

MARC

MARC RATINGS BERHAD

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ALAM FLORA SDN BHD

PRE-ISSUANCE GREEN FINANCING FRAMEWORK
ASSESSMENT

OCTOBER 2022



GREEN FINANCING
FRAMEWORK ASSESSMENT

MARC Ratings Berhad (MARC Ratings) has been engaged by Alam Flora Sdn Bhd (Alam Flora) (Company Registration No.: 199501038511 (367713-X)) as an independent external reviewer for its Green Financing Framework. This external review was conducted according to the analytical framework in MARC Ratings' Impact Bond Assessment (IBA) methodology that is published on its website.

Contact: (+603) 2717 2958

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SUMMARY

Alam Flora Sdn Bhd (Alam Flora) (Company Registration No.: 199501038511 (367713-X)) has engaged MARC Ratings Berhad (MARC Ratings) to review its Green Financing Framework (Framework). The Framework has been established to set guidelines for the company's issuances of green financing instruments. In assigning the assessment, MARC Ratings has relied on pre-issuance information provided by Alam Flora and associated parties as well as information gathered from the public domain.

MARC Ratings' external review consists of three parts: an impact significance analysis based on Alam Flora's Framework; an assessment of alignment with the Green Bond Principles (GBP) of the International Capital Markets Association (ICMA), ASEAN Green Bond Standards (GBS) of the ASEAN Capital Markets Forum (ACMF), Sustainable and Responsible Investment (SRI) Sukuk Framework of the Securities Commission Malaysia (SC), Green Loan Principles (GLP) of the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA); and an evaluation of the issuer's sustainability implementation capacity and performance.

Alam Flora intends to use the proceeds to finance and/or refinance, in part or in whole, new or existing projects that directly support 5 of the 17 United Nations Sustainable Development Goals (SDGs). All 5 Eligible Categories for the Use of Proceeds identified in the Framework are recognised as impactful by the GBP, ASEAN GBS, the SRI Sukuk Framework and GLP. Each of the Eligible Categories will support achieving SDGs such as "Renewable Energy: Waste-to-Energy" (SDG 9), "Sustainable Waste Management" (SDG 11), "Sustainable Water Management and Projects" (SDG 12), "Climate Change Adaption" (SDG 13) and "Environmentally Sustainable Management of Living Natural Resources and Land Use" (SDG 15). These Eligible Categories align with the green project categories recognised by the GBP, ASEAN GBS, the SRI Sukuk Framework and GLP.

The process for the project evaluation and selection is clearly defined and transparent, with sufficiently detailed selection and exclusion criteria. Eligible asset screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks. The strategic direction for sustainability at Alam Flora Group is guided by the Board of Directors, with the Chief Executive Officer (CEO) taking a role for the implementation of any sustainability exercise, which includes approval of Eligible Projects nominated under the Eligible Categories and Eligible Criteria for funding in accordance with the Framework.

The CEO will hold the ultimate responsibility for the Framework. The responsibilities shall include:

- a) Reviewing and approving the Framework and any subsequent changes.
- b) Reviewing and approving the annual reporting as prescribed under the Framework.
- c) The CEO will be supported by the Green Financing Working Committee (GFWC) in identifying and reviewing the Green Eligible Categories and Eligible Criteria under the Framework.



A dedicated GFWC will be entrusted with the responsibility to review, validate and evaluate that the eligible project pool conforms to the eligibility criteria in the Framework. Any project that no longer meets the eligibility criteria will be removed and replaced on instructions from the CEO acting on recommendation of the GFWC. The GFWC will monitor the Eligible Projects portfolio during the actual operations.

The net proceeds will be deposited into Alam Flora’s bank account which shall be managed by Alam Flora’s finance team. The Alam Flora Group will create a Green Financing Register to track the allocation of the proceeds raised in reference to this framework. The Green Financing Register will be reviewed and endorsed annually by the CEO of the company. The net proceeds from any financing issuance will be managed on a portfolio basis.

The use of proceeds will be channelled towards Eligible Projects and Eligible Assets as set forth within the framework. At present, Alam Flora has identified the following environmental projects as Eligible Projects for financing

No	Major milestone	Issuance timeline	Estimated end date	Sustainability pillar
1	Environmental Technology Solutions : Port Reception Facilities	Year 2023	31 October 2023	Environment
2	Environmental Technology Solutions : SAFE Perak	Year 2023	31 January 2026	Environment
3	Environmental Technology Solutions : SAFE Terengganu	Year 2023	30 April 2025	Environment
4	Environmental Technology Solutions : IERC Port Klang	Year 2023	31 December 2024	Environment

MARC Ratings considers the process for the management of proceeds to be in line with market practice. The Framework aligns Alam Flora’s post-issuance tracking and reporting on Use of Proceeds with the SC’s SRI Sukuk Framework. It provides for annual reporting of the projects to which the proceeds have been allocated, the balance of unallocated proceeds and where such unutilised amount is placed or invested pending utilisation, as well as project impact indicators. Where feasible, Alam Flora will disclose qualitative performance indicators, quantitative performance measures and the key underlying methodology and/or assumptions used.

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

Introduction

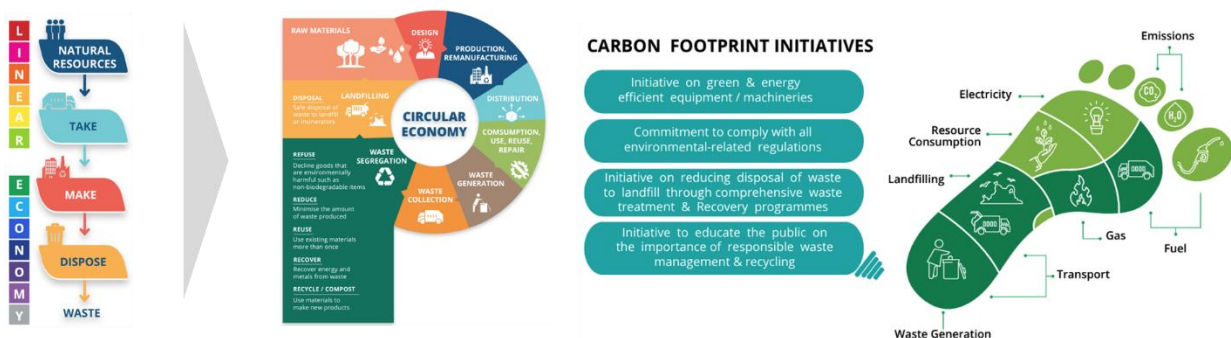
Alam Flora has been in business for 26 years and is one of Malaysia's top environmental management firms that is committed in helping the community by managing and reducing trash with minimal environmental impact. It is a subsidiary of Malakoff Corporation Berhad (Malakoff), Malaysia's leading Independent Power Producer (IPP) listed on the Main Market of Bursa Malaysia.

