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MARC RATINGS BERHAD

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SUNWAY HEALTHCARE TREASURY SDN BHD
PRE-ISSUANCE SUSTAINABILITY FINANCING
FRAMEWORK ASSESSMENT

FEBRUARY 2023



SUSTAINABILITY FINANCING
FRAMEWORK ASSESSMENT

MARC Ratings Berhad (MARC Ratings) has been engaged by Sunway Healthcare Treasury Sdn Bhd (Company Registration No.: 200401006457 (644961-W)) as an independent external reviewer for its Sustainability Financing Framework. This external review was conducted according to the analytical framework in MARC Ratings' Impact Bond Assessment (IBA) methodology that is published on its website.

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SUMMARY

Sunway Healthcare Treasury Sdn Bhd (Sunway Healthcare Treasury or the Company) (Company Registration No.: 200401006457 (644961-W)) has engaged MARC Ratings Berhad (MARC Ratings) to review its Sustainability Financing Framework (Framework). Sunway Healthcare Treasury is a wholly-owned subsidiary of Sunway Healthcare Holdings Sdn Bhd (SHH) where SHH is the immediate holding company of Sunway Healthcare Group (SHG). The Framework has been established to set guidelines for the company's issuances of financing instruments. In assigning the assessment, MARC Ratings has relied on pre-issuance information provided by SHG 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 Sunway Healthcare Treasury's Framework; an assessment of alignment with the Green Bond Principles (GBP) and Social Bond Principles (SBP) of the International Capital Markets Association (ICMA), ASEAN Green Bond Standards (GBS) and ASEAN Social Bond Standards (SBS) of the ASEAN Capital Markets Forum (ACMF), Green Loan Principles (GLP) and Social Loan Principle (SLP) of the Loan Market Association (LMA), and the Sustainable and Responsible Investment (SRI) Sukuk Framework of the Securities Commission Malaysia (SC); and an evaluation of the issuer's sustainability implementation capacity and performance.

SHG intends to use the proceeds to finance and/or refinance, in part or in whole, new or existing projects that directly support 9 of the 17 United Nations (UN) Sustainable Development Goals (SDGs). All four Eligible Categories for the Use of Proceeds identified in the Framework are recognised as impactful by the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework. Each of the Eligible Categories will support achieving SDGs such as Access to essential and latest technology in healthcare services (SDGs 3, 9, and 11); Green buildings (SDGs 3, 6, 7, 8, 9, 11, 12, 13, 15, and 17); Energy efficiency (SDGs 7, 11, and 13); and Renewable energy (SDGs 7, 11, and 13). These Eligible Categories align with the Green and/or Social project categories recognised by the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework.

The Framework details an internal process by which Eligible SRI projects are assessed and selected. SHG has set up a Sustainability Financing Committee (SFC) to oversee the project evaluation and selection process, and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds. The SFC is chaired by SHG's Managing Director (the Chairman) and composed of representatives from each of SHG's hospitals as well as the relevant group function heads. The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects. Members of the SFC comprise representatives from Sunway Medical Centre Sdn Bhd, SunMed Velocity Sdn Bhd, SHG New & Special Projects and SHG Group Finance. The members may delegate any action in support of its functions as a committee member to a selected representative.

Eligible project screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks. Prior to selection for the Eligible Assets pool, all Eligible Projects will be reviewed and approved by approving authorities within their defined approval

authority limits. The SFC shall meet to execute the roles on validating, proposing and recommendation before any issuance of proceeds taking place.

The net proceeds will be managed internally and on a portfolio basis in accordance with the Framework. The Finance PIC of Sunway Healthcare Treasury, being the Issuer, is responsible for segregating and tracking the issuance and usage of the sustainability financing proceeds allocated to the eligible projects. The capex schedule by projects and issuance register are maintained to keep track of the utilisation of proceeds, to ensure the claims incurred tie in with the allocation of proceeds. The allocation of proceeds would be published in Sunway Berhad's annual sustainability report where its contents are to be audited by an independent qualified third-party auditor, and the engagement is done at Sunway Berhad's level. The independent review forms part of the requirement for disclosures in the Sunway Group's Sustainability Report.

MARC Ratings considers the process for the management of proceeds to be in line with market practice. The Framework aligns Sunway Healthcare Treasury'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, Sunway Healthcare Treasury 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/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework.

Introduction

A significant integrated private healthcare organisation in Malaysia, Sunway Healthcare Group or SHG operates a network of tertiary hospitals and other ancillary services such as ambulatory care centres, home healthcare, and traditional and complementary medicines centres. SHG opened Sunway Medical Centre Velocity, its second tertiary hospital, in September 2019 and Sunway Medical Centre Penang in November 2022 in response to the success of Sunway Medical Centre (SMC). The Group has a combined bed capacity of 862, with about 240 consultant specialists. SHG is a 90.26% joint-venture company of Sunway Berhad (Sunway Group). Sunway Berhad is one of the largest conglomerates in Malaysia and the listed parent company of the Sunway Group of companies, having operations in more than 50 locations across 11 countries with 10,889 employees. It is among the top 100 companies listed on Bursa Malaysia Securities Berhad, with a market capitalisation of RM8.5 billion as of December 31, 2021.

