



**reNIKOLA GROUP**  
**Green Financing Framework**

July 2023

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# About reNIKOLA



reNIKOLA is an investment holding company principally engaged in the renewable energy (“RE”) industry with a portfolio of large scale solar, biogas and hydropower plants in operations and under development.

The Group operates along 2 key business activities:

**Power Generation** – generation of long-term and stable cash flow through the provision of green electricity generated by RE installations through long-term power purchase agreements with Tenaga Nasional Berhad and/or other corporate customers

**Services** – the provision of operation and maintenance (“O&M”) which entails the day-to-day supervision services of RE plants as well as in-house design engineering and building services



Smart Solar Tracker System in our plant



Indoor Hydroponics Cultivation System using Solar Energy at our Learning and Discovery Centre

# reNIKOLA's Sustainability Approach



As a pure RE player, sustainability remains the centerpiece of our corporate strategy and reNIKOLA is keen to play a leading role in directing investments into green projects and activities that will create long-term values for the environment, local economies and people. These investments will generate positive impacts through the creation of employment, the development of social projects and the production of 100% RE that is aligned with several national roadmaps such as National Energy Policy and Malaysia Energy Transition Outlook to reduce the nation's dependence on power generated using fossil fuels and boost renewables share to 70% in Malaysia's installed capacity mix by 2050.

The Group's decision-making and investment processes are guided by an established Management Framework that encompasses various regulations and procedures to ensure that our stated principles and commitments are observed.

The application of the Management Framework is then guided by dedicated plans, which are specific to the stage of the projects to which the decision-making is related. For investment evaluations of power generation projects, the decision-making process is guided by the applicable Environmental & Social Management Plan ("ESMP") to identify, plan and manage the appropriate mitigating actions for any environmental matters and social considerations identified.





# Commitment to UN SDGs



reNIKOLA seeks to contribute to the global agenda in line with the UN Sustainable Development Goals (“SDGs”). The Group has prioritised six primary SDGs to which the Group deems to have the most contribution.



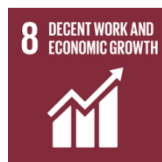
**Applicable Targets: 5.1.1, 5.5.2 and 5.b.1**

Achieve gender equality, provide equal employment opportunities and providing a working condition that is free from unlawful harassment or discrimination.



**Applicable Targets: 7.2.1, 7.a.1 and 7.b.1**

As clean energy is the core business of reNIKOLA, all investments and business are focus on the development of affordable clean energy for a sustainable economic growth.



**Applicable Target: 8.8.1**

Promote sustained, inclusive and sustainable economic growth, full and productive and decent work for all.



**Applicable Target: 9.4.1**

Deploy creativity and clean technology for business development and promote investment on innovations to support the development of clean energy.



**Applicable Targets: 12.3.1, 12.4.2, 12.5, 12.6, 12.8 and 12.a.1**

Efficient use of natural resources through the practice of Reduce, Reuse & Recycle to reduce waste.



**Applicable Targets: 13.2.2 and 13.3.1**

Generating power from renewable energy sources to replace energy from fossil fuels is crucial to the reduction of greenhouse gas (“GHG”) emissions. The businesses of the reNIKOLA are therefore significantly involved in the efforts to mitigate impacts of climate change.

## Green Financing Framework

reNIKOLA Group had issued its first Green Sukuk in May 2021 to finance investments in 3 large-scale solar (“LSS”) power projects. In view of the completion of investments into another 2 LSS projects as well as the broadening of investments into other renewable energy sources to achieve our **1-Gigawatt** goal, reNIKOLA has established this new Green Financing Framework, enabling the Group to document its sustainable financing approach and contribution towards a low-carbon and climate resilient future. Through this Framework, reNIKOLA may issue different Green Financing including, but not limited to, Green Sukuk, Green Bonds, green loans and/or green project finance with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Investments.

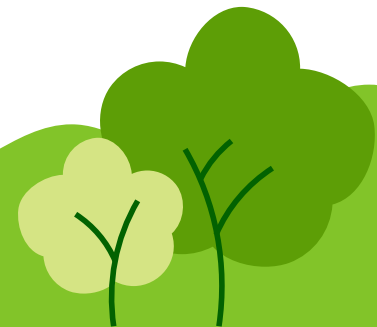
This Green Financing Framework is developed in alignment to the following applicable guidelines and standards (“**Green & Sustainable Guidelines**”):

