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MARC RATINGS BERHAD

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SUNWAY VELOCITY THREE SDN BHD

PRE-ISSUANCE SUSTAINABLE FINANCE FRAMEWORK
ASSESSMENT

JANUARY 2024



SUSTAINABLE FINANCING
FRAMEWORK ASSESSMENT

MARC Ratings Berhad has been engaged by Sunway Velocity Three Sdn Bhd (Company Registration No: 201301025124 (1054953-V)) as an independent external reviewer for its Sustainable Financing Framework. This external review was conducted according to the analytical framework in MARC Ratings' Impact Bond Assessment methodology that is published on its website.

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SUMMARY

Sunway Velocity Three Sdn Bhd (SV3 or “the Company”) (Company Registration No: 201301025124 (1054953-V)) has engaged MARC Ratings Berhad (MARC Ratings) to review its Sustainable Finance Framework (the Framework).

MARC Ratings’ external review consists of three parts: an impact significance analysis based on SV3’s Framework; an assessment of alignment with the Social Bond Principles (SBP), Green Bond Principles (GBP), and Sustainability Bond Guidelines (SBG) of the International Capital Market Association (ICMA); or Social Bond Standards (SBS), Green Bond Standards (GBS), and Sustainability Bond Standards (SUS) of the ASEAN Capital Markets Forum (ACMF); or Social Loan Principles (SLP), and Green Loan Principles (GLP) of the Asia Pacific Loan Market Association (APLMA), the Loan Market Association (LMA) and the Loan Syndications and Trading Association (LSTA); or SRI Sukuk Framework of the Securities Commission Malaysia (SC) or as they may be subsequently updated or amended; and an evaluation of SV3’s sustainability implementation capacity and performance.

The Framework has been developed to guide SV3’s fund-raising activities to fund projects that will deliver environmental and social benefits, which contribute to and/or complement the Sunway Sustainability 2030 Goals. In assigning the assessment, MARC Ratings has relied on pre-issuance information provided by associated parties, as well as information gathered from the public domain.

The proceeds raised in accordance with the Framework (Sustainable Finance Proceeds) may be used by SV3 and the Sunway Group for working capital requirements, general corporate purposes, refinancing of existing debt concerning the Eligible Projects, fees and expenses in relation to each Sustainable Finance Transaction and/or inter-company advances to Sunway and the subsidiaries within the Sunway Group related to the Eligible Projects as defined in the Framework’s Eligible Categories, namely Green Building and Renewable Energy.

In alignment with Sunway Group’s sustainability initiatives and commitments, SV3 leverages on Sunway Group’s property division to set up the respective Matrix Project Teams that will be responsible for designing, recommending, reviewing, validating and monitoring projects undertaken according to the Framework. The Eligible Projects will be monitored throughout their life cycle, with the option to replace them if they no longer meet the Eligibility Criteria. The entire life cycle of the projects will be managed based on Sunway Property division’s internal governance structure and monitored by Sunway Group’s Management Sustainability Committee (MSC), which ultimately reports to the Sunway Group’s Board Sustainability Committee (BSC).

The net proceeds from the financing will be managed internally. SV3 will create a register to track the allocation of the proceeds raised based on this Framework. The Framework aligns SV3’s post-issuance tracking and reporting on Use of Proceeds with the SC’s SRI Sukuk Framework. It provides for annual reporting on 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, SV3 will disclose qualitative performance indicators, quantitative performance measures and the key underlying methodology and/or assumptions used. MARC Ratings considers the process for the management of proceeds to be in line with market practice.

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

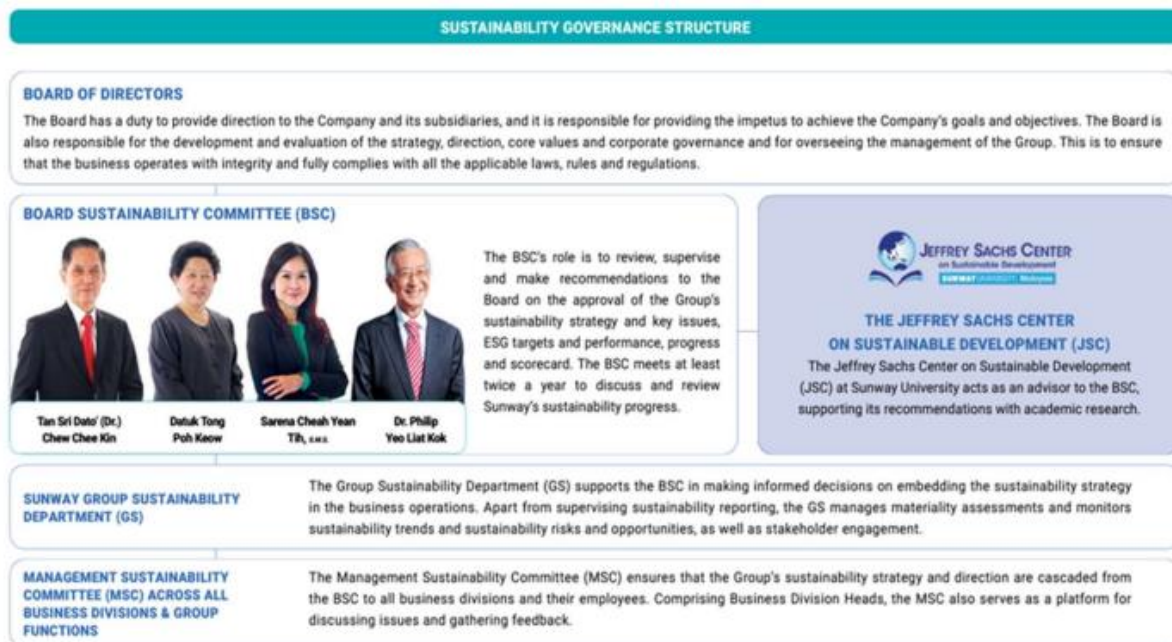
Introduction

Sunway Velocity Three Sdn Bhd (SV3 or “the Company”), formerly known as Tanda Warisan Sdn Bhd, was incorporated on July 18, 2013, under the Companies Act 1965 with a paid-up share capital of RM100,000 comprising 100,000 ordinary shares. SV3 is an established property development company, with Sunway Berhad (Sunway) through Sunway City Sdn Bhd having 60% shareholding, Huatland Development Sdn Bhd 32% and CRSC Property Sdn Bhd 8%; all three entities are involved in property development and investment.