SHG plans to expand across Malaysia with hospitals in Seberang Jaya (Penang), Sunway Kota Damansara (Selangor), Ipoh (Perak), Kota Bharu (Kelantan), Iskandar Puteri (Johor) and Paya Terubong (Penang) as part of its expansion strategy to give more communities access to high-quality healthcare. SHG will become one of the largest healthcare organisations in the area it serves as a result of this growth, with a total bed capacity of about 3,000 across its network of hospitals.

SHG's main goal is to provide patients with outstanding clinical outcomes. Through comprehensive healthcare services like ambulatory care, conventional and alternative medicine, home care services and wellness, SHG continues to serve its communities. SHG has received more than 45,000 international patient visits from more than 170 countries, proving that it has a good regional reputation.

In addition to pledging its support for the UN SDGs, SHG is committed to actively advancing Malaysia's agenda to improve healthcare standards by engaging with the local population and spreading awareness of healthcare issues, which is also consistent with the Ministry of Health's goal of achieving better health. To ensure that everyone has access to fair and necessary health treatments, SHG has also collaborated with many non-governmental organisations.

SHG provided COVID-19 testing services throughout all its healthcare nationwide. In order to lighten the load on public hospitals and allow them to prioritise COVID-19 patients, SHG assisted the government in decanting non-COVID-19 patients. In 2021, the hospitals handled almost 300 patients who came from various public hospitals. While the administering of immunisations were carried out by Sunway Medical Centre, Sunway Medical Centre Velocity, and Sunway Specialist Centre Damansara, employee volunteers from several business divisions in the Group assisted in ensuring the programme ran smoothly at the centres.

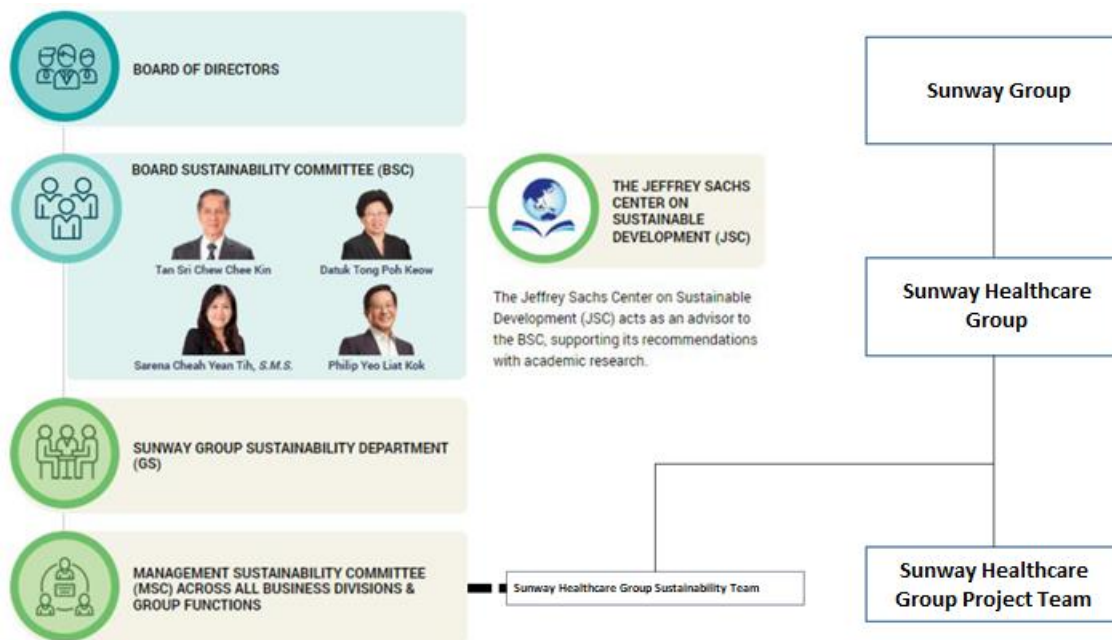
Sunway Medical Centre Velocity (SMCV), a wholly-owned hospital of the Group, pledges its commitment to the Race to Zero (a commitment to achieving net zero emissions by 2050) based on its strong belief in the values that this movement espouses, i.e. working towards a healthier climate and safer environment for the future generation. Aligned to the UN SDGs, SMCV is committed to a better and sustainable future environment.

Sunway Berhad established a Board Sustainability Committee (BSC) in 2021 which reviews, supervises and makes recommendations to the Board for approval in the areas of sustainability strategy and issues, environmental, social and governance (ESG) targets and performance, progress and scorecard. The BSC meets at least twice a year to review Sunway Group's sustainability strategies.

SHG champions the Sunway Group's sustainability initiatives. These sustainability initiatives can be expanded into green and social strategies. Green strategies include ensuring all projects being built are green-certified, ensuring implementation of environmental measures and control during collection of data regarding energy and water consumption, and waste diversion according to set targets in alignment with the Group's targets. Social strategies as a Master Community Developer would include providing customer service and community engagement at their developments.

Sustainability is integrated into the overall policies set by the Facilities and Building Department as well as Quality Department and implemented by the operation team in the respective hospitals. The Sunway Healthcare operation department oversees the implementation through periodical collection of data from the hospitals. This includes annual reporting to the Sunway Group Sustainability department.

