



A member of **UEM Group**

UEM SUNRISE BERHAD

Sustainability Sukuk Framework

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1. Background

UEM Sunrise Berhad (“UEMS” or the “Company”) was incorporated in 2008 as the flagship company of UEM Group Berhad (“UEM Group”) for townships and property development. UEM Group is wholly-owned by Khazanah Nasional Berhad (“Khazanah”), which is a sovereign wealth fund of the Government of Malaysia. UEMS has been listed on Bursa Malaysia since November 2008 and is one of Malaysia’s leading property developers.

The Company has established itself as a pioneer in the property industry with core competencies in macro township development and high-rise and landed residential, commercial, retail and integrated developments. In addition, the Company oversees property management and project & construction services as part of its property investment business. In Malaysia, UEMS’ geographical presence is strongest in the central and southern regions of Peninsular Malaysia.

In the southern region, UEMS is the master developer of Iskandar Puteri, one of the five flagship zones of Iskandar Malaysia in the state of Johor and has been entrusted to develop Iskandar Puteri into a regional city, with the aim of transforming the area into one of the largest fully integrated urban developments in Southeast Asia. The development is anticipated to provide investment, financial and business opportunities to spur local economic growth for the region.

In the central region, UEMS is renowned as a leading developer for its award-winning and upmarket developments which are located largely in the affluent Mont’Kiara enclave as well as surrounding districts in the Greater Klang Valley area.

Outside of Malaysia, UEMS has also successfully extended its mark internationally with acclaimed developments in Singapore, Australia, Canada and South Africa.

2. The Sustainability Journey at UEM Sunrise Berhad

As a responsible property developer, UEMS recognised early on that it would need the ability to sustain its businesses and contribute back to the environment, society and economy as it would be crucial in preserving the Company’s long-term growth. In this regard, the Company is committed to long-term value generation with its developments and will continue to design holistic townships which fulfil the social, physical and spiritual needs of their communities.

UEMS has been adopting sustainability practices in its businesses, operations and products since 2010. This included the development of green building projects, development and provision of affordable housing in areas it has presence in, adoption of schools in underserved communities as well as integration of environmental-friendly waste management at the Company’s development projects.

UEMS' vision of *'Building communities of the future with you and for you'* and its mission of *'UEM Sunrise brings together the talented and skilled, the imaginative and the courageous. We create sustainable environments loved by homeowners, acclaimed by investors and recognised by the industry. We believe in thinking big and acting quickly to unlock potential; to thrive in a changing world'*, balance well with the Company's journey in embracing sustainability practices.

Today, the Company's sustainability agenda has taken a more holistic approach with the establishment of the Company's Sustainability Policy which aims to integrate the principles of sustainability throughout the Company's businesses and operations by instituting the following commitments:

- *Providing a healthy, safe, conducive and empowering workplace;*
- *Being an environmentally responsible leader and partner in our communities;*
- *Conserving natural resources by optimising re-use and recycling wherever possible;*
- *Ensuring the efficient and responsible use of water and energy;*
- *Utilising operational processes that do not adversely affect the environment;*
- *Conducting rigorous audits, evaluations, and self-assessments of the implementation of this policy;*
- *Working with our stakeholders to enhance awareness, and incorporate, practice and promote sound environmental practices, using our resources to provide leadership, guidance and motivation where necessary; and*
- *Taking steps to continually develop and provide environmentally-supportive performance and advances, including embedding sustainability into our decision-making, planning and investment processes to provide sustainable value increase to our shareholder(s).*

UEMS' goal is to minimise the risks associated with climate change, support the communities in which we operate and protect people and the planet while creating stakeholder value. The Company monitors environmental, social and governance metrics as best as it can so that our performance can be tracked over time.

Currently, the Company is operating towards contributing to the United Nations' Sustainable Development Goals ("SDGs") ("UN SDGs") as adopted by the United Nations' general assembly in 2015. 17 SDGs were presented at the 2030 Agenda for Sustainable Development event and UEMS has identified 11 relevant SDGs (as shown below) to focus on. UEMS will align the Company's performance and initiatives in support of the global sustainability agenda.



In addition, the Company is looking at improving its internal governance protocol by producing a framework that would allow for better implementation of sustainability agendas and target setting to complement the overall Environmental, Social and Governance (“ESG”) principle adoption.

