

MARC

MARC RATINGS BERHAD

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MRCB



MALAYSIAN RESOURCES CORPORATION BERHAD (MRCB)

**PRE-ISSUANCE SUSTAINABLE FINANCING FRAMEWORK
ASSESSMENT**

JUNE 2023



**SUSTAINABILITY FINANCING
FRAMEWORK ASSESSMENT**

MARC Ratings Berhad (MARC Ratings) has been engaged by Malaysian Resources Corporation Bhd (MRCB) (Company Registration No: 196801000388 (7994-D)) as an independent external reviewer for its Sustainable Financing 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

Malaysian Resources Corporation Berhad (MRCB or “the Company”) (Company Registration No: 196801000388) (7994-D)) has engaged MARC Ratings Berhad (MARC Ratings) to review its Sustainable Financing Framework (the Framework).

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

The Framework has been established to set the guidelines for MRCB’s future fundraising through sustainable debt instruments, including green/social/sustainability sukuk/bonds and green/social/sustainability loans/financings. In assigning the assessment, MARC Ratings has relied on pre-issuance information provided and associated parties as well as information gathered from the public domain.

The proceeds raised in accordance with the Framework (Sustainable Finance Proceeds) will be exclusively utilised for the financing and/or the refinancing, in whole and/or in part, of Eligible Projects, new and/or existing assets, businesses, projects and/or products that comply with the eligible criteria. The following are the eligible criteria for Use of Proceeds: Green Building, Pollution Prevention and Control, Renewable Energy, Biodiversity Conservation, Affordable Housing, Access to Basic Infrastructure, and Socioeconomic Advancement and Empowerment.

The Eligible Projects are to be proposed by the Heads of Divisions of MRCB’s key business segments and shall be assessed and vetted by the Sustainability Department for the evaluation of environmental and social risks. MRCB’s Group Managing Director (GMD) shall approve the selection of Eligible Projects with the recommendations from the Group Chief Financial Officer (GCFO), Group Chief Operating Officer (GCOO) and Chief Corporate Officer (CCO).

The net proceeds will be managed internally. The proceeds will be deposited into MRCB’s bank account which shall be managed by MRCB’s Finance Department and earmarked for utilisation towards Eligible Projects. MRCB will create a register to track the allocation of the proceeds raised in reference to this Framework. The Framework aligns MRCB’s post-issuance tracking and reporting on Use of Proceeds with the SC’s SRI Sukuk Framework. It provides for annual reporting of the projects to which the proceeds have been allocated, the balance of unallocated proceeds and where such unutilised amount is placed or invested pending utilisation, as well as project impact indicators. Where feasible, MRCB will disclose qualitative performance indicators, quantitative performance measures and the key underlying methodology and/or assumptions used. MARC Ratings considers the process for the management of proceeds to be in line with market practice.

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

Introduction

MRCB is a Malaysia-based investment holding company that also engages in property development, property investment, engineering and construction related activities, environmental engineering, and provision of management services. Its segments include Property Development and Investment; Engineering, Construction and Environment; Facilities Management and Parking; and Others. The Company, through its subsidiaries is engaged in property development, property investment, engineering and construction related activities, environmental engineering, facilities management and parking services. It develops rail and road transportation infrastructure, high voltage power transmission and environmental projects. It is engaged in Transit Oriented Developments (TODs) which are city-within-a-city developments anchored around transportation hubs. It provides leasing of office and service residence space.



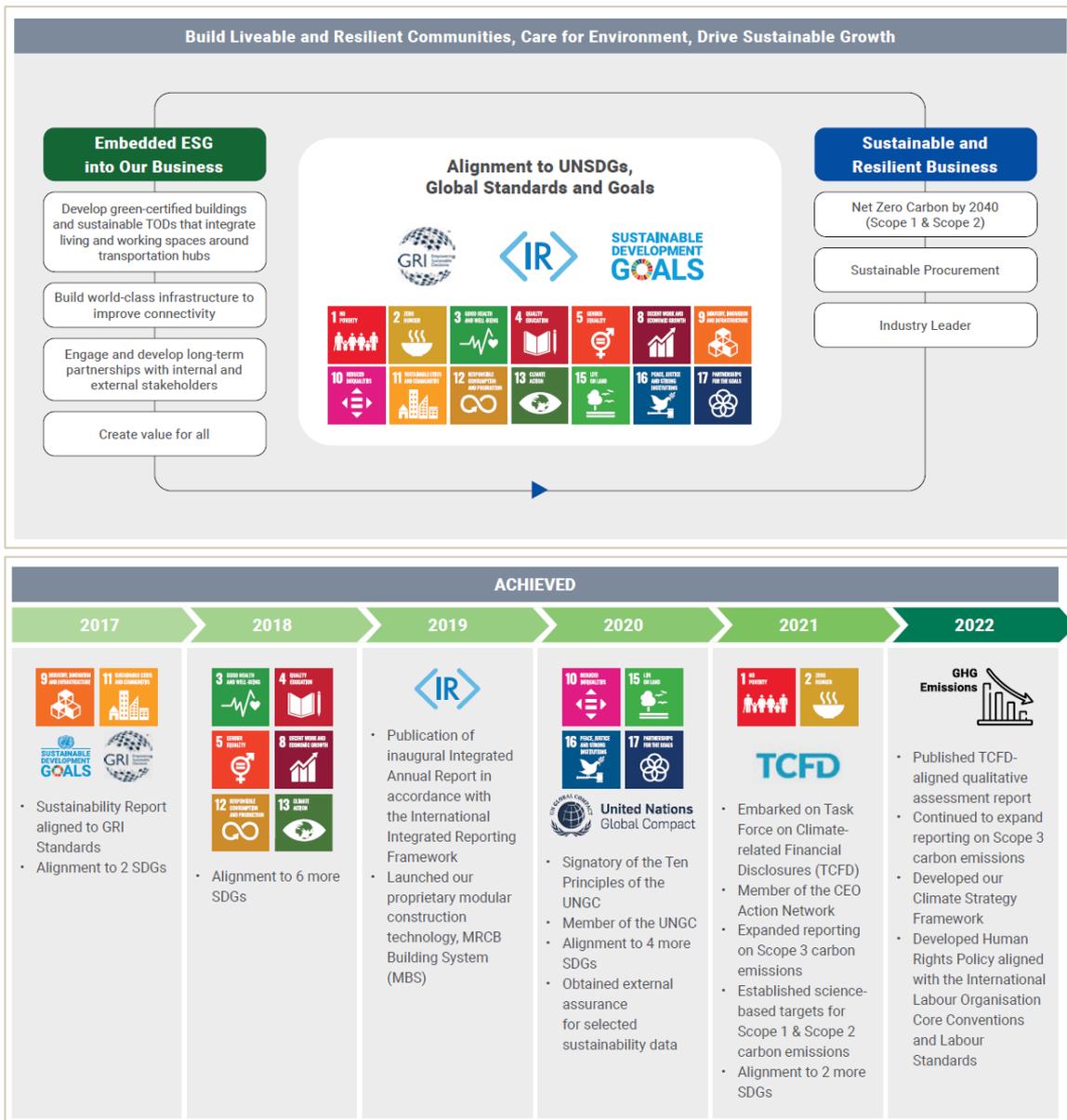
MRCB has made it a priority to develop a more robust climate action strategy to achieve Net Zero Carbon by 2040. In 2020, MRCB developed a Climate Change Statement acknowledging the Principles of the Climate Governance Initiative (CGI). It has already developed a roadmap for its sustainability journey by significantly improving its operations, particularly its eco-efficiency of energy, water, waste, as well as its carbon footprint.