SV3 is currently undertaking the development of a 5.5-acre commercial leasehold land¹ (Project Land) for the construction of three blocks of serviced apartments with an estimated gross development value of RM1.2 billion. This development is within the vicinity of Sunway Velocity and Sunway Velocity Two. Once completed, it will be accessible to the surrounding service residences, offices, retail shops, a mall, and a hospital via link bridge. It is also located near to Mass Rapid Transit (MRT) and Light Rail Transit (LRT) stations, thus providing connectivity to other parts of the Kuala Lumpur City Centre. This provides walkability and low-carbon mobility options to allow for integrated city living.

Sunway has also developed other green-certified buildings surrounding the Sunway Velocity Two development, including serviced residences of Sunway Velocity Two Plot A (Tower A and B) and Plot B (Tower C and D) as well as a corporate office building. All three projects were designed while taking into consideration energy and water efficiency, greenery and reducing indoor air pollutants, in line with the Sunway Group’s policy of having all new buildings completed from 2025 onwards green-certified.

Sustainability Governance Structure

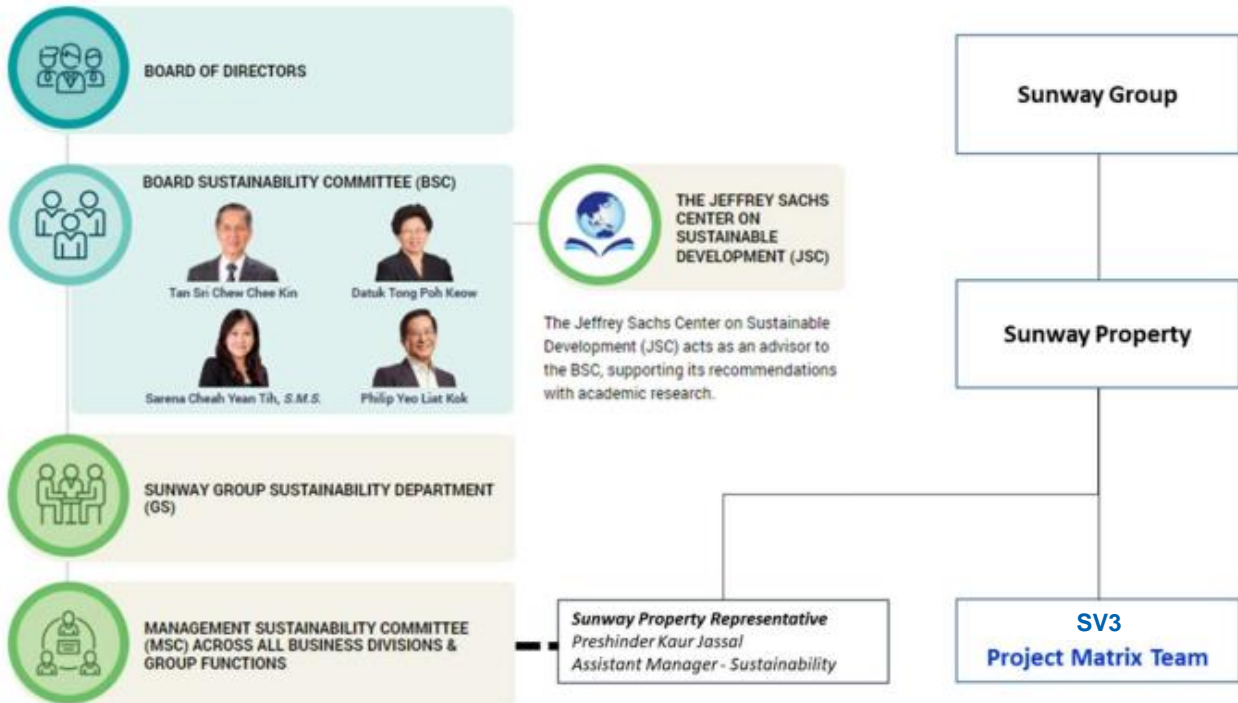


Sunway Berhad has set up a Board Sustainability Committee (BSC) to review, supervise and make recommendations to the Board pertaining to the approval of the Group’s sustainability strategy, environmental, social, and governance (ESG) targets and performance, as well as progress and scorecard. The BSC has approved Sunway’s

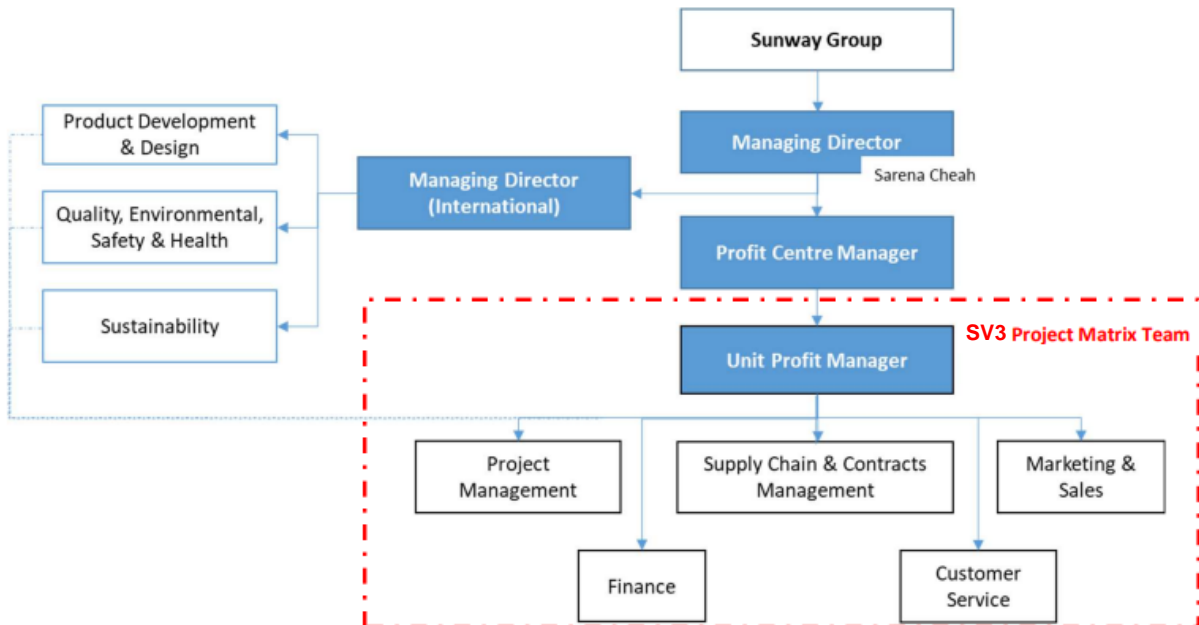
¹The leasehold land under development is held under [Title H.S.(D) 123369, PT50007 and H.S.(D) 123370, PT50008, Seksyen 90, Bandar and Daerah Kuala Lumpur], which was previously under [Title H.S.(D) 122868, PT50002]

Green Building Policy and Green Township Policy with which Sunway’s property division’s and SV3’s operations are aligned.

