



reNIKOLA HOLDINGS SDN BHD
▪ **GREEN FINANCING FRAMEWORK**

SECOND OPINION REPORT
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RAM SUSTAINABILITY'S SECOND OPINION APPROACH

RAM Sustainability has assessed reNIKOLA Holdings Sdn Bhd's (reNIKOLA or the Group) Green Financing Framework (hereinafter referred to as the Framework) against sustainability responsibilities and disclosure requirements under the following standards and taxonomies:

- Sustainable and Responsible Investment (SRI) Sukuk Framework
- Principles-Based Sustainable and Responsible Investment Taxonomy¹ (SRI Taxonomy)
- ASEAN Green Bond Standards (GBS)
- ASEAN Taxonomy for Sustainable Finance Version 2²
- Green Bond Principles (GBP)
- Green Loan Principles³ (GLP)

Our assessment relies on both public information and information provided by the Group on the Framework. We have not undertaken any audit or other related activity to ascertain the validity or accuracy of the information provided. As part of our due diligence process, we conducted a site visit to reNIKOLA's solar photovoltaic (PV) plant in Machang, Kelantan on 2 May 2023.

RAM Sustainability classifies green, social or sustainability bond frameworks as *Weak*, *Basic*, *Intermediate* or *Advanced*, in comparison to applicable regulations and guidelines or best practices.

Level	Framework Characteristics
Weak	Not observable in the framework.
Basic	Observable in the framework, but is below best practice.
Intermediate	Observable in the framework and in line with best practice.
Advanced	Observable in the framework and is more stringent, comprehensive, and establishes a new benchmark and new best practice.

¹ The SRI Taxonomy is a principles-based taxonomy developed by the Securities Commission Malaysia (SC) to provide clarity and voluntary guidance on the identification and classification of economic activities that qualify for sustainable investment. The SRI Taxonomy was issued in December 2022.

² The ASEAN Taxonomy is a regional sustainable finance taxonomy intended as the reference point for sustainable projects and activities in ASEAN to help issuers and investors understand the sustainability impact of a project or economic activity. Version 2 of the Taxonomy was last updated on 9 June 2023. The Technical Screening Criteria for the Energy Sector is still under consultation and expected to be finalised in early 2024.

³ The GLP are voluntary recommended guidelines, developed by representatives from leading financial institutions active in the global syndicated loan markets, with a view to promoting the development and integrity of a green loan product. The GLP seek to support borrowers in financing environmentally sound and sustainable projects that foster a net-zero emissions economy, protect and restore the environment, facilitate adaptation to climate change, and/or provide other environmental benefits.

RAM SUSTAINABILITY'S ENVIRONMENTAL BENEFIT ASSESSMENT AND DEFINITION

The ultimate objective of a green financing is to facilitate the financing of environmentally friendly solutions that can help mitigate the effects of climate change and/or create value for the surrounding ecosystem. RAM Sustainability's green financing evaluation is a qualitative and quantitative assessment of the contributions of a project or financing facility to a low-carbon, sustainable future. The transparency and disclosure strength of the green financing is also a key consideration. RAM Sustainability's Environmental Benefit (EB) rating definitions are as follows:

RAM Environmental Benefit Tier-1

- The eligible utilisation of proceeds, under relevant guideline(s), has significant contribution towards climate and wider environmental benefits, as supported by the issuer's framework. The assessment also considers the net impact on the environment.

RAM Environmental Benefit Tier-2

- The eligible utilisation of proceeds, under relevant guideline(s), has some contribution towards climate and wider environmental benefits, as supported by the issuer's framework. The assessment also considers the net impact on the environment.

RAM Environmental Benefit Tier-3

- The eligible utilisation of proceeds, under relevant guideline(s), has small contribution towards climate and wider environmental benefits, as supported by the issuer's framework. The assessment also considers the net impact on the environment.

Utilisation of proceeds that causes significant harm to the environment will not be assigned any EB rating.

SUMMARY OF SECOND OPINION ON THE FRAMEWORK

RAM Sustainability opines that reNIKOLA’s Framework is **aligned with the transparency and disclosure requirements of the SRI Sukuk Framework, ASEAN GBS, GBP, and GLP** (collectively known as the Standards). The Framework provides clarity on important aspects such as the intended use of proceeds, the process for project evaluation and selection, the procedure for the management of the proceeds, and the Group’s future reporting commitments. The Framework is also aligned with all core areas, and 16 out of 20 recommendations as guided under the pre-issuance checklist of the GBP.


In addition, RAM Sustainability has reviewed the alignment of reNIKOLA’s use of proceeds and eligible activities under the Framework to the SRI and ASEAN Taxonomies (collectively known as the Taxonomies). **The eligible activities – solar, hydropower and bioenergy – can be classified as Green under the Taxonomies, save for some ambiguity on the type of hydropower to be financed which may be classified as Amber under the SRI Taxonomy (please refer to 2.5).** reNIKOLA has also included the recommended technical screening criteria (TSC) for hydropower and bioenergy activities from the ASEAN Taxonomy Plus Standard. This demonstrates reNIKOLA’s commitment to apply best practices in the determination of eligibility for green financing and climate alignment. The emission threshold for eligible hydropower and bioenergy projects are in line with climate model recommendation of a global average power sector emission intensity of below 100g CO₂e/kWh to achieve total decarbonisation of the power sector by 2050.

reNIKOLA is an investment holding company focused on renewable energy (RE) generation. The Group develops, operates, and maintains large-scale solar, bioenergy, and hydropower plants, generating stable cash flow through green electricity supplied to Tenaga Nasional Berhad (TNB) and other corporate customers. The Group’s decision-making process is guided by a Management Framework which drives their investment decision processes, compliance to regulations and management of environmental, social and financial risks. Their commitment to sustainability aligns with national energy policies, aiming to reduce fossil fuel dependency in Malaysia.



The first utilisation under the Framework is for reNIKOLA Solar II Sdn Bhd’s (reNIKOLA II or the Issuer) issuance of Islamic medium-term notes of up to RM390 million in nominal value (the ASEAN Green SRI Sukuk or the Green Sukuk), where proceeds will be used to refinance development costs associated with two 30 MWac solar PV plants (known collectively as the Solar Plants) and three parcels of land in Malaysia, as well as the costs relating to the issuance. The Green Sukuk has obtained a Climate Bonds Certification on 28 July 2023 under the Climate Bonds Standard, making it the first Certified Climate Sukuk in Malaysia and the world. The certification is a testament to reNIKOLA’s commitment to align the Green Sukuk’s use of proceeds with the 1.5° pathways outlined in the Paris Agreement.

We have assigned the following EB ratings to reNIKOLA’s eligible project categories:

Table 1: RAM Sustainability’s EB assessment of reNIKOLA’s eligible project categories

No.	Eligible Project Category under the Standards	reNIKOLA’s Eligible Investment ⁴	RAM Sustainability EB Rating	Rationale for EB Rating	Alignment to the Taxonomies
1	Renewable Energy	Solar		The deployment of solar energy solutions displaces the use of fossil fuels and decarbonises the energy system. Therefore, this eligible project category is aligned with the goals of a low-carbon future and contributes significantly towards climate change mitigation.	Green

⁴ Throughout this report, the terms “eligible investments”, “eligible activities” and “eligible projects” are used interchangeably, with the same meaning.

2	Renewable Energy	Hydro		<p>reNIKOLA has specified that it will finance only hydropower projects with a lifecycle emission threshold of <100g CO₂e/kWh and a power density of >5W/m², which is in line with widely-accepted thresholds for decarbonisation of the power sector as well as the ASEAN Taxonomy's TSC recommendations. The hydropower projects are expected to contribute significantly towards climate change mitigation.</p> <p>The Group will also assess and manage the impact of its hydropower projects, including that arising from direct land use, during the project evaluation and selection stage by undertaking environmental impact assessments (EIA) prior to project construction to identify environmental risks associated with the activity. While reNIKOLA has put in place processes, including a Management Framework, to guide its decision-making on the management of environmental, social and financial risks, the development of a storage-type hydropower facilities is viewed to have a higher environmental and social risk than run-of-river facilities. Given that the Group is still in the very early stage of its hydropower business, it has not referenced the use of tools such as the Hydropower Sustainability ESG Gap Analysis Tool (HESG)⁵ as part of its environmental and social risks assessment.</p>	Green/ Amber (please refer to 2.5)
3	Renewable Energy	Bioenergy		<p>reNIKOLA's bioenergy projects capture and convert methane from agricultural waste (i.e. palm oil mill effluent or POME), and food waste from municipal solid waste, into energy that will be supplied to the national grid. They have also specified an emissions threshold of <100g CO₂e/kWh, to limit the lifecycle GHG emissions of their bioenergy production. This is in line with widely-accepted thresholds for decarbonisation of the power sector as well as the ASEAN Taxonomy's TSC recommendations. Bioenergy</p>	Green

⁵ HESG was developed by the International Hydropower Association (IHA) between February 2017 and June 2018 under the mandate of the Hydropower Sustainability Assessment Council to enable hydropower project proponents and investors to identify and address gaps against international good practice.

