assessment, we have conducted a media scan to pick up any controversies involving Pesona Metro and SEP, its shareholders and directors as at the date of this report. We did not observe any controversy pertaining to the environmental, social and governance practices of PHMB and SEP as at 24 July 2024.

3.2. Positive Impact Creation

RAM Sustainability anticipates the eligible projects to yield measurable positive environmental and social effects on society. These are highlighted in Table 9 below:

Table 9: Positive impact created and alignment with United Nations' Sustainable Development Goals

Eligible Project Category	Description	Alignment with United Nations' Sustainable Development Goals
Access to Essential Services	<p>Approximately 59% of the Sustainability Sukuk proceeds will be utilised to refinance the UniMAP Hostel Project which provides an affordable, conducive and safe long-term living environment for students pursuing tertiary education at UniMAP. We view this project as essential infrastructure in education services which is an essential service.</p> <p>Despite the benefits, the scale of the social benefit is currently viewed to be limited, as it is supporting a one-off project.</p>	<div><p>4.a – Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p></div>

APPENDIX 1

APPENDIX 1: SRI SUKUK FRAMEWORK CHECKLIST

Reference:

Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework

Part 3: Corporate Bonds and Sukuk

Chapter 7: Sustainable and Responsible Investment (SRI) Sukuk

No.	Item	Requirement	Alignment	Comment
7.07 & 7.08	Eligible SRI Projects	<p>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 RE. (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. (f) Improving society's quality of life. <p>Eligible SRI projects may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> (a) Green projects that relate to: <ul style="list-style-type: none"> (i) Renewable energy. (ii) Energy efficiency. (iii) Pollution prevention and control. (iv) Environmentally sustainable management of living natural resources and land use. (v) Terrestrial and aquatic biodiversity conservation. (vi) Clean transportation. (vii) Sustainable water and wastewater management. (viii) Climate change adaptation. (ix) Eco-efficient and/or circular economy-adapted products, production technologies and processes. (x) Green buildings which meet regional, national or internationally recognised standards or certifications. (b) Social projects that relate to: <ul style="list-style-type: none"> (i) Affordable basic infrastructure. (ii) Access to essential services. (iii) Affordable housing. (iv) Employment generation, including the potential effects of SME financing and microfinancing. (v) Food security. (vi) Socioeconomic advancement and empowerment. (c) Projects which are the combination of green and social projects, as described in (a) and (b) above. (d) Waqf projects that relate to the development of waqf properties or assets. 	Yes	<p>The proceeds the Sustainability Sukuk will be allocated to finance or refinance, in part or in whole, the following eligible projects:</p> <ul style="list-style-type: none"> i. Access to essential services ii. Affordable housing iii. Green Buildings <p>Please refer to the summary of RAM Sustainability's second opinion on the Framework.</p>

No.	Item	Requirement	Alignment	Comment
7.10 & 7.11	Utilisation of Proceeds	An issuer must ensure that the proceeds raised from the issuance of the SRI sukuk are utilised only for the purpose of funding any activities or transactions relating to the Eligible SRI projects, as described in paragraph 7.08 above.	Yes	Please refer to the above.
		In relation to the activities or transactions that involve the acquisition of a company undertaking Eligible SRI projects, an issuer must ensure that the company to be acquired does not carry on any other business or projects except the Eligible SRI projects.	Not Applicable	There are no eligibility criteria related to the acquisition of a company being described within the Framework.
7.12	Process for Project Evaluation and Selection	An issuer must establish internal processes for the evaluation and selection of the Eligible SRI projects, as identified in paragraph 7.08 above.	Yes	The process for selecting the eligible projects takes place at the Group level, where oversight for sustainability is also managed. The Board of Directors are ultimately responsible for the Framework. The Board of Directors is supported by an Executive Committee (EC), comprising senior management chaired by the managing director, that is responsible for approving the selection of the eligible projects. The EC is also further supported by a Sustainability Working Committee (SWC) which is responsible for the implementation of any sustainability exercise within the Group and for the proposal of the eligible projects to the EC for approval. Refer to 2.2 for more details.
7.13	Management of Proceeds	An issuer must ensure that the proceeds allocated to the Eligible SRI projects are deposited into a designated account or otherwise tracked in an appropriate manner.	Yes	The net proceeds from the Sustainability Sukuk will be utilised towards the early redemption of the Existing Sukuk Wakalah (including premium), prefund the Finance Service Reserve Account, reimburse SEP for issuance fee and expenses and the balance are to be deposited into designated accounts which will be operated by a security trustee. The EC will track the utilisation of proceeds internally and ensure it is allocated within 12 months of the first issuance date of the Sustainability Sukuk in accordance with the Framework. Refer to 2.3 for more details.
7.14	Reporting	An issuer must provide the following information to the sukukholders, annually through a designated website: (a) The original amount allocated to the Eligible SRI projects. (b) The amount utilised for the Eligible SRI projects. (c) The unutilised amount and where such unutilised amount is placed or invested pending utilisation. (d) The list of Eligible SRI projects to which the SRI sukuk proceeds have been allocated, and a brief description of the said Eligible SRI projects and their impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact.	Yes	Refer to 2.4 for SEP's reporting commitments.

