



# UEM GROUP BERHAD

## ▪ SUSTAINABILITY SUKUK FRAMEWORK

### SECOND OPINION REPORT 16 November 2023

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## RAM SUSTAINABILITY'S SECOND OPINION APPROACH

RAM Sustainability has assessed UEM Group Berhad's (UEM or the Group) Sustainability Sukuk Framework (hereinafter referred to as the Framework) against sustainability responsibilities and disclosure requirements under the following standards (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 International Capital Market Association's (ICMA) **Green Bond Principles (GBP)**

Our assessment relies on both public information and data provided by UEM on the Framework and the ASEAN Sustainability SRI Sukuk Wakalah (the SRI Sukuk) pursuant to UEM's Sukuk Wakalah Programme of up to RM7.0 billion, through its wholly owned subsidiary, UEM Olive Capital Berhad ("UEM Olive").

Despite the 'Sustainability' label of the SRI Sukuk, our review is limited to the green bond perspective given that the Framework does not presently include social projects nor sustainability-linked components. That said, the Group plans to update the Framework to add more eligible projects and sustainability-linked components in the future, to which we may not have reviewed as at the date of this report.

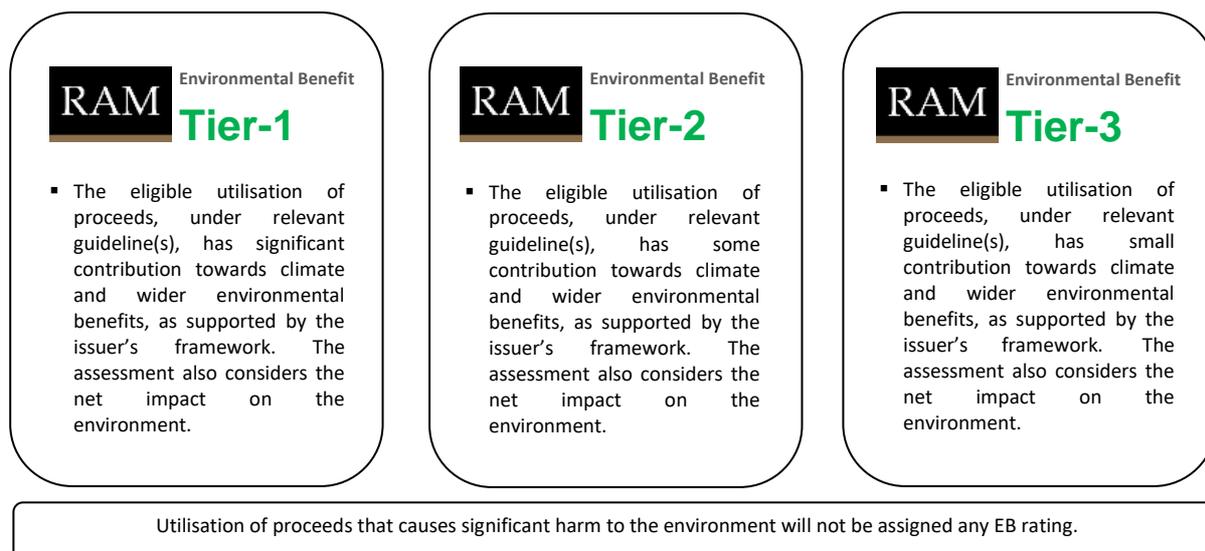
We have not undertaken any audit or other related activity to ascertain the validity or accuracy of the information provided. As part of our due diligence process, we conducted a site visit to Cenergi West Sdn Bhd's 1.5 MW Biogas Power Plant in Carey Island, Selangor on 24 August 2023.

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

Level	Framework Characteristics
<b>Weak</b>	Not observable in the framework.
<b>Basic</b>	Observable in the framework, but is below best practice.
<b>Intermediate</b>	Observable in the framework and in line with best practice.
<b>Advanced</b>	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:



## SUMMARY OF SECOND OPINION ON THE FRAMEWORK

RAM Sustainability is of the view that UEM’s Framework is aligned with the transparency and disclosure requirements of the Standards; namely, SRI Sukuk Framework, ASEAN GBS, and GBP. The Framework describes the core components such as the intended use of proceeds, the process for project evaluation, the method of management of proceeds and UEM’s future reporting commitments. The Framework is aligned with all core areas, and 10 out of 20 recommendations as guided under the pre-issuance checklist of the GBP<sup>1</sup>. Although the SRI Sukuk is labelled as ‘Sustainability’, RAM Sustainability’s review is limited to the green bond perspective as the current Framework does not exhibit social projects nor sustainability-linked components. The Group plans to update the Framework in the future with more eligible projects and sustainability-linked components. At this juncture, we have not observed the positive impact from the SRI Sukuk due to the limited quantitative data on the eligible green projects in the Framework.

UEM is a wholly owned subsidiary of Khazanah Nasional Berhad (Khazanah) with interests in expressways, township and property development, engineering and construction, asset and facility management, and green industries. Khazanah, Malaysia’s sovereign wealth fund, the champion of a large-scale integrated Renewable Energy Zone under the National Energy Transition Roadmap (NETR), has identified UEM as its green investment vehicle. UEM has signed memorandums with various investors to develop a 1 GW solar photovoltaic (PV) plant and a renewable energy industry park under the NETR. To further strengthen UEM’s green investments, UEM acquired Payar Investments Ltd which holds a substantial stake in Cenergi SEA Berhad (Cenergi), from Khazanah in July 2023.