				<p>projects generate power while removing methane, which has a global warming potential that is 27 times higher than CO₂, from the ecosystem. With the emission threshold in place, reNIKOLA's bioenergy projects are therefore considered to have a strong net positive impact on the environment. They are also expected to play a significant role in facilitating the agricultural and waste sector's transition and alignment with the goals of a low-carbon future.</p>	
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We further find the Framework to have an Intermediate level of disclosure. It incorporates details that we view to be in line with best practices. Our key assessment areas are illustrated in Table 2 below.

Table 2: Summary of RAM Sustainability's assessment of the Framework

Components	RAM's Overall Opinion
Utilisation of Proceeds (By Asset/Project Category):	
i) Eligibility Criteria Disclosure Quality	<i>Intermediate</i>
ii) Indicative Proceeds Allocation	<i>Intermediate</i>
iii) Exclusion List:	
- Issue Transaction-level	<i>Intermediate</i>
- Group-level	<i>While there is no explicit exclusion list disclosed at the Group-level, reNIKOLA is a pure RE player whose core business activities involve generating revenue through their eligible RE investments.</i>
Project Evaluation & Selection	<i>Intermediate</i>
Management of Proceeds	<i>Intermediate</i>
Reporting Commitments:	
i) Allocation reporting	<i>Intermediate</i>
ii) Impact reporting	<i>Intermediate</i>

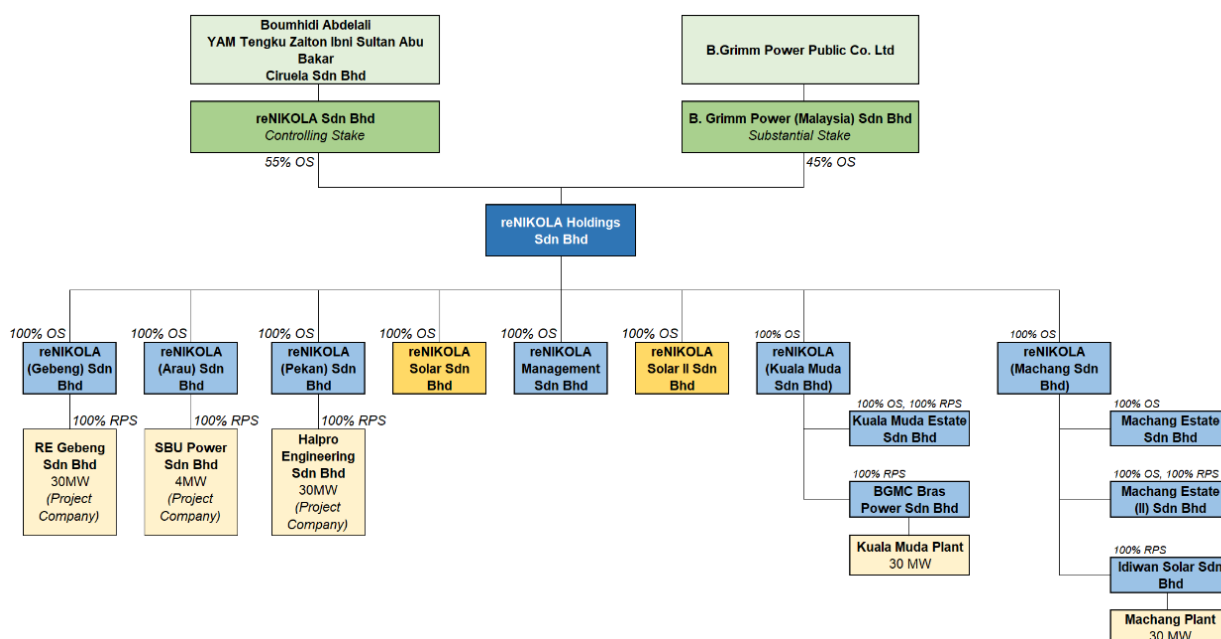
1. CORPORATE PROFILE

reNIKOLA's group of companies are principally engaged in the development and operation of RE generation. The Group intends to expand its business in the RE industry through organic growth and targeted strategic acquisitions, and currently has a portfolio of large-scale solar (LSS), biogas and hydropower plants in operation and/or under development.

reNIKOLA is majority-owned by reNIKOLA Sdn Bhd, which currently holds 55% of ordinary shares and is the controlling shareholder of reNIKOLA and its subsidiaries (Figure 1). reNIKOLA Sdn Bhd is owned by two individuals, Boumhidi Abdelali (70% ordinary shares) and YAM Tengku Zaiton Ibni Sultan Abu Bakar (30% ordinary shares). The remaining 45% in reNIKOLA is owned by B. Grimm (Malaysia) Sdn Bhd, a subsidiary of a prominent Thailand-listed energy player, B. Grimm Power Public Co. Ltd.

reNIKOLA has previously raised funds via reNIKOLA Solar Sdn Bhd's ASEAN Green SRI Sukuk in 2021, for the refinancing of three solar PV plants in Arau (4 MWac), Perlis, and Gebeng (30 MWac) and Pekan (30 MWac) in Pahang.

Figure 1: reNIKOLA's corporate structure

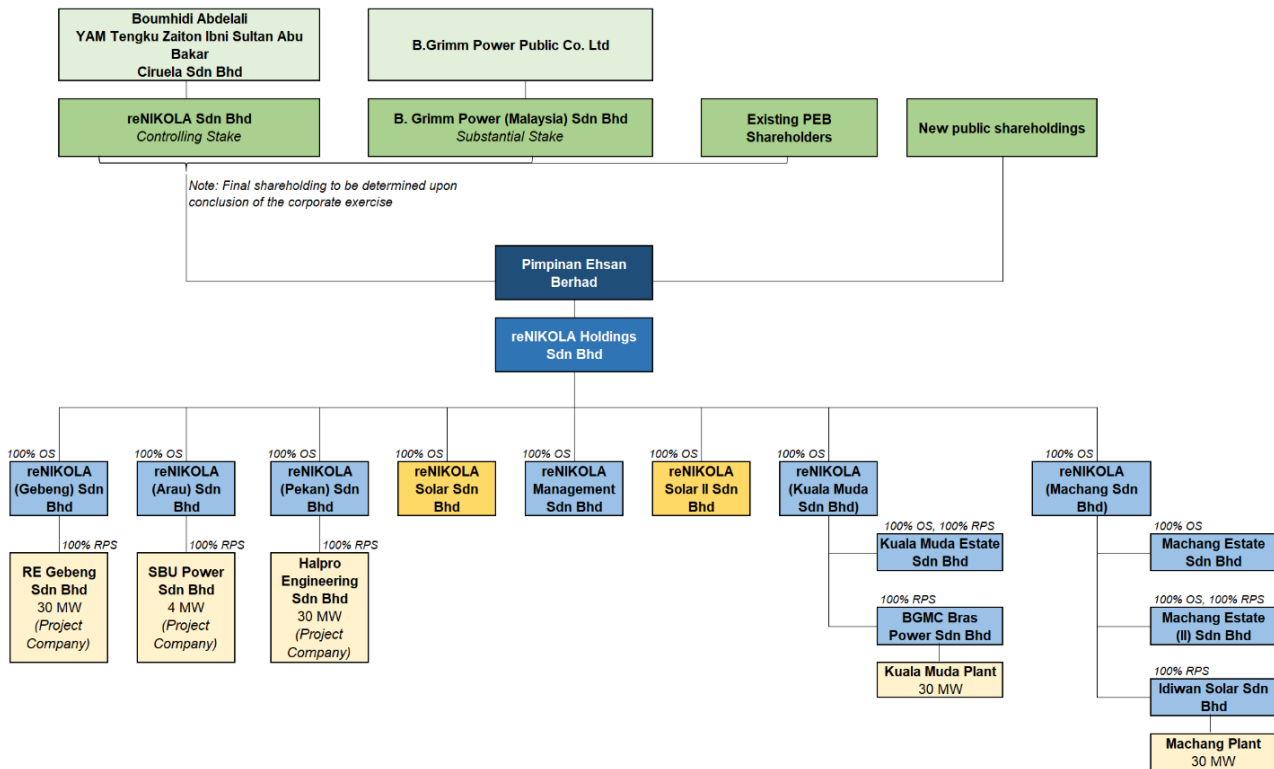


Source: reNIKOLA

Note: RPS = Redeemable Preference Shares, OS = Ordinary Shares

reNIKOLA is currently undergoing a corporate exercise which will eventually lead to the injection of reNIKOLA and its subsidiaries into Pimpinan Ehsan Berhad (PEB), a listed entity on Bursa Malaysia (Figure 2). PEB was categorised as a Cash Company according to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in May 2018, following the disposal its principal subsidiary, TRIplc Berhad which was mainly involved in the Construction and Property Development business. To comply with the requirements as a Cash Company, PEB has identified reNIKOLA as its new core business and aims to acquire the Group and its subsidiaries as part of its regularisation plan. The corporate exercise has obtained approvals from the Energy Commission and TNB, and is pending listing approval from SC.

