

MARC

MALAYSIAN RATING CORPORATION BERHAD

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ASEAN SUSTAINABILITY SRI SUKUK MURABAHAH
PRE-ISSUANCE SUSTAINABILITY SUKUK FRAMEWORK
ASSESSMENT
OCTOBER 2021



SUSTAINABLE DEVELOPMENT
SUKUK

Malaysian Rating Corporation Berhad has been engaged by UEM Sunrise Berhad as an independent external reviewer for its Sustainability Sukuk Framework. This external review was conducted according to the analytical framework in MARC's Impact Bond Assessment (IBA) methodology that is published on its website.

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SUMMARY

UEM Sunrise Berhad (UEMS and/or the Company) has engaged Malaysian Rating Corporation Berhad (MARC) to review its Sustainability Sukuk Framework (Framework) that has been established to set guidelines for the company's issuances of ASEAN Sustainability Sustainable and Responsible Investment (SRI) Sukuk Murabahah to be issued pursuant to UEMS' Islamic Commercial Papers Programme and Islamic Medium-Term Notes Programme, both with a combined aggregate limit of up to RM4.0 billion in nominal value (hereafter, Sustainability Sukuk). In assigning the assessment, MARC has relied on pre-issuance information provided by UEMS and associated parties as well as interviews with its management.

MARC's external review consists of three parts: an impact significance analysis based on UEMS' Framework; an assessment of alignment with the ASEAN Sustainability Bond Standards (ASEAN SUS), the ASEAN Green Bond Standards (ASEAN GBS) and the ASEAN Social Bond Standards (ASEAN SBS) (collectively referred to as the ASEAN Standards) in addition to Securities Commission Malaysia's (SC) SRI Sukuk Framework in the Securities Commission Malaysia's (SC) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework; and an evaluation of the issuer's sustainability implementation capacity and performance. Developed in consultation with the International Capital Market Association (ICMA) and administered by the ASEAN Capital Markets Forum (ACMF), the ASEAN Standards are aligned with ICMA's Sustainability Bond Guidelines, Green Bond Principles (GBP) and Social Bond Principles (SBP), respectively (hereafter, collectively referred to as the ICMA Principles).

UEMS is the property development arm of UEM Group Berhad, which is wholly owned by Khazanah Nasional Berhad (Khazanah), the strategic investment fund of the Government of Malaysia. The principal activities of the UEMS Group of Companies are the development of large townships as well as high-rise and landed residential, commercial, retail and integrated development properties. It is also involved in project, construction and property management. Publicly listed UEMS is one of Malaysia's leading property developers and has earned a reputation for upmarket developments.

The Use of Proceeds outlined in the Framework are coherent with the issuer's sustainability strategy and the United Nations Sustainable Development Goals (SDGs) that are most important or material to its business activities. Sustainability Sukuk proceeds may finance or refinance in whole or in part, a combination of new or existing assets, businesses, projects and/or products that are eligible (Eligible Assets) based on the criteria set forth in the Framework.

The establishment of the Framework aligns UEMS' strategic sustainability objectives with its funding and financial strategy. UEMS has identified six eligible project categories which are integral to its township and property development businesses and deliver the most positive societal and environmental impacts:

1. Green Buildings
2. Energy Efficiency and Renewable Energy
3. Affordable Housing
4. Pollution Prevention and Control
5. Sustainable Water and Wastewater Management
6. Socioeconomic Advancement and Empowerment

The eligible project, asset categories and specified eligibility criteria within each aforementioned category align with the ASEAN Standards. The mix of Eligible Assets that will be financed by Sustainability Sukuk proceeds will deliver environmental and social value, as well as contribute directly to the achievement of a number of SDGs. Eligible green projects are expected to contribute to the

following environmental objectives of climate change mitigation and adaptation, pollution prevention and control, and sustainable use of water resources. The eligible social projects contribute to building more inclusive and strengthened communities through inclusive housing and education, and poverty alleviation.

The Framework aligns with the four common core components of the ASEAN Standards: (1) use of proceeds, (2) process for project evaluation and selection, (3) management of proceeds and (4) reporting. UEMS is expected to involve members of various functional areas to identify, evaluate and select eligible assets. In addition to meeting the eligibility criteria, all projects financed undergo a due diligence process which ends with the final approval of selected projects by the Chief Executive Officer (CEO) and/or the Chief Financial Officer (CFO) and/or any one Director of the Company. Additionally, MARC considers the process for the management of environmental and social (E&S) risks of eligible projects to be sufficiently robust and aligned with market best practices.

The net proceeds from the issue of the Sustainability Sukuk will not be credited to a segregated account. Instead, the proceeds from the issuance of the Sustainability Sukuk will be tracked and managed internally. During the life of the Sustainability Sukuk, Eligible Assets will be added to or removed from the portfolio of Eligible Assets to the extent required. If an asset is removed from the Eligible Asset portfolio, UEMS will strive to replace the asset with another Eligible Asset as soon as reasonably practicable. Unallocated proceeds will be invested in cash, cash equivalents and/or Shariah-compliant marketable instruments until disbursement to eligible projects. MARC assesses the process for the management of proceeds to be aligned with market practices.

UEMS will publish a Sustainability Sukuk Report on its website on an annual basis so long as there are any Sustainability Sukuk outstanding under the Sukuk Programmes. Each report will provide the following information, among others: the use and allocation of the Sustainability Sukuk proceeds, the unutilised amount and where such unutilised amount is placed or invested pending utilisation, the removal or substitution of Eligible Assets, and the sustainability impacts of Eligible Assets together with key performance indicators.