The Government of Malaysia (GoM), Solid Waste and Public Cleansing Management Corporation (SWCorp) and Alam Flora signed a Concession Agreement (CA) to grant Alam Flora the right to undertake the privatisation of collection services and public cleansing management services for a concession period of twenty two (22) years commencing from September 1, 2011, until August 31, 2033, in the Federal Territories of Kuala Lumpur and Putrajaya, and Pahang Darul Makmur, pursuant to the implementation of the Solid Waste and Public Cleansing Management Services Act 2007 (Act 672).

Annually, Alam Flora amasses an average of 1.01 million tonnes of waste. A substantial percentage of this waste originates from public cleansing where areas such as covered and open drains, beaches, highways, main roads, as well as side and back lanes, are manually and mechanically cleansed. Alam Flora has achieved local and international recognition with ISO 9001, ISO 14001 and ISO 45001 certifications.

In order to remain competitive, Alam Flora established a wholly-owned subsidiary, namely Alam Flora Environmental Solutions Sdn Bhd (AFES) (201101010651 (938781-W)), to manage the non-concession business encompassing industrial, commercial & institutional waste management, construction waste, waste management facilities, integrated facility management and recycling services. Alam Flora and AFES (collectively hereinafter referred to as "Alam Flora Group" or "Group") with a staff force of 3,000 and investments of approximately RM500 million since inception, will actively continue to pursue projects and initiatives that benefit the waste industry, communities, the ecosystem, and the country.

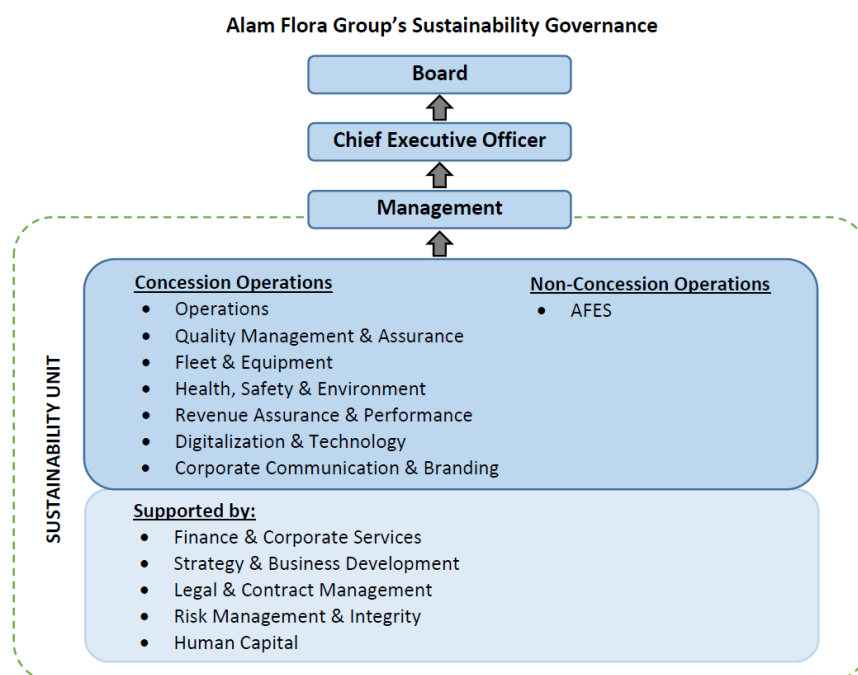
Malaysia produces nearly 1.14 million tonnes of domestic waste per month, enough to fill 400 Olympic-sized swimming pools. Addressing this issue requires sustained effort at all levels, and among the measures that can be enhanced is recycling. The government has aimed to achieve a 40% recycling rate by 2025 under the 12th Malaysia Plan (12MP).



Taking note of the country's ambition, Alam Flora has set out a business strategy to become the leading sustainable environmental management company moving forward. Alam Flora champions the transition from traditional linear economy practices to circular economy practices in waste management. The company's long-term goals are to become a leader in municipal waste management, diversify into industrial scheduled waste and venture into the disposal of construction and demolition (C&D) waste.

As part of its sustainability strategy, Alam Flora has implemented waste minimisation programmes which include separation of waste at source, diversion of waste, as well as various utilisation and treatment of waste as a secondary source. Overall, the company recognises that the sustainability goals set out in its business strategy will create a positive, measurable, and sustainable impact on the environment and for its stakeholders.

Alam Flora’s Sustainability Governance structure follows a “tone from the top” approach spearheaded by the CEO and supported by the Group’s sustainability unit. The Group’s sustainability unit is represented by custodians from each department within the concession and non-concession operations with support from other business units such as finance, strategy, legal, risk and human capital. The CEO shall report and update the Board of Directors on Alam Flora’s sustainability initiatives and progress against set sustainability targets.



The company is in support of Malakoff’s roadmap to transform into a sustainably conscious organisation moving forward. Alam Flora’s ESG-driven action plan enables a low-carbon, resource-efficient sustainability agenda that supports long-term growth and demonstrates the company’s commitment to fostering change to accelerate the transition to a more sustainable society.

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APPENDIX

COMPLIANCE REVIEW FORM

01 IMPACT SIGNIFICANCE ANALYSIS

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

The Framework's major objective is to lay forth the guidelines by which Alam Flora aims to issue green financing instruments, including Green Sukuk, Green Bonds, Green Loans, and other types of debt instruments used to finance green eligible projects. The proceeds from respective green financing instruments will be utilised to support the transition towards a more inclusive, resource-efficient economy that is aligned to the UN SDGs and Circular Economy concept. This is also in line with Alam Flora's long-term goals to achieve sustainable alternatives with projects that improve waste management, protect the environment, accelerate recycling, limit the use of landfilling, and create incentives to change consumers' behaviour.



