



reNIKOLA SOLAR SDN BHD

reNIKOLA ASEAN GREEN SRI SUKUK PROGRAMME FRAMEWORK

23 November 2020

1. Introduction

reNIKOLA Solar Sdn Bhd (“**reNIKOLA Solar**” or the “**Issuer**”) is a limited liability private company incorporated in Malaysia on 9 July 2020 under the Companies Act 2016. The Issuer is wholly-owned by reNIKOLA Sdn Bhd (“**reNIKOLA**”) and it is principally involved in the provision of operations and maintenance, treasury and management services for solar power plants.

reNIKOLA is an investment holding company principally engaged in the renewable energy (“**RE**”) industry and intends to expand its business in the RE industry through a combination of organic and targeted strategic acquisitions. In conjunction with reNIKOLA’s vision on building sustainable energy business whilst contributing towards creating a green and low carbon environment, reNIKOLA has completed and will be completing the following acquisitions in Malaysia:

- (i) reNIKOLA through its wholly-owned subsidiary, reNIKOLA (Gebeng) Sdn Bhd, has acquired the full economic interest via the subscription of 100% redeemable preference shares in RE Gebeng Sdn Bhd (“**RGSB**”). RGSB has signed a power purchase agreement of twenty one (21) years with Tenaga Nasional Berhad (“**TNB**”) on 19 March 2018 (“**RGSB PPA**”) to build, own, operate and maintain a solar photovoltaic power plant with an installed capacity of 30MW_{ac} located in Gebeng, Pahang and ancillary equipment and facilities as described under the RGSB PPA (“**RGSB Plant**”). RGSB Plant commenced commercial operation in January 2020;
- (ii) reNIKOLA through its wholly-owned subsidiary, reNIKOLA (Arau) Sdn Bhd, has acquired the full economic interest via the subscription of 100% redeemable preference shares in SBU Power Sdn Bhd (“**SPSB**”). SPSB has signed a power purchase agreement of twenty one (21) years with TNB on 21 March 2017 (“**SPSB PPA**”) to build, own, operate and maintain a solar photovoltaic power plant with an installed capacity of 4MW_{ac} located in Arau, Perlis and ancillary equipment and facilities as described under the SPSB PPA (“**SPSB Plant**”). SPSB Plant commenced commercial operation in March 2018; and
- (iii) reNIKOLA through its wholly-owned subsidiary, reNIKOLA (Pekan) Sdn Bhd, is acquiring the full economic interest via the subscription of 100% redeemable preference shares in Halpro Engineering Sdn Bhd (“**HESB**”) of which the acquisition is expected to be completed by January 2021. HESB has signed a power purchase agreement of twenty one (21) years with TNB on 23 April 2018 (“**HESB PPA**”) to build, own, operate and maintain a solar photovoltaic power plant with an installed capacity



of 30MW_{ac} located in Pekan, Pahang and ancillary equipment and facilities as described under the HESB PPA (“**HESB Plant**”). HESB Plant is targeted to achieve commercial operation by January 2021.

RGSB, SPSB and HESB shall collectively be referred to as the “**Project Companies**” and RGSB Plant, SPSB Plant and HESB Plant shall collectively be referred to as the “**Solar Plants**”.

reNIKOLA will continue to expand its footprint in RE projects across core markets in Southeast Asia.

For any reNIKOLA ASEAN Green SRI Sukuk issued pursuant to the reNIKOLA ASEAN Green SRI Sukuk Programme under this reNIKOLA ASEAN Green SRI Sukuk Programme Framework (“**Framework**”), the Issuer will comply with the following applicable guidelines and standards (collectively known as “the **Standards**”):

Issuing Body	Standards	Version Date
ASEAN Capital Markets Forum	ASEAN Green Bond Standards	October 2018
International Capital Market Association	Green Bond Principles	June 2018
Securities Commission Malaysia (“ SC ”)	Sustainable and Responsible Investment (SRI) Sukuk Framework	30 June 2020

2. Objectives

The Issuer through the Project Companies aims to play a role in the global drive to create a low-carbon, climate-resilient future and sustainable world by undertaking RE projects and thus contributing to reducing the nation’s dependence on power generated using fossil fuels which is aligned with several national roadmaps such as Renewable Energy Transition Roadmap (RETR) 2035 that aims to boost renewables share to 20% in Malaysia’s power mix by 2025; and Shared Prosperity Vision 2030 which also stresses on RE and green economy as two (2) of the fifteen (15) proposed Key Economic Growth Activities.