Sustainability Governance Structure

MRCB has formulated a governance structure to oversee its sustainability initiatives, with the Board and Senior Management being responsible for and overseeing the development and adoption of MRCB's overall sustainability strategy. The CCO has been appointed by the Board to provide dedicated focus to manage MRCB's sustainability strategy, with support being provided for by the Sustainability Management Committee (SMC) in the form of sound decision-making on sustainability issues and facilitation towards the goal of improving and enhancing the Group's sustainability performance. The SMC consists of MRCB's Senior Management, with the CCO designated as its chairman that manages the material sustainability matters, and ensures the Board stays abreast with and understands the sustainability issues, including climate-related risks and opportunities. Outcomes arising from the SMC meetings are updated to the Board each quarter.



Net Zero Carbon by 2040



In 2020, MRCB announced its commitment to achieving Net Zero Carbon by 2040 for Scope 1 and Scope 2 emissions, and is currently developing science-based targets for Scope 1 and Scope 2 emissions for SBTi validation. Using the latest SBTi Tool (version 2.0) and through the absolute contraction approach (ACA), MRCB will be setting an absolute Scope 1 and Scope 2 emission reduction target of 4.2% annually (42% by 2032), aligned to the 1.5°C scenario.

The Company's net zero carbon journey began by measuring its Scope 1 & Scope 2 carbon emissions in accordance with the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute's (WRI) GHG Protocol. In 2021, MRCB expanded its scope of reporting to include Scope 3 emissions on employee commuting and downstream leased assets and conducted a Sustainability Assessment Survey with its largest suppliers. Moving forward, MRCB aims to implement more rigorous sustainable procurement strategies, to ensure only locally sourced materials, and materials that meet sustainable specifications, are procured.

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COMPLIANCE REVIEW FORM

01 IMPACT SIGNIFICANCE ANALYSIS

MARC Ratings’ qualitative analysis of Use of Proceeds impact is conducted in the context of the United Nations Sustainable Development Goals (SDGs). As a globally accepted guidepost for transition to sustainable development, the SDGs serve as a useful framework of reference for project impact analysis. The 17 SDGs are at the heart of a global sustainability agenda covering three broad areas of economic, social and environmental development to be reached by 2030.

The Sustainable Financing Framework’s major objective is to set guidelines for the Company’s future fundraising through sustainable debt instruments, including green/social/sustainability bonds/sukuk and green/social/sustainability loans/financings. The proceeds from the respective financing instruments will be utilised to support the transition towards a more inclusive, resource-efficient economy that is aligned to the UN SDGs and Circular Economy concept.

The eligible use of proceeds, as defined in the Framework will be used to finance three broad Eligible Categories and cumulatively support 10 of the 17 United Nations SDGs:

1. Green Building
2. Pollution Prevention and Control
3. Renewable Energy
4. Biodiversity Conservation
5. Affordable Housing
6. Access to Basic Infrastructure
7. Socioeconomic Advancement and Empowerment

ELIGIBLE CATEGORIES FOR USE OF PROCEEDS

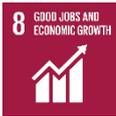
1 Green Building		
<p>Eligibility Criteria: Development/redevelopment of new/existing educational, commercial and retail buildings to be certified by a third party in accordance with any one or more of the following green building standards:</p> <ul style="list-style-type: none"> • GreenRE (Silver or above) • GBI (Silver or above) • LEED (Silver or above) • BCA Green Mark (Gold and above) • MyCrest (3 star and above) • Green Star (4 star and above) <p>Activities related specifically to the operation of sustainable buildings.</p>		
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
<ul style="list-style-type: none"> • To ensure minimum impact on the environment by the development, construction and operations of MRCB’s residential, retail, office and commercial buildings. 	<ul style="list-style-type: none"> • Reduction in greenhouse gas (GHG) emissions via the development and construction of buildings with green standard certification. 	   <p>Alignment to the UN SDGs: UN SDG 11, Target 11.c</p>

<ul style="list-style-type: none"> To mitigate the effects of climate change and reduce MRCB's environmental carbon footprint. To achieve targeted Net Zero Carbon (Scope 1 & Scope 2) by 2040 through implementation of sustainable business practices. To adopt the use of safer materials in the development, construction, and operations of MRCB. 	<ul style="list-style-type: none"> Reduction of waste and pollution produced at MRCB's project sites. Spillover effect of reduction in GHGs generated by reducing/ removing vehicles from the road through the development of TODs. 	<ul style="list-style-type: none"> Support least developed countries in building sustainable and resilient buildings utilising local materials. <p>UN SDG 12, Target 12.2</p> <ul style="list-style-type: none"> Achieve sustainable management and efficient use of natural resources. <p>UN SDG 13, Target 13.1</p> <ul style="list-style-type: none"> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters. <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Number of developments, including floor space, of Green Buildings that meet the minimal eligibility criteria, by certification type and level. Other relevant information.
<p>2 Pollution Prevention and Control</p>		
<p>Eligibility Criteria: Expenditures relating to initiatives or investments in research, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used for:</p> <ul style="list-style-type: none"> Treatment, collection, reuse, reduction of emissions, reduction of waste and hazardous waste or treatment of contaminated soil. Diverting waste and/or hazardous waste away from landfill. <p>Research into and development of processes, infrastructure, technology and facilities that promote efficient resource use and management (e.g. circular economy, water and energy conservation).</p>		
<p>Sustainability Objective</p>	<p>Sustainability Benefit</p>	<p>Corresponding to the UN SDGs</p>
<ul style="list-style-type: none"> To promote inclusive and sustainable developments via the innovation of new technologies and construction techniques which reduce pollution and wastage. To ensure that MRCB's urban areas and human habitation are sustainable, resilient, and inclusive. To provide recycling facilities, and to increase the awareness on recycling among the community within the 	<ul style="list-style-type: none"> Reduction in environmental pollutants and emission generated by MRCB's developments/ projects with the planned implementation of the MRCB Building System (MBS). Minimising the reliance on landfills by reducing waste. Mobilisation of local communities to participate in recycling through awareness programmes, and the provision of recycling facilities to 	<div style="display: flex; justify-content: space-around; align-items: center;">     </div> <p>Alignment to the UN SDGs:</p> <p>UN SDG 9, Target 9.4</p> <ul style="list-style-type: none"> Upgrade infrastructure and retrofit industries to make them sustainable with increased resource use efficiency. <p>UN SDG 11, Target 11.6</p> <ul style="list-style-type: none"> Reduce the adverse per capita environmental impact of cities. <p>UN SDG 12, Target 12.4</p> <ul style="list-style-type: none"> Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle. <p>UN SDG 12, Target 12.5</p>