The use of proceeds will be channelled towards Eligible Projects and Eligible Assets as set forth within the framework. At present, Alam Flora has identified the following environmental projects as Eligible Projects for financing:


No	Major milestone	Issuance timeline	Estimated end date	Sustainability pillars
1	Environmental Technology Solutions : Port Reception Facilities	Year 2023	31 October 2023	Environment
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4	Environmental Technology Solutions : IERC Port Klang	Year 2023	31 December 2024	Environment


Each project will encompass elements from the five broad Eligible Categories as specified in the Framework:


1. Renewable Energy (Waste-to-Energy)
2. Sustainable Waste Management
3. Sustainable Water Management and Projects
4. Climate Change Adaption
5. Environmentally Sustainable Management of Living Natural Resources and Land Use

ELIGIBLE CATEGORIES FOR SUSTAINABILITY PROJECTS

GREEN PROJECTS		
1	Renewable Energy (Waste-to-Energy)	
<p>Sustainability Objective: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p> <p>Sustainability Benefit:</p> <ul style="list-style-type: none"> • Avoidance of greenhouse gas (GHG) emissions • Enhance research and upgrade technological capabilities for renewable energy 	<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> • Development, manufacture and/or distribution of products designed for circularity and/or adaptive re-use • Transforming and improving waste to renewable energy source, and improvement of the energy efficiency infrastructure 	<p>SDG 9: Industry, Innovation, and Infrastructure</p>  <p>Aims to open access to innovative solutions and sustainable infrastructure which is a key part of a more equitable world.</p> <p>Alignment to the SDG:</p> <ul style="list-style-type: none"> • Engagement with value chain members such as employees and suppliers/contractors by giving knowledge-sharing and learning opportunities on innovative solutions and sustainable infrastructure • Engagement has helped suppliers/contractors to widen their access and visibility as value chain members for the long-term development of their businesses. Other than the procurement process, Alam Flora also engage in discussions and encourage them to improve their technology for processing capabilities, with the aim to further reduce pollution. These innovation and technology initiatives may bring added value and help improve their access to credit facilities for their operations. With sufficient funds, they would be able to upgrade their quality of services and contribute to the nation’s resiliency through innovation and technology. • Future renewable projects will create new jobs for waste-to-energy managers and specialists, power engineers, civil workers, waste and energy planners, EIA-related officers, authority liaisons, among others.
2	Sustainable Waste Management	
<p>Sustainability Objective: Make cities and human settlements inclusive, safe, resilient, and sustainable</p> <p>Sustainability Benefit: Reduce the adverse per capita environmental</p>	<p>Eligibility Criteria: Construction, operation, design and management, as well as upgrade of recycling infrastructure, waste mobility and transportation. This includes:</p>	<p>SDG 11: Sustainable Cities and Communities</p>  <p>This target refers to air quality, and municipal and other waste management.</p>

<p>impact of cities, including by paying special attention to air quality, as well as municipal and other waste management</p>	<ul style="list-style-type: none"> • Improvements to waste minimisation, waste filtering, waste management, and recycling and reuse processes that divert organic materials from landfills to composting; • Investment, preventive maintenance, and/or upgrade in sustainable fleets and fleet systems that reduce GHG created by fleet operations as well as anaerobic digestion in such facilities; and • Other improvements to facilities that are ancillary to the above activities. 	<p>Alignment to the SDG:</p> <ul style="list-style-type: none"> • Alam Flora Group’s recycling facilities have resulted in improved air quality due to reduction in the burning of waste at landfills and increased energy recovery. New recycling facilities will help in efforts to continue protecting the environment and create more employment opportunities for the local community, giving them the chance to get involved in Alam Flora’s Emergency Preparedness Plan to spread awareness of safety and social objectives, as well as natural disasters. • Alam Flora ensures the availability of its fleet at a rate of 90% and above, through scheduled maintenance and high-quality component replacement. The fleets’ performance will be monitored via route optimisation software to identify vehicles that are due for maintenance. • Due to these practices, most of Alam Flora’s ageing fleets are still in good condition. It also budgeted for new environmental-friendly fleets that would be able to deliver impressive services, thus be prepared for any sudden increase in waste generated due to urbanisation and natural disasters (i.e. post-flood clean-up).
<p>3 Sustainable Water Management and Projects</p>		
<p>Sustainability Objective: Ensure sustainable consumption and production patterns</p> <p>Sustainability Benefit:</p> <ul style="list-style-type: none"> • Reduce food waste at retail and consumer levels and reduce food losses along supply chains • Reduce waste generation through prevention, reduction, recycling and reuse • Ensure communities have the relevant information and awareness for sustainable development and lifestyles in harmony with nature 	<p>Eligibility Criteria: Sustainable equipment, development, manufacturing, construction, operation and maintenance of:</p> <ul style="list-style-type: none"> • Clean and/or drinking water • Wastewater treatment • Sustainable urban drainage systems • Flood and drought protection 	<p>SDG 12: Sustainable Consumption and Production:</p>  <p>UNSDG 12 focuses on sustainable consumption and production, the efficient use of natural resources, halving food waste and ensuring that people have a better awareness of sustainable development.</p> <p>Alignment to the SDG:</p> <ul style="list-style-type: none"> • Alam Flora Group’s wastewater treatment, urban drainage systems, and flood and drought protection are aimed at improving flood management, and aid in pollution control as well as environmental protection that can overcome water scarcity. Bernama estimates that 1.8 billion people would be affected by water scarcity by 2025. Some situations, such as food wastage, do not encourage water conservation but can lead to water

			<p>wastage, overuse of water, and nutrient pollution.</p> <ul style="list-style-type: none"> The company plays a major role in environmental solutions industries by increasing recycling and reducing landfilling. To achieve this SDG goal, the company collaborates with all stakeholders to promote its recycling facilities and its responsible consumption awareness programme through the #JomrawatBumi campaign.
4 Climate Change Adaption			
	<p>Sustainability Objective: Take urgent action to combat climate change and its impacts</p> <p>Sustainability Benefit:</p> <ul style="list-style-type: none"> Reduce GHG emissions Integrate climate change measures into national policies, strategies and planning Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning 	<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> Research leading to technology innovation with sustainability benefits, towards achieving net zero carbon emissions by 2050. 	<p>SDG 13: Climate Action:</p>  <p>Focus on climate change adaptation and mitigation measures.</p> <p>Alignment to the SDG:</p> <ul style="list-style-type: none"> Alam Flora Group’s innovation and technology will help Malaysia achieve its target National Determined Contributions (NDCs) under the Paris Agreement to reduce economy-wide carbon intensity against gross domestic product (GDP) by 45% by 2030 compared to 2005 levels. Beyond workforce and fleet assets, logistics optimisation software plays a vital role in improving fleet utilisation and waste collection management. Alam Flora has been using the route optimisation software called Geographical Information System (GIS) for optimised delivery routes and schedules, and reduced fleet maintenance and fuel costs. Timely garbage collection will lead to higher customer satisfaction and at the same time contribute to the yearly target of receiving not more than 20 complaints per 100 thousand population. The company has budgeted for investment in the most recent technology in automated sorting systems through a business exploration partnership with the Imdaad Group of Dubai, UAE. This system is designed to handle hazardous substances, a large bulk of waste and extreme temperatures. Through this business exploration, Alam Flora will be able to expand its capabilities from managing non-hazardous waste to include