The electricity generated and to be generated from the Solar Plants is expected to contribute towards sustainable electricity supply and the reduction of carbon emission in Malaysia in line with the National Renewable Energy Policy, and National Green Technology Policy of Malaysia.

In addition, the Project Companies require certain materials and maintenance services sourced from the local area which the Solar Plants are situated which will help to create more job opportunities and propel economic growth in the respective states. SPSB is also committed to grant access to the undergraduates in the Universiti Malaysia Perlis for field trips, programmes for educational and research to visit and study the solar power system built by SPSB.



The Solar Plants are deemed as eligible, sustainable and responsible investment projects pursuant to paragraph 7.07(c) (promoting the use of renewable energy) and paragraph 7.08(a)(i) (renewable energy) of the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued on 9 March 2015 and effective on 15 June 2015 and revised on 30 June 2020 (as amended from time to time) and eligible green projects pursuant to paragraph 4.1.5(i) (renewable energy) under the ASEAN Green Bond Standards ("**Eligible Green SRI Projects**"). Similarly, under the Green Bond Principles, the Solar Plants are deemed eligible as they fall under the outlined category of RE.

This Framework aims to improve transparency and in turn, integrity of the reNIKOLA ASEAN Green SRI Sukuk issuance. The Framework is developed based on four (4) key pillars principles:

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

2.1. Utilisation of Proceeds

Proceeds from the reNIKOLA ASEAN Green SRI Sukuk will be mainly used to part finance and/or part reimburse the total development costs incurred for the Solar Plants, which includes payment(s) to third party and/or towards partial and/or full settlement of any external financings/borrowings and/or advances obtained by the Project Companies to finance the Solar Plants.

2.2. Process for Project Evaluation and Selection

To holistically evaluate the Solar Plants, the Project Companies have commissioned various studies on multiple facets pertaining to the Solar Plants, including:

- (i) power system study;
- (ii) yield assessment
- (iii) soil investigation;
- (iv) environmental study;
- (v) feasibility study;
- (vi) technical due diligence by an independent technical adviser; and
- (vii) flood study.

Ultimately, the key management team will be responsible for assessing the environmental viability of the Solar Plants, along with the procedures involved throughout the operating period.

2.3. Management of Proceeds

The proceeds from the reNIKOLA ASEAN Green SRI Sukuk will be deposited into the following accounts (collectively, the "**Designated Accounts**"):



- (i) Issuer Collection Account; and
- (ii) Issuer Finance Service Reserve Account.

The Designated Accounts will be solely operated by the Security Trustee – Malaysian Trustees Berhad. Disbursements of the funds from the Issuer Collection Account 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 prior to the payment/disbursement. For the avoidance of doubt, payment/disbursement made in respect of the external financings/borrowings shall be supported by a redemption statement cum undertaking letter from the relevant financier/lender in respect of the facility stating amongst others, the redemption amount and the irrevocable and unconditional undertaking to discharge the relevant security(ies) to the facility upon receipt of such payment.

Any unutilised proceeds in the Designated Accounts will be invested into Shariah-compliant investment products approved by the Shariah Advisory Council (“**SAC**”) of the SC and/or the SAC of Bank Negara Malaysia (“**BNM**”) and/or such other recognised Shariah authorities from time to time (“**Permitted Investments**”) as follows:

- (i) Accounts maintained with the Shariah-compliant financial institution with a minimum credit rating of AA₃/P1 and/or AA-/MARC-1;
- (ii) Islamic fixed deposit, Islamic bankers acceptances, Islamic accepted bills, and other Islamic money market instruments issued by a Shariah compliant financial institution with a minimum credit rating of AA₃/P1 and/or AA-/MARC-1; and
- (iii) Islamic treasury bills, Islamic money market instruments, and other Islamic instruments or sukuk issued by BNM or the Government of Malaysia.