<p>vicinity of MRCB's developments.</p> <ul style="list-style-type: none"> To continuously provide solutions towards the restoration and conservation of rivers and other water bodies that have been degraded by current land usage. 	<p>facilitate more materials to be recycled.</p> <ul style="list-style-type: none"> Rehabilitation of natural water bodies/ rivers (e.g. restoration and rehabilitation of Kuala Sungai Pahang rivermouth). 	<ul style="list-style-type: none"> Substantially reduce waste generation through prevention, reduction, recycling and reuse. <p>UN SDG 13, Target 13.1</p> <ul style="list-style-type: none"> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters. <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Waste that is prevented, minimised, reused or recycled before and after the project in percentage (%) of total waste and/or in absolute amount in tonnes per annum. GHG emissions from waste management before and after the project in tCO₂e per annum. Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes per annum and in percentage (%) of total waste). Other relevant information.
<p>3 Renewable Energy</p>		
<p>Eligibility Criteria: Acquisition, construction, research, development, operation, renovation and/or maintenance of renewable energy generation sources, including waste-to-energy projects.</p>		
<p>Sustainability Objective</p>	<p>Sustainability Benefit</p>	<p>Corresponding to the UN SDGs</p>
<ul style="list-style-type: none"> To mitigate climate change and its impacts. To improve energy security by using other alternative fuel sources. To study, acquire, build, develop, operate, renovate, and/or maintain renewable energy generation sources in order to provide service and/or access to renewable energy and to minimise the reliance on fossil fuels. 	<ul style="list-style-type: none"> Reduce the reliance on landfills and the emissions of GHG. Lower the usage of fossil fuels for electricity generation. Development, enhancement and enrichment of the renewable energy sector/technology. 	<div data-bbox="874 1240 1235 1361" style="display: flex; justify-content: space-around; align-items: center;">    </div> <p>Alignment to the UN SDGs:</p> <p>UN SDG 7, Target 7.2</p> <ul style="list-style-type: none"> Increase the share of renewable energy in the global energy mix. <p>UN SDG 12, Target 12.2</p> <ul style="list-style-type: none"> Sustainable management and efficient use of natural resources. <p>UN SDG 13, Target 13.1</p> <ul style="list-style-type: none"> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters. <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Renewable energy savings (MWh). Annual GHG emissions reduced/avoided (tonnes of CO₂e). Annual renewable energy generation in MWh/GWh

			<p>(electricity) and GJ/TJ (other energy).</p> <ul style="list-style-type: none"> • Annual Absolute (gross) GHG emissions from the project in tonnes of CO₂ equivalent. • Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in MWh/GWh (electricity) and GJ/TJ (other energy). • Other relevant information.
4 Biodiversity Conservation			
<p>Eligibility Criteria: Expenditures relating to initiatives or investments in restoration and/or conservation of endangered, rare, threatened native species and prevention of further reduction of natural forest cover or other natural ecosystems.</p>			
	Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
	<ul style="list-style-type: none"> • To minimise the adverse environmental impacts brought upon by MRCB's activities. • To identify, assess and manage the environmental and biodiversity impacts of MRCB's operations. • To sustainably manage and properly utilise areas of high biodiversity value. • To exclude developments at any Ramsar sites protected under the Ramsar Convention. 	<ul style="list-style-type: none"> • Preservation of biodiversity for future generations. • Minimise threats of significant loss of biodiversity. • To promote the fulfilment of ecological principles. 	 <p>Alignment to the UN SDGs:</p> <p>UN SDG 15, Target 15.5</p> <ul style="list-style-type: none"> • Take urgent actions to reduce the degradation of natural habitats, halt the loss of biodiversity and prevent the extinction of threatened species. <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> • Number/type of facilities. • Number of beneficiaries.
5 Affordable Housing			
<p>Eligibility Criteria: Expansion of affordable residential housing, in support of state and/or federal government initiatives to address issues surrounding housing affordability.</p>			
	Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
	<ul style="list-style-type: none"> • To develop affordable residential housing in support of state and federal government initiatives that 	<ul style="list-style-type: none"> • Enabling low to middle income households to obtain home ownership (e.g. via MRCB's PR1MA 	  <p>Alignment to the UN SDGs:</p>

<p>promotes housing affordability.</p> <ul style="list-style-type: none"> To ensure adequate supply of housing available to meet community needs, particularly for low to moderate income households. 	<p>projects) while minimising financial risks for homeowners.</p>	<p>UN SDG 1, Target 1.4</p> <ul style="list-style-type: none"> Ensure that all men and women have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services. <p>UN SDG 11, Target 11.1</p> <ul style="list-style-type: none"> Ensure access for all to adequate, safe and affordable housing and basic services. <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Number of affordable dwellings. Average housing price. Other relevant information.
<p>6 Access to Basic Infrastructure</p>		
<p>Eligibility Criteria: Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment used to provide communities that have limited access or no access to services, such as:</p> <ul style="list-style-type: none"> Roads, railways, ports that increase access for populations. High voltage power transmission projects. Rehabilitation of rivers and flood mitigation in coastal areas based in rural/remote areas in regions lacking infrastructure. Projects that improve workspace safety, establish affordable accommodation and improve overall living conditions for labourers. 		
<p>Sustainability Objective</p>	<p>Sustainability Benefit</p>	<p>Corresponding to the UN SDGs</p>
<ul style="list-style-type: none"> To develop and construct rail and road infrastructure in support of government initiatives that will contribute to reduction of carbon emissions while connecting communities. To prioritise health and safety in MRCB's business operations by adopting rigid safety standards to protect MRCB's employees, sub-contractors, clients and the general public. 	<ul style="list-style-type: none"> MRCB's rail and road infrastructure projects help reduce carbon emissions, connect communities, and provide opportunities for the general public to live comfortably and affordably in thriving cities. MRCB's Centralised Labour's Quarters ensure adequate accommodation and healthy living conditions for labourers working at MRCB's sites. 	<div data-bbox="874 1328 1241 1440" style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div> <p>Alignment to the UN SDGs:</p> <p>UN SDG 3, Target 3.6</p> <ul style="list-style-type: none"> Minimise the number of deaths and injuries from road traffic accidents. <p>UN SDG 9, Target 9.1</p> <ul style="list-style-type: none"> Develop quality, reliable, sustainable and resilient infrastructure to support economic development, with a focus on affordable and equitable access for all. <p>UN SDG 11, Target 11.2</p> <ul style="list-style-type: none"> Provide access to safe, affordable, accessible and sustainable transport systems for all, and improve road safety, notably by expanding public transport. <p>Indicative Reporting Criteria</p>

			<ul style="list-style-type: none"> • Kilometres of feeder roads rehabilitated/constructed • Number of people with access to sustainable transport systems. • Length of sustainable road construction with equitable access. • Number of facilities built and workers benefitting from improved workspace safety, comfort and overall living conditions of workers through the construction of facilities (i.e. construction of Centralised Labour Quarters). • Other relevant information.
7	Socioeconomic Advancement and Empowerment		
<p>Eligibility Criteria: Uplifting and aiding living conditions of the community through:</p> <ul style="list-style-type: none"> • Employment generation • Upskilling and training <p>Community-centric micro-enterprise or social enterprise programme that helps affected community segment elevate their socioeconomic conditions.</p> <p>Development and construction of schools, educational facilities and/or educational programmes in collaboration with the government/public and/or private education institutions/non-profit organisations/academic partners).</p> <p>Development of community-centric programmes (such as community recycling and urban farming initiatives).</p>			
	Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
	<ul style="list-style-type: none"> • To develop and construct schools and educational facilities with corresponding educational programmes. • To assist in providing opportunities in education and financial assistance for the underprivileged through Yayasan MRCB. • To provide upskilling and training to prisoners and offenders. 	<ul style="list-style-type: none"> • To ensure accessible and affordable education through MRCB's initiatives, including Yayasan MRCB. • MRCB's projects create large economic multipliers, provide jobs and contribute to the national economy. • Provide employment opportunities through MRCB's Graduate Employability Programme. • The PEKA@MRCB Programme 	  <p>Alignment to the UN SDGs:</p> <p>UN SDG 8, Target 8.3</p> <ul style="list-style-type: none"> • Promote policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises. <p>UN SDG 10, Target 10.2</p> <ul style="list-style-type: none"> • Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

		provides upskilling and training to prisoners and offenders, enabling them to rejoin the workforce.	Indicative Reporting Criteria <ul style="list-style-type: none"> • Number of jobs created under MRCB’s PEKA programme. • Number of initiatives created under Industrial Collaboration Programme and/or Economic Enhancement Programme.
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Overall Impact Significance

The main goal of the Framework is to set forth principles under which MRCB intends to issue financing instruments. The seven (7) eligible categories identified in the Framework align with the project categories recognised by GBP/SBP/SBG, ASEAN GBS/SBS/SUS, the SRI Sukuk Framework and GLP/SLP.