			hazardous waste, to capture niche markets.
5	Environmentally Sustainable Management of Living Natural Resources and Land Use		
	<p>Sustainability Objective: Ensure the conservation ecosystems, including their biodiversity, to enhance their capacity to provide benefits that are essential for sustainable development</p> <p>Sustainability Benefit:</p> <ul style="list-style-type: none"> • Reduce GHG emissions • Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services • Reduce the degradation of natural habitats, halt the loss of biodiversity, protect and prevent the extinction of threatened species 	<p>Eligibility Criteria: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage lands, and halt and reverse land degradation and halt biodiversity loss.</p>	<p>SDG 15: Life on Land</p>  <p>Focus on conservation of natural ecosystems including their biodiversity.</p> <p>Alignment to the SDG:</p> <ul style="list-style-type: none"> • Most of Alam Flora Group’s projects are drawing waste away from landfills to recycling facilities. There will be less demand for landfills and this will lead to decreased clearing of forest land. • Reduced demand will also reduce trips to landfills and tipping charges. From this, the company will be able to improve its margins and implement effective cost management. • Alam Flora’s integrated sanitary landfill will contribute to GHG emissions reduction by reducing the mileage between two locations (bypassing transfer stations to go directly to landfills). The renewal energy project can also reduce landfill GHG emissions by diverting waste from landfills to Alam Flora’s recycling facilities.

Overall Impact Significance

The main goal of this Framework is to set forth principles under which Alam Flora intends to issue green financing instruments. This includes Green Sukuk, Green Bonds, Green Loans, and other types of debt instruments used to finance green eligible projects. The 5 Eligible Categories identified in the Framework align with the green project categories recognised by GBP, ASEAN GBS, the SRI Sukuk Framework and GLP. Each of the Eligible Categories will support achieving SDGs such as “Renewable Energy: Waste-to-Energy” (SDG 9), “Sustainable Waste Management” (SDG 11), “Sustainable Water Management and Projects” (SDG 12), “Climate Change Adaption” (SDG 13) and “Environmentally Sustainable Management of Living Natural Resources and Land Use” (SDG 15).

As part of the Alam Flora Group’s endeavour to achieve sustainable alternatives, proceeds raised from respective green financing instruments will be utilised to support the transition towards a more inclusive, resource-efficient economy that is aligned to the UN SDGs and Circular Economy concept, with projects that improve waste management, protect the environment, accelerate recycling, limit the use of landfills and create incentives to change consumers’ behaviour.

The criteria of the proceeds will not include the financing of incineration of recyclable materials, fossil fuel energy generation (e.g. standalone projects connected to high-polluting activities, such as oil, gas and mining), nuclear energy generation, weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco. Where applicable, Alam Flora will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Project and Eligible Assets.

Overall, the anticipated impact of the Use of Proceeds is assessed to be very significant, considering their potential to contribute to advanced transformative sustainable development. Finally, the expected sustainability benefits of the Use of Proceeds are highly aligned with Alam Flora’s sustainability approach, the SDGs, and national sustainable development priorities.

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

02 ALIGNMENT WITH THE GBP, ASEAN GBS, SC'S SRI SUKUK FRAMEWORK AND GLP

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



Principle One:
Utilisation of Proceeds

The proceeds of the financing will be allocated to finance and/or refinance new or existing eligible assets from green project categories recognised by the GBP, ASEAN GBS, SRI Sukuk Framework and GLP.

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

- Renewable energy
- Waste-to-energy
- Energy efficiency
- Pollution prevention and control
- Environmentally sustainable management of living natural resources and land use
- Sustainable water and wastewater management
- Climate change adaptation
- Eco-efficient and/or circular economy adapted products

The eligible Use of Proceeds categories and associated expected sustainability benefits are in line with Alam Flora's sustainability approach and its focus SDGs. Alam Flora may add Green Eligible Categories from time to time that are aligned to the GBP, ASEAN GBS, SRI Sukuk Framework and GLP collectively. Clear exclusion criteria have also been defined by the Framework. The exclusion criteria of the proceeds include the financing of incineration of recyclable materials, fossil fuel energy generation (e.g. standalone projects connected to high-polluting activities such as oil, gas and mining), nuclear energy generation, weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco.

The Eligible Categories have been mapped against directly supported SDGs in the Framework. Environmental impacts of the Use of Proceeds are linked to SDGs 9-Industry, Innovation and Infrastructure; 11: Sustainable Cities and Communities; 12: Responsible Consumption and Production; Energy; 13: Climate Action; and 15: Life on Land.

The company has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, Alam Flora shall endeavor for refinanced projects to have a look-back period of no more than three (3) years from the time of issuance of each instrument.

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



Principle Two:
Process for Project
Evaluation and Selection

The process for the project evaluation and selection is clearly defined and transparent, with sufficiently detailed selection and exclusion criteria. Eligible asset screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks. Alam Flora has established internal processes for project evaluation and selection which provides for senior management involvement.

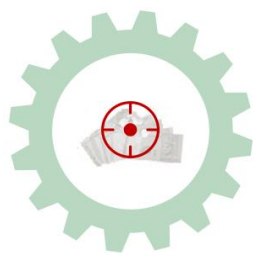
A dedicated GFWC is entrusted with the responsibility to ensure that the eligible asset pool conforms to the eligibility criteria in the Framework. The GFWC will perform the initial selection and evaluation of eligible assets based on the eligibility criteria within the 'Use of Proceeds' section of the Framework. Environmental and social due diligence will be conducted for eligible assets.

Below are the list of Green Financing Working Committee (GFWC)

1. Chief Executive Officer
2. Chief Operating Officer
3. Chief Financial Officer
4. Chief Operating Officer, AFES
5. General Manager Strategy & Business Development
6. Senior Manager, Legal & Contract Management

The GFWC will be supported by the supporting departments i.e. Operation, Quality Management & Assurance; Health, Safety & Environment; Revenue Assurance & Performance; Digitalization & Technology; Corporate Communication & Branding; Finance & Corporate Services; Legal & Contract Management; Risk Management & Integrity and Human Capital.

Prior to selection for the eligible asset pool, all eligible assets will be reviewed and approved by approving authorities within their defined approval authority limits. The GFWC will monitor the Eligible Projects portfolio during the actual operations. An eligible asset that ceases to meet the eligibility criteria can be substituted with an asset that is evaluated and selected in accordance with the said procedures. The GFWC reports to the Chief Executive Officer (CEO) which has the responsibility to approve any addition to or removal from the eligible asset pool and endorse the eligible assets register. The Framework identifies excluded activities which cannot be financed by the proceeds.