Sustainability Governance Structure



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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 UN SDGs. The Sustainability Financing Framework's major objective is to lay forth guidelines for the company’s future fundraising through sustainable debt instruments, including green/social/sustainability sukuk and green/social loans/financing. The proceeds from the respective financing instruments will be utilised to support the transition towards a more inclusive, resource-efficient economy that is aligned with the UN SDGs and circular economy concept.




The proceeds will be used for Eligible Use of Proceeds, as defined in the Framework, to finance four Eligible Categories that cumulatively support nine of the 17 UN SDGs:

1. Access to essential and latest technology in healthcare services
2. Green buildings
3. Energy efficiency; and
4. Renewable energy.

ELIGIBLE CATEGORIES

1 Access to essential and latest technology in healthcare services		
Eligibility Criteria: <ul style="list-style-type: none"> Expenditures related to existing, ongoing, and future investment, construction, development, or costs, related to acquisition or extension of healthcare facilities that provide services. 		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Increase and improve medical care capacity for people in need of medical support 	<ul style="list-style-type: none"> Ensure healthy lives and promote well-being for all at all ages Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all Substantially increase health financing and the recruitment, development, training and retention of the health workforce 	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div> <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> Primary Care – routine physical exams, prescribing necessary medications, treatment of minor illnesses and injuries, managing chronic conditions, screening for common health issues and management of acute health conditions. Comprehensive Stroke Care – acute and post-acute. Medical Specialties – chronic diseases, mental health, breast care, genomics, fertility, children’s health, etc. Home Care. <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Number of facilities Number of beds or capacity Number of beneficiaries Number of patients attended or bed capacities by specialties where relevant and feasible

2 Green buildings		
Eligibility Criteria: New, existing or refurbished buildings that have received certification from a respected international green building rating and certification systems such as but not limited to:		
<ul style="list-style-type: none"> • US LEED (Silver or above) • GreenRE (Silver or above) • GBI (Silver or above) 		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> • Increasing the efficiency of resource use such as energy, water, and materials; while reducing building impact on human health and the environment during the building's life cycle, through better design, construction, operation and maintenance. 	<ul style="list-style-type: none"> • Reduce greenhouse gas (GHG) emissions • Integrate climate change measures into national policies, strategies, and planning • Enhance research and upgrade technological capabilities for renewable energy • Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning 	 <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> • All new hospitals are going to be green building certified. • The use of more sustainable green cements made from recycled materials with approved industrial by-products (such as Ground Granulated Blast Furnace Slag (GGBS), silica fume, fly ash) to replace Ordinary Portland Cement (OPC) in construction works. • Provision of rainwater harvesting tanks for 50% of landscape areas at ground level <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> • Green Building certification
3 Energy efficiency		
Eligibility Criteria:		
<ul style="list-style-type: none"> • New or existing investments or expenditures in energy efficiency projects 		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> • Support energy transition to a low carbon economy; develop low-carbon buildings and improve energy efficiency of buildings. 	<ul style="list-style-type: none"> • Substantially reduce waste generation through prevention, reduction, recycling and reuse • Improvement in energy efficiency infrastructure • Ensure communities have the relevant information and awareness for sustainable development and 	 <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> • LED light replacement • Replacement of old electrical appliances with new and/or more efficient ones • Chiller optimisation • Replacement of large appliances/systems <p>Indicative reporting criteria</p>

		lifestyles in harmony with nature	<ul style="list-style-type: none"> • Annual energy savings (MWh) • Annual GHG emissions reduced/avoided (tonnes of CO2e) • Reduction in electricity consumption (%) (where applicable)
4	Renewable energy		
	Eligibility Criteria:		
	<ul style="list-style-type: none"> • New, or existing investments or expenditures in renewable energy projects 		
	Sustainability Objective	Sustainability Benefit	Corresponding SDG
	<ul style="list-style-type: none"> • Support energy transition to a low carbon economy through the use of renewable energy. 	<ul style="list-style-type: none"> • Transforming and improving renewable energy source • Avoidance of GHG emissions • Enhance research and upgrade technological capabilities for renewable energy 	   <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> • Solar energy generated via photovoltaic (PV) cells as an alternative to electricity generated by fossil fuels. <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> • Actual annual generation (MWh)

Overall Impact Significance

The main goal of this Framework is to set forth principles under which SHG intends to issue financing instruments. The four Eligible Categories identified in the Framework align with the Green and/or Social project categories recognised by GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework. Each of the Eligible Categories will support achieving SDGs such as:

1. Access to essential and latest technology in healthcare services (SDGs 3, 9, and 11)
2. Green buildings (SDGs 3, 6, 7, 8, 9, 11, 12, 13, 15, and 17)
3. Energy efficiency (SDGs 7, 11, and 13); and
4. Renewable energy (SDGs 7, 11, and 13).

The use of proceeds will be channelled towards Eligible Projects and Eligible Assets as set forth within the Framework. There are four new greenfield projects under SHG, namely SMC Penang which was completed in August 2022 and three others that are pending construction, namely SMC 4, SMC Damansara and SMC Ipoh. SHG also plans to acquire SMCV Phase 2 once its construction is completed.