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

Green Category:

Green Building (UN SDG 11, 12, 13); Pollution Prevention and Control (UN SDG 9, 11, 12, 13); Renewable Energy (UN SDG 7, 12, 13); and Biodiversity Conservation (UN SDG 15)

Social Category

Affordable Housing (UN SDG 1, 11); Access to Basic Infrastructure (UN SDG 3, 9, 11); and Socioeconomic Advancement and Empowerment (UN SDG 8, 10)

MRCB’s primary focus of Green Buildings, Affordable Housing and Access to Basic Infrastructure serves as an enabler for the inclusion of MRCB’s other categories listed under their Sustainable Financing Framework. An example of such projects is the development of high-rise residential apartments at Kwasa Sentral, tentatively named as Residensi Tujuh. The development has obtained a provisional GreenRE Silver Certification under the Residential Building and Landed Home from GreenRE Sdn Bhd.

The Use of Proceeds for the Eligible Projects may include disbursements to the projects three (3) years prior to the issuance or signing date of each tranche of the respective Sustainable Finance and for the duration of their life.

Exclusion Criteria

MRCB will not be utilising the Sustainable Finance Proceeds for projects included in the following exclusion criteria below:

- (a) Luxury sectors (precious metals / precious minerals/ artworks and antiques wholesale or brokerage)
- (b) Child labour or forced labour
- (c) Gambling
- (d) Adult entertainment
- (e) Weapons and military contracting
- (f) Alcohol
- (g) Tobacco

- (h) Fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels)
- (i) Nuclear
- (j) Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; and
- (k) Large-scale hydro-power projects with a generating capacity of over 25 megawatts.

Notes:

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

Overall, the anticipated impact of the Use of Proceeds is assessed to be “Significant”, considering their potential to contribute to an advanced and transformative sustainable development. The expected sustainability benefits of the Use of Proceeds are highly aligned with MRCB’s sustainability approach, the UN SDGs, and national sustainable development priorities.

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

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

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



Principle One: Utilisation of Proceeds

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

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

- Green Building
- Pollution Prevention and Control
- Renewable Energy
- Biodiversity Conservation
- Affordable Housing
- Access to Basic Infrastructure
- Socioeconomic Advancement and Empowerment

Additionally, clear exclusion criteria have been defined by the Framework. The exclusion criteria of the proceeds include the financing of luxury sectors (precious metals/ precious minerals/ artworks and antiques wholesale or brokerage); child labour or forced labour; gambling; adult entertainment; weapons and military contracting; alcohol; tobacco; fossil fuel-related activities (including extraction, exploration, production, power generation or transport of fossil fuels); nuclear; production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; and large-scale hydro-power projects with a generating capacity of over 25 megawatts.

The Eligible Categories have been mapped to SDGs in the Framework. Use of Proceeds impacts are linked to SDGs 1 - No Poverty; 3 - Good Health and Well-being; 7 - Affordable and Clean Energy; 8 - Decent Work and Economic Growth; 9 - Industry, Innovation and Infrastructure; 10 - Reduced Inequalities; 11 - Sustainable Cities and Communities; 12 - Responsible Consumption and Production; Energy; 13 - Climate Action; and 15 - Life on Land.

MRCB commits to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, MRCB shall endeavour for refinanced projects to have a look-back period of no more than three (3) years from the time of issuance of each instrument.

A register of Eligible Projects will be maintained by MRCB that will be periodically reviewed to verify that all assets in the register continue to meet the criteria under the Framework. MRCB has committed to annually disclose its allocation of proceeds to each eligible category in aggregate. In MARC Ratings' opinion, the defined eligible Use of Proceeds categories meet the criteria for Use of Proceeds as set forth in the GBP/SBP/SBG, ASEAN GBS/SBS/SUS, the SRI Sukuk Framework and GLP/SLP.



Principle Two:
Process for Project
Evaluation and
Selection

The Eligible Projects are to be proposed by the Heads of Divisions of MRCB's key business segments which are aligned to MRCB's Group Sustainability Strategy and shall be assessed and vetted by the Sustainability Department for the evaluation of environmental and social risks.

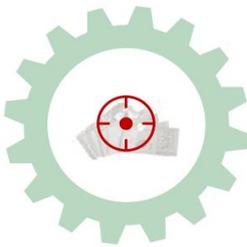
The project teams of the relevant business segments will be entrusted with the responsibility to review, validate and evaluate that the eligible project pool conforms to the eligibility criteria in the Framework. The team will also monitor the project progress, identify issues, report, and escalate key concerns to MRCB's Sustainability Department to ensure the project is aligned with all the targets set.

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

1. The project team of the relevant business segments will be tasked with the initial selection of the potential projects which are aligned to the overall sustainability goals of the Company for appraisal.
2. These projects are assessed and evaluated by the Sustainability Department to determine that the projects satisfy the Eligible Projects criteria within MRCB's Sustainable Financing Framework and in accordance with MRCB's Group Sustainability Strategy.
3. Upon clearance from the Sustainability Department, these projects will be submitted to MRCB's GMD for approval as Eligible Projects after endorsement from MRCB's GCFO, GCOO and CCO.
4. The project teams of the relevant business segments will assume the responsibility for monitoring the Eligible Projects during the life of the transaction and will report to the Sustainability Department as soon as practicable in the case where an Eligible Project no longer meets the eligibility criteria. An Eligible Project that ceases to meet the eligibility criteria can be substituted with other Eligible

Project(s) that is evaluated and selected in accordance with the aforesaid procedures.

MRCB's GMD shall approve the selection of Eligible Projects to be funded by the Sustainable Financing Proceeds under the Framework, with the recommendations from the GCFO, GCOO and CCO.



Principle Three:
Management of
Proceeds

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

The proceeds will be deposited into MRCB's bank account which shall be managed by MRCB's Finance Department and earmarked for utilisation towards Eligible Projects. MRCB will create a register to track the allocation of the proceeds raised in reference to this framework.

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

Where the aggregate amount of the newly identified Eligible Projects is less than the total outstanding amount of MRCB's Sustainable Finance Proceeds, MRCB may hold the balance unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments in accordance with the MRCB's liquidity policy until the amount can be allocated to new Eligible Projects.

For Sustainable Finance Proceeds allocated for the purpose of refinancing of operating projects, in which case the projects' costs were fully disbursed in the past, no separate management of proceeds is required. MRCB is committed to performing the same evaluation and approval process for the selection of the Eligible Projects in respect of the already invested capital.



Principle Four:
Reporting

MRCB will issue a progress report on an annual basis, which will provide information on the allocation and impacts throughout the tenure of the financing facility. The progress report will be published on <https://mrcb.com.my/index.html>.

(i) Allocation Reporting

- Summary of projects details
- Amount of proceeds allocated to each Eligible Project

- Aggregate amount of proceeds of Sustainable Financing allocated to Eligible Expenditures
- Removal or substitution of Eligible Projects
- Remaining balance of unallocated proceeds and where such unallocated proceeds are placed or invested pending allocation; and
- Other necessary information.

(ii) Impact Reporting

Where possible, MRCB will report on the environmental and social impacts associated with the Eligible Projects funded with the proceeds. Subject to the nature of Eligible Projects and availability of information, MRCB aims to include, but are not limited to, the following Impact Indicators:

- Impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact.
- Key Performance Indicators achieved in supporting seventeen (17) UN SDGs 2030 and MRCB’s sustainability ambitions.

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

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

Overall, MARC Ratings considers the Framework to be aligned with the core components of SC’s SRI Sukuk Framework with regard to the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting (including Disclosures).