SV3’s relation to the BSC



The Project Matrix Team



The Project Matrix Team, consisting of personnel from different departments within Sunway's property division, is assigned to various developments.

The Project Matrix Team's roles and responsibilities are as follows:

1. Project Management:
 - Plan, coordinate, and manage design development, including authorities' submissions and approvals.
 - Ensure timely approval for plans up to the issuance of the Certificate of Completion and Compliance (CCC).
 - Oversee construction processes to achieve timely project completion in compliance with specified quality and safety standards while minimising environmental impact through the QESH Management System.
2. Supply Chain & Contracts Management (SCCM):
 - Manage cost control and contracts, ensuring that the project, from inception to completion, remains within budget.
 - Ensure that ESG-related clauses are included in contracts where applicable.
3. Marketing & Sales (M&S):
 - Develop and execute effective sales and marketing strategies to promote and sell properties, to meet launch dates and sales targets.
4. Customer Service:
 - Manage communication with purchasers during the defect liability period, addressing their needs and concerns.
5. Finance:
 - Manage the project's financial aspects throughout the development period.

The Project Matrix Team, led by the Unit Profit Centre Manager (UPCM), collaborates with various departments within Sunway's property division, including Project Management, SCCM, Finance, Customer Service and M&S, and receive support from the Planning Development & Design, Quality, Environmental, Safety & Health, and Sustainability units. ESG elements are continuously considered, ensuring responsible and sustainable practices.

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COMPLIANCE REVIEW FORM

01 IMPACT SIGNIFICANCE ANALYSIS

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


The Framework has been developed to guide SV3’s fund-raising activities to fund projects that will deliver environmental and social benefits, which contribute to and/ or complement the Sunway Group 2030 Goals.

The proceeds from the respective financing instruments will be utilised to support the transition towards a more inclusive and resource-efficient economy that is aligned with the UN SDGs and circular economy concept.


The Framework defines two broad Eligible Categories for the Use of Proceeds which cumulatively support 9 of the 17 UN SDGs:

1. Green Building
2. Renewable Energy

ELIGIBLE CATEGORIES FOR USE OF PROCEEDS

1	Green Building		
<p>Eligibility Criteria: Development of a green building to be certified by a third party in accordance with any one or more of the following green building standards:</p> <ul style="list-style-type: none"> • GreenRE - Gold or above • Green Building Index (GBI) - Gold or above; and • Leadership in Energy and Environmental Design (LEED) - Gold or above <p>or any other equivalent certification</p> <p>Including features, designs and materials that allow for resources to be efficiently utilised.</p>			
Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs	
<ul style="list-style-type: none"> • To mitigate the effects of climate change and reduce SV3’s environmental carbon footprint • To develop green buildings which include and adopt sustainability in its designs, material used, construction and operation 	<ul style="list-style-type: none"> • Reduction in greenhouse gas (GHG) emissions via the development and construction of buildings with green standard certification 	<p>Alignment to the UN SDGs:</p> 	

		<p>UN SDGs: 3, 7, 8, 9, 11, 12, 13, 15 and 17</p> <p>The group's projects align with several UN SDGs, bringing about positive contributions to these global objectives:</p> <ol style="list-style-type: none"> 1. Goal 7: By incorporating solar energy through photovoltaic (PV) cells, the projects promote cleaner and more sustainable energy sources, reducing reliance on fossil fuels and contributing to a cleaner environment. 2. Goals 8, 9 and 11: The project's convenient links to existing infrastructure, hospitals, and public transportation support urban sustainability and enhance accessibility for the community. 3. Goals 3 and 12: The use of low volatile organic compounds (VOCs) interior paint, certified environmental adhesives, and sustainable construction practices underscores responsible and sustainable production methods, reducing environmental impacts. 4. Goal 13: By implementing energy-efficient measures and reducing carbon emissions through solar energy, the projects actively contribute to climate action and the reduction of greenhouse gas emissions. 5. Goal 15: Efforts to manage environmental impact during construction, such as enhancing thermal performance and promoting recycling, contribute to the preservation of terrestrial ecosystems and biodiversity. 6. Goal 17: The projects actively encourage collaboration with multiple stakeholders, fostering partnerships that promote sustainable development and the achievement of various UN SDGs. <p>In essence, these projects align with and actively contribute to the UN SDGs, advancing environmental, social, and economic sustainability.</p>
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			<p>Indicative measurement:</p> <ul style="list-style-type: none"> • Number of certified green buildings including floor space of green buildings meeting the eligibility criteria, by certification type and level • Annual GHG emissions reduced/avoided (tonnes of CO₂e)
2	Renewable Energy		
	<p>Eligibility Criteria: Optimising the use of renewable energy via on-site energy generation and other methods where applicable.</p>		
	Sustainability Objective	Sustainability Benefit	Corresponding to the UN SDGs
	<ul style="list-style-type: none"> • To mitigate climate change and its impacts • To improve energy security by using alternative fuel sources 	<ul style="list-style-type: none"> • Lower the usage of fossil fuels for electricity generation 	<p>Alignment to the UN SDGs:</p>  <p>UN SDGs: 7, 11, 12 and 13</p> <p>Solar energy is harnessed through the installation of PV cells within the project, providing an eco-friendly alternative to electricity generated from fossil fuels. This implementation aims to decrease carbon emissions by reducing reliance on conventional electricity sources.</p> <p>Indicative measurement:</p> <ul style="list-style-type: none"> • Renewable energy saved (MWh) • Annual GHG emissions reduced/avoided (tonnes of CO₂e)

Note: Indicative measurements stated represent examples only and are not exhaustive.