Principle Three:
Management of
Proceeds

The net proceeds will be managed on a portfolio basis in accordance with the Framework. Alam Flora follows an approach similar to the World Bank's Approach 3, by maintaining a "virtual" green account/cash account.

The proceeds will be deposited into Alam Flora's bank account which shall be managed by Alam Flora's finance team. The Alam Flora Group will create a Green Financing Register to track the allocation of the proceeds raised in reference to this framework. The Green Financing Register will be reviewed and endorsed annually by the CEO of the company. Alam Flora will invest the balance of unallocated green financing instrument proceeds in permitted investment instruments in accordance with Alam Flora's cash management policy.

If an eligible asset ceases to meet the eligibility criteria and is removed from the eligible asset pool, Alam Flora commits to reallocate as soon as practicable the equivalent amount of proceeds to other eligible assets. Alam Flora will continuously monitor the allocation to eligible assets to ensure that the aggregate value of the eligible asset portfolio matches or exceeds the balance of net proceeds.

Alam Flora Group will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the green financing instrument proceeds. This report will include, among others:



Principle Four:
Reporting

- The original amount earmarked for the Eligible Projects;
- The amount of green financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent);
- The unutilised amount and where such unutilised amount is placed or invested pending utilisation;
- The list of Eligible Projects with a selection of brief descriptions;
- Expected impact metrics, where feasible;
- The outstanding amount of net green financing instrument proceeds yet to be allocated to Eligible Projects at the end of the reporting period; and
- The removal or substitution of the eligible assets.

In MARC Ratings' opinion, the reporting commitments are aligned with the requirements of the GBP, ASEAN GBS, the SRI Sukuk Framework, GLP and market practice.

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

Overall Assessment

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

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

Assessment Grade	High	Good	Satisfactory	Low
	3	2	1	0

03 ANALYSIS OF SUSTAINABILITY PERFORMANCE

The company is in support of Malakoff’s roadmap to transform into a sustainably conscious organisation moving forward. Alam Flora’s ESG-driven action plan enables a low-carbon, resource-efficient sustainability agenda that supports long-term growth and demonstrates the company’s commitment to fostering change to accelerate the transition to a more sustainable society. Alam Flora Group has set out a business strategy to become the leading sustainable environmental management company moving forward. The company’s long-term goals are to become a leader in municipal waste management, diversify into industrial scheduled waste and venture into the disposal of construction and demolition (C&D) waste.

As part of its sustainability strategy, Alam Flora has implemented waste minimisation programmes which include separation of waste at source, diversion of waste, as well as various utilisation and treatment of waste as a secondary source. Overall, the company recognises that the sustainability goals set out in its business strategy will create a positive, measurable, and sustainable impact on the environment and for its stakeholders.

Alam Flora identifies risks and opportunities related to sustainability material matters. Policies, guidelines, frameworks, communication, education programmes and an emergency preparedness plan are among mitigation actions to reduce vulnerability to threats and hazards. In order to select the appropriate risk mitigation strategy, any new methods that are used to reduce risks will be initiated through pilot projects. The assessment from these pilot projects will prove the viability of a project idea and enable Alam Flora to improvise business models and adjust the supply chain to solve ESG issues. Issues related to environment, social and governance considerations constitute risks that threaten the Group’s sustainability, but the act of endeavouring to solve such issues would lead to new business opportunities.

Alam Flora Group Materiality Matters

Impact to company and stakeholders	Very High	High	Moderate
	Stakeholder Management		
Economic	Investing in Technology & Green Assets	Partnership for integrated solutions	
Environment	Waste Management Hierarchy	Leachate & Groundwater Management	Internal Waste Generated
	Circular Economy	Air Quality/Pollution	Optimizing Water Use
	Mitigating Climate Change	Energy from waste	
Social	Health & Safety	Diversity & Inclusion	
	Employee training & awareness	Labour Practices & Standards	
		Community Investment	
Governance	Anti-Corruption	Public disclosure of policies & practices	Political Advocacy & Contributions
	Business Ethics	Data privacy & security	
	Respecting and supporting human rights	Supply Chain Management	

Alam Flora has a strong organisational structure where each department — such as Integrity & Risk Management, Procurement, Health, Safety and Environmental, among others — will look into the ESG-related KPIs. Specific measures of performance are considered through its Sustainability Governance practices.

The group is also committed to spurring environmental and social awareness throughout multiple programmes and partnerships. The company has policies and procedures categorised under the Sustainability Pillars and has communicated to its stakeholders regarding these through awareness programmes via digital platforms. Alam Flora prioritises supplier engagement by mapping their supply chains to identify, prioritise, and manage risks and opportunities.

Performance evaluation of the suppliers on their compliance with Alam Flora's policies, procedures and related Acts and Regulations can strengthen corporate values practiced in every aspect of business. Alam Flora assesses their implementation of labour standards – such as health and safety compliance of all suppliers.

To support sustainable development and economic inclusion, Alam Flora conducted an entrepreneurship programme to increase the interest of youths to become contractors. The group provided training and assistance in business setup. This programme also demonstrated that supply chains can support economic development through job creation and increased incomes. These young contractors can widen their access and visibility as value chain members for the long-term development growth of their business. Alam Flora also encourages these contractors to upgrade their technology to improve their capabilities to further help reduce pollution from the company's projects. This innovation and technology initiatives may add value to them in improving their credit facilities for their operations. The group is planning to enhance its engagement with the sub-tier suppliers via the #JomRawatBumi programme. In this campaign, Alam Flora Group focuses on the 3Rs, food waste management, and measures to reduce waste that end up in landfills.

Through Alam Flora Group's recent collaboration with Nestle Products Sdn Bhd, the company has expanded its 3R footprint in the Hartamas and Bukit Damansara areas. Alam Flora Group's second partnership with PETRONAS Chemical Group Berhad involves the supply of potential feedstock of plastic and food waste as well as a potential project to build waste segregation facilities in Malaysia. Both of the company's collaborations not only increase the recycling rate in Kuala Lumpur but also assist these corporations in meeting their ESG targets. These companies will achieve the GHG emission reduction target and support the country in improving responsible consumption and production patterns.

The local authority is one of Alam Flora's key stakeholders for long-term growth. Alam Flora will continue to support DBKL in its administration of the city to become a Low Carbon City through the development of the Recovery Initiative Sustainable Ecopark (RISE) in Wangsa Maju.