- Green Bond Principles published by the International Capital Market Association (“**ICMA**”);
- ASEAN Green Bond Standards published by the ASEAN Capital Markets Forum (“**ACMF**”);
- Sustainable and Responsible Investment (SRI) Sukuk Framework published by Securities Commission Malaysia (“**SC**”);
- ASEAN Taxonomy for Sustainable Finance published by the ASEAN Taxonomy Board;
- Principles-Based Sustainable and Responsible Investment Taxonomy published by SC;
- Green Loan Principles published by Loan Market Association (“**LMA**”), Loan Syndications and Trading Association (“**LSTA**”) and Asia Pacific Loan Market Association (“**APLMA**”)

## Green Financing Framework (Cont'd)

reNIKOLA Group has sought a Climate Bonds Initiative (“CBI”) certification (standalone) for its upcoming Green Sukuk and may seek the CBI certification for its other Green Financing in the future (if any). The certification by CBI of compliance of the Green Sukuk and/or other applicable Green Financing (if any) with the Climate Bonds Standard will be related to the sector criteria falling under Solar Energy, Hydropower or Bioenergy.

It is the intention of reNIKOLA to follow best practices relating to Green Financing as market standards develop and more taxonomy evolve. Hence, this Green Financing Framework may therefore be amended and/or updated to reflect changes in market practice.






# Key Guiding Principles



This Green Financing Framework is presented through the following four key recommended components of the Green & Sustainable Guidelines namely Use of Proceeds, Process for Project/Asset Evaluation and Selection, Management of Proceeds and Reporting.

## Use of Proceeds

The net proceeds of the Green Financing will be allocated or used to finance and/or re-finance, in part or in full, new and/or existing green investments and expenditures made by reNIKOLA group that meet the Eligibility Criteria defined below and are aligned with the Green & Sustainable Guidelines as indicated (“**Eligible Investments**”).

Eligible Investments	Eligible Criteria	Use of Proceeds
Renewable energy generation projects from sources including solar power, hydroelectric, bioenergy	<p><b>Solar</b> – Project that produces electricity using solar photovoltaic (PV) technology (including the use of battery energy storage systems)</p> <p><b>Hydro</b> – Projects with power density of &gt; 5 W/m<sup>2</sup> and life-cycle greenhouse gas emissions threshold of &lt; 100g CO<sub>2</sub>e/kWh</p> <p><b>Bioenergy</b> – Projects which capture methane and generates bioenergy from the anaerobic digestion of bio-waste feedstocks with life-cycle greenhouse gas emissions threshold of &lt; 100g CO<sub>2</sub>e/kWh</p>	To finance and/or re-finance investments or expenditures associated with the acquisition, development, construction operation, maintenance, refurbishment of electricity generation facilities that produces clean renewable energy <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>

The net proceeds of reNIKOLA’s Green Financing will not be used to finance any fossil fuel energy generation.



# Key Guiding Principles



## Process for Project Evaluation and Selection

The evaluation and selection process for Eligible Investments is a key process in ensuring that the net proceeds from Green Financing is allocated to assets and expenditures which meet the criteria in this Framework. For any acquired or new renewable energy investment project, the environmental and social profile of the proposed project forms part of the process for project evaluation and selection. reNIKOLA Group will conduct applicable environmental and social impact assessments to identify and manage potential impact on the environment and communities surrounding the project site.

The selection of Eligible Investments is managed by the Green Financing Committee comprising representatives from Sustainability, Finance and Projects. Only such assets and projects that comply with the criteria defined in the Use of Proceeds section of this Framework are eligible to be financed with Green Financing. The said Committee will also monitor the Green Financing register, monitor and approve the annual allocation and impact reporting as well as approve any changes to the Green Financing Framework.



## Management of Proceeds

The net proceeds of the Green Financing will be deposited into designated accounts, with an equivalent amount to be earmarked against identified Eligible Investments. The designated accounts for disbursement of proceeds of the Green Financing earmarked for Eligible Investments will be operated by the security trustee or agent and will be Shariah compliant bank accounts in the case where the Green Financing is Islamic financing.

reNIKOLA will track the use of proceeds of Green Financing to make sure that they are used to finance or refinance Eligible Investment projects described under section “Use of Proceeds” in this Framework. The disbursement of proceeds of the Green Financing earmarked for Eligible Investments will be supported by the relevant documentary evidence such as invoices, billings and/or other documentary evidence as may be requested by the security trustee or agent.

Any unutilised proceeds in the designated accounts held by reNIKOLA Group will be placed in fixed deposits or money market instruments (acceptable to the rating agency, where applicable), treasury bills or other instruments issued by the Bank Negara Malaysia or the Governments of Malaysia (“**Permitted Investments**”). In the case where the Green Financing is Islamic financing, such fixed deposits, money market instruments, treasury bills or other instruments shall be Islamic in nature.

