



RAM
CONSULTANCY

PASUKHAS GREEN ASSETS SDN BHD **(formerly known as Morning Summit Sdn Bhd)** **ASEAN GREEN SRI SUKUK** **PROPOSED SUKUK ISSUANCE OF RM200.0 MILLION** **SECOND OPINION REPORT** **26 FEBRUARY 2019**

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SUMMARY OF SECOND OPINION ON ASEAN GREEN SRI SUKUK

Overall, Pasukhas Green Assets Sdn Bhd's (formerly known as Morning Summit Sdn Bhd) ("PGA" or "the Issuer") ASEAN Green SRI Sukuk Framework is aligned to the transparency and disclosure requirements of the Securities Commission Malaysia's Sustainable & Responsible Investment ("SRI") Sukuk Framework, ASEAN Green Bond Standards ("ASEAN GBS") and the globally recognised Green Bond Principles ("GBP"). Equally important, small hydropower projects are recognised as eligible green projects under the SRI Sukuk Framework, ASEAN GBS and GBP.

PGA, a wholly-owned subsidiary of Pasukhas Group Berhad ("PGB" or "the Group"), is an intermediate holding company and does not have any subsidiaries at the moment. It is intended for the Issuer to, from time to time, acquire companies under which Eligible Green SRI Projects are being held. The Proposed ASEAN Green SRI Sukuk of RM200 million ("ASEAN Green SRI Sukuk") will be used for the following Shariah-compliance purposes:

- i) To fund the acquisitions of Eligible Green SRI Projects¹ by the Issuer and its subsidiary companies ("Issuer Group"), which may include an acquisition of a company under which the Eligible Green SRI Project is being held;
- ii) To fund the capital expenditure which includes the construction of Eligible Green SRI Projects by the Issuer Group;
- iii) To pre-fund the relevant designated accounts under the Al-Kafalah Facility of the relevant tranche of the ASEAN Green SRI Sukuk, as may be required;
- iv) To repay/refinance the ASEAN Green SRI Sukuk of the Issuer Group;
- v) To finance the Issuer Group's Shariah-compliant working capital; and
- vi) To pay fees, expenses, costs and all other amounts payable in relation to the ASEAN Green SRI Sukuk Programme and the Al-Kafalah Facility of the relevant tranche of the ASEAN Green SRI Sukuk.

PGA's ASEAN Green SRI Sukuk Framework is clearly defined and provides clarity on important aspects of project evaluation and selection, management of proceeds and reporting commitments. RAM opines that PGA, guided by policies of PGB, has appropriate control objectives and procedures to operate the small-hydropower facility. The Group aligns with the principles of the internationally-recognised standards of ISO 9001:2008 Quality Management System. Additionally, the Group has policies to safeguard the environment as well as employees' health and safety.

Sustainable project management requires an assessment of issues and challenges within a local context. To this end, the commissioned technical due diligence report for the small-hydropower facility outlined key environmental aspects along with solutions to mitigate environmental and biodiversity impacts relating to the project.

Malaysia has a vast potential to generate clean and renewable energy from its abundant natural resources. Electricity generation via hydropower has a much smaller carbon footprint when compared against fossil-fuel enabled power production. RAM opines PGA's hydropower project conforms to Malaysia's renewable energy commitments and emission reduction targets². In addition, the project has the potential to stimulate socioeconomic development of the surrounding community.

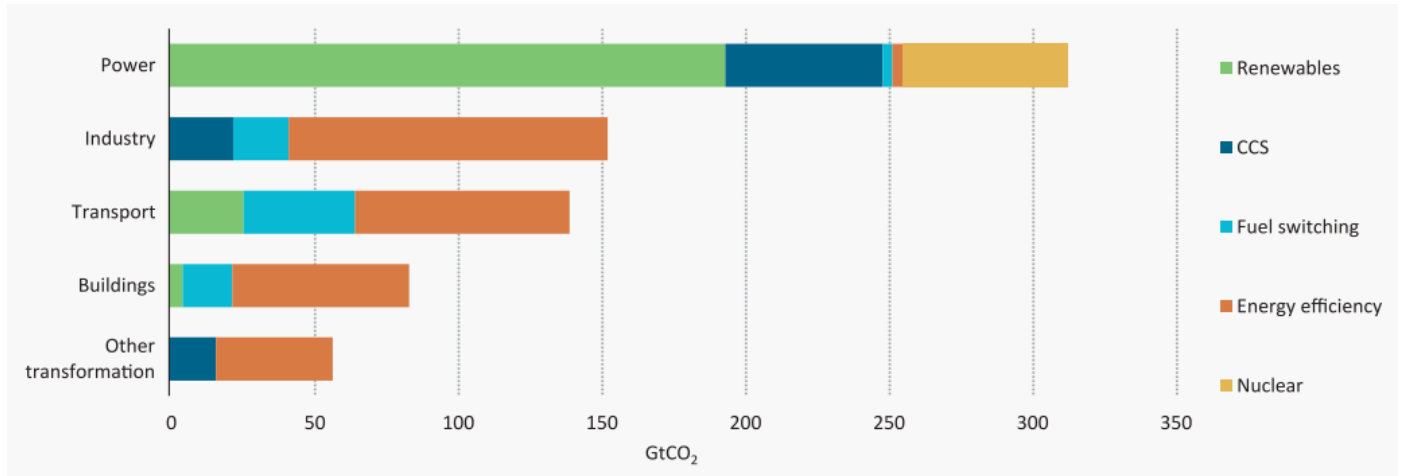
2 Degrees Scenario, or 2DS is reaffirmed in the Paris Agreement during the 21st U.N. Framework Convention on Climate Change ("UNFCCC") Conference of the Parties ("COP21"). The goal is to limit global temperature rise to 2 degrees Celsius when compared against pre-industrial levels. The International Energy Agency ("IEA") has identified the industries where the reductions in carbon emissions should be targeted to achieve this goal by 2050.