Based on our review of the relevant documentation and assessment as per our IBA methodology, we have assigned a “Gold” IBA to UEMS’ Sustainability Sukuk Framework. MARC also opines that the aforementioned framework is correspondingly aligned with the core components of the ASEAN Standards and the SC’s SRI Sukuk Framework.

Introduction

UEMS develops townships as well as high-rise and landed residential, commercial, retail and integrated developments. It is also involved in project, construction, and property management. UEMS has a strong geographical presence in both the central and southern regions of Peninsular Malaysia. UEMS has also extended its geographic footprint with developments in Singapore, Australia and South Africa. As part of its strategic expansion, the Group has also entered into joint ventures and partnerships with reputable local developers as well as local and overseas business partners.

UEMS is the master developer of Iskandar Puteri, one of Iskandar Malaysia’s five flagship zones in the state of Johor. It has created and delivered a number of award-winning high-rise residential and commercial and mixed-use developments in the central and southern regions. To a large extent, this evidences the merits of its long-term placemaking strategy that is at the heart of the planning and design of its developments. Placemaking aligns with UEMS’ corporate objective of ‘Building Beyond Buildings’ and its sustainability vision of building communities of the future that deliver positive impacts economically, socially and environmentally.

UEMS is presently in the midst of a business transformation that will see the company evolve beyond the scope of property development into a real estate player offering services and products across the property value chain. Prior to 2020, the earlier phases of UEMS' transformation were focused on improving its internal processes, rebalancing its landbank portfolio and strengthening its balance sheet to weather the challenging operating environment for the property sector. The focus, going forward, is to transform UEMS into a balanced real estate company with sustainable returns by 2025. As at end-2020, UEMS' ongoing projects comprise 16 developments in the southern region, mainly residential developments in Iskandar Puteri, and 10 developments in the central region. Its total landbank stood at approximately 11,000 acres as at end-2020. The transformation focus in 2021 and 2022 will be on pursuing digitalisation and creating new revenue streams.

UEMS' sustainability journey has evolved from an initial focus on introducing sustainable property features in its developments since 2010 to an inclusion of sustainability in corporate strategy, operations and culture. The management of sustainability risks and opportunities that are most important to UEMS' own value creation are now integrated into UEMS' business activities. UEMS has been a constituent of the FTSE4Good Bursa Malaysia Index since 2014, an index launched by Bursa Malaysia and FTSE Russell to identify Malaysian public-listed companies demonstrating strong environmental, social and governance (ESG) practices. UEMS was also named winner of the Industry Excellence Award in the Property category at the Minority Shareholders Watch Group (MSWG)-ASEAN Corporate Governance Awards 2020.

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APPENDIX


COMPLIANCE REVIEW FORM



01 IMPACT SIGNIFICANCE ANALYSIS

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





The Sustainability Sukuk proceeds will be allocated exclusively to green, social or sustainability projects. The eligible use of proceeds, as defined in the Framework, can be grouped into six broad categories:




1. Green Buildings
2. Energy Efficiency and Renewable Energy
3. Affordable Housing
4. Pollution Prevention and Control
5. Sustainable Water and Wastewater Management
6. Socioeconomic Advancement and Empowerment







Green Project Category: Green Buildings		
<p>Sustainability Objective: Climate change mitigation</p> <p>Sustainability Benefits: Reduction of energy consumption and avoidance of greenhouse gas (GHG) emissions</p> <p>Under the green building category, UEMS targets buildings that have received a certification at the defined threshold level or better under any of the identified building certification schemes in the Framework. The minimum eligibility criteria ensures that the buildings that are financed under this category will have recognisable positive environmental impact.</p>  <p><i>Residensi Allevia, UEMS' high-rise residential development at Mont'Kiara, was awarded a GreenRE Gold certification in 2020</i></p>	<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> • Development of green buildings; residential, commercial or industrial developments that meet the widely accepted green certification standards locally or such as: <ul style="list-style-type: none"> – Leadership in Energy and Environmental Design (LEED) (minimum Gold) – Building Research Establishment Environmental Assessment Method (BREEAM) (minimum Excellent) – Green Building Index (GBI) (minimum Gold) – GreenRE (minimum Gold) – Building and Construction Authority (BCA) Green Mark (minimum Gold) – WELL Building Standard (minimum Gold) 	<p>Alignment to SDGs:</p> <p>Buildings are responsible for over 30% of global GHG emissions and are a major contributor to climate change. Energy and resource efficient buildings contribute substantially to reducing GHG emissions and the environmental footprint.</p> <p>This eligible category is likely to make a direct contribution to: SDG 11, target 11.3: By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management.</p>  <p>In addition, the buildings will likely contribute to SDGs 7 and 13.</p>  