Figure 2: reNIKOLA’s corporate structure post-completion of corporate exercise



Source: reNIKOLA

2. REVIEW OF THE FRAMEWORK

We have analysed the Framework according to four core components under the Standards:

- i. Utilisation of Proceeds
- ii. Process for Project Evaluation and Selection
- iii. Management of Proceeds
- iv. Reporting Commitments

For a detailed review, please refer to Appendix 1 for the SRI Sukuk Framework Checklist, Appendix 2 for the ASEAN GBS Checklist, and Appendix 3 for the GBP External Review Form.

2.1. Utilisation of Proceeds

The Standards recognise several categories of eligible green projects. Broadly defined, green projects refer to innovative, climate-friendly solutions that help deliver clear environmental benefits.

reNIKOLA’s eligible investments under the Framework, which are solar, hydropower and bioenergy, fall under the RE category of eligible green projects under the Standards (Table 1). The proceeds from green financings under the Framework may be used to partially or fully finance/re-finance new and/or existing sustainable RE investments undertaken by reNIKOLA. These investments must meet a set of eligibility criteria and align to the Standards and Taxonomies, in order to be considered as eligible investments.

Consistent with the ASEAN GBS, the Framework prohibits any net proceeds from reNIKOLA’s green financing to provide funding for projects utilising fossil fuel for power generation.

The first utilisation under the Framework is reNIKOLA II's Green Sukuk, where proceeds will be used to refinance development costs associated with the following Solar Plants located in Malaysia, as well as the costs relating to the issuance:

- i. 30 MWac Large Scale Solar PV plant located in Kuala Muda, Kedah
- ii. 30 MWac Large Scale Solar PV plant located in Machang, Kelantan

The details of the Green Sukuk's utilisation of proceeds are described in Table 3 below:

Table 3: Breakdown of the utilisation of proceeds for the Solar Plants

Allocation	Nominal Amount (RM' million)
To partially finance/reimburse the total development costs incurred for the Solar Plants	325
To part reimburse the cost of the lands	40
To prefund the initial deposit of the Finance Service Reserve Account (FSRA) Minimum Required Balance and Maintenance Reserve Account (if applicable)	15
To pay/reimburse fees, expenses and all other amounts payable related to the Green Sukuk	10
Total	390

2.2. Process for Project Evaluation and Selection

The Framework describes an evaluation and selection process that the Group undertakes to ensure that projects or assets that are selected for green financing are eligible, and that environmental and social risks are managed.

The eligibility criteria of green projects include emission thresholds for the power sector that is estimated to make a substantial contribution to reaching the Paris Agreement targets. reNIKOLA's emission thresholds for its hydropower and bioenergy projects are as follows:

- i. Hydropower – Power generation facility with a power density of $> 5 \text{ W/m}^2$ and lifecycle GHG emissions of $< 100\text{g CO}_2\text{e/kWh}$
- ii. Bioenergy – Power generation facility that captures methane and generates bioenergy from the anaerobic digestion of bio-waste feedstocks with lifecycle GHG emissions of $< 100\text{g CO}_2\text{e/kWh}$

The eligibility criteria above are consistent with widely accepted emission thresholds and the recommended TSC under the ASEAN Taxonomy.

The Group will also conduct environmental and social impact assessments (ESIA) to identify and manage potential risks on the environment and communities surrounding the project site.

The selection of eligible projects is managed by a Green Financing Committee, comprising of senior management representatives from reNIKOLA's sustainability, finance, and projects departments. According to our interview with reNIKOLA, the Green Financing Committee will make recommendations of eligible projects for approval by the Board of Directors.

2.2.1. Project Evaluation and Selection for the Green Sukuk

The Group, through their wholly owned subsidiaries BGMC BRAS Power Sdn Bhd and Idiwan Solar Sdn Bhd (collectively known as the Project Companies) has conducted the following studies and evaluations prior to the construction of each Solar Plant:

- i. Power system study
- ii. Yield assessment
- iii. Hydrological and flood study
- iv. Soil investigation
- v. Preliminary environmental impact study
- vi. Technical due diligence by an independent technical advisor

We have obtained confirmation from reNIKOLA’s management that reNIKOLA’s Board of Directors are responsible for reviewing the studies and evaluations conducted, and have approved the Solar Plants as eligible projects to be refinanced through the reNIKOLA II Green Sukuk based on the Framework.

Additionally, the Project Companies have appointed the independent environmental consultant, Samaiden Sdn Bhd, to conduct, a preliminary environmental impact study (PEIS) for each Plant prior to construction. Following their analysis of the Solar Plants’ environmental impact during the construction and/or operational phases, the PEIS concluded that the Solar Plants would not pose any significant environmental impacts to the surrounding environment. The PEIS however, did identify sewage discharge to have a minimal and temporary impact to the project site as a temporary issue during the construction stage. To address this, sewage collection and disposal will be conducted regularly at the Solar Plants to address this issue. The PEIS deemed the PV modules safe as monocrystalline PV modules are used at both Solar Plants, with no risk of leeching of toxic materials. reNIKOLA is also in the process of identifying a licensed recycler to recycle discarded solar PV modules once they have reached their end-of-life stage.

In our view, the processes employed by reNIKOLA are good governance practices for the evaluation of eligible activities for green financing.

2.3. Management of Proceeds

The Group has clearly defined the internal processes linked to the management of proceeds. The net proceeds from any green financing under the Framework will be deposited into designated accounts for the disbursement of proceeds to the identified eligible investments. The designated accounts will be operated by a security trustee (or security agent in the case of a loan). In the case of sukuks, the designated accounts will be Shariah compliant bank accounts. Disbursement of funds from the designated accounts will be supported by documentation such as invoices, billings and/or other evidence which may be requested by the security trustee. reNIKOLA will track the green financing proceeds to make sure that they are used to finance or refinance eligible investments based on the prescribed use of proceeds in the Framework.

Any unutilised proceeds in the designated accounts will be placed in fixed deposits or money market instruments, treasury bills, or other instruments issued by Bank Negara Malaysia (BNM) or the government of Malaysia (GoM). In the case of Islamic green financing, such fixed deposits, money market instruments, treasury bills, or other instruments shall be Shariah-compliant and approved by the Shariah Advisory Council (SAC) of the SC and/or the SAC of BNM.

In addition, the Group will appoint independent auditors or other third parties to verify its management of proceeds for their green financing under the Framework. The external assurance statement from the independent auditors or other third parties will be made publicly available on a website designated by an issuer under the Group, at the time of issuance of any green financing.

2.4. Reporting Commitments

The Standards require issuers to establish a formal process to communicate the allocation of proceeds and the positive impact created. For each issuance under the Framework, reNIKOLA is committed to report on an annual basis, or on a timely basis in the case of material developments, and until full allocation of proceeds, the following information, via its issuers:

Allocation Reporting	<ul style="list-style-type: none"> ▪ The original amount allocated for the identified eligible investments and a brief description of the eligible investments ▪ The amount utilised for the identified eligible investments ▪ The unutilised amount and where it is placed or invested pending utilisation
Impact Reporting	<ul style="list-style-type: none"> ▪ Installed RE capacity of RE plants (MWac) ▪ RE generated for the year (MWh or GWh) ▪ Estimated greenhouse gas emissions avoided (t/CO₂e) ▪ Volume of bio-waste treated (m³) ▪ Amount of methane captured (Nm³) ▪ Anaerobic digester treatment efficiency (kg of chemical oxygen demand removed)

The report will be made available on a website designated by the issuers. The issuers will update this report annually for as long as a green financing is outstanding. The Group has also committed to making available this Second Opinion Report and the Framework itself on a designated website. This will ensure that its bond/sukuk investors are kept updated on the latest material developments. In addition, this Second Opinion Report will be available on RAM Sustainability’s website (<https://www.ram.com.my/sustainability>).