The Permitted Investments shall be denominated in Ringgit Malaysia and such funds utilised for the Permitted Investments including its profits/returns shall be remitted into the relevant Designated Accounts.

Additionally, the Issuer will employ an auditor and/or other third party to verify the Issuer’s management of proceeds and ensure that the report produced by the auditor or other third party will be made publicly available on a website designated by the Issuer at the time of issuance of the reNIKOLA ASEAN Green SRI Sukuk.

For detailed information on the accounts related to the reNIKOLA ASEAN Green SRI Sukuk Programme, please refer to the Principal Terms and Conditions of the issuance, to be made publicly available on BNM’s Fully Automated System for Issuing/Tendering and the SC’s website after issuance of the reNIKOLA ASEAN Green SRI Sukuk.

2.4. Reporting Commitments

The Project Companies are committed to managing corporate sustainability and relevant environmental reporting commitments of the Solar Plants. To enable investors to follow the development and prioritised areas, the Issuer will provide, at least annually on a website designated by the Issuer, disclosure on the following:



- (i) the original amount allocated for the Eligible Green SRI Projects;
- (ii) the amount utilised for the Eligible Green SRI Projects. The Issuer must report the use of proceeds at least on an annual basis until full allocation and on a timely basis in the case of material developments;
- (iii) the unutilised amount and where such unutilised amount is placed or invested pending utilisation; and
- (iv) the list of the Eligible Green SRI Projects in which the proceeds from the reNIKOLA ASEAN Green SRI Sukuk have been allocated to and a brief description of the Eligible Green SRI Projects and their impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact.

Disclosures under the impact or expected impact of the Solar Plants include reporting on key items of interest such as:

- (i) installed renewable energy capacity (MW_{ac});
- (ii) renewable energy produced (MWh); and
- (iii) greenhouse gas emissions (t/CO_{2e}) avoided.

3. Assurance

The Issuer has appointed RAM Sustainability Sdn Bhd as an independent party to provide a Second Opinion Report on the alignment of the Framework to the Standards. The Framework and the Second Opinion Report will be made publicly available on a website designated by the Issuer at the time of issuance and throughout the tenure of the reNIKOLA ASEAN Green SRI Sukuk Programme as its ongoing commitment to transparency and integrity.



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ADDENDUM TO reNIKOLA ASEAN GREEN SRI SUKUK PROGRAMME FRAMEWORK

29 December 2023

This Addendum provides an update made to section 2.1 in the reNIKOLA ASEAN Green SRI Sukuk Programme Framework dated 23 November 2020 (original version):

2.1. Utilisation of Proceeds (Updated Version)

Proceeds from the reNIKOLA ASEAN Green SRI Sukuk will be mainly used to part finance and/or part reimburse the total development costs incurred for the Solar Plants, which includes payment(s) to third party and/or towards partial and/or full settlement of any external financings/borrowings and/or advances obtained by the Project Companies to finance the Solar Plants.

The actual amount of proceeds raised from the reNIKOLA ASEAN Green SRI Sukuk was RM383.00 million and of which, RM363.68 million have been/or will be utilised for the Eligible Green SRI Projects as follows:

	Amount (RM'million)
Utilisation of Sukuk Proceeds	
Amount utilised for refinancing: -	
- SPSB Plant	18.19
- RGSB Plant	146.92
- HESB Plant	147.29
	<hr/> 312.40
Amount utilised for development costs of the Eligible Green SRI Projects	48.60
Unutilised balance placed in Islamic Money Market Instruments	2.69
	<hr/> 363.68* <hr/>

For more information on the utilisation of proceeds from the RAGSS, please refer to the Sukuk Allocation Report in our website (www.renikola.com/greensukuk1.html)

** Numbers does not add up due to rounding*