The Framework enables financing of green initiatives such as renewable energy (RE), energy efficiency (EE), clean transportation and pollution prevention and control, which will contribute towards meeting the national decarbonisation and sustainability objectives. The proceeds from the first SRI Sukuk are intended to be used as equity injection into Cenergi whose business activities comprises RE, EE and other green ventures.

We have assigned the following EB ratings to UEM’s eligible project categories:

**Table 1: RAM Sustainability’s EB Assessment of UEM’s Eligible Project Categories**

No.	Eligible Project Category under the Standards	UEM’s Eligible Project	RAM Sustainability EB Rating	Rationale for EB Rating
1	Renewable Energy	Renewable Energy and Storage – Solar Farms		The deployment of solar energy solutions displaces the use of fossil fuel and decarbonises the energy system, showcasing a clear climate mitigation benefit and alignment to the goals of a low-carbon future.
2	Renewable Energy	Renewable Energy and Storage – Mini Hydro		The Framework describes eligible mini hydro power plants as run-of-river hydroelectric projects up to 30 MW per installation. The Sustainable Energy Development Authority (SEDA) Malaysia defines hydropower systems with this stated maximum capacity as small hydro.  Small hydropower projects typically have run-of-river configurations that do not require a reservoir, generating clean energy with minimal environmental impact. These projects have clear and demonstrable contribution to climate change mitigation.

<sup>1</sup> [ICMA Pre-Issuance Checklist \(June 2023\)](#)

3	Renewable Energy	Renewable Energy and Storage – Biogas		<p>In 2019, methane emissions from POME alone contributed a considerable 4.3% (14,308 Gg CO<sub>2</sub>e) of Malaysia's total greenhouse gas emissions<sup>2</sup>. Apart from generating clean energy, biogas projects also have potential to remove methane emission, whose global warming potential is 25 times higher than CO<sub>2</sub>.</p> <p>The eligibility criteria for biogas projects described in the Framework are projects related to methane capture using palm oil mill effluent (POME) and other agricultural waste. For projects using palm oil by-products such as POME, the feedstock must be from sources certified under Roundtable of Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO). While the criteria remains broad without technical specification, carbon emission thresholds or environmental mitigation measures, we understand from management that all investments into biogas projects will be through Cenergi's biogas activities which are also guided by Cenergi's Green Sukuk Framework. Therefore, the rating reflects our view on Cenergi's eligibility criteria and internal technical requirements for biogas projects.</p>
4	Renewable Energy	Renewable Energy and Storage – Batteries		<p>UEM may utilise the SRI Sukuk proceeds for projects that enhance battery capacity. Energy storage is a necessary element to accommodate the build-out of RE systems (such as solar) and a low-carbon future. However, due to the environmental and social impacts from mining of metals used in batteries, we do not observe any sustainable procurement practices required in the criteria.</p>
5	Energy Efficiency	Integrated Energy Solutions		<p>EE projects demonstrate environmental benefits through carbon emissions avoidance via reduction in energy use and indirect emissions. According to the International Energy Agency (IEA), energy renovations must reduce energy intensity by 30% to 50% to achieve a 2-Degree Scenario (2DS)<sup>3</sup>. The SRI Sukuk proceeds may also be utilised for EE projects in buildings and green buildings. That said, the environmental benefit is limited due to the lack of project improvement requirements in the criteria.</p>
6	Clean Transportation	Green or Electric Mobility		<p>UEM's SRI Sukuk proceeds may be utilised for projects involving electric mobility which includes electric vehicle charging infrastructure, maintenance and services. The environmental benefit of electric vehicles is demonstrated by its emissions avoidance ability. That said, we have not observed a criteria on the eligible types of electric vehicles which may result in financing of non-zero tail-pipe emission vehicles. As for electric charging infrastructure, this is critical for the adoption of electric vehicles and low-carbon mobility and we envisage clear environmental benefit through its role in the low carbon transition.</p>

<sup>2</sup> Malaysia Fourth Biennial Update Report Under the United Nations Framework Convention on Climate Change (December 2022), Ministry of Natural Resources, Environment and Climate Change, Malaysia