Overall Impact Significance

Overall, the anticipated impact of the Use of Proceeds is assessed to be “Fairly Significant”, considering its potential to contribute to an advanced and transformative sustainable development. The expected sustainability benefits of the Use of Proceeds are highly aligned with SV3’s sustainability approach, the UN SDGs, and national sustainable development priorities.

Exclusion Criteria

The Sustainable Finance Proceeds are excluded from financing projects or activities related to the following industries (Exclusion List):

1. Luxury sectors (precious metals/ precious minerals/ artworks and antiques wholesale or brokerage)
2. Child labour or forced labour
3. Gambling
4. Adult entertainment
5. Weapons and military contracting
6. Alcohol
7. Tobacco
8. Fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels)
9. Nuclear energy
10. Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans
11. Pork products sector; and
12. Large-scale hydro-power projects with a generating capacity of over 25 megawatts.

<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 realization 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 checked="" type="checkbox"/>	Fairly Significant	This level of impact significance is assigned where underlying projects are expected to generate a ground level impact which, although at a lower magnitude than that expected for higher assessment levels, is still considered noteworthy.
<input type="checkbox"/>	Marginal	This level of impact significance is assigned where underlying projects are expected to generate a positive but limited ground level impact.
<input type="checkbox"/>	Not Significant	This level of impact significance is assigned where underlying projects are expected to have negligible ground level impact.

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

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



Principle One: Utilisation of Proceeds

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

In cases of refinancing, SV3 shall endeavour for refinanced projects to have a look-back period of no more than five (5) years from the time of issuance of each instrument.

Any proceeds from each Sustainable Financing Transaction may be used by SV3 and the Sunway Group for working capital requirements, general corporate purposes, refinancing of existing debt concerning the Eligible Projects, fees and expenses in relation to each Sustainable Finance Transaction and/or inter-company advances to Sunway and the subsidiaries within the Sunway Group related to the Eligible Projects, so long as the proceeds are not used to fund new or existing assets, businesses, projects and/or products falling outside the Eligible Projects.

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

- Green Building
- Renewable Energy

Additionally, clear exclusion criteria have been defined by the Framework.

A register of Eligible Projects will be maintained by SV3 that will be periodically reviewed to verify that all assets in the register continue to meet the criteria under the Framework.

Funds held in the Designated Accounts can be utilised to make Permitted Investments. Permitted Investments shall mean:

- (a) Deposits or accounts with licensed Islamic financial institutions in Malaysia; or
- (b) Islamic bankers' acceptances, Islamic bills, and other Islamic money market instruments by licensed financial institutions with a short-term rating of P1 and a minimum long-term rating of AA3/ AA- or their equivalent; or

- (c) Islamic treasury bills, Islamic money market instruments, and Sukuk issued by BNM or the Government of Malaysia (GOM); or
- (d) Islamic unit trust that invests in Islamic money market instruments; or
- (e) Sukuk issued by quasi government or government-related corporations with a short-term rating of P1 and a minimum long-term rating of AA3/ AA- or their equivalent or sukuk guaranteed by the GOM; or
- (f) Sukuk issued by corporations with a short-term rating of P1 and a minimum long-term rating of AA3/ AA- or their equivalent, or by financial institutions or guaranteed by licensed financial institutions with a short-term rating of P1 or a minimum long-term rating of AA3/ AA- or their equivalent.

In MARC Ratings' opinion, the defined eligible Use of Proceeds categories in the Framework meet the criteria for Use of Proceeds as set forth in the GBP/ SBP/ SBG, ASEAN GBS/ SBS/ SUS, the SRI Sukuk Framework and GLP/ SLP.



Principle Two:
Process for Project
Evaluation and Selection

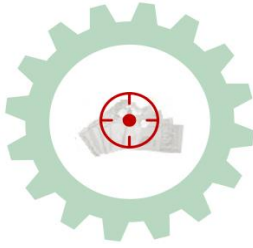
The strategic direction for sustainability at SV3 is guided by the policies set by Sunway Property division for implementation of any sustainability exercise, which includes approval for the Eligible Projects to be funded by the proceeds from the Sustainable Finance Transactions under this Framework.

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

- (a) Design projects with sustainability strategies and features incorporating input by the project matrix team, to ensure alignment with sustainability initiatives and commitments driven by Sunway Group.
- (b) Review and validate the proposed assets in accordance with the guiding principles for selection of Eligible Projects for the Use of Proceeds.
- (c) Evaluate the proposed Eligible Projects against SV3's Sustainable Finance Framework.
- (d) Submit recommendation to Sunway Property division for approval on the selection of the Eligible Projects based on the proposal from the project matrix team; and
- (e) Monitor the Eligible Projects portfolio during the life of the transaction, if applicable. SV3 can decide to replace an Eligible Project if it no longer meets the eligibility criteria by going through steps (b) to (c) above.

The above processes will be managed by the Project Matrix Team, leveraging on Sunway Property division's internal operations, and monitored and governed based on Sunway Group's sustainability governance structure and procedures.

In MARC Ratings' opinion, the processes and governance in place ensure compliance with the requirements.



Principle Three:
Management of
Proceeds

The Sustainable Finance Proceeds shall be allocated to the Eligible Projects selected as per the evaluation and approval process set out above. SV3 will track the Sustainable Finance Proceeds and monitor the allocation of the Sustainability Financing Proceeds internally. The Sustainable Finance Proceeds may be credited into the relevant designated accounts as required under the terms of the Sustainable Finance Transactions, where applicable, which will be monitored and tracked by SV3.

During the life of the Sustainable Finance Transactions, if any assets of the Eligible Projects (Eligible Assets) cease to comply with the Framework, SV3 will identify other assets that comply with the framework for approval by the Sunway Property Division Management and upon approval, allocate the proceeds to the newly identified Eligible Assets as soon as is practicable. Where the aggregate amount of the newly identified Eligible Assets is less than the total outstanding amount of the Sustainable Finance Proceeds, SV3 may hold the balance unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments in accordance with SV3's liquidity policy until the amount can be allocated to new Eligible Assets.

For Sustainable Finance Proceeds allocated for the purpose of refinancing operating projects, in which case the projects' costs were fully disbursed in the past, no separate management of proceeds is required. SV3 is committed to perform the same evaluation in accordance with the Framework for the selection of the Eligible Assets in respect of the already invested capital to ensure the proceeds are used in accordance with the Framework.

In MARC Ratings' opinion, the procedures and governance in place provide assurances that the financing proceeds would be tracked appropriately.