Alam Flora has set up and manages a waste management and recycling education centre for the public, known as Fasiliti Inovasi Kitar Semula (FIKS) in Persint 5, Putrajaya. FIKS is the country's first ever recycling education centre and provides 3R (Reduce, Reuse and Recycle) awareness information. Facilities available at FIKS include Hub Ilmu, 3R Boutique, Buy Back Centre (BBC), Koc Ilmu, Koc Kreatif and an Integrated Recycling Facility (IRF).



Other than the local community, Alam Flora also engages with the media, key opinion leaders, social media influencers, and bloggers to use their voices and influence to educate and raise awareness about sustainable living. The group conducts an annual event for its corporate clients, suppliers, and contractors. Alam Flora has also embedded the 3Rs in its employees' KPI with the target of not less than 45kg of recycled waste per year.

MARC Ratings views positively Alam Flora's intention to publish its sustainability targets and commitments in its 2023 annual sustainability report to drive continued engagement and commitment to the sustainability goals throughout the organisation. Alam Flora also intends to enhance the transparency of its sustainability-related disclosures and to align the same with global reporting standards, including Global Reporting Initiative (GRI) Standards and Sustainability Accounting Standards Board (SASB) requirements.




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

Sustainability Performance Assessment

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

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

04 RATING SCALE

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

MARC RATINGS BERHAD

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

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

Following a series of outreach and external reviewer capacity building initiatives jointly undertaken by domestic market regulators and World Bank Group, MARC published its proposed criteria for rating green, social or sustainability bonds in April 2018. The version that was adopted in July 2018 after public consultation can be accessed on MARC's corporate website at https://www.marc.com.my/images/Rating_Methodologies/201912_/Impact-Bonds-Assessment-Criteria-201912-newlogo-.pdf. As explained in the criteria, the analytical framework consists of three components that provide insights to the green, social and sustainability credentials of green, social and sustainability bonds: (1) an assessment of environmental and/or social benefits of the underlying funded project(s); (2) an assessment of compliance with internationally recognised principles and market standards for the evaluation of such bonds; and (3) an evaluation of the issuer's sustainability strategy and performance. Bonds which meet the minimum thresholds in each of the three analytical components will be rated Gold, Silver or Bronze.

For more information, visit <https://www.marc.com.my/> or contact us at ratings@marc.com.my.

Review of Compliance with Green Bond Principles (GBP), ASEAN Green Bond Standards (GBS), and Sustainable and Responsible Investment (SRI) Sukuk Framework

Issuer: Alam Flora Sdn Bhd Green Financing Framework

Key Additional Features to comply with for sukuk issuance:

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

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Issuer <u>ASEAN GBS/SBS/SUS</u> 3.1 <i>The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</i></p> <p><u>SRI Sukuk Framework</u> 7.02 <i>The proceeds (of sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</i></p> <p>7.03 <i>An issuer must not– (a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</i></p> <p>7.04 <i>An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</i></p> <p>7.05 <i>The information relating to the issuer and the details of the issuer’s SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.</i></p>	<p><i>Alam Flora is an ASEAN issuer.</i></p> <p><i>The net sukuk proceeds will exclusively be allocated to finance and/or refinance new and/or existing projects that fulfill the criteria for Eligible SRI projects.</i></p> <p><i>The issuer intends to issue SRI sukuk that complies with the Guidelines.</i></p> <p><i>Alam Flora commits to establish policies and processes as needed to ensure compliance with the SRI Sukuk Framework.</i></p> <p><i>The Issuer’s Framework will be made available at the point of issuance and throughout the tenure of the SRI sukuk via a designated website.</i></p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Eligible Projects</p> <p><u>SRI Sukuk Framework</u></p> <p>7.07 An eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:</p> <ol style="list-style-type: none"> Preserving and protecting the environment and natural resources; Conserving the use of energy; Promoting the use of renewable energy; Reducing GHG emission; Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or Improving the quality of life of the society. <p>7.08 The Eligible SRI projects may include but not limited to the following:</p> <ol style="list-style-type: none"> Green projects that relate to—renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity conservation; clean transportation; sustainable water and wastewater management; climate change adaptation; eco-efficient and/ or circular economy adapted products, production technologies and processes; and green buildings which meet regional, national or internationally recognised standards or certifications. Social projects that relate to, amongst others—affordable basic infrastructure; access to essential services; affordable housing; employment generation including the potential effect of SME financing and microfinance; food security; and socioeconomic advancement and empowerment. Projects which are the combination of Green and Social projects as described in (a) and (b) above; and Waqf projects that relate to the development of waqf properties or assets. 	<p>The eligible projects as defined by the Framework will achieve any one or a combination of objectives set out in paragraph 7.07 of the SRI Sukuk Framework.</p> <p>The Eligible Categories outlined in the Framework are aligned to one or more of the following Green project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework 7.08:</p> <ul style="list-style-type: none"> Renewable energy Waste-to-energy Energy efficiency Pollution prevention and control Environmentally sustainable management of living natural resources and land use Sustainable water and wastewater management; Climate change adaptation Eco-efficient and/ or circular economy adapted products. 	<p>Alam Flora intends to use the net proceeds issued under the Framework to finance and/or refinance, in whole or in part, new and existing projects within the categories of Renewable Energy (Waste-to-Energy), Sustainable Waste Management, Sustainable Water Management and Projects, Climate Change Adaption and Environmentally Sustainable Management of Living Natural Resources and Land Use.</p> <p>Environmental Use of Proceeds impacts are linked to SDGs 9: Industry, Innovation and Infrastructure; 11: Sustainable Cities and Communities; 12: Responsible Consumption and Production; Energy; 13: Climate Action; and 15: Life on Land.</p> <p>Alam Flora may add Green Eligible Categories from time to time that are aligned to the SC’s SRI Sukuk Framework, ICMA’s GBP and ACMF’s ASEAN GBS collectively.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Use of Proceeds</p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.1</p> <p>4.1.1 The utilisation of issue proceeds must be described in the documentation for issuance.</p> <p>4.1.2 The Issuer must disclose the following information: The categories of eligible Green and/or Social Projects to which the issue proceeds will be allocated; and/or the information on specific Green and/or Social Projects in the case where the issuer has identified the specific Green and/or Social Projects to which the issue proceeds will be allocated.</p> <p>4.1.3 All designated Green and/or Social Projects must provide clear environmental/social benefits, which will be assessed and, where feasible, quantified by the Issuer.</p> <p>4.1.4 In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that Issuers provide an estimate of the share of financing and refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced and, to the extent relevant, the expected look-back period for refinanced projects.</p>	<p>The utilisation of proceeds is described in the Framework.</p> <p>The eligible Use of Proceeds categories identified by the Framework are aligned with the green project categories recognised by ASEAN GBS.</p> <p>The eligible Use of Proceeds project categories set out in the Framework are recognised as impactful by ASEAN GBS.</p> <p>The issuer has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, Alam Flora shall endeavor for refinanced projects to have a look-back period of no more than three (3) years from the time of issuance of each instrument.</p>	<p>The proceeds will be used to finance and/or refinance, in part or in whole, new or existing eligible assets falling within the green categories recognised by the GBP, ASEAN GBS and the SC's SRI Sukuk Framework.</p> <p>MARC Ratings has reviewed the Green Eligible Categories and concluded that the eligible projects/financing fulfill the applicable criteria and would be considered green for the purposes of the GBP, ASEAN GBS and the SC's SRI Sukuk Framework.</p> <p>A look-back period of no more than three (3) years aligned with best market practices.</p>
<p>Criteria</p> <p>Process for Project Evaluation and Selection</p> <p><u>SRI Sukuk Framework</u></p> <p>7.12 An issuer must establish internal processes for evaluation and selection of the Eligible SRI projects as identified in paragraph 7.08 above.</p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.2.1 The issuer must clearly communicate to investors:</p> <p>(i) The environmental/social sustainability objectives; The Eligible Categories are framed in the context of SDGs with specific E&S objectives;</p>	<p>The issuer has established internal processes for project evaluation and selection which provides for senior management involvement. The Eligible Categories are framed in the context of SDGs with specific environmental objectives. The issuer has clearly communicated:</p> <p>The sustainability objectives of the Framework and the Eligible Categories;</p>	<p>The Framework details an internal process by which Eligible SRI projects are assessed and selected. The Chief Executive Officer (CEO) is responsible for the implementation of any sustainability exercise, which includes approval of Eligible Projects nominated under the Eligible Categories and Eligible Criteria for funding in accordance with the Framework.</p> <p>The eligibility criteria are clearly communicated in the Framework.</p>