2.5. Alignment to the Taxonomies

RAM Sustainability has assessed reNIKOLA’s eligible investments and activities against the Taxonomies.

The Taxonomies aim to classify economic activities according to their environmental sustainability, and are designed to help investors, businesses, and policymakers identify and support sustainable investments. The Taxonomies classify economic activities based on their contribution to at least one Environmental Objectives (EO):

- i. EO1 – Climate Change Mitigation
- ii. EO2 – Climate Change Adaptation
- iii. EO3 – Protection of Healthy Ecosystems and Biodiversity
- iv. EO4 – Promotion of Resource Resilience and Transition to Circular Economy

An economic activity can be considered to support the objectives of the Taxonomies if:

- i. it substantially contributes to at least one of the environmental objectives; and
- ii. does not cause significant harm to any of the other environmental objectives; and
- iii. steps are taken to mitigate the environmental impacts identified from the activity; and
- iv. steps are taken to identify and address social aspects that could be harmed by the activity (ASEAN Taxonomy only).

The eligible activities described in the Use of Proceeds section of the Framework involves energy generation from clean and renewable sources which enables carbon emission avoidance/reduction with the **primary EO of climate change mitigation**.

We have conducted the assessment in accordance with the SRI Taxonomy and the EO1 assessment under the Foundation Framework of the ASEAN Taxonomy for each eligible activity as follows:

Solar power

EO1 Assessment			RAM Sustainability’s Assessment
	SRI Taxonomy Alignment	ASEAN Taxonomy Alignment	
Does the activity avoid/reduce GHG emissions?	Yes	Yes	reNIKOLA’s eligibility criteria for solar investments are projects that produces electricity using solar PV technology. The deployment of solar energy solutions displaces the use of fossil fuels and decarbonises Malaysia’s energy system, contributing significantly towards avoiding GHG emissions.
Does the activity avoid causing potential significant harm to other EOs?	Yes	Yes	reNIKOLA’s solar projects do not cause significant harm to other EOs. According to the Framework, reNIKOLA has committed to conduct relevant impact studies prior to project construction, to identify and manage potential impacts on the environment surrounding the project site. In the case of the Solar Plants, an independent environmental consultant had been engaged to conduct a PEIS for each solar plant prior to construction (refer to 2.2.1). The environmental consultant concluded that the Solar Plants would not pose any significant environmental impacts to the surrounding environment.
Social aspects: Does	Not	Yes	reNIKOLA has established relevant policies that set clear and transparent

the Group address impacts relating to human rights, forced/child labour and impact on people living close to its eligible investments?	applicable		<p>measures to address issues relating to the protection of human rights, occupational health and safety, prevention of forced/child labour and discrimination.</p> <p>It is also demonstrated in the Framework that reNIKOLA will conduct applicable ESIA's to identify and manage potential impact on the environment and communities surrounding the project sites. Based on reNIKOLA's ESG Initiatives document, they have also committed to engaging with various stakeholders, such as local government bodies, NGOs, and local community representatives, to seek their input, address concerns, and integrate their perspectives into project planning and decision-making processes.</p>
Classification	Green	Green FF	

Hydropower

EO1 Assessment			RAM Sustainability's Assessment	
	SRI Taxonomy Alignment	ASEAN Taxonomy Alignment		
Does the activity avoid/reduce GHG emissions?	Yes	Yes	<p>reNIKOLA's hydropower generation facilities have the potential to reduce GHG emissions by offering localised, RE production and reducing reliance on fossil fuels.</p> <p>reNIKOLA has also committed to limit GHG emissions from its hydropower projects by only considering hydropower projects with a lifecycle emission of <100g CO₂e/kWh and a power density of >5W/m² as eligible projects.</p>	
Does the activity avoid causing potential significant harm to other EOs?	Run-of-river hydro	Storage hydro	<p>reNIKOLA has not specified its eligible projects/investments by size or type of hydropower generation facilities. In our view, certain types of hydropower generation facilities could potentially cause significant harm to EO3 by inundating natural landscapes, altering river courses, or displacing communities.</p> <p>Based on an interview conducted with reNIKOLA's management, the Group plans to assess environmental impacts, including that arising from direct land use, by conducting EIAs prior to project construction to identify environmental risks associated with any activity funded under the Framework. Given that the Group is still in the very early stage of its hydropower business, it has not referenced assessment tools such as the HESG as part of its environmental and social risks assessment.</p>	
	Yes	No		Yes
Are there remedial efforts taken to mitigate the harm caused by the economic activity?	Not applicable	Yes		
Social aspects: Does the Group address impacts relating to human rights, forced/child labour and impact on people living close to its eligible investments?	Not applicable		<p>reNIKOLA has established relevant policies that set clear and transparent measures to address issues relating to the protection of human rights, occupational health and safety, prevention of forced/child labour and discrimination.</p> <p>It is also demonstrated in the Framework that reNIKOLA will conduct applicable ESIA's to identify and manage potential impact on the environment and communities surrounding the project sites. Based on reNIKOLA's ESG Initiatives document, they have also committed to engaging with various stakeholders, such as local government bodies, NGOs, and local community representatives, to seek their input, address concerns, and integrate their perspectives into project planning and decision-making processes.</p>	
Classification	Green	Amber	Green FF	At the time of our review, reNIKOLA has not identified or specified the type of hydropower technologies and investment given the early stage of the Group's hydropower business. The Group's

				hydropower projects may be considered Green or Amber under the SRI Taxonomy depending on the type of hydropower generation facility being invested in.
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Bioenergy

EO1 Assessment	RAM Sustainability's Assessment		
	SRI Taxonomy Alignment	ASEAN Taxonomy Alignment	
Does the activity avoid/reduce GHG emissions?	Yes	Yes	<p>reNIKOLA's bioenergy venture reduces GHG emissions from organic waste, by using them as a feedstock to generate energy from methane captured through anaerobic digestion. According to reNIKOLA, the feedstock may include POME and food waste in the future. reNIKOLA's bioenergy projects have significant potential in improving existing practices at palm oil mills and solid waste disposal sites in Malaysia to avoid the release of methane. Methane is a greenhouse gas that has a global warming potential that is 27 times higher than CO₂.</p> <p>Additionally, reNIKOLA plans to limit GHG emissions of its bioenergy production using a lifecycle GHG emission threshold of <100g CO₂e/kWh, aligning it with the goal of limiting temperature rise under the Paris Agreement.</p>
Does the activity avoid causing potential significant harm to other EOs?	Yes	Yes	<p>The Framework does not list sustainable sourcing of bio-waste feedstock as a criterion for its bioenergy generation. That said, reNIKOLA has committed to conduct relevant impact studies prior to project commencement to identify and manage potential impacts on the environment and by limiting its lifecycle emission threshold to <100g CO₂e/kWh.</p>
Social aspects: Does the Group address impacts relating to human rights, forced/child labour and impact on people living close to its eligible investments?	Not applicable	Yes	<p>reNIKOLA has established relevant policies that set clear and transparent measures to address issues relating to the protection of human rights, occupational health and safety, prevention of forced/child labour and discrimination.</p> <p>As stated in the Framework, reNIKOLA will conduct relevant environmental and social impact assessments to identify and manage potential risks on the environment and communities surrounding the project sites. Based on reNIKOLA's ESG Initiatives document, they have also committed to engaging with various stakeholders, such as local government bodies, NGOs, and local community representatives to seek their input, address concerns, and integrate their perspectives into project planning and decision-making processes.</p>
Classification	Green	Green FF	

3. SUSTAINABILITY ASSESSMENT

3.1. National-Level Drivers

The Framework enables the financing of a range of sustainable energy projects. In our view, the Framework will support the following national-level objectives and plans related to the areas defined under the eligible project categories:

Table 4: National-level objectives and plans

Project Category	National-Level Objectives and Plans
<p>Bioenergy</p> <p>Solar</p> <p>Hydro</p>	<p><u>Increasing RE generation</u></p> <p>Under the Malaysia Renewable Energy Roadmap, the GoM aims to achieve a target of 31% RE proportion by 2025, 40% by 2035 and 70% by 2050. With the targets in place, carbon emission intensity from the power sector is set to decline by 45% in 2030 and a further 60% in 2035, compared to 2005 in line with Malaysia’s Nationally Determined Contributions targets under the Paris Climate Agreement. To this end, the GoM has put in place several incentives and initiatives to increase the uptake of environmentally friendly RE generation. Incentives like the Green Investment Tax Allowance and Green Income Tax Exemption promote the adoption of RE technology and offer tax benefits for green technology services. Additionally, initiatives such as the Green Technology Financing Scheme and the LSS program drive investment in RE generation.</p> <p>reNIKOLA’s Framework supports sustainable financing in the RE sector, aligning with the GoM’s objectives to increase RE capacity. The nation’s RE capacity is projected to increase to 12,916 MW by 2025 and to 17,996 MW by 2035. reNIKOLA’s RE generation facilities currently in operation (consisting of a total of five solar plants) can generate up to 124 MWac of total net export capacity contributing to approximately 1% and 0.7% of the GoM’s 2025 and 2035 RE projections.</p>
<p>Bioenergy</p>	<p><u>Managing national GHG emissions</u></p> <p>In 2019, industrial wastewater contributed a considerable 4.4% (or 14,462 Gg of CO₂e) of Malaysia’s total GHG emissions⁶, of which the main source of emissions was methane from POME. Bioenergy projects have significant potential to remove methane emission, whose global warming potential is 27 times higher than CO₂.</p> <p>reNIKOLA’s biogas projects are expected to help plantation companies and millers to accelerate the installation of biogas entrapment facilities as mandated under the GoM’s 2010 Entry Point Project on Developing Biogas Facilities at Palm Oil Mills under its Economic Transformation Programme. As at end-2019, 125 out of 452 POME mills (a 10% increase from 2018) have been fully equipped with biogas capture facilities, resulting in recovery of 3,749.18 Gg CO₂e from these facilities.</p> <p><u>Transitioning towards a circular economy</u></p> <p>Under the 12th Malaysia Plan, Malaysia aims to accelerate its transition to a sustainable circular economy, focusing on increasing the recycling of production waste and use of recycled materials in new products. In supporting the circular economy, the GoM will promote resource recovery from water and wastewater treatment, including bio-sludge, bio-effluent and biogas; and increase its investment in the biomass industry.</p>

⁶ Malaysia’s Fourth Biennial Update Report to the United Nations Framework Convention on Climate Change, December 2022.

3.2. Group-Level Assessment

Sustainability Governance

The Board of Directors have the ultimate oversight over the Group’s sustainability strategy and governance. The overall accountability for sustainability within reNIKOLA lies with the management. The management is assisted by the Head of Sustainability who is responsible in overseeing the development and implementation of sustainability strategies, together with other Head of Divisions/Departments. The Group has also joined as a member of the United Nations Global Compact on 16 April 2023, signifying their commitment to responsible business practices in the areas of human rights, labour, the environment and anti-corruption. Table 5 describes reNIKOLA’s sustainability governance structure.

Figure 3: Organisational chart of reNIKOLA

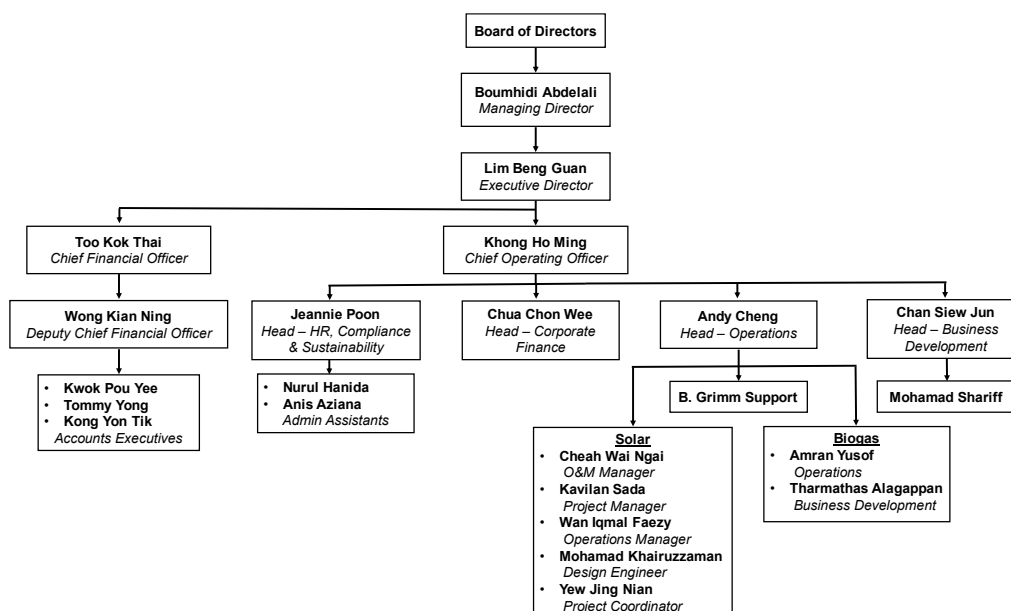


Table 5: Sustainability governance structure of reNIKOLA

Level of Sustainability Governance	Responsibilities
Board of Directors	Reviewing and approving all sustainability-related policies and disclosures
Management Team	Oversees business plans and key initiatives of the Group regarding sustainability considerations, policies and risk management, including climate related risks.
Head of Sustainability	Drives the development and implementation of sustainability strategies, and reports progress to the Management Team.
Head of Divisions/Departments	Reporting on the implementation status of ESG initiatives, and conduct data collection for monitoring and analysis.

Sustainability Strategies

Currently, reNIKOLA is in the process of adopting a formal ESG policy and the setting of goals and targets. Notwithstanding that, the Group has developed an internal 3-year (2021-2024) ESG plan to ensure that due consideration is given to ESG criteria in its activities. The ESG plan provides guidelines on key areas including the selection of investments in supporting the reduction in greenhouse gas emissions, assessment of environmental, health and safety and community impacts of projects, recruitment, wages, workplace safety and diversity policies, and the monitoring and recording of environmental and social issues.

To build up the diversity of their RE sources, reNIKOLA has inked four power purchase agreements with TNB in February 2023, for a collective 5 MW of net export capacity for four biogas plants in Pahang, demonstrating their foray into RE sources beyond solar energy. The Group currently does not operate any hydropower plants but are actively exploring development opportunities in the hydropower sector.

The Group has also demonstrated its commitment to climate alignment by obtaining a Climate Bonds Certification for the Green Sukuk, making it the first Certified Climate Sukuk in Malaysia and the world. This was achieved after RAM Sustainability independently verified the Green Sukuk against the pre-issuance requirements under the Climate Bonds Standard, which led to the pre-issuance certification on 28 July 2023 by the Climate Bonds Standard Board. The certification is a testament to reNIKOLA's commitment to align the Green Sukuk's use of proceeds with the 1.5° pathways outlined in the Paris Agreement.

The Group has identified six SDGs that are material to its business and corporate sustainability strategy:



In our view, the eligible investments under the Framework are aligned with reNIKOLA's sustainability strategy and approach, specifically its climate change mitigation objectives.

Moving forward, existing sustainability strategies and green financing processes of reNIKOLA will be subsumed under PEB. Sustainability management within PEB is overseen by a sustainability committee, whose responsibilities are to provide coordination and guidance to PEB's board of directors for the integration of sustainability practices throughout PEB's core activities. The sustainability committee is chaired by Yasmin binti Rasyid, an independent non-executive director who sits on PEB's Board of Directors.

3.3. Sustainability Management

We have also assessed the overall management approach to incorporating sustainability considerations into the Group's decision-making processes and operations. The Group's decision-making process is guided by a Management Framework which drives their investment decision processes, compliance to regulations and management of environmental, social and financial risks. This framework is developed in accordance with international standards, guidelines, rules and industry best practices including:

- i. UN Declaration of Human Rights
- ii. International Labour Organisation's Fundamental Terms & Conditions of Work
- iii. MACC Act 2009 and 2018 Amendments
- iv. Personal Data Protection Act 2010
- v. Occupational Health & Safety Guidelines

The application of the Management Framework is guided by the Group's ESG plan and strategies for effective implementation.

Environmental and Social Impact Management

While RE generation facilities help to avoid or reduce GHG emissions, they could still negatively affect the environment in other ways such as during the construction and operational stages of the activities. The Management Framework provides key considerations for each stage of the development of eligible projects.