Overall Assessment

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

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

Assessment Grade	High	Good	Satisfactory	Low
	3	2	1	0

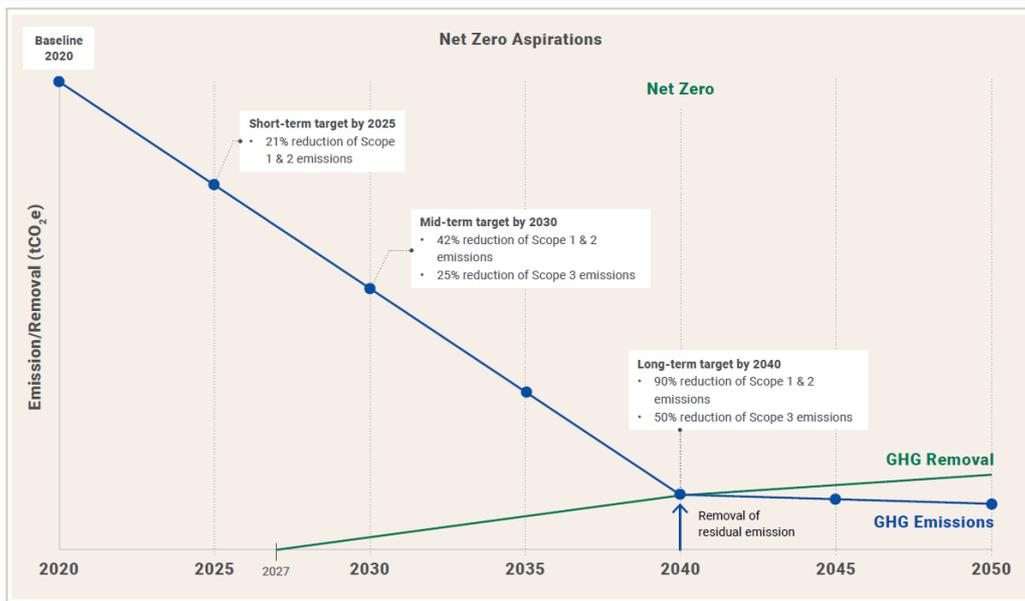
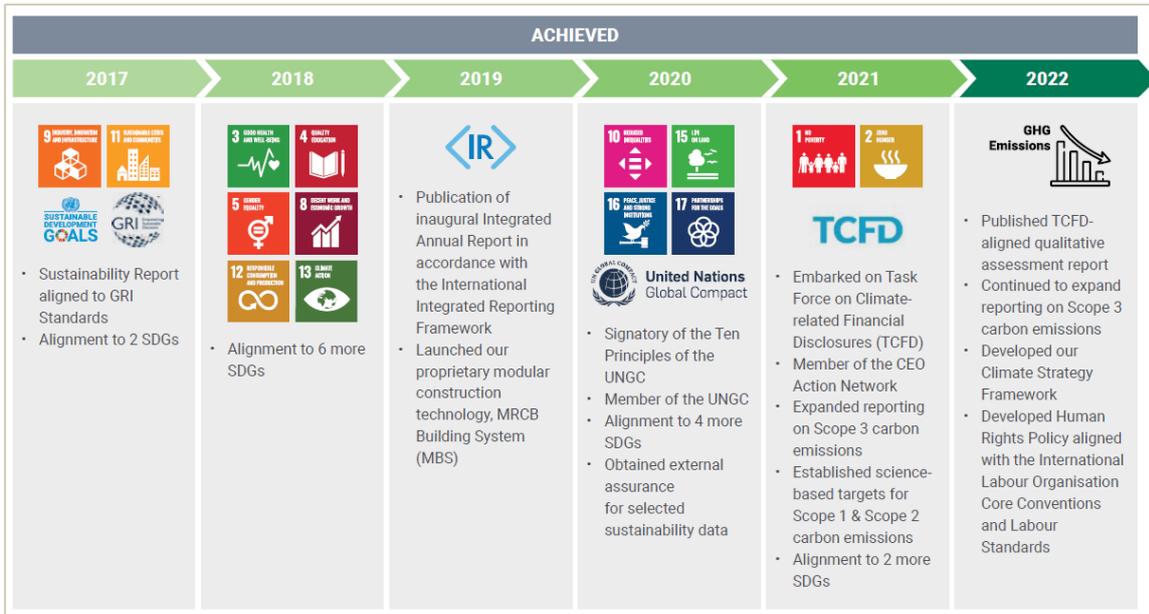
03 ANALYSIS OF SUSTAINABILITY PERFORMANCE

Sustainability Roadmap and Targets

MRCB has progressively translated their visions for sustainable growth into initiatives that are embedded in their business strategies with the formulation of their Sustainability Roadmap. Recognising the impacts that climate change has on their operations and stakeholders, MRCB has set forth on a mandate for more robust reporting on their carbon and eco-efficiency footprints while setting targets for reduction and developing a Climate Change statement acknowledging the Principles of the Climate Governance Initiative (CGI).

MRCB is also working on adopting the Task Force for Climate Financial Disclosure (TCFD) as recommended by Bursa Malaysia by focusing on four key areas (climate strategy, governance, risk and metrics and targets). All of their goals outlined in their Sustainability Focus Areas and Key Action Plans are aligned with the 17 UN SDGs, with a target of achieving Net Zero Carbon Emissions by 2040, in line with the 12th Malaysia Plan.





Sustainability Framework

MRCB’s Sustainability Framework was developed in alignment with the 2030 Agenda on Sustainable Development Goals, and is supported by its five (5) focus areas and key action plans, accompanied with quantifiable performance indicators. The full adoption of the Company’s sustainability strategy is placed under the purview of a governance structure dedicated to sustainability, and developed to ensure the Board of Directors (BOD) and Senior Management are committed to meeting the Company’s sustainability initiatives. This structure complements the existing organisational structure and underscores the importance of embedding the SDGs into the organisation’s overall management and operations.



Sustainability Focus Area	Key Action Plans
Internal Action	<ul style="list-style-type: none"> Focuses on how MRCB creates positive impact internally while minimising the negative impacts from business operations. These include strategies to improve eco-efficiency in energy, water and waste, and measuring and reducing carbon footprint, as well as developing policies and strategies on protecting biodiversity and human rights.
Sustainable Impact/ Business	<ul style="list-style-type: none"> Ensure product offerings generate positive impact for MRCB’s customers and communities and cover areas like sustainable construction through the development of green buildings, TODs and transportation infrastructure that can help mitigate climate change, adopting sustainable procurement by ensuring locally sourced materials are specified and meet sustainable specifications are procured.
Risk & Governance	<ul style="list-style-type: none"> Process of identifying and managing material sustainability risks within the Company and its group. Setting up sustainability governance structure to measure and report sustainability progress; and Ensuring it is reported to stakeholders in alignment with local and international requirements, indices and standards.
Corporate Social Responsibilities (CSR)	<ul style="list-style-type: none"> Align the Company’s CSR initiatives to the SDGs and explore methods to measure impacts.
Stakeholder Engagement	<ul style="list-style-type: none"> Focuses on both internal and external engagement with key internal and external stakeholders to help achieve SDGs and align MRCB with national priorities.

MRCB takes a proactive approach in implementing sustainability practices into its day-to-day operations and projects. The Company founded its sustainability approach on these respective five (5) pillars: People, Peace, Prosperity, Planet and Partnership. These pillars guide and align MRCB’s sustainable growth with its business objectives in the short, medium and long term:

- People – MRCB is determined to effectively engage with all its stakeholders including its employees and ensuring a positive impact on society
- Peace – MRCB is committed to upholding the highest ethical standards in all areas of its business, ensuring transparency and honest conduct
- Prosperity – MRCB is committed to upholding competitive financial performance that is beneficial to the company, employees, shareholders, society and the national economy

- Planet – MRCB pledges to explore innovative approaches and adopt green practices in order to minimise its impact to the environment; and
- Partnership – MRCB is keen to form valuable partnerships that are beneficial and aimed at tackling global problems.