<sup>3</sup> IEA (2020), Building Envelopes, Analysis

7	Pollution Prevention and Control	Waste Management and Recycling		<p>UEM will be funding projects or technologies in environmental mitigation, specialty services, waste collection, waste treatment, recycling, reuse and waste-to-energy solutions (excluding waste incineration resulting in pollution). These are important pollution prevention and control strategies which will ultimately result in avoidance of final waste disposal i.e., landfilling. Given the wide range of waste management for different type of wastes such as solid waste, hazardous waste, and recyclables, the contribution towards environmental benefit would vary significantly depending on technologies and mitigation activities being implemented.</p>
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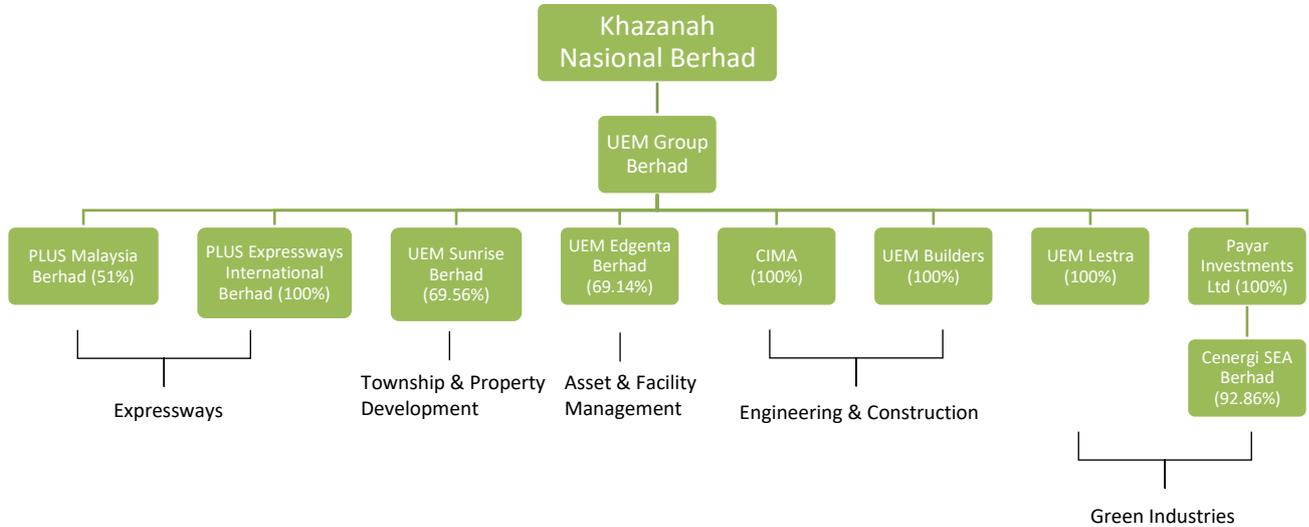
We further find the Framework to have a *Basic* to *Intermediate* level of disclosure reflecting the tentative plans by UEM with the intention to update/enhance the Framework in the future. Our key assessment areas are illustrated in Table 2 below.

**Table 2: RAM Sustainability's Assessment of UEM's Framework**

Components		RAM's Overall Opinion
<b>Utilisation of Proceeds (By Asset/Project Category):</b>		<i>Basic</i>
i)	Eligibility Criteria Disclosure Quality	<i>Basic</i>
ii)	Indicative Proceeds Allocation	<i>Intermediate</i>
iii) Exclusion List:		
-	Issue Transaction-level	<i>Intermediate</i>
-	Group-level	<i>While there is no explicit exclusion list disclosed at the Group-level, UEM is an infrastructure and services company and is not involved in fossil fuel-based power generation activities. Its recent acquisition of Cenergi is part of its strategy to transition into a lower carbon-economy.</i>
<b>Project Evaluation &amp; Selection</b>		<i>Intermediate</i>
<b>Management of Proceeds</b>		<i>Intermediate</i>
<b>Reporting Commitments:</b>		
i)	Allocation reporting	<i>Intermediate</i>
ii)	Impact reporting	<i>Intermediate</i>

## 1. CORPORATE PROFILE

Incorporated in 1966, UEM was initially known as United Engineers (Malaysia) Limited and had undergone several name changes until its present name on 23 January 2007. The Group’s five key businesses include expressways, township & property development, engineering & construction, asset & facility management, and green industries. UEM is a wholly owned subsidiary of Khazanah since 2001 and acts as Khazanah’s green investment vehicle through diversification and expansion of its businesses into green industries in 2023. Its wholly owned special purpose vehicle, UEM Olive is the issuer and UEM will act as obligor for the SRI Sukuk.



**Figure 1: UEM Group Berhad’s Corporate Structure**

Source: UEM Group Berhad

In July 2023, the Group secured a majority stake of Cenergi from Khazanah to further the RE business. Incorporated in 2008, Cenergi is a sustainable energy solutions provider specialising in RE and EE projects, among other ventures. Cenergi also issues Green Sukuk under its RM1.5 billion Sukuk Wakalah Programme, with its own Green Sukuk Framework.

## 2. REVIEW OF THE FRAMEWORK

Our review examines the four core components embedded in the Standards:

- (i) Utilisation of Proceeds
- (ii) Project Evaluation and Selection
- (iii) Management of Proceeds
- (iv) Reporting Commitments

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

### 2.1. Utilisation of Proceeds

The Standards recognise several categories of eligible green projects. Broadly defined, green projects refer to innovative, climate-friendly solutions that help deliver clear environmental benefits.

UEM’s eligible projects under the Framework fall under the RE, EE, clean transportation, and pollution prevention and control categories of eligible green projects under the Standards (Table 1). Despite the SRI Sukuk being labelled as a Sustainability Sukuk, at the current iteration, we note the Framework only includes green projects. The Group plans to update its Framework from time to time to include more green projects, social projects or sustainability-linked elements once these have been identified.

Proceeds from the SRI Sukuk raised via UEM Olive will be utilised by UEM and its subsidiaries, associates and joint ventures to finance and/or refinance, in whole or in part, new or existing investments, acquisitions, assets, businesses, projects and/or products related to the eligible projects, all of which shall be Shariah-compliant. The proceeds from the SRI Sukuk shall also be used for the payment of fees and expenses related to the Sukuk Wakalah Programme. For acquisition of companies using the SRI Sukuk proceeds, the Group is committed to ensure that the acquired company do not carry on any other business or project besides eligible SRI projects.

The indicative proceeds allocation for each eligible project category has yet to be determined at this juncture and will be determined by UEM as and when required. However, the proceeds from the first Sukuk Wakalah Programme are intended to be used as equity injection into Cenergi.

### **Ineligible Projects**

Consistent with the ASEAN GBS, the Framework prohibits any proceeds from UEM's SRI Sukuk to provide funding for projects related to fossil fuel. In addition, nuclear energy and nuclear related assets, waste incineration resulting in pollution, conventional financial institutions (ribawi), weapons, pork products sector, alcohol, gambling, gaming business and any prohibited trade are part of the exclusion criteria.