Currently, the projects to be financed through the Framework are listed below:

No	Proposed project	Period	Target certification
1	Construction of SMC Damansara	From 2023 – 2025	GreenRE Gold
2	Construction of SMC Ipoh	From 2023 – 2026	GreenRE Silver
3	Construction of SMC 4 Phase 2 (Tower E & F)	From 2024 – 2027	GreenRE Silver
4	Acquisition of SMCV Phase 2	From 2023	GreenRE Silver

Upon project completion, SHG expects that more people from all walks of life will be able to have access to better healthcare facilities as newer technology is introduced. Additionally, the new hospital expansion is into different locations, hence widening its outreach to communities in need of certain specialised medical procedures. Each project is also well-connected to or will be part of a Sunway township or property development project, Sunway malls, bus rapid transit (BRT) stations, and the upcoming Sunway University, among others, thus benefitting the overall community.

No	Proposed project	Location	Inter-connectivity with Sunway township development
1	SMC Damansara	Kota Damansara	Sunway Giza Mall, Sunway Nexis, property developments
2	SMC Ipoh	Ipoh	Property developments, Lost World of Tambun, Lost World Hotel, Sunway Mall (upcoming), Sunway University (upcoming)
3	SMC 4 Phase 2 (Tower E & F)	Bandar Sunway	Sunway University, property developments, Sunway Geo, BRT line

4	Acquisition of SunMed Velocity Ph 2	Cheras KL	Sunway Velocity Mall, Sunway Velocity Hotel, Sunway College, property developments
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In line with Sunway Group’s commitment to having all new townships and buildings that are completed from 2025 onwards be green certified, all new hospitals developed by SHG will be green-certified buildings. As for the development of the projects, all ongoing construction sites are in compliance with ISO 14001:2015; data are currently being collected to set baselines and targets for energy savings and waste diversion, in alignment with Sunway Group’s mandate.

Examples of sustainable activities carried out during the current construction of SMC Damansara include:

- The use of more sustainable green cement made from recycled materials with approved industrial by-products (such as ground granulated blast furnace slag (GGBS), silica fume, fly ash) to replace ordinary Portland cement (OPC) in construction works;
- Provision and implementation of underground/basement carpark connectivity between different buildings but within Sunway's properties;
- Usage of pavers which indirectly help with surface water runoff during rainy days and prevent water ponding;
- Current townships and/or integrated developments (Parcel 7-11) are taken into consideration when making projections for future traffic at the development with the provision of public infrastructure such as flyovers and pedestrian link bridges;
- Provision of rainwater harvesting tanks for 50% of landscape areas at ground level;
- Transit-Oriented Development (TOD) through Sunway Nexis with connection to MRT Surian station which eases public access to the hospital via public transport, improving traffic congestion and at the same time reducing the emission of GHG.

In terms of the proposed projects’ social impact, mainly for those located in areas outside of the Klang Valley vicinity such as SMC Ipoh, SHG will emphasise on the provision of wellness aesthetics and state-of-art cancer treatment centres with advanced medical equipment, as well as a separate traditional complementary medicine (TCM) department to complement the treatments provided in areas such as cancer, stroke, fertility, stress, mental health and pain management. SMC Ipoh will also introduce PET-CT and CT-SIM; currently, only two private hospitals in Ipoh are equipped with one CT-SIM machine each. PET-CT scans allow for greater accuracy in detecting tumours compared to PET or CT scans alone, thereby potentially revolutionising the radiotherapy landscape. SMC Ipoh also aims to address the shortage of hospital beds in the community by providing comprehensive healthcare services and producing better clinical outcomes. The opening of the new hospital will also in turn benefit the local community with more employment opportunities.

The exclusion criteria of the use of proceeds include the financing of luxury sectors (precious metals/ precious minerals/ artworks and antiques wholesale or brokerage); child labour or forced labour; gambling; adult entertainment; weapons and military contracting; alcohol; tobacco; fossil fuel–related activities (including extraction, exploration, production, power

generation or transport of fossil fuels); nuclear; production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; and large-scale hydro-power projects with a generating capacity of over 25 megawatts.

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. The expected sustainability benefits of the Use of Proceeds are highly aligned with SHG’s sustainability approach, the SDGs, and national sustainable development priorities.

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

02 ALIGNMENT WITH THE GBP/SBP, ASEAN GBS/SBS, GLP/SLP AND SRI SUKUK FRAMEWORK

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 and/or Social project categories recognised by the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework.

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

- Renewable energy
- Energy efficiency
- Green Buildings
- Access to essential services (e.g. health, education and vocational training, healthcare, financing, and financial services)

The eligible Use of Proceeds categories and associated expected sustainability benefits are in line with SHG's sustainability approach and its focus SDGs. SHG may add Green and/or Social Eligible Categories from time to time that are aligned to the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework collectively. Clear exclusion criteria have also been defined by the Framework.

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

The Eligible Categories have been mapped against directly supported SDGs in the Framework. Social and environmental impacts of the Use of Proceeds are linked to SDGs 3 – Ensure healthy lives and promote well-being for all at all ages; 7 – Affordable and clean energy; 8 – Decent work and economic growth; 9 – Industry, innovation and infrastructure; 11 – Make cities and human settlements inclusive, safe, resilient and sustainable; 12 – Responsible consumption and production; 13 –

Climate action; 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; and 17 – Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

The company has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, SHG shall endeavour for refinanced projects to have a look-back period of three (3) years from the time of issuance of each instrument.