The Company's sustainability strategy and commitments are spearheaded by the sustainability strategy and key actions plans to benchmark the yearly performance.

MRCB Building System

Innovation and sustainability are well embedded into MRCB's business, notably with the innovation of MRCB's propriety patented modular construction technology, the MRCB Building System ("MBS"), and as a TOD developer that integrates green certified commercial and residential developments around transportation hubs, which encourages the use of sustainable materials and public transportation that helps reduce carbon emissions from personal vehicles, in line with MRCB's Sustainability Purpose to build liveable and resilient communities, care for environment and to drive sustainable growth.

The MBS combines the latest innovation in construction and engineering, enabling up to 90% of projects to be constructed offsite before being transported and installed into position at site. The MBS' proprietary controlled production environment and efficient design leads to a more streamlined process, higher quality products and an effective inventory management throughout MRCB's value chain. The condensed construction timeline of MBS not only reduces environmental and societal impacts, but also presents a viable approach towards housing affordability and redevelopment of urban brownfield locations.

The MBS process is as follows:

1. Design Module – Design the modules depending on requirement.
2. Construction – Site clearing and earthworks, foundation works, building lift cores and lobbies (onsite), fabricate and assemble 2D sheets of materials into 3D modules, install mechanical, electrical and plumbing, install furniture and fittings (offsite).
3. Transportation – Prefabricated and prefinished 3D modules are transported to site.
4. Installation – Installation of modules using MBS' proprietary Candle-Loc system.

Key Sustainability Targets and Indicators

Sustainability performance indicators of the Company are carried by the respective departments as part of their individual key performance indicators and reported to the SMC and to the Board. As an example, the project team carries monitoring of the environmental, safety and health implementation which includes ensuring energy, water and waste data collection at respective development sites.

MRCB also outlined its commitment to developing a working culture which is aligned to and supports internationally recognised human rights principles and seeks to avoid involvement in human rights abuses. MRCB seeks to improve its human rights performance by aligning its working culture to internationally recognised human rights principles contained within the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and International Labour Organisation (ILO) Core Conventions on Labour Standards.

- MRCB will strive to continuously review their Quality, Environmental, Safety and Health (QESH) policy, in addition to various safety measures to protect their employees, subcontractors, clients and the general public.
- MRCB will implement the QESH policy at project sites, including the practice of the 3Rs (Reduce, Reuse, and Recycle).
- MRCB develops and constructs green buildings, and where possible makes the effort to incorporate sustainable features in its infrastructure projects.
- MRCB will strive for a higher degree of technology integration in their projects to eliminate the perception of “dangerous, dirty and difficult” (3D) jobs, elevating the status of the construction sector.
- As a leading urban property developer in TODs, MRCB contributes to connecting communities and businesses, reducing GHG emissions in cities and promoting sustainable lifestyles by encouraging people to walk and travel using public transport.
- MRCB will continuously revisit their approach on management systems, leadership practices and communication processes.
- MRCB has started to track water and energy usage at project sites while implementing strategies to improve efficiency.
- MRCB will deliver regular training courses and toolbox talks to educate their site workers and employees on how to carry out site inspections.
- MRCB commits to the responsible management of their construction waste.
- MRCB is committing to the Ramsar Convention and the five principles stipulated in Malaysia’s National Policy on Biological Diversity, where applicable to its business operations.
- MRCB is a signatory member of the United Nations Global Compact (UNGC) and is committed to align with its ten (10) business principles covering core areas such as human rights, labour, environment, and anti-corruption.

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

Sustainability Performance Assessment

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

MARC Ratings' assessment of the issuer's sustainability implementation capabilities and performance is expressed on a five-level descriptive scale that runs from "Excellent" to "Poor" which corresponds to five levels of assurance (Highest, High, Medium, Basic and Weak). The assurance level can be interpreted as a measure of MARC Ratings' confidence in the issuer's continuing performance of its sustainability obligations in line with marketplace expectations and in compliance with its framework for financing issuance.

04 RATING SCALE

GRADE	DESCRIPTION
	<p>Bonds assessed at this level are judged to offer very significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support high standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support good standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer fairly significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support satisfactory standards of accountability and transparency. Minor shortcomings exist in the areas assessed but none of major concern.</p>

05 MARC RATINGS BERHAD

MARC Ratings Berhad was incorporated as a public limited company to undertake the business of providing credit rating services, as well as economic and fixed-income research publications, on behalf of the MARC group of companies.

Effective January 1, 2022, Malaysian Rating Corporation Berhad (MARC) transferred its regulatory license as a credit rating agency with the SC and the Bank Negara Malaysia-accredited External Credit Assessment Institution (ECAI) status under Basel II to its wholly owned subsidiary MARC Ratings. MARC Ratings continues to adopt practices and procedures for Domestic Credit Rating Agencies based on the guidance on the Code of Conduct Fundamentals provided by the International Organisation of Securities Commissions (IOSCO) and the Association of Credit Rating Agencies in Asia (ACRAA). MARC Ratings continues to consult international best practices and the International Capital Market Association's Guidelines for Green, Social and Sustainability Bonds External Reviews in its conduct of external reviews, particularly in relation to the organisation and content of external reviews.

Following a series of outreach and external reviewer capacity building initiatives jointly undertaken by domestic market regulators and World Bank Group, MARC published its proposed criteria for rating green, social or sustainability bonds in April 2018. The version that was adopted in July 2018 after public consultation can be accessed on MARC's corporate website at www.marc.com.my. 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 or contact us at ratings@marc.com.my.

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

Issuer: Malaysian Resources Corporation Bhd (MRCB) Sustainable Financing 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>Issuer <u>ASEAN GBS/SBS/SUS</u> 3.1 <i>The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</i></p> <p><u>SRI Sukuk Framework</u> 7.02 <i>The proceeds (of Sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</i></p> <p>7.03 <i>An issuer must not– (a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</i></p> <p>7.04 <i>An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</i></p> <p>7.05 <i>The information relating to the issuer and the details of the issuer’s SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.</i></p>	<p><i>MRCB 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>MRCB 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 a designated website.</i></p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Eligible Projects</p> <p><u>SRI Sukuk Framework</u></p> <p>7.07 An eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:</p> <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 emission;</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 the society.</p> <p>7.08 The Eligible SRI projects may include but not limited to the following:</p> <p>a) Green projects that relate to—renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity conservation; clean transportation; sustainable water and wastewater management; climate change adaptation; eco-efficient and/ or circular economy adapted products, production technologies and processes; and green buildings which meet regional, national or internationally recognised standards or certifications.</p> <p>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>Eligible projects as defined by the Framework will achieve any one or a combination of objectives (a) through (f) set out in paragraph 7.07 of the SRI Sukuk Framework.</p> <p>The Eligible Categories outlined in the Framework are aligned to one or more of the following Green and Social project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework 7.08:</p> <ul style="list-style-type: none"> • Green Building • Pollution Prevention and Control • Renewable Energy • Biodiversity Conservation • Affordable Housing • Access to Basic Infrastructure • Socioeconomic Advancement and Empowerment 	<p>MRCB intends to use the net proceeds issued under the Framework to finance and/or refinance, in whole or in part, new and existing projects within the categories of Green Building, Pollution Prevention and Control, Renewable Energy, Biodiversity Conservation, Affordable Housing, Access to Basic Infrastructure, and Socioeconomic Advancement and Empowerment.</p> <p>Use of Proceeds impacts are linked to SDGs 1 - No Poverty; 3 - Good Health and Well-Being; 7 - Affordable and Clean Energy; 8 - Decent Work and Economic Growth; 9 - Industry, Innovation, and Infrastructure; 10 - Reduced Inequalities; 11 - Sustainable Cities and Communities; 12 - Responsible Consumption and Production; 13 - Climate Action; and 15 - Life on Land.</p> <p>MRCB may add Green and/or Social Eligible Categories from time to time that are aligned to SC's SRI Sukuk Framework and ASEAN Standards (ACMF's ASEAN SBS, ASEAN GBS and ASEAN SUS, collectively).</p>