<p>(ii) The process by which the Issuer determines how the projects fit within the identified eligible project categories; and</p> <p>(iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social (E&S) risks associated with the selected projects.</p> <p>4.2.2 The Issuer must establish the process for project evaluation and selection prior to the issuance of the Bonds and disclose the same to investors in the documentation for the issuance of the Bonds.</p> <p>4.2.3 Issuers are encouraged to position this information within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability. Issuers are also encouraged to disclose any green and social standards or certifications referenced in project selection.</p> <p>4.2.4 It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.</p> <p>4.2.5 The Issuer must make the following publicly available on a website designated by the Issuer at the time of the issuance and throughout the tenure of the Bonds: (i) The process for project evaluation; (ii) The Use of Proceeds; and (iii) External review report on the process (if any)</p>	<p>The Framework details an internal process by which Eligible Projects are assessed and selected to ensure fulfillment of criteria.</p> <p>The exclusion criteria of the proceeds include the financing of incineration of recyclable materials, fossil fuel energy generation (e.g. standalone projects connected to high-polluting activities such as oil, gas and mining), nuclear energy generation, weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco.</p> <p>The issuer has described in the Framework an internal process for project evaluation and selection which involves a GFWC.</p> <p>The Issuer has positioned this information within the context of the Issuer's sustainability strategy, its focus SDGs, and its processes relating to environmental sustainability.</p> <p>The issuer has appointed MARC Ratings as external reviewer for its Framework.</p> <p>The issuer has committed to make the required information available on its corporate website at www.alamflora.com.my.</p>	<p>The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.</p> <p>Where applicable, Alam Flora will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Project and Eligible Assets.</p> <p>The Issuer has also disclosed that review of the Eligible Projects will be conducted annually by the GFWC to confirm the continued eligibility of the Eligible Assets, and the course of action to be taken where the project/financing no longer meets the Framework's Eligibility Criteria. Projects/financing that are no longer eligible will be removed from the register of Eligible Assets and replaced with projects/financing that are compliant with the Framework.</p> <p>The Framework will provide information on the process for project evaluation, and it will issue a progress report on an annual basis that will provide information on the allocation and impacts throughout the tenure of the Sukuk. MARC Ratings' external review assessment will also be made available on the corporate website.</p>
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Management of Proceeds</p> <p><u>SRI Sukuk Framework</u> 7.13 An issuer must ensure that the proceeds allocated for the Eligible SRI projects are credited into a designated account or otherwise tracked in an appropriate manner.</p>	<p>The proceeds will be deposited into Alam Flora's bank account which shall be managed by Alam Flora's finance team. Alam Flora Group will create a Green Financing Register to track the allocation of the proceeds raised in reference to this framework. The Green Financing Register will be reviewed and endorsed annually by the CEO.</p>	<p>Alam Flora follows an approach similar to the World Bank's Approach 3, by maintaining a "virtual" green account/cash account.</p>

<p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.3.1 Prior to the issuance of the Bonds, the Issuer must disclose to investors in the documentation for the issuance of the Bonds the process for managing the net proceeds from the Bonds.</p> <p>4.3.2 The net proceeds of the Bonds, or an amount equal to these net proceeds, must be credited into a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process. The total amount deployed from the net proceeds for the eligible projects need not occur simultaneously.</p> <p>4.3.3 As long as the Bonds are outstanding, the balance of the tracked net proceeds must be periodically adjusted to match allocations to eligible projects made during that period.</p> <p>4.3.4 The Issuer must also disclose to investors in the documentation for the issuance of the Bonds the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>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 Bonds proceeds.</p>	<p>Prior to issuance, the issuer will make the Framework available to investors. The Framework describes the process for managing the net proceeds from the Sukuk.</p> <p>The net proceeds from the issue of Sukuk will be internally tracked. Alam Flora will invest the balance of unallocated green financing instrument proceeds in the permitted investment instruments in accordance with Alam Flora's cash management policy.</p> <p>The Issuer has committed that until full allocation, the allocation of Eligible Projects will be continuously monitored to ensure that the aggregate value of the Eligible Projects is at a level that is equal to the net proceeds raised from the outstanding Sukuk.</p> <p>The Framework discloses the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>Alam Flora will track the allocation of funds internally.</p>	<p>An area of improvement will be to state in the Framework that Alam Flora will ensure that the aggregate value of the Eligible Projects portfolio matches or exceeds the balance of net proceeds of outstanding Sukuk and will undertake periodic reconciliation of the tracked proceeds to allocations made to Eligible Assets.</p> <p>The appointment of a third party to verify the internal tracking method and the allocation of funds from the Sukuk proceeds is encouraged by the ASEAN Standards to provide high level of transparency.</p>
<p>Criteria</p>	<p>Compliance with criteria</p>	<p>Remarks/Scope of Work Undertaken</p>
<p>Reporting</p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>4.4.1 Issuers must report to investors at least on an annual basis and are encouraged to make more frequent reporting on the Use of Proceeds until full allocation, and on a timely basis in the case of material developments. The annual report should include a list of the projects to which the Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.</p> <p>4.4.2 Where confidentiality agreements, competitive considerations, or a large</p>	<p>Alam Flora will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the green financing instrument proceeds. This report will include, among others:</p> <ul style="list-style-type: none"> • The original amount earmarked for the Eligible Projects and/or Eligible Assets; • The amount of green financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects and/or Eligible Assets defined as the whole or part of new or existing 	