As a testament to the Company’s sustainability efforts, UEMS has been a constituent of the FTSE4Good Bursa Malaysia Index since it was launched in 2014. The index was established by Bursa Malaysia with FTSE Russell to measure the performance of public listed companies that demonstrated strong Environmental, Social and Governance practices.

3. Sustainability Sukuk Framework

This Sustainability Sukuk Framework (“Framework”) is established to set out clear and transparent guidelines for the issuances of ASEAN Sustainability SRI Sukuk Murabahah (as defined below) under 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, based on the Shariah principle of Murabahah (via Tawarruq arrangement) (collectively referred to as the “Sukuk Programmes”).

In line with UEMS’ push towards embracing and supporting the UN SDGs, this Framework has been designed to be aligned in accordance with the following guidelines, frameworks or standards, as amended from time to time (collectively, the “Sustainability Guidelines/Frameworks”):

- a. Sustainable and Responsible Investment (“SRI”) Sukuk framework under the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission on 9 March 2015 and revised on 26 April 2021;
- b. ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum (“ACMF”) on November 2017;
- c. ASEAN Social Bond Standards issued by the ACMF on October 2018;
- d. ASEAN Sustainability Bond Standards issued by the ACMF on October 2018; and
- e. Such other guidelines or frameworks or standards, whether or not having the force of law, in relation to SRI Sukuk / sustainability / social / green Sukuk / bonds issued from time to time;

and covers the following four core components of the Sustainability Guidelines/Frameworks:

- i. Utilisation of proceeds;
- ii. Process for project evaluation and selection;
- iii. Management of proceeds; and
- iv. Reporting.

“ASEAN Sustainability SRI Sukuk Murabahah” are Sukuk Murabahah issued pursuant to the Sukuk Programmes and comply with the Sustainability Guidelines/Frameworks.

3.1. Utilisation of Proceeds

The cornerstone of a sustainability Sukuk is the utilisation of proceeds. The proceeds raised from any ASEAN Sustainability SRI Sukuk Murabahah issuance by UEMS (“Sustainability Sukuk Proceeds”) shall be utilised by UEMS and/or its subsidiaries to finance and/or refinance, in whole or in part, new or existing assets, businesses, projects and/or products that comply with the principles of this Framework (“Eligible Assets”), all of which shall be Shariah-compliant.


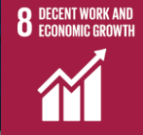




These include the operations of UEMS, being the issuer, and its subsidiaries (together, the “Group”), provided they are in compliant with this Framework. For the avoidance of doubt, any proceeds from any other Sukuk issued by UEMS pursuant to the Sukuk Programmes can be used by the Group for working capital requirements, operating expenses and other expenses related to the Eligible Assets, so long as the proceeds from the ASEAN Sustainability SRI Sukuk Murabahah issuances are not used to fund new or existing assets, businesses, projects and/or products falling outside of the Eligible Assets.












The Sustainability Sukuk Proceeds will be used to finance and/or refinance the Eligible Assets that fulfil any of the following criteria:

Table 1: Eligibility Criteria for Utilisation of Sustainability Sukuk Proceeds

No.	Eligible Sustainability Project Category	Description	Alignment with UN SDG Targets ¹
1	Green Buildings	<p>- Development of green buildings; residential, commercial or industrial developments that meet the widely accepted green certification standards locally or such as, but not limited to the following:</p> <ul style="list-style-type: none"> • LEED¹ (minimum Gold) • BREEAM² (minimum Excellent) • GBI³ (minimum Gold) 	

¹ Alignment with UN SDG Targets is based on the International Capital Market Association’s Green, Social and Sustainability Bonds: A High Level Mapping to the Sustainable Development Goals, June 2020 and UEMS’ eleven adopted UN SDGs.