Green Project Category: Energy Efficiency and Renewable Energy		
<p>Sustainability Objective: Climate change mitigation</p> <p>Sustainability Benefits: Reduction of energy consumption and avoidance of GHG emissions</p> <p>Eligible Assets that will be financed under this green project category will contribute to the achievement of national targets under Malaysia’s National Energy Efficiency Action Plan 2016 and Green Technology Master Plan Malaysia (GTMP) 2017-2030.</p> <p>Malaysia has set a target to improve the renewable energy capacity in its power mix to 31% by 2025 in its Power Sector Development Plan 2021-2039. The government’s plan for renewable energy forms part of wider efforts to ensure Malaysia achieves its pledged commitment to reduce its GHG emissions up to 45% in terms of emission intensity of GDP by the year 2030 relative to 2005 levels.</p>	<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> Investment and/or inclusion of renewable energy and/or improved product energy efficiency in the development of either residential, commercial or industrial developments and investment in properties with renewable energy and/or improved product energy efficiency. <p>Solar panel ready homes and solar-powered street lighting are among the green features that UEMS has embedded in some of its developments and townships.</p>	<p>Alignment to SDGs:</p> <p>Using energy more efficiently is one of the most effective ways to reduce GHG and meet growing energy demand. By lowering overall electricity demand, energy efficiency improvements help reduce the need for new electricity generation and transmission infrastructure. Renewable energy deployment, meanwhile, will further national energy security goals and contribute to climate change mitigation.</p> <p>Eligible Assets will contribute to SDG 11 in the context of creating sustainable communities.</p>  <p>This eligible category will also likely make direct contributions to SDG 7 and corresponding targets: SDG 7, target 7.2: By 2030, increase the share of renewable energy in the global energy mix. SDG 7, target 7.3: By 2030, double the global rate of improvement in energy efficiency.</p> 
Social Project Category: Affordable Housing		
<p>Sustainability Objective: Improved equity and inclusion through ownership of assets</p> <p>Sustainability Benefit: Increased access to affordable housing for the target population of B40 and M40*</p> <p>Projects that will be financed under this category will serve the affordable housing needs of individuals and families living on low and moderate incomes. The gap between household wages and the cost</p>	<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> Development of affordable residential housing, in support of state and federal government initiatives that promote housing affordability. <p>The provision of affordable housing supports two core strategies of the National Housing Policy (NHP) 2018–2025, namely to improve the accessibility and affordability of housing, and to ensure good</p>	<p>Alignment to SDGs:</p> <p>Adequate, safe and affordable housing is fundamental to the health and well-being of people and to the smooth functioning of economies. A lack of quality, affordable housing affects urban equity and inclusion, well-being and livelihood opportunities. Already a challenge before COVID-19, the issue of affordable housing has only grown more severe since the pandemic. The rise in housing prices is impacting both the availability of affordable housing and the number of households that are housing cost-burdened.</p>

Social Project Category: Affordable Housing (Cont'd)		
<p>of housing is particularly concerning in urban areas where the growing urban population is also putting pressure on affordable home access. The Malaysian Housing Price Index shows that average house prices across Malaysia have almost doubled between 2010 and 2020.</p> <p>UEMS has launched approximately 7,351 affordable houses to date measuring 850 square feet to 1,400 square feet with three bedrooms and two bathrooms, all of which are located in populated and matured areas with accessibility to business and employment opportunities. Many of its recent developments and project launches in the central and southern regions cater to middle-income group. Two new affordable housing schemes are planned in 2021 in Iskandar Puteri in Iskandar Malaysia, Johor.</p> <p>* B40 refers to the bottom 40% while M40 refers to the middle 40% of income earners in Malaysia</p>	<p>quality housing for all. The construct of an affordable house includes not only the price of the house and its physical size and amenities, but also its location – housing cannot be considered affordable if it is located far from economic opportunities.</p> <p>The regulations governing the development, sale and purchase of affordable housing and buying, including resales of affordable housing provides assurance that qualifying projects financed under this category will benefit low- or middle-income groups as intended.</p>  <p><i>Affordable housing development by UEMS in Denai Nusantara, Iskandar Puteri for B40 and M40 households under the Johor State Government's Rumah Mampu Biaya Johor programme, previously known as the Rumah Mampu Milik Johor (RMMJ) programme.</i></p>	<p>This eligible category directly contributes to SDG 11 and target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing.</p>  <p>The provision of affordable housing will also contribute to achieving SDG 10 more broadly in that homeownership is an important means by which to build wealth and equity.</p> 
Green Project Category: Pollution Prevention and Control		
<p>Sustainability Objective: Pollution prevention and control</p> <p>Sustainability Benefit: Increased resource efficiency and reduced burden on landfills</p> <p>Eligible Assets selected under this project category will contribute towards reducing the burden on landfills. The active and sustained community participation is critical to the success of recycling efforts which are currently affected by a generally low level of awareness and participation of Malaysian households in recycling. Malaysia's recycling</p>	<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> • Development of recycling facilities and systems for the community and education programme for the community. <p>UEMS develops community recycling facilities for different recyclable wastes. In December 2020, UEMS collaborated with social enterprise Kloth Malaysia Sdn Bhd to place a fabric recycling bin in Publika shopping mall in Solaris Dutamas to divert fabric away from landfills through reuse, repurposing and recycling.</p>	<p>Alignment to SDGs:</p> <p>Mobilisation of local communities to participate in recycling through awareness programmes and provision of recycling facilities will allow more materials to be recycled rather than sent to a landfill. This will also spur communities to move towards more sustainable patterns of consumption by 2030.</p> <p>Recycling also helps to conserve natural and non-renewable resources and ultimately contributes to a more resource-efficient and climate change resilient economy.</p> <p>Community recycling programmes will also contribute to SDGs 3 and 11, in particular targets 3.9 and 11.6.</p>