After an eligible project is identified, the Group's Project Management team, together with an appointed external ESIA consultant will identify potential environmental and social impacts and risks arising from the development of the project. During the pre-construction and planning phase, the Group and the ESIA Consultant would agree on a set of requirements for the environmental and social management of the eligible projects and form an Environmental and Social Management Plan (ESMP). This includes engagement with key stakeholders, proposing mitigation measures for any risks identified as well as assigning implementation and monitoring actions for said measures. Once a project enters the construction phase, reNIKOLA and the ESIA consultant will communicate the ESMP to any appointed contractors to ensure that the mitigation and monitoring measures under the ESMP are in place and carried out by the relevant parties. reNIKOLA will also appoint external advisers/consultants to assist the relevant project companies in implementing environmental

monitoring programs to monitor and report on the compliance of the impact of any resulting from the eligible projects.



Controversy Scan

As part of our ESG assessment, we have conducted a media scan to pick up any controversies involving reNIKOLA and PEB, its shareholders and directors as at the date of this report. We did not observe any controversy pertaining to the environmental, social and governance practices of reNIKOLA and PEB.

3.4. Positive Impact Creation

RAM Sustainability anticipates reNIKOLA’s eligible investments to yield measurable positive effects on the environment. These are highlighted in Table 6 below:

Table 6: Positive impact created and alignment with United Nations’ Sustainable Development Goals

Eligible Project Category	Description	Alignment with United Nations’ Sustainable Development Goals
<p>Solar</p> <p>Bioenergy</p> <p>Hydro</p>	<p>Climate change is a serious planetary threat and may have costly repercussions on global communities and economies. Approximately two-thirds of the world’s GHG emissions today can be attributed to energy production and systems. Therefore, the energy sector plays a critical role in global efforts to mitigate the effects of climate change. The transition towards low-carbon energy systems is already taking place. RE provides a means to generate electricity from clean and sustainable sources such as sunlight, wind, hydro, biogas and other renewable resources. The deployment of RE solutions could significantly reduce the GHG emission intensity of the global energy system. As such, investment in RE ought to be scaled up so that the world can achieve the emission reduction goals under the Paris Climate Accord. RAM Sustainability opines that innovative RE will be a key component in the building of a low-carbon future. According to the International Renewable Energy Agency, renewable sources could account for 65% of global energy use by 2050.</p> <p>The Solar Plants are expected to generate an average of 132.5 GWh of clean energy annually, based on the P90 forecast⁷. Compared with the grid emission intensity⁸ for Malaysia, this translates into the potential avoidance of approximately 117,925 tonnes of carbon emissions per year throughout the tenure of the Sukuk Programme.</p> <p>reNIKOLA’s foray into hydropower and biogas generation is also expected to contribute substantially to carbon emission avoidance nationally.</p>	 <p>7.2 – By 2030, substantially increase the share of RE in the global energy mix.</p> <p>7a – By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including RE, energy efficiency, and advanced and cleaner fossil-fuel technology, as well as promote investment in energy infrastructure and clean energy technology.</p>
<p>Bioenergy</p>	<p>A circular economy refers to the preservation of resources for the benefit of the environment and the economy. Existing materials are recycled and reused as inputs for other products, and waste is reduced to a minimum. Adopting a circular economy would conserve scarce natural resources, preserve healthy ecosystems, and reduce GHG emissions. Through the Framework, reNIKOLA aims to enhance its bioenergy production capacity, thereby converting waste products into energy. This in our view</p>	

⁷ The P90 production estimate provides a 90% confidence level that the predicted energy output will be exceeded, with only a 10% probability of lower energy production than the stated amount.

⁸ Baseline CO₂ for Peninsular Malaysia = 0.89 tCO₂e/MWh (2023, Sustainable Energy Development Authority Malaysia).

Eligible Project Category	Description	Alignment with United Nations' Sustainable Development Goals
	reflects best practice in adopting a circular economy and promoting responsible production processes.	<p>12.2 – By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.4 – By 2020, achieve the environmentally sound management of chemical and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment.</p> <p>12.5 – By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>

APPENDIX 1

APPENDIX 1: SRI SUKUK FRAMEWORK CHECKLIST

Reference:

Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework
Part 3: Corporate Bonds and Sukuk
Chapter 7: Sustainable and Responsible Investment (SRI) Sukuk

No.	Item	Requirement	Alignment	Comment
7.07 & 7.08	Eligible SRI Projects	<p>An Eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:</p> <ul style="list-style-type: none"> (a) Preserving and protecting the environment and natural resources. (b) Conserving the use of energy. (c) Promoting the use of RE. (d) Reducing greenhouse gas emissions. (e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes, especially but not exclusively for a target population. (f) Improving society's quality of life. <p>Eligible SRI projects may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> (a) Green projects that relate to: <ul style="list-style-type: none"> (i) Renewable energy. (ii) Energy efficiency. (iii) Pollution prevention and control. (iv) Environmentally sustainable management of living natural resources and land use. (v) Terrestrial and aquatic biodiversity conservation. (vi) Clean transportation. (vii) Sustainable water and wastewater management. (viii) Climate change adaptation. (ix) Eco-efficient and/or circular economy-adapted products, production technologies and processes. (x) Green buildings which meet regional, national or internationally recognised standards or certifications. (b) Social projects that relate to: <ul style="list-style-type: none"> (i) Affordable basic infrastructure. (ii) Access to essential services. (iii) Affordable housing. (iv) Employment generation, including the potential effects of SME financing and microfinancing. 	Yes	<p>As a pure RE player, the proceeds from reNIKOLA's green financings under the Framework may be allocated to partially or fully finance/re-finance new and/or existing RE investments undertaken by reNIKOLA.</p> <p>The Framework describes eligibility criteria for eligible activities/investments under the framework as follows:</p> <ul style="list-style-type: none"> i. Solar power – Power generation facility that produces electricity using solar PV technology (including the use of battery energy storage systems) ii. Bioenergy – Power generation facility that captures methane and generates bioenergy from the anaerobic digestion of bio-waste feedstocks with lifecycle GHG emissions of <100g CO₂e/kWh iii. Hydropower – Power generation facility with a power density of >5W/m² and lifecycle GHG emissions of <100g CO₂e/kWh

No.	Item	Requirement	Alignment	Comment
		<p>(v) Food security.</p> <p>(vi) Socioeconomic advancement and empowerment.</p> <p>(c) Projects which are the combination of green and social projects, as described in (a) and (b) above.</p> <p>(d) Waqf projects that relate to the development of waqf properties or assets.</p>		
7.10 & 7.11	Utilisation of Proceeds	An issuer must ensure that the proceeds raised from the issuance of the SRI sukuk are utilised only for the purpose of funding any activities or transactions relating to the Eligible SRI projects, as described in paragraph 7.08 above.	Yes	Please refer to the above.
		In relation to the activities or transactions that involve the acquisition of a company undertaking Eligible SRI projects, an issuer must ensure that the company to be acquired does not carry on any other business or projects except the Eligible SRI projects.	N/A	There are no eligibility criteria related to the acquisition of a company being described within the Framework.
7.12	Process for Project Evaluation and Selection	An issuer must establish internal processes for the evaluation and selection of the Eligible SRI projects, as identified in paragraph 7.08 above.	Yes	<p>The Framework outlines the Group's evaluation and selection process for green financing, ensuring that chosen activities meet eligibility criteria. A Green Financing Committee will assess environmental and social implications, conduct impact assessments, and manage potential risks to the environment and communities.</p> <p>The Group recently applied this process to refinance the Solar Plants under the Green Sukuk, conducting various studies and evaluations approved by the Board. These practices demonstrate good governance for evaluating eligible activities for green financing.</p> <p>For more detailed information, please refer to 2.2.</p>
7.13	Management of Proceeds	An issuer must ensure that the proceeds allocated to the Eligible SRI projects are deposited into a designated account or otherwise tracked in an appropriate manner.	Yes	The Group has established clear internal processes for managing the proceeds of green financing. The net proceeds will be deposited into designated accounts operated by a security trustee. Documentation such as invoices and billings will support the disbursement of funds, and reNIKOLA will track the use of proceeds to finance or refinance eligible investment projects. Any unused funds will be invested in liquid assets such as fixed deposits or other approved instruments. The Group will also appoint independent auditors or third parties to verify its management of proceeds, and their assurance statements will be made publicly available on a designated website.
7.14	Reporting	<p>An issuer must provide the following information to the sukukholders, annually through a designated website:</p> <p>(a) The original amount allocated to the Eligible SRI projects.</p>	Yes	The Framework describes the requirement for all green financing to disclose all required information to the bond/sukuk-holders every year, via a report made available on a website designated by the Group. For more detailed information, please refer to 2.4.