No.	Eligible Sustainability Project Category	Description	Alignment with UN SDG Targets ¹
		<ul style="list-style-type: none"> • GreenRE⁴ (minimum Gold) • BCA Green Mark⁵ (minimum Gold) • WELL Building Standard⁶ (minimum Gold) <p>¹ Leadership in Energy and Environmental Design (LEED), as amended from time to time, developed by the United States Green Building Council.</p> <p>² Building Research Establishment Environmental Assessment Method (BREEAM), as amended from time to time, developed by the Building Research Establishment based in England, UK.</p> <p>³ Green Building Index (GBI), as amended from time to time, developed by Malaysian Institute of Architects and Association of Consulting Engineers Malaysia.</p> <p>⁴ GreenRE, as amended from time to time, developed by the Real Estate and Housing Development Association of Malaysia (REHDA).</p> <p>⁵ Green Mark certification scheme, as amended from time to time, developed by Building and Construction Authority (BCA) of Singapore.</p> <p>⁶ WELL Building Standard (WELL) , as amended from time to time, developed by International WELL Building Institute</p>	
2	Energy Efficiency and Renewable Energy	- Investment and/or inclusion of renewable energy and/or improved product energy efficiency in development of either residential, commercial or industrial developments and investment in properties with renewable energy and/or improved product energy efficiency.	    
3	Affordable Housing	- Development of affordable residential housing, in support of state and federal government initiatives that promote housing affordability.	

No.	Eligible Sustainability Project Category	Description	Alignment with UN SDG Targets ¹
4	Pollution Prevention and Control	- Development of recycling facilities and systems for the community and education programme for the community.	  
5	Sustainable Water and Wastewater Management	- Development and investment in water/wastewater collection, treatment, recycling and/or reuse technologies and its related infrastructure.	 
6	Socioeconomic Advancement and Empowerment	<p>- Development of educational facilities and/or collaboration with educational bodies/specialists (e.g., government/private/NGO) in providing educational programs targeted for the underserved community.</p> <p>- Development of community centric programs (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>	     

Exclusion Criteria

For the avoidance of doubt, any loans/financing/assets/projects which are in connection with the items listed below are excluded from utilising UEMS' Sustainability Sukuk Proceeds:

- a. Gambling, gaming business and any prohibited trade;
- b. Weapons;
- c. Pork products sector;
- d. Alcohol;
- e. Fossil fuel;
- f. Nuclear energy and nuclear related assets;
- g. Waste incineration resulting in pollution; and
- h. Conventional financial institutions (ribawi) - banking and insurance.

In addition, loans/financing/assets/projects which are not Shariah-compliant are also excluded from the utilisation of UEMS' Sustainability Sukuk Proceeds.

3.2. Process for Project Evaluation and Selection

The Board of Directors of UEMS has given the authority to its Chief Executive Officer ("CEO") and/or the Chief Financial Officer ("CFO") and/or any one Director of the Company to implement and execute all matters relating to the Company's Sukuk Programmes, which includes approval for the Eligible Assets to be funded by the Sustainability Sukuk Proceeds under this Framework.

The evaluation and selection process of Eligible Assets is as follows:

- a. Review, evaluate and validate the assets, businesses, projects and/or products based on the set of Eligibility Criteria for use of Sustainability Sukuk Proceeds as set out in Table 1;
- b. Evaluation of the proposed Eligible Assets will be conducted by the relevant business department(s) against UEMS' Sustainability Sukuk Framework;
- c. Recommendation on the selected Eligible Assets will be submitted to the CEO for approval, and will be jointly supported by the CFO based on the proposal by the relevant business department; and
- d. The Eligible Assets portfolio will be monitored by the relevant business department(s) during the tenure of the ASEAN Sustainability SRI Sukuk Murabahah issuance. The Company can decide to replace the Eligible Assets if they no longer meet the Eligibility Criteria by going through steps (a) to (c) above.

3.3. Management of Proceeds

The Sustainability Sukuk Proceeds will be utilised to finance and/or refinance the portfolio of Eligible Assets selected based on the evaluation and selection process set out in paragraph 3.2 above, at the point of issuance. The portfolio of the Eligible Assets and the allocation of the Sustainability Sukuk Proceeds will be maintained and monitored by the Company internally.

Additional Eligible Assets may be added into the portfolio of Eligible Assets, when necessary, to ensure efficient and timely distribution and utilisation of the Sustainability Sukuk Proceeds. During the life of UEMS' ASEAN Sustainability SRI Sukuk Murabahah, if any of the Eligible Assets cease to fulfil the UEMS' Sustainability Sukuk Framework, the Company will use its best effort to identify new Eligible Assets as replacement and allocate the balance of unutilised Sustainability Sukuk Proceeds as soon as reasonably practicable.