Green Project Category: Pollution Prevention and Control (cont'd)		
<p>rate of 28% in 2017 is less than half of countries such as Germany and Singapore (2017: 68% and 61%, respectively).</p> <p>Waste can be prevented through reduction, recycling and reuse.</p>	 <p><i>Recycling bins at Publika.</i></p> <p>Since then, an e-waste bin has also been placed in Publika. UEMS plans to introduce community recycling programmes in other locations.</p>	<p>SDG 3, target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p> <p>SDG11, target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>   <p>The provision of community recycling programmes will also contribute to achieving SDG 12 more broadly by promoting responsible consumption.</p> 
Green Project Category: Sustainable Water and Wastewater Management		
<p>Sustainability Objective: Sustainable use and protection of water resources</p> <p>Sustainability Benefits: Water conservation Alleviation of pollution</p> <p>This eligible category provides for the allocation of Sustainability Sukuk proceeds to water and wastewater management projects. It also lends support to initiatives by the government to promote reclaimed water use by the government as set out in the Green Technology Master Plan (GTMP) Malaysia 2017-2030.</p>	<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> Development and investment in water/wastewater collection, treatment, recycling and/or reuse technologies and its related infrastructure. <p>Rainwater harvesting for toilet flushing is a green element that is integrated in some of UEMS' housing projects.</p>	<p>Alignment to SDGs:</p> <p>Water has a critical role in transitioning to the circular economy. A circular economy or resource recovery approach to water and wastewater management can alleviate stress on primary water resources which are under pressure from the continuing population growth and urbanisation.</p> <p>A circular economy approach to wastewater management can also contribute to climate action.</p> <p>Sustainable water and wastewater management projects will contribute to SDGs 11 and 12, in particular targets 11.5 and 12.5: SDG 11, target 11.5: By 2030, significantly reduce the number of deaths and the number or people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting</p>

Green Project Category: Sustainable Water and Wastewater Management (cont'd)		
		<p>the poor and people in vulnerable situations.</p> <p>SDG12, target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>   <p>Sustainable waste and wastewater management projects will also contribute directly to key SDG 6 and targets 6.3 and 6.4.</p> 
Social Project Category: Socioeconomic Advancement and Empowerment		
<p>Sustainability Objective: Social protection and reduced social disparities</p> <p>Sustainability Benefits: Accessible and affordable education Poverty reduction</p> <p>The social initiatives that are contemplated under this eligible category will benefit the underserved and the financially stretched households within UEMS developments.</p> <p>Potential outcomes of social initiatives aimed at enhancing livelihood opportunities of the poor as contemplated by this eligible project category can include more income, increased well-being, reduced vulnerability, improved food security, more sustainable use of the natural resource base, and restored human dignity. They will also contribute to the sustainable development of the relevant communities and to the national goal of ending</p>	<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> Development of educational facilities and/or collaboration with educational bodies/specialists (e.g. government/private/ NGO) in providing educational programmes targeted for the underserved community. Development of community-centric programmes (such as community recycling and urban farming initiatives) to address the impact of increasing cost of living on low-income households within UEMS developments. <p>UEMS supports the economic empowerment and promotes the social growth of the communities in which it operates through various philanthropic and outreach programmes. Its flagship programmes include BukuHub and PINTAR School Adoption</p>	<p>Alignment to SDGs:</p> <p>The COVID-19 pandemic has taken an especially heavy toll on the low-income households. The pandemic has reversed progress made in reducing income disparities and further exacerbated existing social and economic inequalities. As a result of the COVID-19 crisis, Malaysia's absolute poverty rate rose to 8.4% in 2020 (2019: 5.6%).</p> <p>Even prior to the pandemic, households living in relative poverty had risen from 15.9% to 16.9% between 2016 and 2019 (defined as those households who have a monthly household income below half of the national median monthly household income).</p> <p>Accessible education activities will contribute directly to SDGs 4 and 8 as follows: SDG 4 and target 4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training.</p>

Social Project Category: Socioeconomic Advancement and Empowerment (cont'd)		
<p>poverty, boosting shared prosperity in line with Malaysia's Shared Prosperity Vision (SPV) 2030.</p>	<p>Programme. BukuHub is comprised of community mini-libraries to encourage reading while PINTAR, a Khazanah-led collaborative social responsibility initiative aims to raise the academic performance and education quality of adopted schools for the benefit of undeserved students.</p>  <p><i>UEMS' flagship CSR initiative, BukuHub, was launched at PPR Bandar Uda Utama, Johor in 2019.</i></p>	<p>SDG 8:6: By 2020, substantially reduce the proportion of youth not in employment, education or training.</p>   <p>The community-centric programmes focused on low-income households contemplated by this eligible project category have the potential to reduce poverty and inequalities in addition to promoting growth and economic self-sufficiency.</p> <p>Such programmes will contribute directly to SDGs 5 and 10 as follows: SDG 5, target 5.1: End all forms of discrimination against all women and girls everywhere.</p> <p>SDG 10, target 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.</p>   <p>These programmes will also contribute to SDG 1, target 1.1.</p> 

Overall Impact Significance

Assets, businesses, projects and/or products eligible for financing under UEMS' Framework align with and are highly coherent with its sustainability strategy and objectives. The green and social projects contemplated by the Framework address a number of themes and pressing challenges — climate change mitigation and adaptation, housing, sustainable use of water, circular economy transition and economic inequity. The eligible projects have a strong link with the key ESG initiatives implemented by UEMS which, in turn, address key sustainability issues that are highly relevant for the property sector and the SDGs UEMS has the most potential to impact through its various activities and supply chain.