<p>d) Waqf projects that relate to the development of waqf properties or assets.</p>		
<p>Criteria</p> <p>Use of Proceeds</p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.1</p> <p>4.1.1 The utilisation of issue proceeds must be described in the documentation for issuance.</p> <p>4.1.2 The Issuer must disclose the following information: The categories of eligible Green and/or Social Projects to which the issue proceeds will be allocated; and/or the information on specific Green and/or Social Projects in the case where the issuer has identified the specific Green and/or Social Projects to which the issue proceeds will be allocated.</p> <p>4.1.3 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 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>Compliance with criteria</p> <p>The utilisation of proceeds is described in the Framework.</p> <p>The eligible Use of Proceeds categories identified by the Framework are aligned with the social and green project categories recognised by ASEAN Standards.</p> <p>The eligible Use of Proceeds project categories set out in the Framework are recognised as impactful by ASEAN Standards.</p> <p>The issuer has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, the issuer shall endeavor for refinanced projects to have a look-back period of no more than three (3) years from the time of issuance of each instrument.</p>	<p>Remarks/Scope of Work Undertaken</p> <p>The proceeds will be used to finance and/or refinance, in part or in whole, new or existing Eligible Projects falling within the green and/or social categories recognised by the GBP/SBP, ASEAN GBS/SBS and SC's SRI Sukuk Framework.</p> <p>MARC Ratings has reviewed the Social and Green Eligible Categories and concluded that the eligible projects/financing fulfill the applicable criteria to be considered green and/or social for the purposes of the GBP/SBP, ASEAN GBS/SBS and SC's SRI Sukuk Framework.</p> <p>A look-back period of no more than three (3) years aligned with best market practices.</p>
<p>Criteria</p> <p>Process for Project Evaluation and Selection</p> <p><u>SRI Sukuk Framework</u></p> <p>7.12 An issuer must establish internal processes for evaluation and selection of the Eligible SRI projects as identified in paragraph 7.08 above.</p>	<p>Compliance with criteria</p> <p>The issuer has established internal processes for project evaluation and selection which provides for senior management involvement.</p>	<p>Remarks/Scope of Work Undertaken</p> <p>MRCB's GMD shall approve the selection of Eligible Projects to be funded by the Sustainable Financing Proceeds under the Framework, with the recommendations from the GCFO, GCOO and CCO. The Eligible Projects are to be proposed by the Heads of</p>

<p><u>ASEAN GBS/SBS/SUS</u> 4.2.1 The issuer must clearly communicate to investors:</p> <p>(iii) The environmental/social sustainability objectives; The Eligible Categories are framed in the context of SDGs with specific E&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&S) risks associated with the selected projects.</p> <p>4.2.2 The Issuer must establish the process for project evaluation and selection prior to the issuance of the Bonds and disclose the same to investors in the documentation for the issuance of the Bonds.</p> <p>4.2.3 Issuers are encouraged to position this information within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability. Issuers are also encouraged to disclose any green and social standards or certifications referenced in project selection.</p> <p>4.2.4 It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.</p> <p>4.2.5 The Issuer must make the following publicly available on a website designated by the Issuer at the time of</p>	<p>The Eligible Categories are framed in the context of SDGs with specific social and environmental objectives. The issuer has clearly communicated:</p> <p>The sustainability objectives of the Framework and the Eligible Categories.</p> <p>The Framework details an internal process by which Eligible Projects are assessed and selected to ensure fulfillment of criteria.</p> <p>The exclusion criteria of the proceeds include the financing of:</p> <ul style="list-style-type: none"> • Luxury sectors (precious metals/ precious minerals/ artworks and antiques wholesale or brokerage) • Child labour or forced labour • Gambling • Adult entertainment • Weapons and military contracting • Alcohol • Tobacco • Fossil fuel-related activities (including extraction, exploration, production, power generation or transport of fossil fuels) • Nuclear • Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; and • Large-scale hydro-power projects with a generating capacity of over 25 megawatts. <p>The issuer has appointed MARC Ratings as external reviewer for its Framework.</p> <p>The issuer has committed to make the required information available on its corporate website at https://mrcb.com.my/index.html.</p>	<p>Divisions of MRCB's key business segments which are aligned to MRCB's Sustainability Framework and shall be assessed and vetted by the Sustainability Department.</p> <p>The eligibility criteria are clearly communicated in the Framework.</p> <p>The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.</p> <p>Where applicable, MRCB will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Projects.</p> <p>The Issuer has also disclosed that the project teams of the relevant business segments will assume the responsibility for monitoring the Eligible Projects during the life of the transaction, and will report to the Sustainability Department as soon as practicable in the case where an Eligible Project no longer meets the eligibility criteria. An Eligible Project that ceases to meet the eligibility criteria can be substituted with other Eligible Project(s) that is evaluated and selected in accordance with the aforesaid procedures.</p> <p>The Framework will provide information on the process for project evaluation, and MRCB will issue a progress report on an annual basis that will provide information on the allocation and impacts throughout the tenure of the Sukuk. MARC Ratings' external review assessment will also be made available on its corporate website.</p>
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<p><i>the issuance and throughout the tenure of the Bonds:</i> <i>(i) The process for project evaluation;</i> <i>(ii) The Use of Proceeds; and</i> <i>(iii) External review report on the process (if any)</i></p>		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Management of Proceeds</p> <p><u>SRI Sukuk Framework</u> 7.13 <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><u>ASEAN GBS/SBS/SUS</u> 4.3.1 <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>4.3.2 <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>4.3.3 <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></p> <p>4.3.4 <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></p> <p>4.3.5 <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</i></p>	<p><i>MRCB will monitor the allocation of the Sukuk proceeds and the Eligible Projects portfolio internally.</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 Sukuk.</i></p> <p><i>The net proceeds from the issue of Sukuk will be internally tracked. MRCB will invest the balance of unallocated proceeds in the permitted investment instruments in accordance with MRCB's cash management policy.</i></p> <p><i>The Issuer has committed that until full allocation, the allocation of Eligible Projects will be continuously monitored to ensure that the aggregate value of the Eligible Projects is at a level that is equal to the net proceeds raised from the outstanding Sukuk.</i></p> <p><i>The Framework discloses the intended types of temporary placement for the balance of unallocated net proceeds.</i></p> <p><i>MRCB will track the allocation of funds internally.</i></p>	<p><i>An area of improvement will be to state in the Framework that MRCB will ensure that the aggregate value of the Eligible Projects portfolio matches or exceeds the balance of net proceeds of outstanding Sukuk and will undertake periodic reconciliation of the tracked proceeds to allocations made to Eligible Projects.</i></p> <p><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 high level of transparency.</i></p>