¹ Eligible Green SRI Projects refer to projects that aim to: (a) preserve and protect the environment and natural resources; (b) conserve the use of energy; (c) promote the use of renewable energy; and (d) reduce greenhouse gas emission. These projects are deemed as (i) an eligible sustainable and responsible investment project in all sectors pursuant to paragraphs 7.04(a) and 7.04(b) of Part 3 of Section B of the Lodge and Launch Guidelines; and (ii) are projects eligible under the ASEAN GBS and GBP.

² The national target is for renewable energy to comprise 2,080MW of overall electricity generation in the country.

SUMMARY OF SECOND OPINION ON ASEAN GREEN SRI SUKUK

Cumulative CO₂ reductions by sector and technology in the 2DS to 2050



Key point : A portfolio of low-carbon technologies is needed to reach the 2DS; some solutions will be broadly applicable, while others will need to target specific sectors.

(Source: Energy Technology Perspectives 2015, International Energy Agency)

Building on from IEA's study, RAM's Environmental Benefit assessment essentially tiers projects and solutions based on their overall contributions towards the 2DS. The top tiered projects comprise technologies that decarbonize the energy system. **RAM has assigned a *Tier-1 Environmental Benefit*** to the 3.2MW Sungai Rek small-hydropower plant to be financed by the ASEAN Green SRI Sukuk.



RAM'S ENVIRONMENTAL BENEFIT ASSESSMENT AND DEFINITION

Climate change represents a fundamental threat to the planet and society and is already transforming life on Earth. The effects of climate change are wide-ranging and can be seen everywhere in our biosphere. The 2015 Paris Climate Accord ("COP21") sets a global action plan for the 197 participating governments to limit global warming to well below 2°C above pre-industrial levels (2 Degree Scenario). In addition, these countries have also committed to United Nation's 17 Sustainable Development Goals that could transform the world by addressing areas of critical importance for the planet and society.

The ultimate objective of green bond/sukuk is to facilitate financing towards environmentally-friendly solutions that can help mitigate the effects of climate change and/or create value for surrounding ecosystem. RAM's Green Bond assessment incorporates a subjective assessment of the project's contributions towards a low carbon, sustainable future. In addition, transparency and disclosure strength of the Green Bond is also a key consideration.

RAM Environmental Benefit Tier-1

- Project is an important component of low carbon future and has clear, demonstrable environmental benefits.
- Project directly contributes towards substantial and sustainable reductions of greenhouse gas emissions.

RAM Environmental Benefit Tier-2

- Project is aligned towards a low carbon future and has some demonstrable environmental benefits.
- Project directly contributes towards improvements in greenhouse gas emissions.

RAM Environmental Benefit Tier-3

- Project has minimal contribution towards a low carbon future and has minimal demonstrable environmental benefits.
- Project indirectly contributes to the broader environment and is focused on asset-level environmental improvements.

Projects that do not conform to the long-term vision of 2 Degrees Scenario reaffirmed under COP21 is not assigned an Environmental Benefit Rating.

1. SCOPE AND OBJECTIVES

PGA intends to establish an Islamic Medium-Term Note Programme of RM200 million to finance green assets. The sukuk proceeds shall be utilised for potential projects and/or solutions that meet the green eligibility criteria outlined in the Securities Commission Malaysia's SRI Sukuk Framework, which are also compatible with the eligibility requirements of the ASEAN GBS and GBP.

RAM Consultancy Services Sdn Bhd ("RAM") was appointed to provide a second party opinion on the Issuer's ASEAN Green SRI Sukuk Framework. The review covers an assessment of the Issuer's ASEAN Green SRI Sukuk Framework against the disclosure requirements of the **SRI Sukuk Framework**, ASEAN Capital Markets Forum's **ASEAN GBS**³ and the International Capital Markets Association's **GBP**⁴, as well as sustainability responsibilities of the Issuer.

The assessment includes a high-level review of public domain information and internal documents provided by the Issuer. The assessment is also supported by discussions with management and a site visit on 15 October 2018 to the small-hydro facility at Sungai Rek, Kelantan. RAM did not undertake an audit or other assurance activities to ascertain the validity and accuracy of the information provided. This assessment does not include an opinion on the creditworthiness and financial performance of the sukuk.

2. CORPORATE PROFILE

The Issuer is a wholly-owned subsidiary of PGB. The Group is a listed entity on the ACE Market of the Bursa Malaysia stock exchange and functions as an investment holding company that provides management services to its subsidiaries. The group of companies wholly-owned by PGB essentially provide the following services: (i) Mechanical & Electrical Engineering; (ii) Civil Engineering & Construction; (iii) Manufacturing of Low Voltage Switchboards; (iv) Trading of Equipment and Coal; (v) Renewable Energy; and (vi) Property Development and Rental.

Table 1 provides a brief description of the background of the major shareholders of PGB.