No.	Item	Requirement	Alignment	Comment
		<p>(b) The amount utilised for the Eligible SRI projects.</p> <p>(c) The unutilised amount and where such unutilised amount is placed or invested pending utilisation.</p> <p>(d) The list of Eligible SRI projects to which the SRI sukuk proceeds have been allocated, 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>		
7.05 & 7.16	Disclosure Requirements	The information relating to the issuer and the details of the issuer's SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information on the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.	Yes	The Framework describes the requirement for all green financing to disclose all required information to the bond/sukuk-holders every year, via a report made available on a website designated by the Group. For more detailed information, please refer to 2.4.
		<p>For the purpose of disclosure of the details of the issuer and the SRI Sukuk Framework under paragraph 7.05 above, the following information must be included:</p> <p>(a) The overall SRI objectives that the issuer intends to achieve.</p> <p>(b) The utilisation of proceeds from the issuance of the SRI sukuk. Where all or part of the proceeds are used for refinancing, an issuer must provide the amount of proceeds allocated to refinancing and which Eligible SRI projects will be refinanced.</p> <p>(c) The Eligible SRI projects to which the proceeds will be allocated.</p> <p>(d) The details of the Eligible SRI projects and, to the extent possible, the impact objectives of the Eligible SRI projects.</p> <p>(e) The processes used by the issuer to evaluate and select the Eligible SRI projects.</p> <p>(f) The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects.</p> <p>(g) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk.</p> <p>(h) A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</p>	Yes	<p>The Group has committed to publishing its Framework, which contains items (a) to (h), on a website designated by the Group.</p> <p>For more detailed information on disclosure requirements, please refer to 2.4.</p>
7.17	External Review	If an external reviewer is appointed to assess and provide a report on the Eligible SRI projects or the issuer's compliance with the requirements under these guidelines, such	Yes	RAM Sustainability has been appointed as an independent expert to provide a second opinion on the Framework. RAM Sustainability's analysis covers an assessment of the Framework against

No.	Item	Requirement	Alignment	Comment
		external reviewer's report must be made available on the designated website.		<p>the disclosure requirements of the SRI Sukuk Framework, the ASEAN GBS and the GBP, as well as the Issuer's sustainability responsibilities.</p> <p>The Group intends to make RAM Sustainability's Second Opinion Report available on a website designated by the Group. The report will also be available on RAM Sustainability's website.</p> <p>Post-issuance, the issuers shall appoint an independent auditor to verify its management of proceeds and ensure that the report by the auditor or other third party will be made publicly available on a website designated by the Group.</p>

APPENDIX 2

APPENDIX 2: ASEAN GBS CHECKLIST

Reference:

ASEAN Capital Markets Forum – ASEAN GBS

Item	No.	Requirement	Alignment	Comment
Eligible Issuers and Issuance	3.1	(i) Must be an ASEAN Issuer. (ii) In the case of a Non-ASEAN Issuer, the eligible Green Projects must be located in any of the ASEAN countries.	Yes	The Group and its subsidiaries are entities incorporated in Malaysia, a member of ASEAN.
	3.2	ASEAN Green Bonds issuances must be originated from any of the ASEAN member countries.	Yes	The first issuance under the Framework, reNIKOLA II's Green Sukuk, originates from Malaysia. We expect future issuances to originate from Malaysia or within ASEAN.
Eligible Green Projects	4.1.5	There are several broad categories of eligibility for Green Projects which contribute to environmental objectives such as climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control. The categories include RE and energy efficiency.	Yes	As a pure RE player, the proceeds from reNIKOLA's green financing under the Framework may be allocated to partially or fully finance/re-finance new and/or existing RE investments undertaken by reNIKOLA. The Framework describes eligibility criteria for eligible activities/investments under the framework as follows: i. Solar power – Power generation facility that produces electricity using solar PV technology (including the use of battery energy storage systems) ii. Bioenergy – Power generation facility that captures methane and generates bioenergy from the anaerobic digestion of bio-waste feedstocks with lifecycle GHG emissions of <100g CO ₂ e/kWh iii. Hydropower – Power generation facility with a power density of >5W/m ² and lifecycle GHG emissions of <100g CO ₂ e/kWh
Ineligible Projects	4.1.6	For clarification purposes, fossil fuel power generation projects are excluded from the ASEAN GBS.	Yes	No fossil fuel power generation project is involved. The Framework describes an exclusion criteria against the financing of any fossil fuel energy generation..
Continuous Accessibility to Information and Reporting	4.2.1	The Issuer of ASEAN Green Bonds must clearly communicate to investors: (i) The environmental sustainability objectives. (ii) The process by which the Issuer determines how the projects fit within the eligible Green Projects categories identified above. (iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social risks associated with the Green Projects.	Yes	The Group aims to play a role in the global drive to create a low-carbon, climate-resilient future and sustainable world by undertaking RE projects. The process for the evaluation and selection of eligible projects is detailed in the Framework.
	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 ASEAN Green Bonds: (i) The process for project evaluation. (ii) The use of proceeds. (iii) The external review report on the process (if any).	Yes	The Group is committed to making its Framework publicly available on a designated website. The Framework includes information describing the use of proceeds, project evaluation and selection, management of proceeds and annual reporting commitments for its green investments. The Group also intends to make RAM Sustainability's Second Opinion Report available on a website designated by itself. Additionally, the

Item	No.	Requirement	Alignment	Comment
				report will be available on RAM Sustainability's website.
	4.3.1	Prior to the issuance of the ASEAN Green Bonds, the Issuer must disclose to investors in the documentation for the issuance of the ASEAN Green Bonds the process for managing the net proceeds from the ASEAN Green Bonds.	Yes	The Group has established clear internal processes for managing the proceeds of green financing. The net proceeds will be deposited into designated accounts operated by a security trustee. Documentation such as invoices and billings will support the disbursement of funds, and reNIKOLA will track the use of proceeds to finance or refinance eligible investment projects. Any unused funds will be invested in liquid assets, such as fixed deposits or other approved instruments. The Group will also appoint independent auditors or third parties to verify its management of proceeds, and their assurance statements will be made publicly available on a designated website.
	4.3.4	The Issuer must also disclose to investors in the documentation for the issuance of the ASEAN Green Bonds the intended types of temporary placement for the balance of unallocated proceeds.	Yes	The Group, in its Framework, has stated its intention to provide annual reporting via a designated website, on the unutilised amount and where such unutilised amount is placed or invested pending utilisation.
	4.4.5	The Issuer must provide investors with an annual report and external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the ASEAN Green Bonds.	Yes	The Group is committed to providing annual reports via a designated website, on the use of proceeds and impact reporting throughout the tenure of any green financing under the Framework. The Framework mentions that reNIKOLA shall appoint an external auditor to verify the annual reports on an annual basis and until the complete allocation of the green financing proceeds. The external auditor will verify the allocation of the green financing proceeds to eligible investments in accordance with the Framework. The verification report will also be made a website designated by reNIKOLA.
Encourage More Frequent Reporting	4.4.1	Issuers must report to investors at least once a year, and are encouraged to make more frequent reporting on the use of proceeds until full allocation, and as necessary thereafter in the event of material developments. This should include a list of the projects to which the ASEAN Green Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated and their expected impact.	Yes	The Group is committed to an annual disclosure on a designated website vis-à-vis the use of proceeds until full allocation, and as necessary thereafter in the event of material developments. This will include information on the identified eligible projects, the allocation of proceeds to said projects, the actual amount that has been allocated and the impact of the projects.
External Review	5.1	Issuers are advised to appoint external review providers for the issuance of their ASEAN Green Bonds.	Yes	RAM Sustainability has been appointed to provide a second opinion on the Framework. The review covers an assessment of the Framework against the disclosure requirements of the ASEAN GBS, the SRI Sukuk Framework and the GBP.
	4.2.4	It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.	Yes	The second opinion review by RAM Sustainability covers project evaluation and selection.
	4.3.5	It is recommended that the Issuer's management of proceeds be supplemented by the appointment of an auditor, or other third party to verify the internal tracking method and allocation of the proceeds from the ASEAN Green Bonds proceeds.	Yes	The Group has stated in its Framework that it will appoint an auditor or other third party to verify the management of proceeds of any green financing under the Framework

Item	No.	Requirement	Alignment	Comment
	4.3.6	Where the Issuer appoints an auditor or other third party to verify its 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 issuance of the ASEAN Green Bonds.	Yes	The Group is committed to ensuring that the report by the auditor or other third party will be made publicly available via a designated website at the time of issuance of any green bond/sukuk under the Framework.
	4.4.4	It is recommended that the Issuer's annual reporting on the use of proceeds be supplemented by the confirmation of such use of proceeds by an external reviewer along with any relevant updates on the external review.	Yes	The Group will appoint an auditor and/other third party to verify the use of proceeds and such report produced by the auditor and/or other third party will be made publicly available via a designated website. The report will be produced on an annual basis until the net proceeds earmarked are fully allocated.