The allocation and impact reporting will be published annually until the maturity of the Sustainable Finance Transactions and such reporting will be made available at www.sunway.com.my.

Allocation Reporting

- The section on allocation in the Sustainable Finance Report will include, among others:
 - List of the Eligible Projects/ Eligible Assets together with a brief description, to which proceeds of the Sustainable Finance Transactions have been allocated to.
 - Aggregate amount of proceeds allocated and used for the Eligible Projects/ Eligible Assets, with a summary on the assets allocated including the purpose, location, and status of the Eligible Projects/ Eligible Assets.
 - Remaining balance of the unallocated proceeds at the end of the reporting period and where such unutilised amount is placed or invested pending utilisation.



Principle Four:
Reporting

- Removal or substitution of Eligible Projects/ Eligible Assets; and
- Confirmation that the Use of Proceeds from the Sustainable Finance Transactions conform to this Framework.

Impact Reporting

Where possible, SV3 will report on the environmental and social impacts associated with the Eligible Projects funded with the proceeds. Subject to the nature of Eligible Projects and availability of information, SV3 aims to include, but not limited to, the following Impact Indicators:

- Impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact.
- Key Performance Indicators achieved in supporting the UN SDGs and SV3’s sustainability ambitions.

Indicative Impact Reporting Criteria

Eligible Projects/ Categories	Indicative Reporting Criteria
Green Building	<ul style="list-style-type: none"> • Green Building Certification • Other relevant information
Renewable Energy	<ul style="list-style-type: none"> • “Estimated” renewable energy generation (MWh) • Annual GHG emissions reduced/avoided (tonnes of CO₂e)

External verifiers may be engaged to verify SV3’s Use of Proceeds and reporting as described in the sections above and such external verifiers’ report will be made available on the designated website, or provided to its financiers/noteholders upon request.

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

Overall, MARC Ratings considers the Framework to be aligned with the core components of the respective standard 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 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 Sunway Group, established in 1974 with a strong commitment to sustainable development, is headquartered in Sunway City, Kuala Lumpur, Malaysia. It boasts a diverse portfolio covering property development, property investment and REIT, building materials, trading and manufacturing, leisure, construction, hospitality, healthcare, and quarry operations. The group's assets under the management of its property investment and REIT divisions amount to approximately RM11.8 billion. It has also provided over 33,000 residential and commercial units in integrated developments across Malaysia and in standalone projects in China, Australia, and Singapore.

The sustainability strategy and commitments of SV3, a division or entity within the Sunway Group, align with the broader goals set by the Sunway Group. These goals can be summarised as follows:

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

These goals are in line with the UN SDGs, and the Sunway Group aims to achieve them by 2030. Additionally, the group is committed to realising its goal of net zero carbon emissions by 2050, in line with the 12th Malaysia Plan.

Green Building Policy

Sunway is committed to ensuring all new developments completed from 2025 onwards are green-certified. The Group defines 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, operation, and maintenance.

Established in 2021, Sunway's Green Building Policy outlines the key requirements that are essential to the development of green townships and buildings. The Policy ensures that the Sunway Group will integrate sustainable practices into the development, operations and management of 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 the stakeholders.

Green Building Certification Accreditation

The developments of Sunway with Green Certification Accreditation² are as follows:

Certified Green Townships and Buildings

CENTRAL		
Type	Property	Green Certification
Township	Sunway City Kuala Lumpur	GBI - Silver (Provisional Cert)
	Sunway Nexis - SOHO	GreenMark - Gold (Provisional Cert)
	Sunway Rymba Hills	GreenMark - Gold (Provisional Cert)
Residential (Built)	Sunway SPK 3 Harmoni	GreenMark - Gold
	Sunway Palazzo	GreenMark - Gold
	Sunway GEOlake Residence	GreenRE - Gold
	Sunway Flora, Bukit Jalil	GreenRE - Platinum (Provisional Cert)
	Sunway Velocity Two - Plot A (Tower A & B)	GreenRE - Gold (Provisional Cert)
	Sunway Velocity Two - Plot B (Tower C & D)	GreenRE - Gold (Provisional Cert)
Residential (New or Upcoming)	Sunway Avila, Wangsa Maju	GreenRE - Gold (Provisional Cert)
	Sunway Serene	GreenRE - Gold (Provisional Cert)
	Sunway Beffield	GreenRE - Platinum (Provisional Cert)
	Sunway D'Hill	GreenRE - Gold (Provisional Cert)
	Sunway Alishan	GreenRE - Gold (Provisional Cert)
	Sunway Artesa, Wangsa Maju	GreenRE - Gold (Provisional Cert)
	Sunway Jermih Residence, Kajang	GreenRE - Bronze (Provisional Cert)
	Sunway Geo Tower	GreenRE - Bronze (Provisional Cert)
	Sunway VivaIdi - Clubhouse	GreenMark - Certified (Provisional Cert)
	Sunway Lagoon Hotel	GreenMark - Gold (Provisional Cert)
Non-Residential (Existing)	(previously known as Sunway Clio Hotel) (Sunway Pyramid Phase 3)	GBI - Certified (Design Assessment)
	Sunway Pinnacle	GBI - Certified (CVA Cert)
	Sunway Visio Tower	GreenMark - Gold
	Sunway Resort Hotel (Renovation)	GreenRE - Silver
	Sunway International School @ USJ1	GreenRE - Platinum (Provisional Cert)
Non-Residential (New or Upcoming)	Sunway Velocity TWO - Corporate Office	GreenRE - Platinum (Provisional Cert)
	Sunway South Quay Square - Office Tower 1	LEED - Gold
	Sunway South Quay Square - Office Tower 2	LEED - Gold
	Sunway Medical Centre Velocity (Phase 2)	GreenRE - Silver (Provisional Cert)

Note: CVA refers to Completion and Verification Assessment.