Table 1: Major Shareholders of PGB

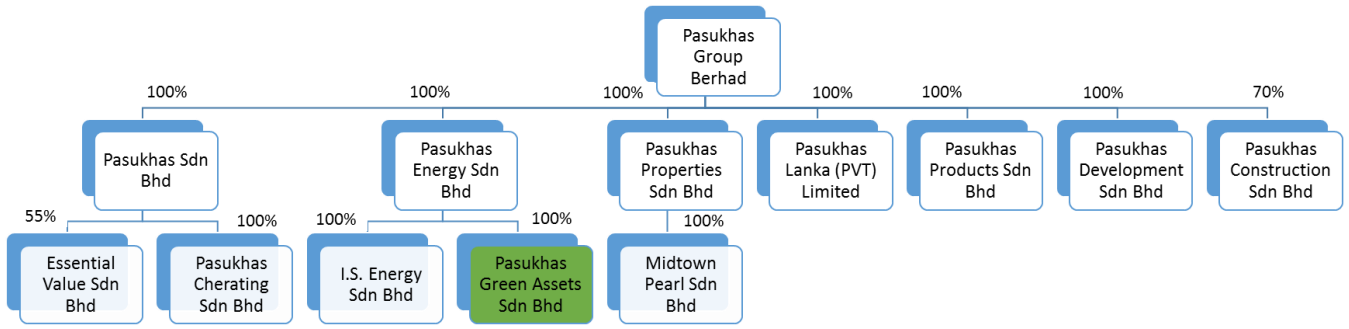
Shareholders	Ownership	Description
Mr. Wan Thean Hoe & Mr. Chan Man Chung (through Tara Temasek Sdn Bhd)	24.89%	<ul style="list-style-type: none">Mr. Wan Thean Hoe is the Executive Director cum Chief Executive Officer of PGB.Mr. Chan Man Chung is the Non-Independent Non-Executive Director of PGB.
Dato' Sri Teng Ah Kiong & Dato' Teng Yoon Kooi	15.93%	<ul style="list-style-type: none">Dato' Sri Teng Ah Kiong is the Executive Chairman of PGB.Dato' Teng Yoon Kooi is the Executive Director of PGB.

In line with the Group's environmental sustainability objectives and long-term strategy, PGA has been established to own and operate green assets. **Diagram 1** highlights the Group's corporate structure.

³ The ASEAN Green Bond Standards ("ASEAN GBS"), developed by the ASEAN Capital Markets Forum ("ACMF"), are standards established to enhance transparency, consistency and uniformity of ASEAN Green Bonds. Launched on November 2017, the ASEAN GBS was developed based on ICMA's GBP and was revised in October 2018. The ASEAN GBS are intended for issuers who intends to issue green bonds within the ASEAN region.

⁴ The Green Bond Principles ("GBP"), developed by the International Capital Market Association ("ICMA"), are voluntary process guidelines that recommend transparency and disclosure measures for issuers. The guideline was initially issued in January 2014 and updated in June 2018. The GBP is intended for broad use by a variety of participants in the green bond market to facilitate the flow of financing towards climate-friendly solutions.

Diagram 1: Pasukhas Group Berhad Corporate Structure (Pre-Issuance)



3. REVIEW OF ASEAN GREEN SRI SUKUK FRAMEWORK

The focus areas reviewed are grouped under the following four principles which are embedded in the **SRI Sukuk Framework, ASEAN GBS** and **GBP**: (3.1) Utilisation of Proceeds; (3.2) Project Evaluation & Selection; (3.3) Management of Proceeds; and (3.4) Reporting Commitments.

For detailed comparisons, 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.

3.1. Utilisation of Proceeds

The use of proceeds is the cornerstone of green bond or sukuk. The proceeds from the ASEAN Green SRI Sukuk will be used by the Issuer to grow its portfolio of green assets. The proceeds may finance several types of green projects. The selection of projects is defined as per the eligibility requirements prescribed under the SRI Sukuk Framework. This covers projects that aim to: (i) preserve the environment and natural resources; (ii) conserve the use of energy; (iii) promote the use of renewable energy; and/or (iv) reduce greenhouse gas emissions. **Table 2** below highlights the possible green projects that may be financed via the sukuk proceeds:

Table 2: Eligible Green SRI Projects Categories

Natural Resources	Renewable Energy & Energy Efficiency
<ul style="list-style-type: none"> ▪ Sustainable land use ▪ Sustainable forestry and agriculture ▪ Biodiversity conservation ▪ Remediation and redevelopment of contaminated sites ▪ Water infrastructure, treatment and recycling ▪ Sustainable waste management 	<ul style="list-style-type: none"> ▪ New or existing renewable energy (solar, wind, hydro, biomass, geothermal and tidal) ▪ Efficient power generation and transmission systems ▪ Energy efficiency projects that results in reduction of greenhouse gas emissions or energy consumption per unit output

PGA has stated that the green sukuk proceeds will not be used to finance fossil fuel energy generation projects. The project categories listed in Table 2 are also compatible with the eligibility requirements of the ASEAN GBS and GBP. The following are expenses that can be financed via the sukuk proceeds:

- i) To fund the acquisitions of Eligible Green SRI Projects by the Issuer Group, which may include an acquisition of a company under which the Eligible Green SRI Project is being held;
- ii) To fund the capital expenditure which includes the construction of Eligible Green SRI Projects by the Issuer Group;

- iii) To pre-fund the relevant designated accounts under the Al-Kafalah Facility of the relevant tranche of the ASEAN Green SRI Sukuk, as may be required;
- iv) To repay/refinance the ASEAN Green SRI Sukuk of the Issuer Group;
- v) To finance the Issuer Group’s Shariah-compliant working capital; and
- vi) To pay fees, expenses, costs and all other amounts payable in relation to the ASEAN Green SRI Sukuk Programme and the Al-Kafalah Facility of the relevant tranche of the ASEAN Green SRI Sukuk.

Broadly defined, green projects refer to innovative climate-friendly projects that help to deliver clear environmental benefits. The Issuer has identified a small hydropower plant with an installed capacity of 3.2MW at Sungai Rek, Kelantan (Malaysia) (“Hydropower Plant”) as the first green asset to be financed via the ASEAN Green SRI Sukuk proceeds. Part of the ASEAN Green SRI Sukuk proceeds from the first tranche shall be utilised towards the refinancing of a facility obtained for the construction of the Hydropower Plant. As a measure of transparency, RAM encourages the Issuer to provide examples of working capital expenses.