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

02 ALIGNMENT WITH ASEAN STANDARDS AND SRI SUKUK FRAMEWORK

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



Utilisation of Proceeds

The proceeds from the Sustainability Sukuk may finance or refinance, in whole or in part, new or existing assets, businesses, projects and/or products of UEMS and its subsidiaries that are eligible under the Framework's six sustainability project categories for the use-of-proceeds and corresponding eligibility criteria. UEMS has specified in the Framework that where issuance proceeds are used to refinance Eligible Assets, the information on the allocation of proceeds to refinancing will be included in the annual reporting.

The Framework clearly describes the Sustainability Sukuk's use of proceeds as working capital requirements, operating expenses and other expenses related to the Eligible Assets. The six broad eligible use-of-proceeds categories are aligned with green and social project categories recognised by the ASEAN Standards (also, ICMA Principles) and SC's SRI Sukuk Framework.

The eligible sustainability project categories align to the following green and social project categories of the ASEAN Standards/ICMA Principles and eligible SRI projects under the SRI Sukuk Framework:

Green project categories

- Green buildings
- Energy efficiency
- Renewable energy
- Pollution prevention and control
- Sustainable water and wastewater management

Social project categories

- Affordable housing
- Socioeconomic advancement and empowerment

The environmental and social benefits of the project categories are clear while the risk of financing environmentally and socially sensitive assets inconsistent with the ASEAN Standards and SRI Sukuk Framework is mitigated with the inclusion of an exclusion criteria in the Framework. There is sufficient transparency around the identified target population for the social projects.



Process for Project
Evaluation and Selection

All Eligible Assets allocated funding from the issuance proceeds will follow an internal process that ensures that selected Eligible Assets qualify under the relevant criteria defined in the Framework and ends with the final review of the project(s) and approval by UEMS' CEO. Potential Eligible Assets will be evaluated and screened by the relevant business department(s) and approved by UEMS' senior management. The Board of Directors of UEMS has delegated the authority to its CEO and/or the CFO and/or any one director of the Company to implement and execute all matters relating to UEMS' Sustainability Sukuk issuances, including approval for the funded Eligible Assets. This is in line with market practice.

The Eligible Assets portfolio will be monitored by the relevant business department(s) during the tenure of the Sustainability Sukuk. An Eligible Asset that ceases to meet the eligibility criteria can be substituted with an asset that is evaluated and selected in accordance with the asset selection process.

UEMS has policies, processes and practices in place to address key E&S risks relating its sector and to bring its operations in alignment with the sustainability principles of the United Nations Global Compact (UNGC) Ten Principles. This supports a holistic approach to the management of E&S risks which in turn provides assurance of its sustainability performance generally, and with respect to addressing common E&S risks associated with the qualifying Eligible Assets.



Management of
Proceeds

UEMS will track and manage the proceeds from the issuance of Sustainability Sukuk internally. UEMS' Finance Department and its Treasury unit will allocate the balance of net proceeds to Eligible Assets, according to the evaluation and selection process set out in the Framework.

Any portion of the proceeds of Sustainability Sukuk that has not been allocated against Eligible Assets may be maintained in cash, cash equivalents and/or invested in other Shariah-compliant marketable instruments in accordance with the Company's policy until such amount can be allocated towards Eligible Assets.

During the life of UEMS' Sustainability Sukuk, if an asset that has been funded with the proceeds of the issuance ceases to fulfil the eligibility criteria, UEMS will seek to reallocate the equivalent amount of proceeds into Eligible Assets as soon as reasonably practicable.

The portfolio of the Eligible Assets will be maintained and monitored by the Finance Department and relevant business departments internally. Additional Eligible Assets may be added into the portfolio of Eligible Assets as needed to ensure efficient and timely allocation of the Sustainability Sukuk proceeds.



Principle Four:
Reporting

Reporting is provided on both allocation and impact, and the reporting cycle will be aligned with that of its Annual Report. UEMS will publish an annual Sustainability Sukuk Report throughout the tenure of the Sustainability Sukuk, that will provide:

- The aggregate amount of Sustainability Sukuk Proceeds that have been allocated to Eligible Assets.
- The unallocated proceeds of Sustainability Sukuk Proceeds at the end of the reporting period and where this is placed or invested pending utilisation;
- The removal or substitution of Eligible Assets;
- Confirmation that the utilisation of the Sustainability Sukuk Proceeds complies with the Framework; and
- The expected and realised impact of assets financed by outstanding issuance on sustainable development outcomes.

Additionally, UEMS plans to provide as part of its impact reporting, the key underlying methodology or assumptions used to determine the impact or expected impact, as well as key performance indicators (KPIs) to provide context into the Eligible Assets' impacts on sustainable development and the SDGs. The Framework provides a non-exhaustive and purely indicative examples of the types of KPIs that may be included. The Company may elect to use other KPIs to measure the performance of the respective project categories. UEMS will make its Sustainability Sukuk Report available to the public on its corporate website at www.uemsunrise.com. The reporting process will be aligned to the company's annual financial reporting cycle.