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



Principle Two:
Process for Project
Evaluation and Selection

The Framework details an internal process by which Eligible SRI projects are assessed and selected. SHG has set up a Sustainability Financing Committee (SFC) to oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds. SFC is chaired by SHG's Managing Director (the Chairman) and composed of representatives from each of SHG's hospitals as well as the relevant group function heads. The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.

Members of the SFC comprises representatives from Sunway Medical Centre Sdn Bhd, SunMed Velocity Sdn Bhd, SHG New & Special Projects and SHG Group Finance. The members may delegate any action in support of its functions as a committee member to a selected representative.

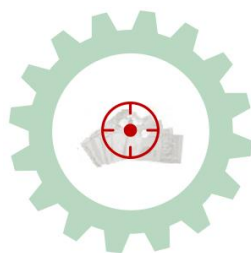
The SFC shall meet before any issuance is made, or whenever necessary, and its responsibilities include:

1. To review and validate the proposed Eligible Projects based on the eligibility criteria defined in the Use of Proceeds (please refer to the Framework for more information)
2. Submit recommendations to the Chairman of the Committee upon validating the proposed projects

3. Review the sustainable finance register and tracking of net proceeds allocated to the Eligible Projects
4. Validate the results or outcomes of the impact indicators for reporting purpose.

Eligible project screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks. Prior to selection for the Eligible Assets pool, all Eligible Projects will be reviewed and approved by approving authorities within their defined approval authority limits. The SFC shall meet to validate, propose and recommend before any issuance of proceeds take place.

The Project Team (comprising SHG New and Special Projects, SHG Group Finance, and Sunway Integrated Properties (SIP) as Project Manager with relevant consultants and contractors) have regular meetings to monitor the project progress, identify issues, report, and escalate key concerns to SHG management to ensure the project is aligned with all the targets that have been set.



Principle Three:
Management of
Proceeds

The net proceeds will be managed internally and on a portfolio basis in accordance with the Framework. The Finance PIC of Sunway Healthcare Treasury, being the Issuer, is responsible for segregating and tracking the issuance and usage of the sustainability financing proceeds allocated to the eligible projects. The capex schedule by projects and issuance register are maintained to keep track of the utilisation of the proceeds, to ensure the claims incurred tie in with the allocation of proceeds.

The allocation of proceeds would be published in Sunway Berhad's annual sustainability report where its contents are to be audited by a independent qualified third-party auditor, and the engagement is done at Sunway Berhad's level. The independent review forms part of the requirement for disclosures in the Sunway Group's Sustainability Report.

An amount equal to the net proceeds of each Sustainable Financing instrument will be managed by SHG's Finance team through its general account, and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Projects as selected by the SFC. SHG will set-up a dedicated sustainable finance register to track the net proceeds and to monitor the allocation of proceeds.

If an Eligible Asset ceases to meet the eligibility criteria and is removed from the Eligible Assets pool, SHG commits to reallocate as soon as practicable the equivalent amount of proceeds to other Eligible Assets.

SHG will continuously monitor the allocation to Eligible Assets to ensure that the aggregate value of the Eligible Assets portfolio matches or exceeds the balance of net proceeds.

Where the aggregate amount in the Portfolio is less than the total outstanding amount of Sunway Healthcare Treasury's sustainable financing proceeds, Sunway Healthcare Treasury may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with Sunway Healthcare Treasury's liquidity policy until the amount is allocated to the Portfolio.

For proceeds allocated for the purpose of refinancing of operating projects, in which case the projects' costs were fully disbursed in the past, no separate management of proceeds is required.

SHG will provide allocation and impact reports to the Sunway Group Sustainability Department to be included in Sunway's Annual Sustainability Report, and on a timely basis in the event of any material developments until full allocation of the financing instrument proceeds. This report will include, among others:



Principle Four:
Reporting

- Summary of projects details
- Amount of proceeds allocated to each eligible project
- Expected environmental and/or social impacts of Eligible Expenditures
- Aggregate amount of proceeds of Sustainable Financing allocated to Eligible Expenditures
- Removal or substitution of eligible projects
- Remaining balance of unallocated proceeds and where such unallocated proceeds are placed or invested pending allocation; and
- Other necessary information.

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

Overall, MARC Ratings considers Sunway Healthcare Treasury's Framework to be aligned with the core components of the SC's SRI Sukuk Framework regarding 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 type="checkbox"/>	High	10- 12 points
<input checked="" 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

SHG’s sustainability strategy and commitments are driven by the sustainability strategy and initiatives mandated by Sunway Group which is anchored on a set of five goals to benchmark against their yearly performance:

- Goal 1: Transforming portfolios to low carbon sustainable cities
- Goal 2: Advocating a responsible value chain
- Goal 3: Developing a safe, equal and dignified workforce
- Goal 4: Investing in community inclusivity
- Goal 5: Respecting ethical principles

All the above goals are aligned with the 17 UN SDGs which Sunway Group aims to achieve by 2030. Sunway Group is also committed to achieving its net zero carbon emissions targets by 2050 in line with the 12th Malaysia Plan.