### **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 its launch in 2015. For many institutional investors, SDGs provide a harmonised structure to align investments with key sustainability issues that affect the world today. UEM's project categories are tied with the relevant SDGs such as SDG 7: Affordable and Clean Energy and SDG 11: Sustainable Cities and Communities.

## **2.2. Project Evaluation & Selection**

The Framework describes an evaluation and selection process that UEM undertakes to ensure that projects or assets that are selected are eligible for green financing. Eligibility considerations include project adherence to the eligibility criteria, risk assessments, as well as technical and financial viability.

The Group will identify relevant projects that meet the eligibility criteria stipulated in the Framework. Following this, relevant business divisions under UEM such as Commercial Division and Special Projects and Corporate Finance Division will evaluate the potential project to be financed under the Framework. As part of the evaluation, environmental and social risks will be identified through an Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA). Further risk assessments on economic, operational, environmental, and social parameters as well as its mitigation measures are also part of the evaluation process.

Recommendations will then be made to the Group's board of directors who will select and approve the projects to be funded by the SRI Sukuk as per the UEM Discretionary Authority Limits.

During the tenure of the SRI Sukuk issuance, the portfolio of eligible green projects will be continuously monitored by the relevant business divisions to ensure compliance to the eligibility criteria. Any ineligible projects may be replaced with other selected eligible projects, subject to the same evaluation and selection process. The Group has also stated in the Framework that they will comply with the relevant environmental, social and governance standards or recognised best practices relating to the eligible projects.

In our view, the processes employed by UEM are consistent with best practices observed for the evaluation of eligible projects for green financing.

## 2.3. Management of Proceeds

UEM has defined the internal processes linked to the management of proceeds. According to information provided by the Group, the proceeds will be credited into UEM's current operating account. The portfolio of eligible projects and its allocation will be monitored and maintained by the Treasury Unit in the Group's Finance Division. This will be tracked via a ledger which will include, but not limited to, the following information:

- A. Details of SRI Sukuk;
- B. List of eligible projects with:
  - i. Summary of project details;
  - ii. Amount allocated to each project;
  - iii. Expenditure of each project;
  - iv. Expected environmental impact of each project;
  - v. Remaining balance of unallocated proceeds.

Should the proceeds be used for investments into companies which have the eligible green projects as its business activities, the utilisation of the proceeds will be monitored by UEM to ensure compliance to the Framework. In the event that any of the Eligible Assets no longer fulfil the criteria of the Framework, UEM shall identify new Eligible Assets in replacement, and reallocate the balance of unutilised proceeds. Any unallocated proceeds may be held in cash, cash equivalents and/or invested in other Shariah-compliant marketable instruments, in accordance with UEM's policy. However, RAM Sustainability has not sighted this policy and according to management representation, unallocated proceeds will only be invested into money market funds.

## 2.4. Reporting Commitments

The Standards require issuers to establish a formal process to communicate the allocation of proceeds and the positive impact created. At point of issuance and throughout the tenure of the SRI Sukuk, UEM is committed to publish information regarding the SRI Sukuk. The Group will also publish a progress report on an annual basis throughout the tenure of the SRI Sukuk. The annual report may include the following information:

**Table 3: UEM's Reporting Commitments**

<b>Allocation Reporting</b>	<ul style="list-style-type: none"> <li>▪ Aggregate amount of SRI Sukuk proceeds allocated and utilised for the various eligible projects, including the proportion and breakdown between financing and refinancing of the eligible projects (if applicable)</li> <li>▪ Remaining balance of the unallocated SRI Sukuk proceeds at the end of the reporting period and where the unutilised amount is retained or invested</li> <li>▪ Removal or substitution of eligible projects</li> <li>▪ Confirmation that the utilisation of SRI Sukuk proceeds from UEM's SRI Sukuk issuance complies with this Framework<sup>4</sup></li> </ul>
<b>Impact Reporting</b>	<ul style="list-style-type: none"> <li>▪ Renewable energy installed capacity, MW</li> <li>▪ Renewable energy generated</li> <li>▪ Annual CO<sub>2</sub> emission reduction/avoidance, tCO<sub>2</sub></li> <li>▪ Annual energy saving</li> <li>▪ Calculated carbon footprint emission and intensity (per building area), t and t/m<sup>2</sup></li> <li>▪ List of eligible or number of buildings receiving third party green building certification</li> <li>▪ Reduction in energy use compared to baseline for building type, kWh/m<sup>2</sup>/year</li> <li>▪ List of eligible or number of public charging point</li> <li>▪ Recycling and recovery rate</li> <li>▪ Total resource recovered</li> <li>▪ Job creation</li> <li>▪ Key underlying methodology of the above indicators</li> </ul>

<sup>4</sup> According to UEM, the confirmation will be provided by the Treasury unit of the Finance Division.

The impact of the selected eligible projects will be measured against how they aid in the delivery of UEM’s sustainability goals and initiatives in support of the relevant SDGs. Any information on the SRI Sukuk, the Framework, this Second Opinion Report, and the annual progress reports will be made publicly available on UEM’s corporate website (<https://www.uem.com.my>).