No.	Item	Requirement	Alignment	Comment
7.05 & 7.16	Disclosure Requirements	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 on the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.	Yes	Such information will be made publicly available on the Group's website at https://www.pesona.com.my . The Group has also committed to making available this Second Opinion Report and the Framework on the same website. This will ensure that its sukuk investors are kept updated on the latest material developments. In addition, this Second Opinion Report will be available on RAM Sustainability's website (https://www.ram.com.my/sustainability).
		<p>For the purpose of disclosure of the details of the issuer and the SRI Sukuk Framework under paragraph 7.05 above, the following information must be included:</p> <ul style="list-style-type: none"> (a) The overall SRI objectives that the issuer intends to achieve. (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 allocated to refinancing and which Eligible SRI projects will be refinanced. (c) The Eligible SRI projects to which the proceeds will be allocated. (d) The details of the Eligible SRI projects and, to the extent possible, the impact objectives of the Eligible SRI projects. (e) The processes used by the issuer to evaluate and select the Eligible SRI projects. (f) The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects. (g) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk. (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. 	Yes	The Group has committed to publishing its Framework, which contains items (a) to (h), on the Group's website.
7.17	External Review	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.	Yes	<p>RAM Sustainability has been appointed as an independent expert to provide a second opinion on the Framework. RAM Sustainability's analysis covers an assessment of the Framework against the disclosure requirements of the SRI Sukuk Framework, the ASEAN GBS, SBS, SUS and the GBP, SBP, and SBG as well as the Issuer's sustainability responsibilities.</p> <p>The Group intends to make RAM Sustainability's Second Opinion Report available on the Group's website. The report will also be available on RAM Sustainability's website.</p>

APPENDIX 2

APPENDIX 2: ASEAN SUSTAINABILITY BONDS STANDARDS (ASEAN SBS) CHECKLIST

Reference:

ASEAN Capital Markets Forum – ASEAN SUS

Item	No.	Requirement	Alignment	Comment
Eligible Issuers and Issuance	GBS 3.1 SBS 3.1	(i) Must be an ASEAN Issuer. (ii) In the case of a Non-ASEAN Issuer, the eligible Green Projects must be located in any of the ASEAN countries.	Yes	SEP is incorporated under the laws of Malaysia and is therefore an ASEAN Issuer.
	GBS 3.2 SBS 3.2	ASEAN Green Bonds issuances must be originated from any of the ASEAN member countries.	Yes	The Sustainability Sukuk will be issued by the Issuer and is therefore originated from an ASEAN member country.
Eligible Projects	GBS 4.1.5 SBS 4.1.6	There are several broad categories of eligibility for Green and Social projects which contribute to environmental/social objectives. Refer to ASEAN GBS and ASEAN SBS for the list of Green and Social categories.	Yes	The Sustainability Sukuk proceeds under the Framework may be allocated to finance or re-finance, in part or in whole, the following eligible projects: <ul style="list-style-type: none"> i. Access to essential services ii. Affordable housing iii. Green Buildings Please refer to the summary of RAM Sustainability's second opinion on the Framework.
Ineligible Projects	GBS 4.1.6 SBS 4.1.7	For clarification purposes, fossil fuel power generation projects are excluded from the ASEAN GBS. Projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry are excluded from the ASEAN SBS. Issuers are also encouraged to develop a list of additional ineligible projects for the issuance of their ASEAN Social Bonds, if applicable.	Yes	The Sustainability Sukuk proceeds under the Framework will not be utilised to fund related to fossil fuel power generation, alcohol, gambling, tobacco and weaponry, on top of others. Please go to 2.1 for the full exclusion criteria.
Continuous Accessibility to Information and Reporting	GBS 4.2.1 SBS 4.2.1	The Issuer of ASEAN Sustainability Bonds must clearly communicate to investors: (i) The environmental sustainability objectives. (ii) The process by which the Issuer determines how the projects fit within the eligible Green and Projects categories identified within the ASEAN GBS and ASEAN SBS. (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 Green and Social Projects.	Yes	The eligibility criteria for the use of proceeds and the process of evaluation and selection of eligible projects have been described in the Framework. Please refer to the Summary of Second Opinion on the Framework for more details.
	GBS 4.2.5 SBS 4.2.5	The Issuer must make the following publicly available on a website designated by the Issuer at the time of the issuance and throughout the tenure of an ASEAN Green, Social or Sustainability Bond: (i) The process for project evaluation.	Yes	The Issuer will ensure that the required information will be made publicly available on Pesona Metro's corporate website (https://www.pesona.com.my) at the time of the issuance and throughout the tenure of the Sustainability Sukuk.

Item	No.	Requirement	Alignment	Comment
		(ii) The use of proceeds. (iii) The external review report on the process (if any).		
	GBS 4.3.1 SBS 4.3.1	Prior to the issuance of the ASEAN Green, Social or Sustainability Bond, the Issuer must disclose to investors in the documentation for the issuance of the Bond, the process for managing the net proceeds from the Bond.	Yes	The Issuer has disclosed the required information in the Framework which will be published on Pesona Metro's corporate website. The process for managing the net proceeds from the issuance of the Sustainability Sukuk shall also be disclosed in the information memorandum which will be distributed to potential investors prior to issuance.
	GBS 4.3.4 SBS 4.3.4	The Issuer must also disclose to investors in the documentation for the issuance of the ASEAN Green, Social or Sustainability Bonds the intended types of temporary placement for the balance of unallocated proceeds.	Yes	The Issuer has disclosed the required information in the Framework which will be published on Pesona Metro's corporate website. The intended types of temporary placement for the balance of unallocated net proceeds shall also be disclosed in the information memorandum which will be distributed to potential investors prior to issuance.
	GBS 4.4.5 SBS 4.4.5	The Issuer must provide investors with an annual report and external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the ASEAN Green, Social or Sustainability Bonds.	Yes	The annual reporting will be made available on Pesona Metro's corporate website.
Encourage More Frequent Reporting	GBS 4.4.1 SBS 4.4.1	Issuers must report to investors at least once a year, and are encouraged to make more frequent reporting on the use of proceeds until full allocation, and as necessary thereafter in the event of material developments. This should include a list of the projects to which the ASEAN Green, Social or Sustainability Bond proceeds have been allocated, as well as a brief description of the projects and the amounts allocated and their expected impact.	Yes	The Issuer will publish disclosures on an annual basis which will provide information on the allocation and impact of the Sustainability Sukuk. The annual disclosures will be made available on Pesona Metro's corporate website.
External Review	GBS 5.1 SBS 5.1	Issuers are advised to appoint external review providers for the issuance of their ASEAN Green, Social or Sustainability Bonds.	Yes	The Issuer has appointed RAM Sustainability as the independent external reviewer for its Framework.
	GBS 4.2.4 SBS 4.2.4	It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.	Yes	The second opinion review by RAM Sustainability covers project evaluation and selection.
	GBS 4.3.5 SBS 4.3.5	It is recommended that the Issuer's management of proceeds be supplemented by the appointment of an auditor, or other third party to verify the internal tracking method and allocation of the proceeds from the ASEAN Green, Social or Sustainability Bonds proceeds.	Not Applicable	The Issuer has not made any commitment to appoint an auditor, or other third party to verify the internal tracking method and allocation of the proceeds from the Sustainability Sukuk.