SOUTHERN		
Type	Property	Green Certification
Township	Sunway City Iskandar Puteri	GBI - Silver (Provisional Cert)
Residential (New or Upcoming)	Sunway GRID Residence	GreenRE - Gold (Provisional Cert)
	Sunway Lenang Heights	GreenRE - Silver (Provisional Cert)
Non-Residential (Existing)	Sunway Citrine Hub	GreenRE - Bronze (Provisional Cert)
	Sunway Southern Region Office	GBI - Certified (CVA Cert)
Non-Residential (New or Upcoming)	Sunway Grid Hub	GreenRE - Silver (Provisional Cert)
	SJK (C) Cheah Fah	GreenRE - Platinum (Provisional Cert)

NORTHERN		
Type	Property	Green Certification
Residential (Built)	Sunway MontBleu (Ipoh)	GreenMark - Gold (Provisional Cert)
Residential (New or Upcoming)	Sunway Onsen Suites	GreenRE - Gold (Provisional Cert)
	Sunway Dora	GreenRE - Bronze (Provisional Cert)
Non-Residential (Existing)	Sunway Property @ Anson Road	GBI - Gold (Provisional Cert)
	Sunway Carnival Mall (Expansion)	GreenMark - Gold Plus (Provisional Cert) GreenRE - Gold (Provisional Cert)

Sunway's Sustainability Goals:

By 2025:

1. Green Certification for New Townships: Sunway is committed to ensuring that all new townships developed by 2025 achieve green certification. This means that these townships will meet stringent environmental standards, encompassing aspects such as energy efficiency, waste management, and sustainable infrastructure. Green-certified townships contribute to the preservation of the natural environment and the well-being of their communities.

2. Green-Certified Buildings: In alignment with its sustainability vision, Sunway aims to have all newly completed buildings achieve green certification by 2025. Green-certified buildings are designed, constructed, and operated with a focus on reducing their environmental impact. This includes features such as energy-efficient systems, sustainable materials, and responsible resource management.

By 2030:

1. Waste Diversion: Sunway is striving to divert 40% of its waste from landfills by 2030. This ambitious target underscores its commitment to responsible waste management practices. Reducing landfill waste helps mitigate environmental pollution and conserves valuable land resources.

2. Environmental Compliance in Construction: All ongoing construction sites within Sunway's projects are expected to adhere to ISO 14001:2015 standards. This international standard for environmental management systems ensures that construction activities minimise their environmental footprint. It includes practices such as reducing pollution, conserving resources, and promoting sustainable construction techniques.

² The Green Certification Accreditation listed are as published in the Sunway Berhad Sustainability Report 2022.

3. Occupational Health & Safety (OHS): Sunway aims to have all relevant business divisions achieve ISO 45001:2018 certification for Occupational Health & Safety Management Systems by 2030. Additionally, it targets to achieve OHS culture at Level 4 or higher. This demonstrates a strong commitment to employee safety and well-being, which is essential in any construction and development industry.

Sunway Property Division Role and Initiatives:

1. **Green Certification Mandate:** Sunway Property, as a part of Sunway Berhad, plays a crucial role in implementing these sustainability goals. It requires all new projects and townships under its management to achieve green certification. This includes ensuring that sustainability practices are integrated into the design, construction, and operational phases of each development. The emphasis on green certification highlights the company's dedication to reducing its carbon footprint and environmental impact.
2. **Continuous Improvement:** Sunway Property is actively involved in the ongoing improvement of construction sites' environmental performance. This includes efforts to increase waste diversion rates and closely monitor resource usage, including diesel, electricity, and water. These initiatives are aligned with Sunway's 2030 targets and reflect a commitment to sustainable development practices.
3. **Sustainability Across Projects:** Sunway Property extends its sustainability initiatives to encompass various aspects of its projects. This includes ensuring compliance with environmental standards, collecting data on energy and water consumption, and setting waste diversion targets. Social strategies emphasise customer service, community engagement, safety considerations during design, and the use of environmentally friendly materials.
4. **Supplier Management:** The company also manages and monitors its suppliers at construction sites, focusing on quality, environmental responsibility, safety, and health. This ensures that sustainability practices are upheld throughout the supply chain.
5. **Performance Assessment and Reporting:** Sunway Property conducts regular performance assessments and ratings for its projects. These evaluations help benchmark project performance and identify areas for improvement. Contracts with consultants and contractors emphasise the importance of compliance with sustainability standards. Data on energy, water usage, and waste diversion are disclosed annually in the Sustainability Report, promoting transparency and accountability.
6. **Green Building Achievements:** Sunway Property has already achieved significant milestones in green building construction. Projects like Sunway Velocity Two Tower A & B and Sunway Velocity Two Corporate Tower have attained notable GreenRE certifications, demonstrating its commitment to environmentally friendly construction practices.
7. **Sustainable Design Considerations:** All Sunway Property projects prioritise sustainability by considering factors such as energy efficiency, renewable energy sources, the incorporation of green spaces, efforts to reduce indoor air pollutants, and the use of sustainable construction techniques.
8. **Community and Transportation:** Sunway Property's developments, including SV3 within Sunway Velocity, offer integrated communities with residential, office, retail, and healthcare facilities, along with convenient access to public transportation via link bridges. This holistic approach enhances the quality of life for residents and reduces the reliance on individual vehicles, promoting sustainability.

9. **ESG Metrics and Compliance:** Sunway Property closely monitors ESG metrics related to its staff and operations. This includes tracking environmental, safety, and health compliance at development sites, particularly in ongoing construction. The company's commitment to obtaining ISO 45001 certification in 2023 reflects its dedication to ensuring a safe and healthy workplace.
10. **Sustainability Oversight:** Sustainability initiatives across Sunway Property are overseen by the Sustainability Department, which formulates policies and ensures their implementation. The department periodically collects data from developments, enabling the company to report on progress and align with the overall sustainability goals of the Sunway Group.

In summary, Sunway and its property division, Sunway Property, are deeply committed to sustainability across all aspects of its operations. Its goals include achieving green certification for developments, reducing waste, ensuring environmental compliance in construction, promoting occupational health and safety, and fostering community well-being. These efforts reflect a holistic approach to sustainable development that encompasses environmental, social, and governance considerations.




Overall, MARC Ratings believes that SV3'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 them are major concern.</p>

05 MARC RATINGS BERHAD

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

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

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

For more information, visit www.marc.com.my or contact us at ratings@marc.com.my.