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

UEMS has committed itself to responsible business practices by aligning its operations with the sustainability principles of the UN Global Compact (UNGC) which, along with the SDGs, serve as an overarching framework for UEMS to make a significant contribution to sustainable social and economic development. UEMS demonstrates a commendable level of engagement with the UNGC in the areas of human rights, labour, environment and anti-corruption. UEMS reports progress on how it addresses these four areas in its annual sustainability report. This provides MARC with a reasonable level of assurance that key ESG industry challenges for the property sector are adequately addressed through actual implementation of corporate sustainability policies in daily operations.

The responsibility for execution of sustainability strategy is placed in the relevant corporate functions with senior leadership involvement and rolled out across the entire organisation. Meanwhile, the quality, safety, health and environment (QSHE) components of UEMS' operations are integrated into one coherent management system under its Sustainability department, the head of which reports directly to the CEO. UEMS' Board Governance and Risk Committee (BGRC) oversees and reviews the effectiveness of sustainability initiatives and the progress of implementation. UEMS provides transparency to stakeholders on the progress made on commitments to operate in an environmentally, socially, and economically responsible manner through integrated reporting (previously, standalone annual sustainability reports were prepared) in accordance with the Global Reporting Initiative Standards and Bursa Malaysia's Sustainability Reporting Guidelines.

UEMS has made an explicit commitment to distinguish itself as a leader in sustainability in its industry and to promote sustainable growth in the property industry. A key tenet of UEMS' climate and environmental risks mitigation strategy is to continuously improve energy and resource use in its own operations and in its developments, and to minimise the carbon footprint. UEMS measures emissions for internal company operations using methodologies consistent with the GHG Protocol and discloses this as part of its annual sustainability reporting. However, it has not publicly disclosed any targets to improve its environmental performance.

UEMS incorporates energy efficiency, water efficiency, environment protection and indoor environmental quality considerations into the design process such as passive ventilation design to support the life-cycle optimisation of operational costs and the environmental performance of its built assets. UEMS has also committed to being a good steward of the biodiversity under its influence and to ensure that all potential adverse impacts its operations might have on the environment are minimised by conducting environmental impact assessments as required on existing and potential new projects. Other than providing quality of life benefits and helping to bind communities together, the greenspaces that UEMS incorporates in its residential developments such as pocket parks, street trees and edible gardens also help to reduce exposure to air pollution and reduce the urban heat island effect. SIREH Park, a 343-acres of hilly area and green-lung in Iskandar Puteri offers an example of such a greenspace. UEMS has shown leadership in the achievement of green building certifications; in 2020, five of its projects achieved green building certifications.

UEMS' commitment to promote sustainable growth in the property industry is demonstrated through tangible actions to raise the bar for E&S performance of contractors and suppliers within the company's sphere of influence. As a major employer with a fairly diverse supply chain, UEMS is aiming to cascade sustainable practices throughout its supply chain by extending its responsible business

practices to suppliers and contractors. UEMS implements measures aimed at reducing the embodied impacts related to water, energy, waste and carbon in construction materials.

New suppliers and contractors are subjected to E&S risk assessments to ensure their compliance with UEMS' E&S standards. Vendors with environmental management accreditation such as ISO 14001 are preferred. Such assessments are conducted formally and informally, and through physical inspection audits where necessary. The environmental criteria take into consideration energy use, climate change impact measurement including GHG emissions, waste, resource use, among others. The social criteria, meanwhile, promotes responsible supply chain choices that promote fair wages, as well as safe and healthy work environments. UEMS has also established a code of conduct for its business partners which all contractors, suppliers and consultants are required to comply with. Suppliers, contractors, tenants and local communities are encouraged to monitor, record and report their environmental performance including reduction of negative impact. UEMS conducts audits, evaluations and self-assessments on potential risks for all its development projects.




Overall, MARC is of the opinion that UEMS is well positioned to issue Sustainability Sukuk and that the issuance of Sustainability Sukuk aligns with the company's sustainability strategy and holistic approach to creating positive environmental and societal impact.

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's 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's confidence in the issuer's continuing performance of its sustainability obligations in line with marketplace expectations and in compliance with its sustainability framework for the Sustainability Sukuk issuance.

04 RATING SCALE

GRADE	DESCRIPTION
 <p data-bbox="312 483 381 510">GOLD</p>	<p data-bbox="469 405 1300 593">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 data-bbox="304 743 389 770">SILVER</p>	<p data-bbox="469 667 1300 855">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 data-bbox="304 963 405 990">BRONZE</p>	<p data-bbox="469 891 1300 1106">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

Incorporated in October 1995, MARC is a full-service domestic credit rating institution. MARC's ratings are recognised and accepted in the Malaysian capital markets. MARC is recognised by Bank Negara Malaysia and Securities Commission, respectively, as an External Credit Assessment Institution (ECAI) and as a bond rating agency regulated under the Guidelines on the Registration of Credit Rating Agencies issued by the Securities Commission on March 30, 2011. MARC adopts 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 has consulted 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 for public comment 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 website at https://www.marc.com.my/images/Rating_Methodologies/8/Impact_Bond_Assessments_20180713.pdf. As explained in the criteria, MARC's analytical framework consists of three components that provide insight 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 marc@marc.com.my.

Review of Compliance with ASEAN Standards 2018 and SRI Sukuk Framework 2021

UEM Sunrise Berhad Sustainability Sukuk Framework
Key Additional Features to complied with:

- 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 Sustainability Sukuk.
- Periodic reporting on the allocation of the Sustainability 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 Sustainability Sukuk.