<p>number of underlying projects limit the amount of detail that can be made available, the Issuer may present the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that Issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>4.4.4 It is recommended that the Issuer's annual reporting on the Use of Proceeds be supplemented by a confirmation of such Use of Proceeds by an external reviewer along with any relevant updates of the external review.</p> <p>4.4.5 The Issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the Bonds.</p> <p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.16 The following information must be included:</p> <p>a) The overall SRI objectives that the issuer intends to achieve;</p> <p>b) The utilisation of proceeds from the issuance of the SRI sukuk. Where all or part of the proceeds are used for refinancing, an issuer must provide the amount of proceeds being allocated for refinancing and which Eligible SRI projects to be refinanced;</p> <p>c) The Eligible SRI projects in which the proceeds will be allocated; d) The details of the Eligible SRI projects and to the extent possible,</p> <p>d) impact objectives from the Eligible SRI projects;</p> <p>e) The processes used by the issuer to evaluate and select the Eligible SRI projects;</p> <p>f) The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects;</p>	<p>projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent);</p> <ul style="list-style-type: none"> • The unutilised amount and where such unutilised amount is placed or invested pending utilisation; • The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions; • Expected impact metrics, where feasible; and • The outstanding amount of net green financing instrument proceeds yet to be allocated to Eligible Projects and/or Eligible Assets at the end of the reporting period. <p>The Issuer has committed to provide information items (a) through (h) annually through its corporate website in its progress report under its Framework.</p>	<p>Updates of the external review are encouraged by the ASEAN Standards but are strictly voluntary.</p>
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<p>g) <i>The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</i></p> <p>h) <i>A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</i></p>		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>External Review</p> <p><u>SRI Sukuk Framework</u> 7.17 <i>If an external reviewer is appointed to assess and provide report on the Eligible SRI projects or the issuer's compliance with the requirements under these Guidelines, such external reviewer's report must be made available on the designated website.</i></p> <p><u>ASEAN GBS/SBS/SUS</u> 5.1 <i>Issuers are recommended to appoint external review providers for the bond issuances or programmes.</i></p> <p>5.2 <i>The external review may be partial, covering only certain aspects of the bonds framework or full, assessing alignment with all four core components as stated in the relevant standards.</i></p> <p>5.3 <i>The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</i></p> <p>5.4 <i>The external review provider must also disclose their relevant credentials and expertise, and the scope of the review conducted in the external review report.</i></p>	<p><i>MARC Ratings has been engaged as independent external reviewer for the Framework. The external reviewer's report will be made available on a designated website.</i></p> <p><i>The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</i></p>	<p><i>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on our website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>

Review of Compliance with Green Loan Principles (GLP)

Issuer: Alam Flora Sdn Bhd Green Financing Framework

Note:

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

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

<ul style="list-style-type: none"> Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability. <p>Borrowers are also encouraged to disclose any green standards or certifications to which they are seeking to conform.</p> <p>Management of Proceeds The proceeds of a green loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.</p> <p>Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</p> <p>Borrowers are encouraged to establish an internal governance process through which they can track the allocation of funds towards Green Projects.</p> <p>Reporting Borrowers should make and keep readily available up to date information on the Use of Proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments.</p> <p>This should include a list of the Green Projects to which the green loan proceeds have been allocated and a brief description of the projects and the amounts allocated and their expected impact.</p> <p>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GLP recommend that information is presented in generic terms or on an aggregated project portfolio basis. Information need only be provided to those institutions participating in the loan.</p> <p>Transparency is of particular value in communicating the expected impact of projects. The GLP recommend the use</p>	<p>The proceeds will be deposited into Alam Flora’s bank account which shall be managed by Alam Flora’s finance team. Alam Flora Group will create a Green Financing Register to track the allocation of the proceeds raised in reference to this framework. The Green Financing Register will be reviewed and endorsed annually by the CEO.</p> <p>Alam Flora will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the green financing instrument proceeds. This report will include, among others:</p> <ul style="list-style-type: none"> The original amount earmarked for the Eligible Projects and/or Eligible Assets; The amount of green financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects and/or Eligible Assets defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent); The unutilised amount and where such unutilised amount is placed or invested pending utilisation; The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions; 	<p>Alam Flora follows an approach similar to the World Bank’s Approach 3, by maintaining a “virtual” green account/cash account.</p>
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<p><i>of qualitative performance indicators and, where feasible, quantitative performance measures (for example, energy capacity, electricity generation, GHG emissions reduced/avoided, etc.) and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Borrowers with the ability to monitor achieved impacts are encouraged to include those in regular reports.</i></p> <p>External Review <i>When appropriate, an external review is recommended. There are a variety of ways for borrowers to obtain outside input into the formulation of their green loan process and there are several levels and types of review that can be provided to those institutions participating in the loan.</i></p> <p><i>An external review may be partial, covering only certain aspects of a borrower's green loan or associated green loan framework or full, assessing alignment with all four core components of the GLP. It should be made available to all institutions participating in the green loan on request. When appropriate, and taking into account confidentiality and competitive considerations, borrowers should make publicly available the external review, or an appropriate summary, via their website or otherwise.</i></p>	<ul style="list-style-type: none"> • <i>Expected impact metrics, where feasible; and</i> • <i>The outstanding amount of net green financing instrument proceeds yet to be allocated to Eligible Projects and/or Eligible Assets at the end of the reporting period.</i> <p><i>MARC Ratings has been engaged as independent external reviewer for the Framework. The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</i></p>	<p><i>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on our website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>
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THE UN SUSTAINABLE DEVELOPMENT GOALS



GOAL 1: End poverty in all its forms everywhere



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



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



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



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



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



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



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



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



GOAL 10: Reduce inequality within and among countries



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



GOAL 12: Ensure sustainable consumption and production patterns



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



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



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



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



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

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19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 KUALA LUMPUR
Tel: [603] 2717 2900 Fax: [603] 2717 2920 Email: ratings@marc.com.my
Website: www.marc.com.my