Item	No.	Requirement	Alignment	Comment
	GBS 4.3.6 SBS 4.3.6	Where the Issuer appoints an auditor or other third party to verify its 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 issuance of the ASEAN Green Bonds.	Not Applicable	The Issuer has not made any commitment to appoint an auditor, or other third party to verify the internal tracking method and allocation of the Sustainability Sukuk
	GBS 4.4.4 SBS 4.4.4	It is recommended that the Issuer's annual reporting on the use of proceeds be supplemented by the confirmation of such use of proceeds by an external reviewer along with any relevant updates on the external review.	Not Applicable	The Issuer has not made any commitment to appoint an external reviewer to verify its annual reporting on the use proceeds of the Sustainability Sukuk.

APPENDIX 3

Green, Social and Sustainability Bonds External Review Form

This form complements the Bond Information Template that should have been filled in by the issuer. It provides additional information on the role of the External Reviewer when assessing the issuer's sustainability framework. This form may be used or adapted, where appropriate, to summarise the scope of the review.

Section 1. Basic Information

Issuer name: SEP Resources (M) Sdn Bhd

Bond ISIN³: *To be confirmed*

Independent External Review provider's name: RAM Sustainability Sdn Bhd

Completion date of this form: 24 July 2024

Date of the review: 24 July 2024

Section 2. Overview

SCOPE OF REVIEW

The review:

- ☒ assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- ☐ assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - ☐ Use of Proceeds ☐ Process for Project Evaluation and Selection
 - ☐ Management of Proceeds ☐ Reporting
- ☒ assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:
 - ASEAN SBS
 - ASEAN SBS
 - ASEAN SUS
 - SRI Sukuk Framework

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- ☒ Second Party Opinion ☐ Certification
- ☐ Verification ☒ Scoring/Rating
- ☐ Other (*please specify*):

³ The ISIN code is mandatory for publishing the form in the Sustainable Bond Issuers Database.

Does the review include a sustainability quality score⁴?

- | | |
|--|--|
| <input type="checkbox"/> Of the issuer | <input checked="" type="checkbox"/> Of the project |
| <input checked="" type="checkbox"/> Of the framework | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> No scoring | |

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- ☒ The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- ☒ The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- ☒ The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- ☒ An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- ☒ An identification and assessment of environmental, social and governance related risks of adverse impact through the issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- ☐ A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY⁵

Does the review assess:

- ☐ The issuer's climate transition strategy & governance?
- ☐ The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- ☐ The credibility of the issuer's climate transition strategy to reach its targets?
- ☐ The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- ☐ If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- ☐ The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways⁴ that are deemed necessary to limit climate change to targeted levels?
- ☐ The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically⁵?

⁴ The external review may indicate the provider's opinion of the overall sustainability quality of a bond or bond framework and assess whether it has a meaningful impact on advancing contribution to long-term sustainable development.

⁵ Where issuers wish to finance projects towards implementing a net zero emissions strategy aligned with the goals of the Paris Agreement, guidance on issuer level disclosures and climate transition strategies may be sought from the [Climate Transition Finance Handbook](#).

⁴ GHG emissions reduction targets that are in line with the scale of reductions required to keep the average global temperature increase to ideally 1.5°C, or at the very least to well below 2°C above pre-industrial temperatures. Science Based Targets Initiative (SBTi) is a branded verification body for science-based targets and SBTi verification is one way for issuers to validate the alignment of their emission reduction trajectories with science-based reference trajectories. In addition, ICMA has published Methodologies Registry which includes a list of tools to specifically help issuers, investors, or financial intermediaries validate their emission reduction trajectories.

⁵ Including information such as the respective contribution (e.g. %) of the different measures to the overall reduction, the total expenses associated with the plan, or the issuer's climate policy engagement.

Overall comment on this section:

Not applicable.

Section 3. Detailed Review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Does the review assess:

- ☒ the environmental/social benefits of the project(s)?
- ☒ whether those benefits are quantifiable and meaningful?

Does the review assess if the issuer provides clear information on:

- ☒ the estimated proceeds allocation per project category (in case of multiple projects)?
- ☒ the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

Please refer to 2.1 and the Summary of the Second Opinion.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- ☐ whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones.⁶
- ☒ whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- ☒ the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- ☒ the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- ☒ any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

Please refer to 2.2.