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Issuer</p> <p><u>ASEAN Standards</u></p> <p>3.1 The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</p> <p><u>SRI Sukuk Framework</u></p> <p>7.02 The proceeds (of Sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</p> <p>7.04 An issuer who wishes to issue a SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</p> <p>Eligible Projects</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> <p>(a) Preserving and protecting the environment and natural resources;</p> <p>(b) Conserving the use of energy;</p> <p>(c) Promoting the use of renewable energy;</p> <p>(d) Reducing greenhouse gas emission;</p> <p>(e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or</p> <p>(f) Improving the quality of life of the society.</p>	<p>UEMS is an ASEAN issuer.</p> <p>The proceeds of UEMS' Sustainability Sukuk will exclusively be allocated to finance or refinance Eligible Assets that relate to Eligible SRI projects.</p> <p>UEMS commits to establish policies and processes as needed to ensure compliance with the SRI Sukuk Framework.</p> <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>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>7.08 The Eligible SRI projects may include but are not limited to the following:</p> <p>(a) Green projects that relate to, among others, renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; clean transportation; sustainable water and wastewater management; climate change adaptation; eco-efficient and/or circular economy adapted products; and green buildings which meet regional, national, or internationally recognised standards or certifications.</p> <p>(b) Social projects that relate to, among 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.</p> <p>(c) Projects which are the combination of Green and Social projects as described in (a) and (b) above; and</p> <p>(d) Waqf projects that relate to the development of waqf properties or assets.</p>	<p>Eligible project categories detailed in the Framework align with eligible SRI project categories in paragraph 7.08 (a) and (b) of the SRI Sukuk Framework.</p> <p>Eligible green project categories include:</p> <ul style="list-style-type: none"> • Green buildings • Energy efficiency • Renewable energy • Pollution prevention and control • Sustainable water and wastewater management <p>Eligible social project categories, meanwhile, include affordable housing and socioeconomic advancement and empowerment.</p>	
<p>Use of Proceeds <u>ASEAN Standards</u></p> <p>4.1 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>The utilisation of issue proceeds is clearly described in the Framework.</p> <p>Complied. The Framework lists six eligible categories which align to five green project categories and two social project categories recognised by the ASEAN Standards. Refer to assessment of compliance with the SRI Sukuk Framework 7.08.</p> <p>The use of proceeds project categories set out in the Framework are recognised as impactful by the ASEAN Standards.</p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<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>UEMS plans to provide information on the distribution of proceeds allocated to new financing and refinanced assets (if applicable). The look-back period for refinanced projects, if applicable, will be determined upon identification of the assets to be refinanced, and will be disclosed in the annual Sustainability Sukuk Report.</p>	<p>The allocation of net proceeds for refinancing, if applicable, will only be determined closer to the actual disbursement of the proceeds.</p>
<p>Process for Project Evaluation and Selection <u>ASEAN Standards</u> 4.2 4.2.1 The issuer must clearly communicate to investors:</p> <p>(i) The environmental/social sustainability objectives;</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>The E&S objectives are defined in line with the issuer's sustainability strategy and UN SDGs.</p> <p>The Framework details an internal process by which Eligible Assets are assessed and selected to ensure they fit within the identified eligible project categories.</p> <p>The eligibility criteria are clearly communicated in the Framework. The framework also identifies excluded activities which cannot be financed by the Sustainability Sukuk proceeds.</p> <p>UEMS has established a multi-stakeholder internal process for project evaluation and selection which provides for senior management involvement. This is described in the Framework.</p> <p>UEMS has positioned this information in the context of the Issuer's overarching sustainability strategy including its integration of responsible business practices (UNGC) into its operations and focus SDGs.</p>	<p>Our review of the issuer's E&S risk management measures based on information provided by the issuer, suggest that its processes to identify and manage potentially material E&S project risks under the broad categories of environment, health and safety, labour and community from its activities are adequate overall.</p> <p>The Framework specifies third-party certifications to be used to qualify Eligible Assets in the 'Green Buildings' Use of Proceeds category.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<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>UEMS has appointed MARC as external reviewer for its Framework.</p> <p>The issuer has committed to make the required information available on its corporate website at www.uemsunrise.com.</p>	<p>Review of UEMS' Framework.</p> <p>The Framework will provide information on the process for project evaluation, and it will issue a progress report on an annual basis (Sustainability Sukuk Report) that will provide information on the allocation and impacts throughout the tenure of the Sustainability Sukuk. MARC's external review assessment will also be made available on the UEMS website.</p>