### 3. SUSTAINABILITY ASSESSMENT

#### 3.1. National-Level Drivers

RAM Sustainability opines that UEM’s SRI Sukuk will support the following national-level objectives and plans that are related to the areas defined under the eligible asset/project categories:

**Table 4: National-Level Objectives and Plans**

Category	National-Level Objectives and Plans
Renewable Energy	<p><u>Increasing RE generation</u></p> <p>Under the 12<sup>th</sup> Malaysia Plan, the Government of Malaysia (GoM) has targeted to achieve 31% RE of total installed capacity by 2025. The GoM has also introduced incentives to encourage corporate consumers to buy green energy. Such incentives include the Green Tariff Rider and Renewable Energy Certificate.</p> <p>Under the NETR, the GoM has committed to achieving 70% RE installed capacity by 2050 with a solar PV installation target of 59 GW of installed capacity by 2050. The GoM also targets an increase in bioenergy power generation capacity to 1.4 GW by 2050.</p>
Energy Efficiency	<p><u>Increasing energy savings</u></p> <p>Under the 12<sup>th</sup> Malaysia Plan, the GoM plans to enhance EE within the country by regulating high-intensity consumers in the industrial and commercial sector. Energy audits and retrofits were also conducted in 18 government buildings which are labelled under the National Building Energy Intensity (BEI) labelling initiative. The GoM also provides Energy Audit Conditional Grants and Energy Performance Contracting to support the National Energy Efficiency Action Plan 2016-2025 target of achieving 8% savings in electricity consumption.</p> <p>Under the National Energy Policy 2022-2040 (DTN), the GoM established the Low Carbon Nation Aspiration 2040 which includes a target to achieve EE savings in industrial and commercial facilities by 11%.</p> <p>Under the NETR, the GoM aims to achieve 21% of energy savings by 2040 and 22% of energy savings. Some of the key initiatives identified to achieve these targets are enforcing mandatory audits for large commercial and industrial buildings, establishing mandatory green building codes that outline EE parameters for energy-intensive residential and commercial buildings and launching a major EE retrofit initiatives in government buildings.</p>
Clean Transportation	<p><u>Promoting sustainable transportation systems</u></p> <p>Under the DTN, the GoM has set a target of achieving 38% share of electric vehicles in its Low Carbon Nation Aspiration 2040. Electric vehicle charging infrastructure is identified as an enabler of achieving this target.</p> <p>Under the NETR, the GoM has targets which are aligned with the Low Carbon Mobility Blueprint such as increasing public transportation modal share to 60% and increasing share of electric vehicles in the market to 80% by 2050, among others. Currently, 85% of GHG emissions are due to the land transport segment, equating to 55 MtCO<sub>2</sub>eq.</p>

Category	National-Level Objectives and Plans
Pollution Prevention and Control	<p data-bbox="469 152 1166 181"><u>Strengthening waste management to move towards zero-waste</u></p> <p data-bbox="469 219 1497 409">Under the 12<sup>th</sup> Malaysia Plan, the GoM aims to strengthen solid waste management through enforcement of existing standards and scheduled waste through implementing environmentally sound management of chemical and hazardous substances. It will support the development of integrated waste management facilities to optimise waste management to enable proper treatment, recycling and disposal of solid and scheduled waste. The GoM targets a 40% household waste recycling rate and 35% scheduled waste recycling rate by 2025.</p> <p data-bbox="469 448 1497 638">Under the NETR, the GoM currently recognises second-generation bioenergy sources derived from non-agriculture biomass, including municipal solid waste, as the most favourable feedstock for bioenergy due to land competition and the expected increase in municipal solid waste (MSW). Currently, 13.9 million tonnes of MSW is generated annually in Malaysia. MSW is recognised for its potential for power generation through waste-to-energy. The GoM targets an increase in bioenergy power generation capacity to 1.4 GW by 2050.</p>

## 3.2. Group-Level Assessment

### Sustainability Strategies

This section assesses the overall management approach to integrating sustainability considerations into the issuer’s decision-making processes and operations. UEM’s parent company, Khazanah, is pioneering the Renewable Energy Zone under the NETR. The integrated RE zone is to increase sustainable development to achieve efficient energy management and consumption. Presently, UEM at the holding company level does not have an overall Group sustainability policy or framework, however sustainability is practiced within the subsidiaries at their respective capacities.

## 3.3. Division-Level Assessment

### Sustainability Strategies

Under the Group’s expressways division, PLUS Malaysia Berhad (PLUS)’s Green Roadmap focuses on a Net Zero Greenhouse Gas Emission Plan through five areas; energy management, emissions reduction and electrification, waste and water management, sustainable materials and climate impact adaptation. Through the roadmap, PLUS is committed to reduce its GHG emissions by 35% in 2030 (based on its 2017 baseline) and achieve net zero emissions by 2050, by tracking and reporting its Scope 1 and 2 emissions. The Board Governance, Risk & Sustainability Committee governs PLUS’s sustainability policies, programmes and strategies with the support of the Management Governance, Risk & Sustainability Committee and its Sustainability Team.

Cement Industries of Malaysia Berhad (CIMA), as one of UEM’s engineering and construction bodies, is committed to achieving Net Zero Carbon by 2050 through four areas: the usage of alternative fuel, the usage of recycled raw materials, incorporating green products and solutions and protecting the environment. CIMA utilises an alternative fuel combustion system using recycled materials which reduces its dependence on fossil fuels and landfills. CIMA’s Waste Heat Recovery system is also in progress of installation, with the potential of saving up to 30% of its electricity consumption and 24% of carbon dioxide emission reduction. However, CIMA lacks sustainability governance and policies to guide its sustainability management.