allocation of funds from the Bonds proceeds.		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Reporting</p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.4.1 Issuers must report to investors at least on an annual basis and are encouraged to make more frequent reporting on the Use of Proceeds until full allocation, and on a timely basis in the case of material developments. The annual report should include a list of the projects to which the Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.</p> <p>4.4.2 Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the Issuer may present the information in generic terms or on an aggregated portfolio basis (e.g., percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that Issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>4.4.4 It is recommended that the Issuer's annual reporting on the Use of Proceeds be supplemented by a confirmation of such Use of Proceeds by an external reviewer along with any relevant updates of the external review.</p> <p>4.4.5 The Issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the Bonds.</p> <p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.16 The following information must be included:</p> <p>a) The overall SRI objectives that the issuer intends to achieve;</p>	<p>MRCB will issue a progress report on an annual basis, which will provide information on the allocation and impacts throughout the tenure of the financing facility. This report will include, among others:</p> <ul style="list-style-type: none"> • The original amount earmarked for the Eligible Projects • The amount of Sustainable Finance Proceeds that have been utilised/allocated to one or more Eligible Projects defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent) • The unutilised amount and where such unutilised amount is placed or invested pending utilisation • The list of Eligible Projects with a selection of brief descriptions • Expected impact metrics, where feasible; and • The outstanding amount of net Sustainable Finance Proceeds yet to be allocated to Eligible Projects at the end of the reporting period. <p>The Issuer has committed to provide information items (a) through (h) within its Sustainable Financing Framework.</p>	<p>Updates of the external review are encouraged by the ASEAN Standards but are strictly voluntary.</p>

<p>b) The utilisation of proceeds from the issuance of the SRI sukuk. Where all or part of the proceeds are used for refinancing, an issuer must provide the amount of proceeds being allocated for refinancing and which Eligible SRI projects to be refinanced;</p> <p>c) The Eligible SRI projects in which the proceeds will be allocated; d) The details of the Eligible SRI projects and to the extent possible, impact objectives from the Eligible SRI projects;</p> <p>e) The processes used by the issuer to evaluate and select the Eligible SRI projects;</p> <p>f) The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects;</p> <p>g) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</p> <p>h) A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</p>		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>External Review</p> <p><u>SRI Sukuk Framework</u> 7.17 If an external reviewer is appointed to assess and provide report on the Eligible SRI projects or the issuer's compliance with the requirements under these Guidelines, such external reviewer's report must be made available on the designated website.</p> <p><u>ASEAN GBS/SBS/SUS</u> 5.1 Issuers are recommended to appoint external review providers for the bond issuances or programmes. 5.2 The external review may be partial, covering only certain aspects of the bonds framework or full, assessing alignment with all four core components as stated in the relevant standards. 5.3 The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</p>	<p>MARC Ratings has been engaged as the independent external reviewer for the Framework. The external reviewer's report will be made available on a designated website.</p> <p>The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</p> <p>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in</p>	<p>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on its website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</p>

<p>5.4 <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>MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</i></p>	
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Review of Compliance with Green/Social Loan Principles (GLP/SLP)

Issuer: MRCB's Sustainable Financing Framework

Note:

The Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA) view that it is important to provide market practitioners with clarity on their application of financing guidelines and promote a harmonised approach. Hence, APLMA, LMA and LSTA have produced guidelines to harmonise with the Green Loan Principles (GLP) and Social Loan Principles (SLP).

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><u>GLP/SLP/APLMA/LMA/LSTA</u></p> <p>Use of Proceeds <i>The standards explicitly recognise several broad categories of eligibility for Green and/or Social Projects with the objective of addressing key areas of environmental concern such as climate change, natural resources depletion, loss of biodiversity, and air, water and soil pollution.</i></p> <p><i>The utilisation of loan proceeds for Green and/or Social Projects (including other related and supporting expenditures, including R&D), should be appropriately described in the finance documents.</i></p> <p><i>Where funds are to be used, in whole or part, for refinancing, it is recommended that borrowers provide an estimate of the share of financing versus refinancing.</i></p> <p><i>A Green and/or Social loan may take the form of one or more tranches of a loan facility. In such cases, the loan tranche(s) must be clearly designated, with proceeds of the tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</i></p> <p>Process for Project Evaluation and Selection <i>The borrower of a green and/or social loan should clearly communicate to its lenders:</i></p> <ul style="list-style-type: none"> • <i>their sustainability objectives;</i> • <i>the process by which the borrower determines how its projects fit within the Eligible Categories; and</i> • <i>the related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social risks</i> 	<p><i>All designated Green and/or Social Projects have clear environmental and/or social benefits, which will be assessed, and where feasible, quantified, measured, and reported by the company.</i></p> <p><i>Where appropriate, the company will clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected look-back period for refinanced Green and/or Social Projects.</i></p> <p><i>The issuer has established internal processes for project evaluation and selection which provides for senior management involvement.</i></p> <p><i>The Eligible Categories are framed in the context of SDGs with specific environmental objectives.</i></p>	

<p>associated with the proposed projects.</p> <ul style="list-style-type: none"> Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability. <p>Borrowers are also encouraged to disclose any green standards or certifications to which they are seeking to conform.</p> <p>Management of Proceeds The proceeds of a green and/or social loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.</p> <p>Where a green and/or social loan takes the form of one or more tranches of a loan facility, each tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</p> <p>Borrowers are encouraged to establish an internal governance process through which they can track the allocation of funds towards Green and/or Social Projects.</p> <p>Reporting Borrowers should make and keep readily available up to date information on the Use of Proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments.</p> <p>This should include a list of the Green and/or Social Projects to which the green and/or social loan proceeds have been allocated and a brief description of the projects and the amounts allocated and their expected impact.</p> <p>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GLP/SLP recommend that information is presented in generic terms or on an aggregated project portfolio basis. Information need only be provided to those institutions participating in the loan.</p>	<p>The net proceeds from the issue of loans/Sukuk will be internally tracked. MRCB will invest the balance of unallocated proceeds in the permitted investment instruments in accordance with MRCB's cash management policy.</p> <p>MRCB will issue a progress report on an annual basis, which will provide information on the allocation and impacts throughout the tenure of the financing facility. This report will include, among others:</p> <ul style="list-style-type: none"> The original amount earmarked for the Eligible Projects The amount of Sustainable Finance Proceeds that have been utilised/allocated to one or more Eligible Projects defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent) The unutilised amount and where such unutilised amount is placed or invested pending utilisation The list of Eligible Projects with a selection of brief descriptions Expected impact metrics, where feasible; and The outstanding amount of net Sustainable Finance Proceeds yet 	
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<p>Transparency is of value in communicating the expected impact of projects. The GLP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures (for example, energy capacity, electricity generation, greenhouse gas emissions reduced/avoided, etc.) and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Borrowers with the ability to monitor achieved impacts are encouraged to include those in regular reports.</p> <p>External Review When appropriate, an external review is recommended. There are a variety of ways for borrowers to obtain outside input into the formulation of their green and/or social loan process and there are several levels and types of review that can be provided to those institutions participating in the loan.</p> <p>An external review may be partial, covering only certain aspects of a borrower’s green and/or social loan or associated green and/or social framework or full, assessing alignment with all four core components of the GLP/SLP. It should be made available to all institutions participating in the green and/or social loan on request. When appropriate, and considering confidentiality and competitive considerations, borrowers should make publicly available the external review, or an appropriate summary, via their website or otherwise.</p>	<p>to be allocated to Eligible Projects at the end of the reporting period.</p> <p>MARC Ratings has been engaged as the independent external reviewer for the Framework. The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</p> <p>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings’ external review is set out in MARC Ratings’ Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</p>	<p>MARC Ratings has established a transparent score-based framework for its green, social and sustainability loan assessments analysis that is published on its website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</p>
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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



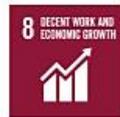
GOAL 5: Achieve gender equality and empower all women and girls



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 revitalize the global partnership for sustainable development

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