I.S. Energy Sdn Bhd (“ISE”) owns and operates the Hydropower Plant. ISE signed a Renewable Energy Power Purchase Agreement with Tenaga Nasional Berhad (“TNB”) on 7 November 2012. Under the agreement, TNB will be the sole off-taker for the Hydropower Plant for a concession period of 21 years. ISE was acquired by Pasukhas Energy Sdn Bhd – a 100%-owned subsidiary of PGB and the holding company to PGA.

Renewable energy projects are recognised as *Green* under the SRI Sukuk Framework, ASEAN GBS and GBP (see table 3 below). Small hydropower as a renewable energy resource is clean and effectively infinite. In addition, small hydropower has significantly lower Greenhouse Gas (“GHG”) emission intensities when compared to power generated by fossil fuels.

Table 3: Renewable Energy Eligibility Under the SRI Sukuk Framework, ASEAN GBS and GBP

GBP	ASEAN GBS	SRI Sukuk Framework ⁵
Use of proceeds – a Renewable energy (including production, transmission, appliances and products)	Item 4.1.5 (i) Use of Proceeds – renewable energy	Item 7.04 (b)(i) – new or existing renewable energy (solar, wind, hydro, biomass, geothermal and tidal)

3.2. Project Evaluation & Selection

PGA intends to expand its portfolio of green assets over the next few years. Projects that will be financed by the ASEAN SRI Sukuk proceeds will go through an internal evaluation and selection procedure. Eligible projects will be approved by the Treasury Department and relevant business units from the Group through a consensus decision-making process. The evaluation and selection process will include participation from relevant environmental specialists identified by PGA. The projects will be selected based on: (i) the Group’s Strategy for Social Responsibility; (ii) eligibility criteria defined in the SRI Sukuk Framework for green projects, which are also compatible with the eligibility requirements of the ASEAN GBS and GBP; and (iii) capacity to deliver high positive net impacts in the long term.

RAM opines the project evaluation and selection process is in line with green bond market practices. As a measure of best practice, RAM encourages the Issuer to further define the decision-making process to include the following criteria:

- i) Policies, procedures and systems to identify and manage key environmental and social risks pertaining the project;
- ii) Requirements for Environmental Impact Assessment studies for relevant projects; and
- iii) Detailed considerations such as size and type for future eligibility of hydropower assets. This is largely due to the potential impacts of large hydropower projects on the wider ecosystem and surrounding communities.

3.3. Management of Proceeds

⁵ As per the Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued on 9 March 2015 and revised on 11 October 2018

PGA has clearly defined the formal internal processes linked to the management of proceeds. The sukuk proceeds will be placed in a **designated disbursement account** that will be operated and maintained by the Security Agent – Malaysian Trustees Berhad. Further, the Issuer has stated that any unutilised funds may be placed in highly-liquid and safe permitted investments. Additionally, PGA will employ external auditors to provide verification on the allocation of proceeds to the applicable eligibility criteria.

As a measure of transparency, RAM recommends the Issuer to disclose the independent assurance statement by the external auditor on its corporate website. In addition, RAM recommends the Issuer to provide granular information on the nature of investment eligibility for unutilised funds during annual reporting. For example, the Issuer may highlight the specific placements of funds in short-term deposits and/or Shariah-compliant funds and/or government-issued money market instruments and/or capital market instruments rated by credit rating agencies.

3.4. Reporting Commitments

Transparency in reporting is an important characteristic of green bond or sukuk issuances. Issuers are encouraged to establish a formal process to communicate the **Use of Proceeds Reporting** and **Impact Reporting**. The Issuer has designated the Finance department for the reporting of proceeds allocations, while the Project Operations team will provide the reporting of environmental benefits from the Eligible Green SRI Projects. The Issuer has communicated that the following will be reported annually to the sukukholders via its corporate website (<https://www.pasukhasgroup.com/>) throughout the tenure of the issuance. The Issuer’s reporting commitments are consistent with market best practices.

Table 4: PGA’s Reporting Commitments

Use of Proceeds Reporting	<ul style="list-style-type: none"> ▪ Brief description of the Eligible Green SRI Projects ▪ The original amount earmarked for the Eligible Green SRI Projects ▪ The amount utilised for the Eligible Green SRI Sukuk Projects ▪ The total unutilised amount and placements of such amounts – invested, pending utilisation, or uninvested
Impact Reporting	<ul style="list-style-type: none"> ▪ Installed capacity of the Hydropower Plant (MW) ▪ Annual electricity generated from the Hydropower Plant (MWh) ▪ Impact objectives from the Eligible Green SRI Projects, where feasible and to the extent possible ▪ Impacts of the Eligible Green SRI Projects financed, including installed capacity of the projects, annual electricity generated (MWh), and other impact indicators that are relevant to the type of green assets

Impact reporting serves to illustrate the climate and environmental benefits of the project. For renewable energy projects, data on GHG emissions is a commonly used indicator to evaluate the environmental impact. We encourage the Issuer to also calculate and report the corresponding carbon emissions from the Hydropower Plant. This information is typically reported in renewable energy green bonds across the world. There are different GHG emission calculation methodologies that are available in the marketplace. Should the Issuer choose to report the carbon emissions, RAM recommends the Issuer to disclose the methodology employed and emission conversion factors used to calculate GHG emissions avoided for green projects. Where possible, RAM also suggests the Issuer to report “*ex-ante*”⁶ estimates developed during project design. This allows a comparison between the actual climate impact of the project with initial projections. In addition, RAM recommends the Issuer disclose the geography of assets acquired as a measure of transparency.

4. SUSTAINABILITY ASSESSMENT

4.1. National-Level Drivers

⁶ Based on forecasts.