Appendix

Review of Compliance with GBP/ SBP/ SBG, ASEAN GBS/ SBS/ SUS, and SRI Sukuk Framework

Issuer: SV3's Sustainable Financing Framework

Key Additional Features to comply with for sukuk issuance:

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

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Issuer <u>ASEAN GBS/ SBS/ SUS</u> 3.1 <i>The issuer must be an ASEAN issuer, or the eligible green and/ or social project(s) must be in an ASEAN country.</i></p> <p><u>SRI Sukuk Framework</u> 7.02 <i>The proceeds (of Sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</i></p> <p>7.03 <i>An issuer must not– (a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</i></p> <p>7.04 <i>An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</i></p> <p>7.05 <i>The information relating to the issuer and the details of the issuer’s SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.</i></p>	<p><i>SV3 is an ASEAN issuer.</i></p> <p><i>The Sukuk proceeds will be applied exclusively for the funding of activities falling within those broad categories of eligibility recognised by the SC’s SRI Sukuk Framework.</i></p> <p><i>The issuer intends to issue SRI sukuk that complies with the Guidelines.</i></p> <p><i>SV3 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 its website as indicated in the Framework.</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> <ul 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 greenhouse gas 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 society. <p>7.08 The Eligible SRI projects may include but not limited to the following:</p> <ul 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 socio-economic 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>Eligible projects as defined by the Framework will achieve any one or a combination of objectives (a) through (f) set out in paragraph 7.07 of the SRI Sukuk Framework.</p> <p>The Eligible Categories outlined in the Framework are aligned to one or more of the following Green and Social project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework 7.08:</p> <ul style="list-style-type: none"> • Green Building • Renewable Energy 	

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 <i>The utilisation of issue proceeds must be described in the documentation for issuance.</i></p> <p>4.1.2 <i>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.</i></p> <p>4.1.3 <i>All designated Green and/or Social Projects must provide clear environmental/social benefits, which will be assessed and, where feasible, quantified by the Issuer.</i></p> <p>4.1.4 <i>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.</i></p>	<p><i>The utilisation of proceeds is described in the Framework.</i></p> <p><i>The eligible Use of Proceeds categories identified by the Framework are aligned with the social and green project categories recognised by the Standards.</i></p> <p><i>The eligible Use of Proceeds project categories set out in the Framework are recognised as impactful by ASEAN Standards.</i></p> <p><i>The issuer has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, the issuer shall endeavor for refinanced projects to have a look-back period of no more than five (5) years from the time of issuance of each instrument.</i></p>	<p><i>MARC Ratings has reviewed the Social and Green Eligible Categories and concluded that the eligible projects/financing fulfill the applicable criteria to be considered green and/or social for the purposes of the GBP/SBP, ASEAN GBS/SBS and SC's SRI Sukuk Framework.</i></p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Process for Project Evaluation and Selection</p> <p><u>SRI Sukuk Framework</u> 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> 4.2.1 The issuer must clearly communicate to investors: (i) The environmental/ social sustainability objectives; The Eligible Categories are framed in the context of SDGs with specific E&S objectives; (ii) The process by which the Issuer determines how the projects fit within the identified eligible project categories; and (iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social (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 issuer has established internal processes for project evaluation and selection which provide for senior management involvement.</p> <p>The Eligible Categories in the framework are framed in the context of SDGs with specific social and environmental objectives.</p> <p>The Framework details an internal process by which Eligible Projects are assessed and selected to ensure fulfillment of criteria. SV3 will not be utilising the Sustainable Finance Proceeds for projects included in the following exclusion criteria below:</p> <ul style="list-style-type: none"> • Luxury sectors (precious metals/ precious minerals/ artworks and antiques wholesale or brokerage) • Child labour or forced labour • Gambling • Adult entertainment • Weapons and military contracting • Alcohol • Tobacco • Fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels) • Nuclear energy • Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans • Pork products sector; and • Large-scale hydro-power projects with a generating capacity of over 25 megawatts. <p>The issuer has appointed MARC Ratings as the external reviewer for its Framework. The issuer has committed to make the required information available on its corporate website.</p>	<p>The eligibility criteria are clearly communicated in the Framework.</p> <p>The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.</p> <p>Where applicable, SV3 will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Projects.</p> <p>SV3 also disclosed that the respective project teams will assume the responsibility for monitoring the Eligible Projects during the life of the transaction and will report to the Sustainability Committee as soon as practicable in the case where an Eligible Project no longer meets the eligibility criteria. An Eligible Project that ceases to meet the eligibility criteria can be substituted with other Eligible Project(s) that is evaluated and selected in accordance with the aforesaid procedures.</p> <p>The Framework will provide information on the process for project evaluation, and SV3 will issue a progress report on an annual basis that will provide information on the allocation and impacts throughout the tenure of the Sukuk. MARC Ratings' external review assessment will also be made available on its corporate website indicated in the Framework.</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><u>ASEAN GBS/ SBS/ SUS</u> 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 If the Bonds are outstanding, the balance of the tracked net proceeds must be periodically adjusted to match allocations to eligible projects made during that period.</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>SV3 will monitor the allocation of the Sukuk proceeds and the Eligible Projects portfolio internally.</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 financing.</p> <p>The net proceeds from the issue of the Sukuk will be internally tracked. SV3 will invest the balance of unallocated proceeds in the permitted investment instruments in accordance with SV3's cash management policy.</p> <p>The Framework discloses the temporary placement for the balance of unallocated net proceeds, subject to its liquidity management policy.</p> <p>SV3 will track the allocation of funds internally.</p>	<p>An area of improvement will be to state in the Framework that SV3 will ensure that the aggregate value of the Eligible Projects portfolio matches or exceeds the balance of net proceeds of outstanding Sukuk and will undertake periodic reconciliation of the tracked proceeds to allocations made to Eligible Projects.</p> <p>Issuer to ensure that the relevant information is disclosed in the documentation of the Bonds.</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 a high level of transparency.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Reporting</p> <p><u>ASEAN GBS/ SBS/ SUS</u></p> <p>4.4.1 Issuers must report to investors at least on an annual basis and are encouraged to make more frequent reporting on the Use of Proceeds until full allocation, and on a timely basis in the case of material developments. The annual report should include a list of the projects to which the Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.</p> <p>4.4.2 Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the Issuer may present the information in generic terms or on an aggregated portfolio basis (e.g., percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that Issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>4.4.4 It is recommended that the Issuer's annual reporting on the Use of Proceeds be supplemented by a confirmation of such Use of Proceeds by an external reviewer along with any relevant updates of the external review.</p> <p>4.4.5 The Issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the Bonds.</p> <p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.16 The following information must be included:</p> <p>a) The overall SRI objectives that the issuer intends to achieve;</p> <p>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</p>	<p>The allocation and impact reporting will be published annually until the maturity of the Sustainable Finance Transactions and such reporting will be made available on www.sunway.com.my.</p> <p>(a) Allocation Reporting</p> <p>The section on allocation in the Sustainable Finance Report will include, among others:</p> <ul style="list-style-type: none"> • List of the Eligible Projects/ Eligible Assets together with a brief description, to which proceeds of the Sustainable Finance Transactions have been allocated to. • Aggregate amount of proceeds allocated and used for the Eligible Projects/ Eligible Assets, with a summary on the assets allocated including the purpose, location, and status of the Eligible Projects/ Eligible Assets. • Remaining balance of the unallocated proceeds at the end of the reporting period and where such unutilised amount is placed or invested pending utilisation. • Removal or substitution of Eligible Projects/Eligible Assets; and • Confirmation that the Use of Proceeds from the Sustainable Finance Transactions conform to the Framework. <p>(b) Impact Reporting</p> <p>Where possible, SV3 will report on the environmental and social impacts associated with the Eligible Projects/ Eligible Assets funded with the proceeds from the Sustainable Finance Transactions, including information on the methodology and assumptions used to determine the impact or expected impact. Subject to the nature of Eligible Projects/ Eligible Assets and availability of information</p> <p>The Issuer has committed to providing information items (a) through (h) within its Sustainable Financing Framework.</p>	<p>Updates of the external review are encouraged by the ASEAN Standards but are strictly voluntary.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>amount of proceeds being allocated for refinancing and which Eligible SRI projects to be refinanced;</p> <p>c) The Eligible SRI projects in which the proceeds will be allocated; d) The details of the Eligible SRI projects and to the extent possible, impact objectives from the Eligible SRI projects;</p> <p>d) The processes used by the issuer to evaluate and select the Eligible SRI projects;</p> <p>e) The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects;</p> <p>f) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</p> <p>g) 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>		
<p>External Review <u>SRI Sukuk Framework</u> 7.17 If an external reviewer is appointed to assess and provide report on the Eligible SRI projects or the issuer's compliance with the requirements under these Guidelines, such external reviewer's report must be made available on the designated website.</p> <p><u>ASEAN GBS/ SBS/ SUS</u> 5.1 Issuers are recommended to appoint external review providers for the bond issuances or programmes.</p> <p>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.</p> <p>5.3 The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</p> <p>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 the independent external reviewer for the Framework. The external reviewer's report will be made available on a designated website.</p> <p>The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</p> <p>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' 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)