Sunway Group is committed to ensuring all new townships and buildings completed from 2025 onwards are green-certified. The Group defines green townships and green buildings as developments that focus on boosting resource efficiency, while reducing building impact on human health and the environment during the buildings' life cycle through better design, construction, operations and maintenance. Established in 2021, Sunway Group’s Green Building Policy outlines the key requirements that are essential to the development of green townships and buildings. The Policy ensures that the Group will integrate sustainable practices into the development, operations and management of its townships and buildings. The Policy also underscores the Group’s commitment to designing and producing built environments that facilitate healthy lifestyles and prioritise the well-being of stakeholders.

SHG is aligned with Sunway Group’s 2030 Sustainability Goals and Targets. To achieve the Group targets, SHG has carried out initiatives as below:

Sunway Group	SHG initiatives
Goal 1: Transforming projects under its portfolios to low carbon sustainable cities	All new hospitals will be green-certified buildings and complement Sunway Group’s township developments.
Goal 2: Advocating a responsible value chain	SHG has aligned its processes with Sunway Group’s Sustainable Procurement Policy which advocates a best practice approach to sustainable procurement. Since 2021, all suppliers who have completed the supplier registration form are required to declare their current ESG practices via the Supplier Environmental and Social Risk Assessment forms.
Goal 3: Developing a safe, equal and dignified workforce	All OHSE matters are discussed at Group level as well as the business division level. Sunway Berhad has a Group OHSE Council that is chaired by the President. SHG has two OHSE Committee comprising employer and employee

	<p>representatives from each department, the committees are chaired by the respective department's senior management.</p>
<p>Goal 4: Investing in community inclusivity</p>	<ul style="list-style-type: none"> • SHG offered COVID-19 testing services across its healthcare centres • SHG assisted the government in decanting non-COVID-19 patients to reduce the burden on public hospitals and enable them to prioritise COVID-19 patients. The hospitals received and treated close to 300 patients from several public hospitals in 2021. • SHG provided facilities rent-free to be used as vaccination centres. Employee volunteers from various business divisions in the Group helped to ensure the programme ran smoothly at the centres while Sunway Medical Centre, Sunway Medical Centre Velocity and Sunway Specialist Centre Damansara were responsible for administering the vaccinations. • Offered teleconsultation and drive-through appointments for patients and customers during the pandemic. • Sunway Medical Centre (SMC) continued to provide for the underprivileged by sponsoring medical services and treatment for patients who were financially challenged. Discounts were provided to patients who were referred from public hospitals. To date, SMC has: <ul style="list-style-type: none"> ✓ Sponsored 4 renal transplants (Value: > RM401,000) ✓ Sponsored 9 heart surgeries for babies and children aged from 1 month to 11 years old, in partnership with Media-Prima NSTP (Value: > RM409,000) ✓ Provided discounts to cancer patients (Value: > RM400,000)
<p>Goal 5: Respecting ethical principles</p>	<p>Sustainability is integrated across the Sunway Healthcare Division with overall policies set by the Facilities and Building Department as well as Quality Department and implemented by the operation team in the respective hospitals. The Sunway Healthcare operation department oversees the implementation through periodical collection of data from the Hospital. This includes annual reporting to the Sunway Group Sustainability department.</p>

Operationally, SHG has implemented best sustainability practices in its current hospitals, examples of which include:

1. **Reduction of diesel fuel usage** to reduce the duration of Genset testing, to meet the accreditation requirement (minimum 10 minutes/week), with weekly offload testing duration from 30 minutes to 15 minutes, with expectation of 50% diesel fuel reduction.
2. **Energy saving** – Replacement of 3,000 pieces of 36W fluorescent tubes to 13W LED tubes (between November 2020 to February 2021) with an estimated RM40k savings per month.
3. **Upgrading of Building Management System (BMS)** – for precise data monitoring and control on air-conditioning equipment.
4. **Installation of rainwater harvesting tank** – to collect rainwater for watering plants and site cleaning.
5. **Oxo-degradable red alginate bags** – Usage of biodegradable Semi Soluble Laundry Bag, where all isolation linens are inserted into red alginate bags when being sent to the laundry plant for washing, thus not harming the environment or blocking drains.
6. **Clinical waste and scheduled waste disposal** – appointed Kualiti Alam, a recognised and licensed vendor in clinical waste disposal. The waste is disposed at the designated disposal area according to the guidelines from the Ministry of Environment.
7. **Staff awareness and engagement on recycling and waste segregation** – Multiple awareness programmes were organised to increase staff awareness on recycling and reuse; encouraged the use of own lunch boxes for food take-away in Sunway Medical Centre Cafeteria.
8. **Paperless** – Converting manual paper logging to e-Logging for the Building Services M&E system, with a target of 70% reduction in paper.
9. **Salvage useable parts** from faulty TV sets for inpatient ward TV repairs, with a target of 10% reduction in electronic waste.