⁶ The EU Taxonomy, CBI Taxonomy, UK Taxonomy, China catalogue, etc.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- ☒ the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- ☒ the intended types of temporary investment instruments for unallocated proceeds?
- ☒ Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

Please refer to 2.3.

4. REPORTING

Does the review assess:

- ☒ the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- ☒ the frequency and the means of disclosure?
- ☐ the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

Please refer to 2.4.

Section 4. Additional Information

Useful links

RAM Sustainability's website: <https://www.ram.com.my/sustainability>
Pesona Metro's website: <https://pesona.com.my>

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Please refer to 3.2 for more details.

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- 1) **Second Opinion:** An institution with environmental expertise that is independent from the issuer may issue a Second Opinion. The institution should be independent of the issuer's adviser on its Social Bond framework or appropriate procedures, such as information barriers, which would have been implemented within the institution to ensure the independence of the Second Opinion. It normally entails an assessment of alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- 2) **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- 3) **Certification:** An issuer can have its Social Bonds or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- 4) **Social Bond Scoring/Rating:** An issuer can have its Social Bonds, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, the process relative to the SBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

ABOUT RAM SUSTAINABILITY

RAM Sustainability Sdn Bhd is a provider of sustainability services and ESG analytics. Incorporated on 31 May 2000, RAM Sustainability is a wholly owned subsidiary of RAM Holdings Berhad (RAM Group). RAM Sustainability is the first ASEAN-based provider of ESG ratings and second opinions and has the distinction of being the first Registered Observer of ICMA's Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and Sustainability-Linked Bond Principles in ASEAN. It was a member of ICMA's Advisory Council to the Green Bond Principle and Social Bond Principle Executive Committee for three consecutive terms. On 12 August 2020, RAM Sustainability became an Approved Verifier for the certification of climate bonds under the Climate Bonds Standard & Certification Scheme after having been awarded the status by the Climate Bonds Standards Board. For further details, please refer to <https://www.ram.com.my/sustainability>.

About RAM Group

The RAM Group, formerly known as Rating Agency Malaysia Berhad, is a leading provider of independent credit ratings, research, training, risk analysis and bond pricing. Established in November 1990 as Malaysia's first credit rating agency, RAM Group transferred its rating operations to RAM Rating Services Berhad (RAM Ratings) on 1 July 2007. RAM Ratings is a wholly owned subsidiary of the Group.

As the largest credit rating agency in Malaysia and ASEAN, RAM Ratings has assessed over USD 480 billion in bonds from more than 750 entities. Its diverse portfolio includes corporates, sovereign nations, financial institutions, insurance companies, project finance and structured finance obligations. Renowned for rating Islamic securities (sukuk), RAM Ratings has won numerous awards in this arena, including the GIFA Power Award (Islamic Rating) at the Global Islamic Finance Awards (GIFA) in 2021, 2022, and 2023, and The Best Islamic Rating Agency (Malaysia) award at The Asset Triple A Islamic Finance Awards 2022. It recently received FocusEconomics Analyst Forecast Awards for first place in Interest Rate Forecasting and second in Inflation Rate Forecasting.

On 26 May 2016, RAM Ratings joined the United Nations-supported Principles for Responsible Investment's Statement on ESG in Credit Ratings, committing to a systematic incorporation of ESG into credit ratings. RAM Group became a member of the United Nations Global Compact on 9 April 2024, reinforcing its dedication to sustainability and corporate responsibility.

RAM Solutions Sdn Bhd, effective from 1 March 2023, integrated sustainability solutions into its credit opinion business, operating independently of external reviewers. Another subsidiary, Bond Pricing Agency Malaysia Sdn Bhd, is the sole provider of bond-pricing and valuation data on the Malaysian bond market.

Bursa Malaysia RAM Capital Sdn Bhd (BR Capital), incorporated on 27 December 2022 as a joint venture between Bursa Malaysia Berhad (51%) and RAM Holdings Berhad (49%), is a recognised market operator registered with the Securities Commission Malaysia. BR Capital operates a digital platform that allows eligible issuers to raise debt financing through the issuance of investment notes.

For further details, go to <https://www.ram.com.my>.





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