<p>Borrower: SV3's Sustainable Finance Framework</p> <p>Note:</p> <p>The Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA) view that it is important to provide market practitioners with clarity on their application of financing guidelines and promote a harmonised approach. Hence, APLMA, LMA and LSTA have produced guidelines to harmonise with the Green Loan Principles (GLP) and Social Loan Principles (SLP).</p>		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><u>GLP/SLP/APLMA/LMA/LSTA</u></p> <p>Use of Proceeds The standards explicitly recognise several broad categories of eligibility for Green and/or Social Projects with the objective of addressing key areas of environmental concern such as climate change, natural resources depletion, loss of biodiversity, and air, water and soil pollution.</p> <p>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.</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 and/or Social loan may take the form of one or more tranches of a loan facility. In such cases, the loan tranche(s) must be clearly designated, with proceeds of the tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</p> <p>Process for Project Evaluation and Selection The borrower of a green and/or social loan should clearly communicate to its lenders:</p> <ul style="list-style-type: none"> • their 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 and social risks associated with the proposed projects. • Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, 	<p>All designated Green and/or Social Projects have clear environmental and/or social benefits, which will be assessed, and where feasible, quantified, measured, and reported by the borrower.</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 and/or Social Projects.</p> <p>The Borrower 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.</p>	

<p><i>policy and/or processes relating to environmental sustainability.</i></p> <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 and/or social loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.</i></p> <p><i>Where a green and/or social loan takes the form of one or more tranches of a loan facility, each tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</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 and/or social 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/SLP recommend that information is presented in generic terms or on an aggregated project portfolio basis. Information need only be provided to those institutions participating in the loan.</i></p> <p><i>Transparency is of value in communicating the expected impact of projects. The GLP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures (for example, energy capacity, electricity generation, greenhouse gas emissions reduced/avoided, etc.) and disclosure of the key underlying methodology and/or assumptions used in the quantitative determi-</i></p>	<p><i>The net proceeds from the loans will be internally tracked. The Borrower will invest the balance of unallocated proceeds in the permitted investment instruments in accordance with its cash management policy.</i></p> <p><i>The Borrower will issue a progress report on an annual basis, which will provide information on the allocation and impacts throughout the tenure of the financing facility. This report will be made available at www.sunway.com.my</i></p> <p><i>The section allocation in the Sustainable Finance Report will include, among others:</i></p> <ul style="list-style-type: none"> <i>• List of the Eligible Projects/Eligible Assets together with a brief description, to which proceeds of the Sustainable Finance Transactions have been allocated to.</i> <i>• Aggregate amount of proceeds allocated and used for the Eligible Projects/Eligible Assets, with a summary on the assets allocated including the purpose, location and status of the Eligible Projects/Eligible Assets.</i> <i>• Remaining balance of the unallocated proceeds at the end of the reporting period and where such unutilised amount is placed or invested pending utilisation.</i> <i>• Removal or substitution of Eligible Projects/Eligible Assets; and</i> <i>• Confirmation that the Use of Proceeds from the Sustainable Finance Transactions conforms to this Framework.</i> <p><i>Where possible, SV3/ Sunway Group will report on the environmental and social</i></p>	
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<p><i>nation. 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 and/or social loan process and there are several levels and types of review that can be provided to those institutions participating in the loan.</i></p> <p><i>An external review may be partial, covering only certain aspects of a borrower’s green and/or social loan or associated green and/or social framework or full, assessing alignment with all four core components of the GLP/SLP. It should be made available to all institutions participating in the green and/or social loan on request. When appropriate, and considering confidentiality and competitive considerations, borrowers should make publicly available the external review, or an appropriate summary, via their website or otherwise.</i></p>	<p><i>impacts associated with the Eligible Projects/Eligible Assets funded with the proceeds from the Sustainable Finance Transactions, including information on the methodology and assumptions used to determine the impact or expected impact.</i></p> <p><i>MARC Ratings has been engaged as the independent external reviewer for the Framework. The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</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 loan assessments analysis that is published on its website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</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



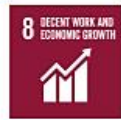
GOAL 5: Achieve gender equality and empower all women and girls



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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