Company-wide environmental, safety & health (ESH) implementation is also monitored and reported. SHG has established periodic reporting of ESH issues and concerns. This includes reporting of matters related to air, water and noise, fines, accidents, and incidents, among others, during the construction stage as well as at operation level, including energy savings and waste management. This is reported at the hospital level (Annual Business Plan documentation) and to SHG and Sunway Berhad (in its annual Sustainability Report). As part of risk management of climate-related issues, Sunway Group appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to conduct a climate Value at Risk (VaR) assessment on 74 properties, including the healthcare properties, to assess Sunway's risk exposure to climate change.

In 2021, Sunway Berhad integrated sustainability into its senior management performance evaluations and key performance indicators (KPIs), including for ESG performance, such as their management of Sunway Group's climate change performance and material sustainability risks and opportunities. Sustainability performance indicators of the company are carried by respective departments as part of their individual KPIs with quantifiable targets. All staff are required to go through compulsory ESG training, that involves mini quizzes after each training module of which it is mandatory to pass in order complete the training.




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

Sustainability Performance Assessment

<input checked="" 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 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/Social Bond Principles (GBP/SBP), ASEAN Green/Social Bond Standards (GBS/SBS), and Sustainable and Responsible Investment (SRI) Sukuk Framework

Issuer: Sunway Healthcare Treasury Sdn Bhd's (Sunway Healthcare Treasury) Sustainability 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</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>Sunway Healthcare Treasury is an ASEAN issuer.</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>Sunway Healthcare Treasury commits to comply with the SRI Sukuk Framework.</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>	<p><i>The Framework will be made available at www.sunway.com.my.</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"> a) Preserving and protecting the environment and natural resources; b) Conserving the use of energy; c) Promoting the use of renewable energy; d) Reducing GHG emission; e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or f) 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"> a) Green projects that relate to– renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity conservation; clean transportation; sustainable water and wastewater management; climate change adaptation; eco-efficient and/ or circular economy adapted products, production technologies and processes; and green buildings which meet regional, national or internationally recognised standards or certifications. b) Social projects that relate to, amongst others–affordable basic infrastructure; access to essential services; affordable housing; employment generation including the potential effect of SME financing and microfinance; food security; and socioeconomic advancement and empowerment. c) Projects which are the combination of Green and Social projects as described in (a) and (b) above; and d) 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 and/or Social project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework 7.08:</p> <ul style="list-style-type: none"> • Renewable energy • Energy efficiency • Green buildings • Access to essential services (e.g. health, education and vocational training, healthcare, financing, and financial services) 	<p>SHG 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 Access to essential and latest technology in healthcare services; Green buildings; Energy efficiency; and Renewable energy.</p> <p>Use of Proceeds impacts are linked to SDGs 3 – Ensure healthy lives and promote well-being for all at all ages; 7 – Affordable and clean energy; 8 – Decent work and economic growth; 9 – Industry, innovation and infrastructure; 11 – Make cities and human settlements inclusive, safe, resilient and sustainable; 12 – Responsible consumption and production; 13 – Climate action; 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; and 17 – Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.</p> <p>SHG may add Green and/or Social Eligible Categories from time to time that are aligned to the SC’s SRI Sukuk Framework, ICMA’s GBP/SBP and ACMF’s ASEAN GBS/SBS collectively.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Use of Proceeds</p> <p><u>ASEAN GBS/SBS</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 and/or Social project categories recognised by ASEAN GBS/SBS.</p> <p>The eligible Use of Proceeds project categories set out in the Framework are recognised as impactful by ASEAN GBS/SBS.</p> <p>The issuer has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, SHG shall endeavour for refinanced projects to have a look-back period of no more than three (3) years from the time of issuance of each instrument.</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 and/or social categories recognised by the GBP/SBP, ASEAN GBS/SBS and the SC's SRI Sukuk Framework.</p> <p>MARC Ratings has reviewed the Green and/or Social Eligible Categories and concluded that the eligible projects/financing fulfil the applicable criteria and would be considered green for the purposes of the GBP/SBP, ASEAN GBS/SBS 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</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 with board and senior management involvement. The Eligible Categories are framed in the context of SDGs with specific environmental objectives. The eligibility criteria are clearly communicated in the Framework.</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. SHG has set up a Sustainability Financing Committee (SFC) to oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds. The Committee is chaired by SHG Managing Director (the Chairman) and composed of representatives from each of SHG's hospitals in operation and the relevant group function heads.</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 exclusion criteria of the proceeds include the financing of luxury sectors (precious metals/ precious minerals/ artworks and antiques wholesale or brokerage); child labour or forced labour; gambling; adult entertainment; weapons and military contracting; alcohol; tobacco; fossil fuel-related activities (including extraction, exploration, production, power generation or transport of fossil fuels); nuclear; production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; and large-scale hydro-power projects with a generating capacity of over 25 megawatts.</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.sunway.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, SHG will undertake necessary processes to identify and manage potentially material E&S 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 SFC 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 the company 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 MARC's 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>Sunway Healthcare Treasury will monitor the allocation of the Sukuk proceeds and the Eligible Assets portfolio internally.</p>	