As the Group’s township and development subsidiary, UEM Sunrise Berhad’s (UEMS) sustainability strategies is exhibited through its Sustainability Blueprint 1.0. It focuses on enhancing the sustainability of its design processes by integrating the UN SDGs in its business strategies, operations and projects. UEMS’s targets include increasing affordable housing, green mobility and public transport, and to include climate-smart infrastructure, among others. UEMS is also committed to achieving Carbon Neutrality by 2050 and has

conducted a Climate Risk Analysis to implement appropriate mitigation measures. UEMS has also established a sustainability policy which incorporates procedures to reduce environmental risks and engage with its stakeholders. UEMS's sustainability governance is spearheaded by its board of directors, to provide overarching guidance on its sustainability strategies and operations. The Board Governance & Risk Committee offers insight to its sustainability strategies, supported by the Sustainability Department which manages UEMS's ESG goals.

UEM Edgenta Berhad (Edgenta), the Group's asset and facility management arm has a Sustainability Roadmap to showcase its sustainability strategies. The roadmap is developed based on six pillars which include approach, materiality, performance measurement, governance structure, initiatives and actions, and reporting and communication. The two-year roadmap is currently in its preliminary stage to identify its KPIs and targets based on a materiality assessment and identification of emission calculation methodologies. In September 2023, Edgenta announced its commitment to achieving net zero by 2050. Edgenta's sustainability matters is overseen by its board of directors, followed by its Nomination and Remuneration Committee and Board Governance and Risk Committee. The sustainability responsibilities are supported by its ESG Steering Committee, coordinated with its Risk Management Committee, and further aided by its ESG working team.

Cenergi, the Group's newest subsidiary, demonstrates sustainability practices which are guided by three pillars which include corporate strategy, decision making and products and services. Cenergi is focused on carbon emission reduction through expanding its RE business segment. Cenergi also has a sustainability policy that acts as a guideline for sound practices and operations within the business. Cenergi tracks its GHG emissions avoided through its RE projects. Cenergi's sustainability governance is spearheaded by its board of directors and overseen by Group Chief Executive Officer. The sustainability management is supported by the Corporate Strategy and Sustainability team, with further support from Corporate Services, Operations and Maintenance, Business Development, and Supply Chain Management.

The Group's subsidiaries function with their own sustainability management but are at different stages of progress. That said, a group-level sustainability framework to consolidate the Group's sustainability objectives and goals is deemed to be best practice.

### **Controversy Scan**

Based on publicly available information up to 16 November 2023 on UEM Group Berhad, UEM and its shareholders, there were no controversies pertaining to the entities' ESG practices.

# 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"> <li>(a) Preserving and protecting the environment and natural resources.</li> <li>(b) Conserving the use of energy.</li> <li>(c) Promoting the use of RE.</li> <li>(d) Reducing greenhouse gas emissions.</li> <li>(e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes, especially but not exclusively for a target population.</li> <li>(f) Improving society's quality of life.</li> </ul> <p>Eligible SRI projects may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>(a) Green projects that relate to:                             <ul style="list-style-type: none"> <li>(i) Renewable energy.</li> <li>(ii) Energy efficiency.</li> <li>(iii) Pollution prevention and control.</li> <li>(iv) Environmentally sustainable management of living natural resources and land use.</li> <li>(v) Terrestrial and aquatic biodiversity conservation.</li> <li>(vi) Clean transportation.</li> <li>(vii) Sustainable water and wastewater management.</li> <li>(viii) Climate change adaptation.</li> <li>(ix) Eco-efficient and/or circular economy-adapted products, production technologies and processes.</li> <li>(x) Green buildings which meet regional, national or internationally recognised standards or certifications.</li> </ul> </li> <li>(b) Social projects that relate to:                             <ul style="list-style-type: none"> <li>(i) Affordable basic infrastructure.</li> <li>(ii) Access to essential services.</li> <li>(iii) Affordable housing.</li> <li>(iv) Employment generation, including the potential effects of SME financing and microfinancing.</li> <li>(v) Food security.</li> </ul> </li> </ul>	Yes	<p>UEM's SRI Sukuk will be used to finance the following eligible SRI projects:</p> <ul style="list-style-type: none"> <li>(i) Renewable energy.</li> <li>(ii) Energy efficiency</li> <li>(iii) Clean transportation.</li> <li>(iv) Pollution prevention and control.</li> </ul>

No.	Item	Requirement	Alignment	Comment
		<p>(vi) Socioeconomic advancement and empowerment.</p> <p>(c) Projects which are the combination of green and social projects, as described in (a) and (b) above.</p> <p>(d) Waqf projects that relate to the development of waqf properties or assets.</p>		
7.10	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	As in 7.07 & 7.08 above.
7.11		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.	Yes	The framework describes any transactions which involve the acquisition of a company must not carry on any other business or projects except the eligible SRI projects .
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	<p>The Framework outlines the Group's evaluation and selection process for green financing, ensuring that chosen activities meet eligibility criteria. UEM's relevant business department(s) will review and recommend eligible projects to the Board of Directors of UEM for approval.</p> <p>For more detailed information, please refer to 2.2.</p>
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	<p>UEM has established internal processes for managing the proceeds of the SRI Sukuk. The portfolio of eligible projects and its allocation will be monitored and maintained internally by the Treasury Unit in the Group's Finance Division. Based on the information provided by the Group, the proceeds will be credited into UEM's current operating account.</p> <p>For more detailed information, please refer to 2.3.</p>
7.14	Reporting	<p>An issuer must provide the following information to the sukukholders, annually through a designated website:</p> <p>(a) The original amount allocated to the Eligible SRI projects.</p> <p>(b) The amount utilised for the Eligible SRI projects.</p> <p>(c) The unutilised amount and where such unutilised amount is placed or invested pending utilisation.</p> <p>(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.</p>	Yes	UEM has committed to disclosing the necessary information on its corporate website ( <a href="https://www.uem.com.my">https://www.uem.com.my</a> ). The Group will report on the allocation of proceeds and impacts of its eligible projects annually throughout the tenure of the SRI Sukuk.