The ASEAN Green SRI Sukuk issued by PGA potentially enables financing of a wide selection of green industries and sectors. RAM opines the sukuk will support the following national level objectives and plans:

Table 5: National Level Objectives and Plans

Category	National Level Objectives and Plans
Renewable Energy	The Government of Malaysia aims to increase the proportion of renewable energy mix to the national energy mix from current levels of 2% to 20% by 2025. Enforced in 2011, the Renewable Energy Act is aimed at increasing the contribution of clean and renewable energy sources such as solar photovoltaic, biomass, biogas and hydro in Malaysia’s electricity generation mix. An important driver for the renewable energy industry is the Feed-In-Tariff mechanism implemented and managed by the Sustainable Energy Development Authority of Malaysia. The mechanism supports the growth of the renewable energy industry by providing guaranteed long-term contracts for power generated from renewable energy sources.
Energy Efficiency	Malaysia’s energy industry accounts for approximately 20% of Gross Domestic Product. The government is aiming to reduce 15% of electricity consumption by year 2030. Various initiatives have been undertaken to support this objective: (i) the National Energy Efficiency Action Plan to improve efficiency of managing energy supply and demand; (ii) the Minimum Energy Performance Standards developed for electrical products for commercial use; (iii) the Home Energy Report, a joint initiative between Tenaga Nasional Berhad (“TNB”) and Ministry of Energy, Science, Technology, Environment and Climate Change to educate consumers on the importance of energy savings; and (iv) introduction of smart grid technology for two-way communications between utility and customers post-2020.
Natural Resources	Malaysia is a resource-rich country with valuable natural capital significant to the nation’s economy, ecosystem and the public. The Ministry of Water, Land and Natural Resources have identified a strategic plan aimed at protection and conservation of natural resources and biologic systems. The five-year plan (2016-2020) has three main strategic thrusts: (i) sustainable management of water and land resources; (ii) sustainable management of natural environment; and (iii) efficient and effective management of government organisations. The plan also outlines specific time-bound conservation targets. For instance, the government aims to establish dedicated management systems to protect at least 20% of terrestrial areas and 10% of marine areas.

4.2. Group-Level Assessment

This section provides a high-level sustainability assessment of PGB. The Group has established a corporate sustainability strategy that is centred on four key pillars: (i) meeting shareholder’s demands for reasonable financial returns, long term economic growth, open communication and transparent financial accounting; (ii) investing in technologies and systems that use financial, natural and social resources in an efficient, effective and economic manner over the long term; (iii) embracing standards of corporate governance including corporate codes of conduct and public reporting; and (iv) managing human resources to maintain workforce capabilities and employee satisfaction through learning and knowledge management practices.

As measure of best practice, RAM encourages PGB to further enhance its sustainability strategy and disclosures. RAM opines it is important for corporations to develop a holistic and integrated sustainability strategy that encompasses: (i) long term sustainability vision, objectives and commitments; (ii) regular and systematic consultation with identified stakeholders on important sustainability issues; (iii) a robust governance and accountability mechanism to operationalise sustainability; (iv) identification of key systems and processes to manage sustainability; and (v) regular reporting of performance indicators against established targets.

RAM opines PGB has sound risk management and internal control processes. The Group has established an Enterprise Risk Management framework to be applied across all levels of the organisation. The Group represented that the risk

management process is applied at the beginning of any major new project or change in operation environment. Further, PGB also uses appropriate control objectives and procedures from the ISO 9001:2008 to mitigate risks to acceptable levels. RAM also noted that two of the PGB's subsidiaries, Pasukhas Sdn Bhd and Pasukhas Construction Sdn Bhd have received the ISO 9001:2008 Quality Management System certification.

PGB has outlined a Health, Safety and Environment (“HSE”) vision for its workplace. The Group aims to prevent death, injury and other forms health hazards by promoting accountability, performance measurements and conduct the necessary operations analysis. The Group has committed to continuously improve its HSE practices to emerging best practices.

RAM noted that PGB aims to expand its coal trading business to become a significant revenue stream for the Group (25% or more, as guided by the Group's Circular to Shareholders dated 20 July 2018). RAM opines the above activities may not align with the global vision for a low carbon and climate friendly future. However, PGB represented that the above business plans are intended as a near-term strategy to diversify the Group's revenue streams. The Group also ensured that the proceeds from the ASEAN Green SRI Sukuk **will not be used to finance these activities**.

RAM carried out a high-level media scan of PGB and its subsidiaries in the web domain. We did not observe any significant controversies pertaining environment, social and governance practices of the organisation.

4.3. Sustainability Management

The Issuer has committed to adopt good management practices to mitigate potential sustainability risks that could arise from green projects financed via the sukuk proceeds. This includes ensuring projects meet the compliance requirements of the applicable environmental laws and regulations in Malaysia. The Issuer will also conduct the necessary technical due diligence to review and analyse the technical, commercial, financial and legal matters relating to the green projects. Further, the Issuer will devote the relevant resources and technical expertise to operate the green projects.

The 3.2MW small-hydro run-of-river facility is an existing facility located at Sungai Rek in the Olak Jeram, Kuala Krai District. The facility has a 45km² catchment area and resides at the Sg Rek Forest Reserve area. A technical due diligence has been carried out to analyse the project location, hydrological data, equipment, project parameters, energy potential, possible environmental risks and other related project considerations.

According to the Issuer, no Environmental Impact Assessment study was conducted for this project. The magnitude of environmental impact for hydro plants depends on the size, location and how the hydropower facility has been designed. Small run-of-river hydropower plants with less than 10 MW installed capacity typically have minor impact on the hydrological regime of the river⁷. These projects typically do not require the construction of dams with large impoundments. One of the most widely-discussed impacts of small hydropower is the impact on aquatic species due to the morphological change of the river. According to the technical due diligence report, rare and endangered fish species such as the Malaysian Masheer (also known as “Ikan Kelah”) can be found in the river. In order to manage the impact on this fish species and other aquatic species, the Operations Team monitors and maintains the appropriate Environmental Minimum Flow (“EMF”) of the river. EMF refers to the minimum flow values required to sustain the river ecology, ecosystem and biodiversity.