<p><u>ASEAN GBS/SBS</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>SHG will invest the balance of unallocated financing instrument proceeds in the permitted investment instruments in accordance with SHG'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>An independent external party will verify the allocation of funds, confirming that an amount equivalent to the net proceeds of the Sustainable Financing instrument have been allocated in compliance with all material respects of the eligibility criteria set forth in the Sustainability Financing Framework.</p>	<p>Where the aggregate amount in the Portfolio is less than the total outstanding amount of SHG's sustainable financing proceeds, SHG may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with SHG's liquidity policy until the amount is allocated to the Portfolio.</p> <p>The independent review forms part of the requirement for disclosures in the Sunway Group's Sustainability Report.</p>
<p>Criteria</p>	<p>Compliance with criteria</p>	<p>Remarks/Scope of Work Undertaken</p>
<p>Reporting</p> <p><u>ASEAN GBS/SBS</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</p>	<p>SHG will provide allocation and impact reports to the Sunway Group Sustainability Department to be included in Sunway's Annual Sustainability Report, and on a timely basis in the event of any material developments until full allocation of the 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 financing instrument proceeds that have 	

<p>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the Issuer may present the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that Issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>4.4.4 It is recommended that the Issuer's annual reporting on the Use of Proceeds be supplemented by a confirmation of such Use of Proceeds by an external reviewer along with any relevant updates of the external review.</p> <p>4.4.5 The Issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the Bonds.</p> <p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.16 The following information must be included:</p> <p>a) The overall SRI objectives that the issuer intends to achieve;</p> <p>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</p>	<p>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);</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 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> <p>The independent review forms part of the requirement for disclosures in the Sunway Group's Sustainability Report.</p>
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<p>associated with the Eligible SRI projects;</p> <p>g) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</p> <p>h) A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</p>		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>External Review</p> <p><u>SRI Sukuk Framework</u> 7.17 If an external reviewer is appointed to assess and provide report on the Eligible SRI projects or the issuer's compliance with the requirements under these Guidelines, such external reviewer's report must be made available on the designated website.</p> <p><u>ASEAN GBS/SBS</u> 5.1 Issuers are recommended to appoint external review providers for the bond issuances or programmes. 5.2 The external review may be partial, covering only certain aspects of the bonds framework or full, assessing alignment with all four core components as stated in the relevant standards. 5.3 The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing. 5.4 The external review provider must also disclose their relevant credentials and expertise, and the scope of the review conducted in the external review report.</p>	<p>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.</p> <p>The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</p> <p>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</p>	<p>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on its website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</p>

Review of Compliance with Green/Social Loan Principles (GLP/SLP)

Issuer: Sunway Healthcare Treasury Sdn Bhd's (Sunway Healthcare Treasury) Sustainability 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/Social Loan Principles (GLP/SLP).

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

<p><i>environmental risks associated with the proposed projects.</i></p> <ul style="list-style-type: none"> <i>Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability.</i> <p><i>Borrowers are also encouraged to disclose any green standards or certifications to which they are seeking to conform.</i></p> <p>Management of Proceeds <i>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.</i></p> <p><i>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.</i></p> <p><i>Borrowers are encouraged to establish an internal governance process through which they can track the allocation of funds towards Green and/or Social projects.</i></p> <p>Reporting <i>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.</i></p> <p><i>This should include a list of the Green and/or Social 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.</i></p> <p><i>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.</i></p>	<p><i>The net proceeds from the issue of Sukuk will be internally tracked. An independent external party will verify the allocation of funds, confirming that an amount equivalent to the net proceeds of the Sustainable Financing instrument have been allocated in compliance with all material respects of the eligibility criteria set forth in the Sustainability Financing Framework.</i></p> <p><i>SHG will invest the balance of unallocated financing instrument proceeds in the permitted investment instruments in accordance with SHG’s cash management policy.</i></p> <p><i>SHG will provide allocation and impact reports to Sunway Group Sustainability Department to be included in Sunway’s Annual Sustainability Report, and on a timely basis in the event of any material developments until full allocation of the financing instrument proceeds. This report will include, among others:</i></p> <ul style="list-style-type: none"> <i>The original amount earmarked for the Eligible Projects and/or Eligible Assets;</i> <i>The amount of 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);</i> <i>The unutilised amount and where such unutilised amount is placed or invested pending utilisation;</i> 	<p><i>Where the aggregate amount in the Portfolio is less than the total outstanding amount of SHG’s sustainable financing proceeds, SHG may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with SHG’s liquidity policy until the amount is allocated to the Portfolio.</i></p>
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<p><i>Transparency is of particular value in communicating the expected impact of projects. The GLP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures (for example, energy capacity, electricity generation, 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>The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions;</i> • <i>Expected impact metrics, where feasible; and</i> • <i>The outstanding amount of net 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 its 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 10: Reduce inequality within and among countries
	GOAL 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture		GOAL 11: Make cities and human settlements inclusive, safe, resilient and sustainable
	GOAL 3: Ensure healthy lives and promote well-being for all at all ages		GOAL 12: Ensure sustainable consumption and production patterns
	GOAL 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		GOAL 13: Take urgent action to combat climate change and its impacts
	GOAL 5: Achieve gender equality and empower all women and girls		GOAL 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	GOAL 6: Ensure availability and sustainable management of water and sanitation for all		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 7: Ensure access to affordable, reliable, sustainable and modern energy for all		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 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		GOAL 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
	GOAL 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		

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