APPENDIX 3

Green Bonds External Review Form

This form complements the Bond Information Template that should have been filled in by the issuer. It provides additional information on the role of the External Reviewer when assessing the issuer's sustainability framework. This form may be used or adapted, where appropriate, to summarise the scope of the review.

Section 1. Basic Information

Issuer name: reNIKOLA Solar II Sdn Bhd

Bond ISIN⁹: *To Be Confirmed*

Independent External Review provider's name: RAM Sustainability Sdn Bhd

Completion date of this form: 4 August 2023

Date of the review: 4 August 2023

Section 2. Overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds Process for Project Evaluation and Selection
 - Management of Proceeds Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:
 - ASEAN GBS
 - Principles-Based Sustainable and Responsible Investment Taxonomy
 - ASEAN Taxonomy for Sustainable Finance version 2
 - SRI Sukuk Framework
 - GLP

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion Certification
- Verification Scoring/Rating
- Other (*please specify*):

⁹ The ISIN code is mandatory for publishing the form in the Sustainable Bond Issuers Database.

Does the review include a sustainability quality score¹⁰?

- Of the issuer
- Of the project
- Of the framework
- Other (please specify):
- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY¹¹

Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition

¹⁰ The external review may indicate the provider's opinion of the overall sustainability quality of a bond or bond framework and assess whether it has a meaningful impact on advancing contribution to long-term sustainable development.

¹¹ Where issuers wish to finance projects towards implementing a net zero emissions strategy aligned with the goals of the Paris Agreement, guidance on issuer level disclosures and climate transition strategies may be sought from the [Climate Transition Finance Handbook](#).

pathways¹² that are deemed necessary to limit climate change to targeted levels?

The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically¹³?

Overall comment on this section:

Section 3. Detailed Review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Does the review assess:

- the environmental benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The Group has not established a bond program consisting of multiple project categories at the time of review.

The first utilisation under the Framework is reNIKOLA Solar II's issuance of the Green Sukuk, where proceeds from the Green Sukuk will be used to part finance and/or part reimburse the total development cost incurred for the Solar Plants. This includes payments to third party and/or towards partial and/or full settlement of any external financing or advances obtained by the Project Companies to part finance the Solar Plants, the lands as well as the costs relating to the issuance. reNIKOLA Solar II Sdn Bhd is wholly owned subsidiary of reNIKOLA. The breakdown of utilisation of proceeds for the Green Sukuk is described in Table 3.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones.¹⁴

- Principles-Based Sustainable and Responsible Investment Taxonomy
- ASEAN Taxonomy for Sustainable Finance version 2

whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?

the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?

¹² GHG emissions reduction targets that are in line with the scale of reductions required to keep the average global temperature increase to ideally 1.5°C, or at the very least to well below 2°C above pre-industrial temperatures. Science Based Targets Initiative (SBTi) is a branded verification body for science-based targets and SBTi verification is one way for issuers to validate the alignment of their emission reduction trajectories with science-based reference trajectories. In addition, ICMA has published Methodologies Registry which includes a list of tools to specifically help issuers, investors, or financial intermediaries validate their emission reduction trajectories.

¹³ Including information such as the respective contribution (e.g. %) of the different measures to the overall reduction, the total expenses associated with the plan, or the issuer's climate policy engagement.

¹⁴ The EU Taxonomy, CBI Taxonomy, UK Taxonomy, China catalogue, etc.

- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

The selection of eligible projects managed by a Green Financing Committee, comprising of senior management representatives from Sustainability, Finance, and Projects departments. The Committee will assess the environmental and social implications of a proposed project/activity, and the Group will conduct applicable environmental and social impact assessments to identify and manage potential impacts on the environment and communities surrounding the project site. According to our interview with reNIKOLA, the Green Financing Committee will make recommendations of eligible projects for approval by the Board of Directors.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer’s policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

The description of reNIKOLA’s management of proceeds can be found in 2.3. In our view, the processes employed by reNIKOLA are good governance practices for the management of proceeds.

4. REPORTING

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

For each issuance under the Framework, reNIKOLA is committed to report on an annual basis, or on a timely basis in the case of material developments, and until full allocation of proceeds, information on the allocation of proceeds and the environmental impact/benefit resulting from their eligible projects.

The report will be made available on a website designated by the issuers. The issuers will update this report annually for as long as a green financing is outstanding. The Group has also committed to making available this Second Opinion Report on the Framework and the Framework itself on a designated website. This will ensure that the Bond/Sukuk investors are kept updated on latest material developments. In addition, this Second Opinion Report on the Framework will be available on RAM Sustainability’s website.

Section 4. Additional Information

Useful links

RAM Sustainability's website: <https://www.ram.com.my/sustainability>

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

RAM Sustainability anticipates reNIKOLA's eligible investments to contribute to the following UNSDGs:

1. UNSDG 7: Affordable and Clean Energy
2. UNSDG 12: Responsible Consumption and Production

Please also refer to 3.2 for more details

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- 1) **Second Opinion:** An institution with environmental expertise that is independent from the issuer may issue a Second Opinion. The institution should be independent of the issuer's adviser on its Green Bond framework or appropriate procedures, such as information barriers, which would have been implemented within the institution to ensure the independence of the Second Opinion. It normally entails an assessment of alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- 2) **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- 3) **Certification:** An issuer can have its Green Bonds or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- 4) **Green Bond Scoring/Rating:** An issuer can have its Green Bonds, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

ABOUT RAM SUSTAINABILITY

RAM Sustainability Sdn Bhd (RAM Sustainability) is a provider of sustainability services and environment, social and governance (ESG) analytics. Incorporated on 31 May 2000, RAM Sustainability is a wholly owned subsidiary of RAM Holdings Berhad (RAM Group). RAM Sustainability is the first ASEAN-based provider of sustainability ratings and second opinions, and has the distinction of being the first Registered Observer of the International Capital Market Associations' (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines in ASEAN. On 12 August 2020, RAM Sustainability became an Approved Verifier for the certification of climate bonds under the Climate Bonds Standard and Certification Scheme after having been awarded the status by the Climate Bonds Standards Board. For further details, please refer to <https://www.ram.com.my/sustainability>.

About the RAM Group

The RAM Group is a leading provider of independent credit ratings, research, training, risk analysis and bond pricing. Formerly known as Rating Agency Malaysia Berhad, the RAM Group was established in November 1990 as a catalyst for the domestic debt capital market and as the nation's first credit rating agency. On 1 July 2007, its rating operations were novated to RAM Rating Services Berhad (RAM Ratings). RAM Ratings is a wholly owned subsidiary of the RAM Group.

RAM Ratings is the leading and largest credit rating agency in both Malaysia and ASEAN. Established in 1990 by the central bank of Malaysia as part of the "institutional infrastructure" to support the development of Malaysia's bond market, RAM Ratings has rated over USD450 billion of bonds issued by over 750 entities. Its rating portfolio encompasses corporates, sovereign nations, financial institutions, insurance companies, project finance and structured finance obligations.

RAM Ratings is also the world's leading rating agency for securities issued under Islamic principles, or sukuk. RAM Ratings' experience in and contributions to the fast-growing sukuk market has won numerous awards, including Best Rating Agency (South-East Asia 2017) from CPI Financial and Best Islamic Rating Agency in 2016 from Islamic Finance News. On 26 May 2016, RAM Ratings joined the line-up of pioneer credit rating agency signatories to the United Nations-supported Principles for Responsible Investment's Statement on ESG in Credit Ratings. The Statement on ESG in Credit Ratings is a way for RAM Ratings to communicate its commitment to a more systematic and transparent incorporation of ESG into credit ratings and analysis.

RAM Solutions, with effect from 1 March 2023, has integrated sustainability solutions to its existing credit opinion business, working independently of any second opinion providers or external reviewers. As a subsidiary of RAM Holdings, Bond Pricing Agency Malaysia Sdn Bhd is the sole provider of bond-pricing and valuation data on the Malaysian bond market. For further details, please refer to <https://www.ram.com.my>.





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