For detailed information on the management of proceeds related to any Green Financing in the form of Green Sukuk or Green Bonds issued in Malaysia, please refer to the relevant principal terms and conditions of the said Green Financing to be made publicly available on The Bond and Sukuk Information Exchange (“**BIX**”) at [www.bixmalaysia.com](http://www.bixmalaysia.com).

## Reporting Commitments

reNIKOLA will make available a Green Financing Allocation Report annually on the Company's website to enable investors, lenders and other stakeholders to follow the development of the assets and projects funded by Green Financing until the net proceeds earmarked under the Green Financing are fully allocated. The Green Financing Allocation Report will include:

### Allocation of Proceeds Reporting

- net proceeds of the Green Financing;
- a brief description of the Eligible Investments and amount of the Green Financing earmarked for Eligible Investments;
- the unallocated net Green Financing proceeds and where such unutilised proceeds are placed or invested pending utilisation

reNIKOLA will also provide reporting on the environmental outputs and/or impact of the Eligible Investments financed under this Framework. The impact reporting will be aggregated based on the metrics listed below:

### Renewable Energy

- installed capacity of renewable energy plants (MW) and type of renewable energy technology;
- annual renewable energy generation (MWh or GWh);
- estimated annual greenhouse gas emissions avoided (tCO<sub>2</sub>e)
- volume of bio-waste treated (m<sup>3</sup>)
- amount of methane captured (Nm<sup>3</sup>)
- anaerobic digester treatment efficiency (kg of chemical oxygen demand removed)

## Second Party Opinion

reNIKOLA has appointed RAM Sustainability Sdn Bhd (“**RAM Sustainability**”) to provide a Second Party Opinion to confirm the alignment of this Framework to applicable Green & Sustainability Guidelines which promote integrity, transparency and accountability in the sustainability Bonds/Sukuk market. The Second Party Opinion document will be made available on reNIKOLA’s website.

## External Verification of Allocation Report

An external verification of the Allocation Report will be provided by an independent external auditor, on an annual basis and until the complete allocation of the Bonds/Sukuk proceeds. The external auditor will verify the allocation of the Bonds/Sukuk proceeds to Eligible Investments in accordance with this Framework. Such verification will also be made available on reNIKOLA’s website.

## Independent Verification of Conformance with Climate Bonds Standard

In the event the Green Sukuk or other Green Financing (if applicable) obtains a certification from CBI, RAM Sustainability as the CBI-approved verifier will provide a pre-issuance report of the conformance of the said Green Financing with the requirements of the Climate Bonds Standard. reNIKOLA Group will also issue annual update reporting of such certification to reaffirm conformance with the said Standard. The pre-issuance and post-issuance reports will also be made available on reNIKOLA's website.

# Disclaimer



This Green Financing Framework for reNIKOLA is provided for informational purposes only and is subject to change without notice. reNIKOLA does not assume any responsibility or obligation to update or revise this document as a result of new information, future events or otherwise following the date of this document.

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# Addendum to reNIKOLA Group Green Financing Framework



This Addendum provides additional disclosure to the section of Use of Proceeds in reNIKOLA Group Green Financing Framework following the issuance of reNIKOLA II ASEAN Green SRI Sukuk on 29 September 2023.

## Use of Proceeds (Additional Disclosure)

The actual amount of proceeds raised from the reNIKOLA II ASEAN Green SRI Sukuk on 29 September 2023 was RM390.0 million and of which, RM366.6 million have been/or will be utilised for the Eligible Investments as follows:

### Utilisation of Sukuk Proceeds

**RM366.6m**

Proceeds Allocated for Eligible Investments

**RM363.0m**

Amount Utilised for Eligible Investments

**RM220.3m**

Amount Utilised for Refinancing

**RM142.7m**

Amount Utilised for Development Costs of the Solar Plants

**RM3.6m**

Unutilised Amount Placed in Islamic Money Market Instruments

### Allocation by Eligible Investments

Eligible Investments	RM'm
BGMC Bras Power Sdn Bhd's solar assets in Kuala Muda, Kedah ("KM Plant")	163.1
Idiwan Solar Sdn Bhd's solar assets in Machang, Kelantan ("MC Plant")	199.9
<b>Total Utilised</b>	<b>363.0</b>
Unutilised balance placed in Islamic Money Market Instruments	3.6
<b>Total</b>	<b>366.6</b>

### Allocation of Amount Utilised for Refinancing

Eligible Investments	RM'm
KM Plant	109.2
MC Plant	111.1
<b>Total</b>	<b>220.3</b>