<p>Management of Proceeds <u>ASEAN Standards</u></p> <p>4.3 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>Prior to issuance, UEMS will make its Framework available to investors. The Framework describes the process for managing the net proceeds from the Sustainability Sukuk.</p> <p>UEMS will manage the Sustainability Sukuk proceeds on a portfolio basis to ensure that the aggregate value of the eligible asset portfolio matches or exceeds the balance of net proceeds of outstanding Sustainability Sukuk and track the use of proceeds internally. The balance of unallocated net proceeds will be held in cash, cash equivalents and/or other Shariah-compliant marketable instruments in accordance with UEMS' policy.</p> <p>So long as the Sustainability Sukuk are outstanding, periodic reconciliation of the tracked proceeds to allocations made to Eligible Assets will be undertaken and reported in the Sustainability Sukuk Report on an annual basis.</p> <p>The Framework discloses to investors the intended types of temporary placement for the balance of unallocated net proceeds.</p>	<p>The net proceeds from the issue of Sustainability Sukuk will not be credited to a segregated account and will be internally tracked instead.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<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>4.3.6 Where the Issuer appoints an auditor or other third party to verify the Issuer's management of proceeds, the Issuer must make the report produced by the auditor or other third party publicly available on a website designated by the Issuer at the time of the issuance of the Bonds.</p>	<p>UEMS has indicated that verifications of this nature will be internally performed within the purview of internal audits conducted on its Finance Department and Treasury Unit.</p> <p>There is no provision for the appointment of a third party to verify the Issuer's management of proceeds in the Framework.</p>	
<p><u>SRI Sukuk Framework</u></p> <p>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>UEMS will monitor the allocation of the Sustainability Sukuk proceeds and the Eligible Assets portfolio internally.</p>	
<p>Reporting</p> <p><u>ASEAN Standards</u></p> <p>4.4</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>UEMS intends to provide annual reporting to the sukukholders via its Sustainability Sukuk Report on the following, among others:</p> <ul style="list-style-type: none"> • Use and allocation of the Sustainability Sukuk proceeds, • The balance of unallocated proceeds at the end of the reporting period and where this is placed or invested pending utilisation, • The removal or substitution of Eligible Assets, and • The impact or expected impact of the Eligible Assets. <p>The underlying projects will be determined closer to issuance and UEMS will present the information in generic terms or on an aggregated portfolio basis where disclosure of project-level information is precluded by confidential agreements with the client.</p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<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>UEMS commits to disclose the methodology and/or assumptions used to determine the impact or expected impact.</p> <p>Updates of the external review are encouraged by the ASEAN Standards but are strictly voluntary.</p> <p>UEMS commits to publish annually and throughout the tenure of the Sustainability Sukuk a Sustainability Sukuk Report on its corporate website at www.uemsunrise.com.</p>	
<p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.14 An issuer must provide the following information to the sukukholders annually through a designated website:</p> <ul style="list-style-type: none"> a) The original amount allocated for the Eligible SRI projects; b) The amount utilised for the Eligible SRI projects; c) The unutilised amount and where such unutilised amount is placed or invested pending utilisation; and d) The list of the Eligible SRI projects in which the SRI sukuk proceeds have been allocated to and a brief description of the said Eligible SRI projects and their impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact. <p>7.15 Where an issuer is unable to make available comprehensive information as specified in paragraph 7.14 above</p>	<p>UEMS has committed to provide information items (a) through (d) annually through its corporate website under its Framework.</p> <p>UEMS will provide the information on Eligible Asset level where practicable and per category otherwise.</p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Disclosure Requirements (Cont'd)</p> <p><i>due to confidentiality agreements or competitive considerations, such issuer may provide the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</i></p> <p>7.16 <i>The following information must be included:</i></p> <p>a) <i>The overall SRI objectives that the issuer intends to achieve;</i></p> <p>b) <i>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;</i></p> <p>c) <i>The Eligible SRI projects in which the proceeds will be allocated;</i></p> <p>d) <i>The details of the Eligible SRI projects and to the extent possible, impact objectives from the Eligible SRI projects;</i></p> <p>e) <i>The processes used by the issuer to evaluate and select the Eligible SRI projects;</i></p> <p>f) <i>The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects;</i></p> <p>g) <i>The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</i></p> <p>h) <i>A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</i></p>	<p><i>Complied. Refer to assessment of compliance with ASEAN Standards 4.2.1.</i></p> <p><i>Complied. Refer to assessment of compliance with ASEAN Standards 4.1.1 and 4.1.4.</i></p> <p><i>Complied. Refer to assessment of compliance with ASEAN Standards 4.1.2.</i></p> <p><i>Complied. Refer to assessment of compliance with ASEAN Standards 4.1.3</i></p> <p><i>Complied. Refer to assessment of compliance with ASEAN Standards 4.2.</i></p> <p><i>Complied. Refer to assessment of compliance with ASEAN Standards 4.2.</i></p> <p><i>Complied. Refer to assessment of compliance with ASEAN Standards 4.3.</i></p> <p><i>Complied.</i></p>	
<p>External Review <u>ASEAN Standards</u></p> <p>5.1 <i>Issuers are recommended to appoint external review providers for the bond issuances or programmes.</i></p> <p>5.2 <i>The external review may be partial, covering only certain aspects of the bonds framework or full, assessing alignment with all four core components as stated in the relevant</i></p>	<p><i>MARC has been engaged as independent external reviewer for the Framework.</i></p> <p><i>The review conducted by MARC is a full review and addresses alignment with all four components of the relevant standards.</i></p>	<p><i>MARC has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on the agency's website.</i></p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>External Review (Cont'd) standards.</p> <p>5.3 <i>The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</i></p> <p>5.4 <i>The external review provider must also disclose their relevant credentials and expertise, and the scope of the review conducted in the external review report.</i></p>	<p><i>MARC is registered with the Securities Commission Malaysia as a credit rating agency and has conducted the external review according to the analytical framework in MARC's Impact Bond Assessment (IBA) methodology.</i></p> <p><i>Required disclosure of the external review provider's relevant credentials and expertise, and the scope of the review will be made in the external review report.</i></p>	<p><i>The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>

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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