In the event where the aggregate amount of the portfolio of Eligible Assets is less than the total outstanding amount of UEMS' ASEAN Sustainability SRI Sukuk Murabahah issued, the Company may maintain the unallocated amount in cash, cash equivalents and/or invest in other Shariah-compliant marketable instruments in accordance with the Company's policy until the amount can be allocated to the portfolio of Eligible Assets.

3.4. Reporting

UEMS will publish and make publicly available information regarding its ASEAN Sustainability SRI Sukuk Murabahah and this Framework on UEMS' website at the point of issuance and throughout the tenure of the ASEAN Sustainability SRI Sukuk Murabahah. UEMS will publish an annual ASEAN Sustainability SRI Sukuk Murabahah progress report ("Sustainability Sukuk Report"), which will provide information on the allocation and impacts throughout the tenure of UEMS' ASEAN Sustainability SRI Sukuk Murabahah. The annual Sustainability Sukuk Report will be made available to the public on UEMS's website at <https://www.uemsunrise.com> and the reporting cycle will be in conjunction with the Company's Annual Report.

a. Allocation Reporting

The allocation report section of the Sustainability Sukuk Report will include, among others:

- i. Aggregate amount of Sustainability Sukuk Proceeds allocated and utilised for the various Eligible Assets, including the proportion and breakdown between financing and refinancing of the Eligible Assets (if applicable).
- ii. Remaining balance of the unallocated Sustainability Sukuk Proceeds at the end of the reporting period and where the unutilised amount is retained or invested.
- iii. Removal or substitution of Eligible Assets.

- iv. Confirmation that the utilisation of Sustainability Sukuk Proceeds from UEMS' ASEAN Sustainability SRI Sukuk Murabahah issuance complies with UEMS' Framework.

b. **Impact Reporting**

The impact report section of the Sustainability Sukuk Report will include:

- i. Impact or expected impact of the Eligible Assets, including the key underlying methodology or assumptions used to determine the impact or expected impact.
- ii. Key performance indicators achieved in supporting the UN SDGs relevant to the Eligible Assets. Subject to the nature of the relevant Eligible Assets, key performance indicators may include, but not limited to, the following:

Table 2: Indicative Key Performance Indicators

Eligible Sustainability Project Category	Indicative Key Performance Indicators (KPI)
Green Buildings	<ul style="list-style-type: none"> - Number of certified green buildings financed - Reduction in energy use, measured in, amongst others, kilowatt hour per square meter per year (kWh/m² /year) compared to the baseline for building type
Energy Efficiency and Renewable Energy	<ul style="list-style-type: none"> - Annual energy savings measured in, amongst others megawatt hour (MWh) - Annual green house gas (GHG) emissions reduced/avoided in tonnes of carbon dioxide (CO₂) equivalent (tonnes CO₂e)
Affordable Housing	Number of affordable/community housing units built or refurbished
Pollution Prevention and Control	<ul style="list-style-type: none"> - Quantity of waste that is prevented, minimized, reused or recycled before and after project (measured in, amongst others, tonnes or percentage of total waste per year), as applicable
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> - Water saved/reduced/treated annually (measured in, amongst others, cubic metres) - Recycled water used annually (measured in, amongst others, cubic metres) - Wastewater treated annually (measured in, amongst others, cubic metres)

Eligible Sustainability Project Category	Indicative Key Performance Indicators (KPI)
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> - Number of students served - Number of educational institutions developed/programs for the underserved community - Number and type of community centric programs for the underserved community (#)

The KPI above are purely indicative and non-exhaustive and that there may be other forms of KPI used for the respective eligible sustainability project categories stated above.

The impact of the selected Eligible Assets will be measured against how they aid in the delivery of UEMS' sustainability goals and initiatives in support of the relevant UN SDGs.

UEMS has complied and will comply with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible Assets.

4. External Review

UEMS will obtain an independent party to provide the second opinion on this Sustainability Sukuk Framework prior to issuance of UEMS' ASEAN Sustainability SRI Sukuk Murabahah. The independent party opinion will be published on UEMS' website at <https://www.uemsunrise.com>.

5. Potential Evolutions

As the sustainability Sukuk market will likely be subject to changing market and regulatory context as it evolves, UEMS shall continuously enhance and improve this Sustainability Sukuk Framework from time to time, while ensuring continued alignment with the Sustainability Guidelines/Frameworks, and publish any supplementary content to this Framework on UEMS' website.