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	The Framework describes the requirement for all green financing to disclose all required information to the bond/sukuk-holders every year, via a report made available on its corporate website ( <a href="https://www.uem.com.my">https://www.uem.com.my</a> ).  For more detailed information, please refer to 2.4.
		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:  (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 its corporate website ( <a href="https://www.uem.com.my">https://www.uem.com.my</a> ).  For more detailed information on disclosure requirements, please refer to 2.4.
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	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 and the GBP, as well as the Group's sustainability responsibilities.  UEM intends to make RAM Sustainability's Second Opinion Report available on its corporate website ( <a href="https://www.uem.com.my">https://www.uem.com.my</a> ). The report will also be available on RAM Sustainability's <a href="#">website</a> .

# APPENDIX 2

## APPENDIX 2: ASEAN GBS CHECKLIST

### Reference:

ASEAN Capital Markets Forum – ASEAN GBS

Item	No.	Requirement	Alignment	Comment
Eligible Issuers and Issuance	3.1	(i) Must be an ASEAN Issuer; or (ii) In the case of a Non-ASEAN Issuer, the eligible Green Projects must be located in any of the ASEAN countries.	Yes	UEM is an entity incorporated in Malaysia, a member of ASEAN.
	3.2	ASEAN Green Bonds issuances must be originated from any of the ASEAN member countries.	Yes	The SRI Sukuk to be issued under the Framework will originate from Malaysia.
Eligible Green Projects	4.1.5	There are several broad categories of eligibility for Green Projects which contribute to environmental objectives such as climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control. The categories include renewable energy and energy efficiency.	Yes	The proceeds from the SRI Sukuk under the Framework may be utilised to finance and/or refinance new or existing investments, acquisitions, assets, businesses, projects and/or products related to the eligible projects.
Ineligible Projects	4.1.6	For clarification purposes, fossil fuel power generation projects are excluded from the ASEAN GBS.	Yes	UEM has stipulated in the Framework that projects utilising fossil fuel for power generation are not eligible for funding.
Continuous Accessibility to Information and Reporting	4.2.1	The Issuer of ASEAN Green 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 Projects categories identified above; and (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 Projects.	Yes	The Group will use the SRI Sukuk to fund projects which further develop Malaysia's green industry and contribute to the national decarbonisation agenda.  The process for the evaluation and selection of the eligible project is detailed in the Framework.
	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 ASEAN Green Bonds:  (i) The process for project evaluation; (ii) The use of proceeds; and (iii) External review report on the process (if any).	Yes	UEM has committed to publishing the Framework on its corporate website ( <a href="http://www.uem.com.my">http://www.uem.com.my</a> ). The Framework includes information describing the project evaluation process, the intended use of proceeds and the requirement to obtain a second opinion to confirm the validity of the Framework. The second opinion report will be made publicly available on its corporate website, and RAM's website ( <a href="http://www.ram.com.my">www.ram.com.my</a> ).
	4.3.1	Prior to the issuance of the ASEAN Green Bonds, the Issuer must disclose to investors in the documentation for the issuance of the ASEAN Green Bonds the process for managing the net proceeds from the ASEAN Green Bonds.	Yes	UEM has established internal process for managing the proceeds of the SRI Sukuk. The allocation of the proceeds shall be monitored by the Group's Finance Division.
	4.3.4	The Issuer must also disclose to investors in the documentation for the issuance of the ASEAN Green Bonds the intended types of temporary placement for the balance of unallocated proceeds.	Yes	UEM will hold any unutilised funds in cash, cash equivalents and/or any investments in other Shariah-compliant marketable instruments that are in accordance with the Group's policy. However, RAM Sustainability has not sighted this policy. The process for managing net proceeds is described in the Framework.

Item	No.	Requirement	Alignment	Comment
	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 ASEAN Green Bonds.	Yes	UEM is committed to publish its allocation report on an annual basis until full allocation of its proceeds. The impact report will also be published annually. The allocation and impact reports will be made publicly available on the Group's corporate website.
Encourage More Frequent Reporting	4.4.1	Issuers must report to investors at least on an annual basis and 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 Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated and their expected impact.	Yes	UEM is committed to publish its allocation report on an annual basis until full allocation of its proceeds. The impact report will also be published annually. The allocation and impact reports will be made publicly available on the Group's corporate website.
External Review	5.1	Issuers are recommended to appoint external review providers for their ASEAN Green Bonds issuances.	Yes	RAM Sustainability has been appointed to provide a second opinion of the Group's Framework. The review covers an assessment of the Group's Framework against disclosure requirements of the SRI Sukuk Framework, the ASEAN GBS and the ICMA GBP, as well as the Group's sustainability responsibilities.
	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 report by RAM Sustainability covers project evaluation and selection.
	4.3.5	It is recommended that the Issuer's management of proceeds be supplemented by the use of an auditor, or other third party to verify the internal tracking method and the allocation of funds from the ASEAN Green Bonds proceeds.	-	This is a voluntary process. UEM has not stated any intention to appoint an auditor or other third party to verify the internal tracking method and allocation of issuance proceeds from the SRI Sukuk.
	4.3.6	Where the Issuer appoints an auditor or other third party to verify the Issuer's management of proceeds, the Issuer must make the report produced by the auditor or other third party publicly available on a website designated by the Issuer at the time of issuance of the ASEAN Green Bonds.	-	This is a voluntary process. UEM has not stated any intention to appoint an auditor or other third party to verify the internal tracking method and allocation of issuance proceeds from the SRI Sukuk.
	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.	-	This is a voluntary process. UEM has not stated any intention to appoint an external reviewer to confirm the accuracy of its annual reporting on the use of proceeds.