RAM opines the facility has employed appropriate health and safety control measures. Guidelines for safety manual and disaster management have been established to manage workplace hazards and protect the surrounding environment. In addition, the management of facility also conducts regular safety training for the operation and maintenance personnel.


As a measure of best practice, RAM encourages the Issuer to consider incorporating relevant IFC Performance Standards of the World Bank Group in the small hydropower project management plan. These performance standards have become a widely accepted sustainability framework for large infrastructure projects. The IFC Performance Standards is designed to manage key environmental and social risks and impact relating to project level activities such as labour and working conditions, resource efficiency and pollution prevention, community health, safety and security etc. They contain important industry best practice initiatives that can be beneficial for green projects undertaken by the Issuer.

⁷ Technical and Operational Procedures to Better Integrate Small Hydropower Plants in The Environment – Intelligent Energy for Europe Programme

4.4. Sukuk Positive Impact Creation






PGA’s ASEAN Green SRI Sukuk potentially comprises a few types of green projects. Therefore, RAM opines the positive impacts expected can be multifaceted towards the economy, environment and society.

Table 6: Positive Impact Created Green Projects and Alignment to United Nations Sustainable Development Goals & Targets

Project Category	Positive Impact Creation	Alignment to United Nations Sustainable Development Goals & Targets
Renewable Energy	<p>Climate change is an urgent planetary threat and may have costly repercussions on communities and global economies. Approximately two-thirds of the world’s GHG emissions today can be attributed to energy production and systems. Therefore, the energy sector plays a critical role in global efforts to mitigate the effects of climate change. The transition towards low carbon energy systems is already happening. Renewable energies provide means to generate electricity from clean and sustainable sources such as sunlight, wind, hydro, biomass and other renewable resources. Deployment of renewable energy solutions has the potential to significantly reduce the GHG emission intensity of the global energy system. As such, investments into renewable energy ought to be scaled up for the world to achieve the emission reduction goals set out in the Paris Climate Accord. RAM opines innovative renewable energies will be a key component of building a low-carbon future. According to the International Renewable Energy Agency, renewable sources could potentially make up 65% of global energy use by 2050.</p> <p>The 3.2MW Sungai Rek small hydro facility generates on average 16 GWh⁸ of energy per year. Small hydropower plants have relatively negligible carbon emissions when compared to fossil fuel emission intensities. When compared against the grid emission intensity⁹ for Peninsular Malaysia, this corresponds to approximately 11,000 metric tonnes of carbon emissions avoided.</p>	

⁸ 4-year average – 2014, 2015, 2016 and 2017

⁹ Baseline CO₂ for Peninsular Malaysia = 0.694 tonnes/MWh (2014) – Sustainable Energy Development Authority Malaysia

Project Category	Positive Impact Creation	Alignment to United Nations Sustainable Development Goals & Targets
Energy Efficiency	<p>To limit the rise in average global temperatures below 2°C, significant investments have to be deployed into climate-friendly technologies that meet medium and long-term goals. In today’s carbon intensive infrastructure, solutions must also be targeted to improve energy efficiency of multiple end-use sectors such as industrial, transport, building etc.</p> <p>Thus, innovations to improve energy efficiency can be considered as low carbon solutions. These technologies help reduce the demand for energy consumption, therefore displacing carbon emitting fossil fuels in our energy systems. Further, energy efficiency improvements help to increase productivity since higher economic gains can be derived from every unit of electricity produced.</p>	
Natural Resources	<p>Circular economy refers to the preservation of resources for the benefit of the environment and the economy. PGA’s ASEAN Green SRI Sukuk could potentially facilitate financing for broad range environmental solutions related to conservation of natural resources. These may include: (i) sustainable land use; (ii) sustainable forestry and agriculture; (iii) biodiversity conservation; (iv) remediation and redevelopment of contaminate sites; (v) water infrastructure, treatment and recycling; and (vi) sustainable waste management.</p>	   

APPENDIX 1

APPENDIX 1 – SUSTAINABLE & RESPONSIBLE INVESTMENT (“SRI”) SUKUK FRAMEWORK CHECKLIST

Reference:

Securities Commission Malaysia – 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
7.03 & 7.04	Eligible SRI Projects	Eligible projects prescribed under the SRI Sukuk Framework include natural resources, renewable energy and energy efficiency projects.	Yes	<p>The proceeds from the ASEAN Green SRI Sukuk will be used for items relating to the expenses incurred for the acquisitions and constructions of Eligible Green SRI Projects and amounts payable in relation to the ASEAN Green SRI Sukuk Programme, among others.</p> <p>Part of the proceeds from the first issuance will be utilised towards the refinancing of a facility obtained for the construction of the Hydropower Plant.</p>
7.06	Disclosure Requirements	(a) Details of the Eligible SRI project and, to the extent possible, impact objectives from the Eligible SRI project.	Yes	<p>At the point of assessment, the Hydropower Plant represents the only identified project to be financed by the ASEAN Green SRI Sukuk. The Issuer will disclose future green assets upon the completion of evaluation and selection process.</p> <p>Also, the Issuer has communicated that it will report to sukukholders on the impact objectives of the projects financed by the ASEAN Green SRI Sukuk, to the extent feasible.</p>
		(b) A statement that the Issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI project.	Yes	<p>Health and safety is an important consideration to operationalise green projects. The Issuer has complied with recognised best practices relating to the Eligible Green SRI Project.</p> <p>PGB has outlined a HSE vision for its workplace. The Group aims to prevent death, injury and other forms health hazards by promoting accountability, performance measurements and conduct the necessary operations analysis. The Group has committed to continuously improve its HSE practices to emerging best practices.</p> <p>For a more detailed assessment, please see Section 4.2 Group-Level Assessment (page 8).</p>
7.05 & 7.07	Appointment of an independent expert	<p>The Issuer may appoint an independent expert to undertake an assessment of the Eligible SRI project.</p> <p>Where the independent expert has issued a report on the Eligible SRI project and the Issuer is proposing to issue a disclosure document in relation to the SRI sukuk, the Issuer may, subject to the consent of the independent expert, include the report in the disclosure document.</p>	Yes	<p>RAM Consultancy Services Sdn Bhd was appointed to provide a second party opinion on the Issuer’s ASEAN Green SRI Sukuk Framework. The review covers an assessment of the PGA’s ASEAN Green SRI Sukuk Framework against disclosure requirements of the SRI Sukuk Framework, ASEAN GBS and GBP, as well as sustainability responsibilities of the Issuer.</p>

No.	Item	Requirement	Alignment	Comment
7.08	Reporting to Investors	<p>The Issuer or, where the Issuer is a special purpose vehicle, the obligor must provide annual reporting, via newsletters, website updates, annual report or any other communication channels, to sukukholders on the following:</p> <p>(a) The original amount earmarked for the Eligible SRI project;</p> <p>(b) The amount utilised for the Eligible SRI project;</p> <p>(c) The unutilised amount and where such unutilised amount is placed or invested pending utilisation; and</p> <p>(d) Where feasible and to the extent possible, the impact objectives from the Eligible SRI project.</p>	Yes	<p>The Issuer has made a commitment to disclose all the said information annually to the sukukholders. The Issuer is committed to disclosing the following online:</p> <ol style="list-style-type: none"> a. Brief description of the Eligible Green SRI Projects b. The original amount earmarked for the Eligible Green SRI Projects c. The amount utilised for the Eligible Green SRI Projects d. The total unutilised amount and placements of such amounts – invested, pending utilisation, or uninvested e. Installed capacity of the Hydropower Plant (MW) f. Annual electricity generated (MWh) g. Impact objectives from the Eligible Green SRI Projects, where feasible and to the extent possible h. Impacts of the Eligible Green SRI Projects financed, including installed capacity of the projects, annual electricity generated (MWh), and other impact indicators that are relevant to the type of green assets

APPENDIX 2

APPENDIX 2 – ASEAN GREEN BOND STANDARDS (“ASEAN GBS”) CHECKLIST

Reference:

ASEAN Capital Markets Forum – ASEAN Green Bond Standards

Item	No.	Requirement	Alignment	Comment
Eligible Issuers	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	The Issuer is an entity incorporated in Malaysia.
	3.2	ASEAN Green Bonds issuances must be originated from any of the ASEAN member countries	Yes	PGA’s ASEAN Green SRI Sukuk originates from Malaysia.
Ineligible Projects	4.1.6	For clarification purposes, fossil fuel power generation projects are excluded from the ASEAN GBS.	Yes	The Issuer has communicated within the ASEAN Green SRI Sukuk Framework that financing of assets shall adhere to outlined Eligible Green SRI Projects criteria, as stipulated within the Chapter 7 of Part 3 of Section B of the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia. Fossil fuel projects are excluded from the ASEAN Green SRI Sukuk.
Continuous Accessibility to Information	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	i. PGA has communicated that they plan to further expand its portfolio of renewable energy and other green assets. ii. Processes to determine project fit within the Eligible Green SRI Projects categories have been outlined. This involves consensual decision-making processes between PGA’s designated departments and external environmental specialists. iii. The eligibility criteria for the use of proceeds, as well as the process of evaluation and selection were detailed in PGA’s ASEAN Green SRI Sukuk 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	The Issuer is committed to disclose information on use of proceeds, project evaluation and selection, as well as management of proceeds annually through the following platform: i. The Issuer will disclose applicable external review reports on its corporate website.
	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	The net proceeds from the issuance of the ASEAN Green SRI Sukuk will be deposited in designated accounts to be operated and maintained solely by the Security Agent.
	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	The Issuer has stated that temporary placement of balances for unallocated proceeds will be placed in highly-liquid and safe permitted investments, where such proceeds will be managed accordingly.
	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	The Issuer is committed to disclose information on use of proceeds, project evaluation and selection, as well as management of proceeds annually through the following platform: i. The Issuer will disclose applicable external review reports on its corporate website.
Encourage More	4.4.1	Issuers must report to investors at least on an annual basis and encouraged to make more	Yes	The Issuer is committed to an annual publication on its corporate website and other communication

Item	No.	Requirement	Alignment	Comment
Frequent Reporting		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.		channels that the Issuer may select information on allocation and impact of the ASEAN Green SRI Sukuk issued.
External Review	5.1	Issuers are recommended to appoint external review providers for their ASEAN Green Bonds issuances.	Yes	RAM was appointed to provide a second party opinion on the Issuer's ASEAN Green SRI Sukuk Framework. The review covers an assessment of PGA's ASEAN Green SRI Sukuk Framework against the disclosure requirements of the ASEAN GBS, SRI Sukuk Framework and GBP, as well as sustainability responsibilities of the Issuer.
	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 Party Opinion review 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.	Yes	PGA has committed to appoint an external auditor to verify the proceeds are indeed utilised in accordance with the purpose of the ASEAN Green 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.	Yes	The Issuer has committed to appointing an auditor or third party to verify management of proceeds and to disclose the annual report on its corporate website.
	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.	Yes	PGA has committed to appointing an external assurance provider to independently confirm the accuracy of the reported allocation of proceeds.

APPENDIX 3

APPENDIX 3 – GREEN BOND PRINCIPLES (“GBP”) EXTERNAL REVIEW FORM

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: Pasukhas Green Assets Sdn Bhd (formerly known as Morning Summit Sdn Bhd) (“PGA”)

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Pasukhas Green Assets Sdn Bhd ASEAN Green SRI Sukuk Framework

Independent External Review provider’s name: RAM Consultancy Services Sdn Bhd

Completion date of this form: 24 October 2018

Publication date of review: -

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to the Second Party Opinion on PGA’s ASEAN Green SRI Sukuk Framework.