# 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:** UEM Group Berhad

**Bond ISIN<sup>5</sup>:** Not Available

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

**Completion date of this form:** 16 November 2023

**Date of the review:** 16 November 2023

### 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.
- 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: **SC SRI Sukuk Framework, ASEAN GBS**

#### ROLE(S) OF INDEPENDENT REVIEW PROVIDER

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

Does the review include a sustainability quality score<sup>6</sup>?

- Of the issuer
- Of the framework
- No scoring
- Of the project
- Other (*please specify*):

<sup>5</sup> The ISIN code is mandatory for publishing the form in the Sustainable Bond Issuers Database.

<sup>6</sup> 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.

## 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 STRATEGY<sup>7</sup>

### 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 pathways<sup>8</sup> that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically<sup>9</sup>?

### Overall comment on this section:

<sup>7</sup> 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](#).

<sup>8</sup> 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 a [Methodologies Registry](#) which includes a list of tools to specifically help issuers, investors, or financial intermediaries validate their emission reduction trajectories..

<sup>9</sup> 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.

### 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?
- for social projects, whether the target population is properly identified?

**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:**

UEM's SRI Sukuk will be used to finance the following eligible SRI projects:

- (i) Renewable energy.
- (ii) Energy efficiency
- (iii) Clean transportation.
- (iv) Pollution prevention and control.

The proceeds from the first SRI Sukuk are intended to be used as equity injection into Cenergi. However, the financing and proceeds allocation for the other eligible projects have yet to be determined.

#### 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.<sup>10</sup>
- 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 see Section 2.2 Project Evaluation & Selection.

<sup>10</sup> 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:

The Group's Finance Division will monitor and maintain the portfolio of eligible projects and its allocation via a ledger. According to information provided by the Group, the proceeds will be credited into UEM's current operating account. Should the proceeds be used for investments into companies which have the eligible green projects as its business activities, the utilisation of the proceeds will be monitored by UEM to ensure compliance to the Framework. In the event that any of the Eligible Assets no longer fulfil the criteria of the Framework, UEM shall identify new Eligible Assets in replacement, and reallocate the balance of unutilised proceeds. Any unallocated proceeds may be held in cash, cash equivalents and/or invested in other Shariah-compliant marketable instruments, in accordance with UEM's policy. However, RAM Sustainability has not sighted this policy.

### 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:

UEM has committed to disclosing the necessary information on its corporate website (<https://www.uem.com.my>). The Group will report on the allocation of proceeds and impacts of its eligible projects annually throughout the tenure of the SRI Sukuk.

## Section 4. Additional Information

**Useful links** (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

The allocation and impact reports, along with the Framework and second opinion report, will be made publicly available on UEM's corporate website (<https://www.uem.com.my/>).

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

UEM's project categories are tied with the relevant SDGs such as SDG 7: Affordable and Clean Energy and SDG 11: Sustainable Cities and Communities.

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

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

- 1) **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental 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 environmental 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 Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- 3) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green 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) **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green 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 environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

## ABOUT RAM SUSTAINABILITY

RAM Sustainability Sdn Bhd (RAM Sustainability) is a provider of sustainability services and environment, social and governance (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 sustainability ratings and second opinions, and has the distinction of being the first Registered Observer of the International Capital Market Associations' (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines in ASEAN. On 12 August 2020, RAM Sustainability became an Approved Verifier for the certification of climate bonds under the Climate Bonds Standard and 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 the RAM Group

The RAM Group is a leading provider of independent credit ratings, research, training, risk analysis and bond pricing. Formerly known as Rating Agency Malaysia Berhad, the RAM Group was established in November 1990 as a catalyst for the domestic debt capital market and as the nation's first credit rating agency. On 1 July 2007, its rating operations were novated to RAM Rating Services Berhad (RAM Ratings). RAM Ratings is a wholly owned subsidiary of the RAM Group.

RAM Ratings is the leading and largest credit rating agency in both Malaysia and ASEAN. Established in 1990 by the central bank of Malaysia as part of the "institutional infrastructure" to support the development of Malaysia's bond market, RAM Ratings has rated over USD450 billion of bonds issued by over 750 entities. Its rating portfolio encompasses corporates, sovereign nations, financial institutions, insurance companies, project finance and structured finance obligations.

RAM Ratings is also the world's leading rating agency for securities issued under Islamic principles, or sukuk. RAM Ratings' experience in and contributions to the fast-growing sukuk market has won numerous awards, including Best Rating Agency (South-East Asia 2017) from CPI Financial and Best Islamic Rating Agency in 2016 from Islamic Finance News. On 26 May 2016, RAM Ratings joined the line-up of pioneer credit rating agency signatories to the United Nations-supported Principles for Responsible Investment's Statement on ESG in Credit Ratings. The Statement on ESG in Credit Ratings is a way for RAM Ratings to communicate its commitment to a more systematic and transparent incorporation of ESG into credit ratings and analysis.

RAM Solutions, with effect from 1 March 2023, has integrated sustainability solutions to its existing credit opinion business, working independently of any second opinion providers or external reviewers. As a subsidiary of RAM Holdings, Bond Pricing Agency Malaysia Sdn Bhd is the sole provider of bond-pricing and valuation data on the Malaysian bond market. For further details, please refer to <https://www.ram.com.my>.





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