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

Overall comment on section (if applicable):

The proceeds from the ASEAN Green SRI Sukuk will be used for items relating to the expenses incurred for the acquisitions and constructions of Eligible Green SRI Projects and amounts payable in relation to the ASEAN Green SRI Sukuk Programme, among others. Part of the ASEAN Green SRI Sukuk proceeds from the first tranche shall be utilised towards the refinancing of a facility obtained for the construction of the Hydropower Plant.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input checked="" type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Issuer's process for project evaluation & selection includes having identified projects evaluated and approved by parties including a treasury department, relevant business units and relevant environmental specialists.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The process for management of proceeds is in line with expected norms for green bonds/sukuk. Sukuk proceeds will be placed in a designated disbursement account that will be operated and maintained by the Security Agent. Unutilised funds within designated accounts may be placed in highly-liquid and safe permitted investments. Additionally, external auditors will be engaged to provide the verification exercise for the management of proceeds.

Tracking of proceeds:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner | |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds | |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Additional disclosure:

- | | |
|---|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

The process for reporting is in line with expected norms for green bonds/sukuk. The Issuer will disclose online the information as follows:

- Brief description of the Eligible Green SRI Projects
- The original amount earmarked for the Eligible Green SRI Projects
- The amount utilised for the Eligible Green SRI Projects
- The total unutilised amount and placements of such amounts – invested, pending utilisation, or uninvested
- Installed capacity of the Hydropower Plant (MW)
- Annual electricity generated from the Hydropower Plant (MWh)
- Impact objectives from the Eligible Green SRI Projects, where feasible and to the extent possible
- Impacts of the Eligible Green SRI Projects financed, including installed capacity of the projects, annual electricity generated (MWh), and other impacts indicators that are relevant to the type of green assets

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- Allocated amounts
- Other (please specify):
- Green Bond financed share of total investment

Frequency:

- Annual
- Other (please specify):
- Semi-annual

Impact reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other (please specify):

Frequency:

- Annual
- Other (please specify):
- Semi-annual

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Decrease in water use
- Energy Savings
- Other ESG indicators (please specify): Impacts of the Eligible Green SRI Projects financed, including installed capacity of the projects, annual electricity generated (MWh), and other impacts indicators that are relevant to the type of green assets

Means of Disclosure

- Information published in financial report
- Information published in ad hoc documents
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):
- Information published in sustainability report
- Other (please specify): Corporate Website

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

Corporate website – <https://www.pasukhasgroup.com/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Review provider(s):

Date of publication:

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 RAMC

RAMC is a provider of sustainability services and environment, social and governance (ESG) analytics. Incorporated on 31 May 2000 it is as a wholly-owned subsidiary of RAM Holdings Berhad (RAM Group). RAMC 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' Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines in ASEAN. For further details, please refer to <https://www.ram.com.my/sustainability>

About RAM Group

The RAM Group is a leading provider of independent credit ratings, research, training, risk analysis, bond pricing and credit information. Formerly known as Rating Agency Malaysia Berhad, 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. RAM Group shareholders comprise S&P Global Asian Holdings Pte Ltd, Fitch Ratings Limited and key financial institutions. On 1 July 2007, its rating operations were novated to RAM Rating Services Berhad (RAM Ratings). RAM Ratings is a wholly owned subsidiary of RAM Group.

RAM Ratings is the leading and largest credit rating agency in 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 have rated close to USD350 billion of bonds issued by over 500 entities based in Malaysia and 12 other countries. 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 and contributions in the fast-growing sukuk market has won numerous awards, including the Best Rating Agency (South East Asia 2017) by CPI Financial and the Best Islamic Rating Agency award in 2016 by Islamic Finance News. Accredited by the Tokyo Stock Exchange for listings on the Japanese Pro-Bond Market, RAM Ratings also offers ratings on the ASEAN and global rating scales, in addition to the Malaysian national scale. 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.

The latest addition to the RAM Group, RAM Solutions Sdn Bhd, was founded in 2016 and provides independent credit opinions on ventures listed on a multi-bank, web-based platform known as the Investment Account Platform (IAP). As an associate of RAM Holdings, Bond Pricing Agency Malaysia Sdn Bhd is the sole provider of bond-pricing and valuation data on the Malaysian bond market. Another associate, RAM Credit Information Sdn Bhd, is a leading provider of online credit and business information. The firm also provides model-based credit scores for a large portfolio of small and medium-sized companies. The RAM Group also offers capital markets professional training, educational courses and conferences. For further details, please refer to <https://www.ram.com.my>



Disclaimer

RAM Consultancy receives compensation for its opinion services which are normally paid by the issuers of Green Bond/SRI Sukuk. The receipt of this compensation has no influence on RAM Consultancy's analytical process, diligence and professional opinion. In all instances, RAM Consultancy is committed to preserving the objectivity, integrity and independence of its opinion.

RAM Consultancy is not aware of any conflict of interest relating to the opinion it provides in this report. RAM Consultancy will adequately disclose all related information in the report if there are such instances.

In preparing this report, RAM Consultancy relied on information provided by the issuer. Therefore, RAM Consultancy does not warrant that the information contained herein is complete, accurate or up to date. This report explains why the proposed Green Bond/SRI Sukuk issuance is considered sustainable and responsible. The report is prepared for consumption of the readers of our Second Party Opinion and RAM Consultancy will not be liable for the substance of the opinion and/or any liability for damage arising from the use of our Second Party Opinion and/or the information contained in the report.

Our report is not a recommendation to buy or sell securities. It is also not a credit assessment on the proposed Green Bond/SRI Sukuk.

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