

**MARC**

**MALAYSIAN RATING CORPORATION BERHAD**  
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SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK  
MALAYSIA BERHAD (SME BANK)

PRE-ISSUANCE SUSTAINABILITY SUKUK ASSESSMENT

JUNE 2021



SUSTAINABILITY SUKUK  
ASSESSMENT

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

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Contacts:  
Lim Wooi Loon (+603) 2717 2943  
Yap Ngee Heong (+603) 2717 2915

## SUMMARY

Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank or the Bank) has engaged Malaysian Rating Corporation Berhad (MARC) to review its Sustainability Sukuk Framework (Framework) and provide an assessment of the Framework's alignment with the ASEAN Sustainability Bond Standards (ASEAN SUS), ASEAN Green Bond Standards (ASEAN GBS) and ASEAN Social Bond Standards (ASEAN SBS), as administered by the ASEAN Capital Markets Forum (ACMF), and the Sustainable and Responsible Investment (SRI) Sukuk Framework (SRI Sukuk Framework) in the Securities Commission Malaysia's (SC) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued on 9 March 2015 and revised on 26 April 2021 (LOLA Guidelines). Developed in consultation with the International Capital Market Association (ICMA), the ASEAN SUS, ASEAN GBS and ASEAN SBS are aligned with ICMA's Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP) and Social Bond Principles (SBP) respectively. In assigning the assessment, MARC has relied on the pre-issuance information provided by SME Bank.

Established in 2005, SME Bank is a development financial institution (DFI) wholly owned by the Ministry of Finance (MOF), regulated by Bank Negara Malaysia (BNM) and supervised by the Ministry of Entrepreneur Development and Cooperatives (MEDAC). SME Bank is a specialised financial institution established by the Government of Malaysia (Government) with a mandate to develop and promote small and medium enterprises (SMEs), a key sector considered of strategic importance to Malaysia's overall socio-economic development objectives. Apart from expanding access to finance for domestic SMEs, SME Bank provides ancillary services including consultation and advisory services to nurture and support the growth of the SME sector through its subsidiaries. SME Bank's initiatives in the SME field continue to be guided by adherence to the core elements of its sustainability approach – responsible banking, responsible business practices and social impact creation. Its financing of SMEs is geared to both financial sustainability and social impact.

SME Bank has developed the Framework as the guideline for all its issuances of Sustainability Sukuk. The Framework has been drawn up in alignment with the SRI Sukuk Framework and ACMF's ASEAN SUS, ASEAN GBS, ASEAN SBS. It is also benchmarked against ICMA's SBG, GBP and SBP. SME Bank intends to use the proceeds to finance and/or refinance, in part or in whole, new or existing assets, businesses and/or projects that directly support 11 of the 17 United Nations Sustainable Development Goals (SDGs).

All 11 eligible categories for the use of proceeds identified in the Framework are recognised as impactful by the ASEAN GBS, ASEAN SBS and the SRI Sukuk Framework. Each of the eligible asset categories will support achieving one or more of the SDGs such as "Good Health and Well-Being" (SDG 3), "Quality Education" (SDG 4), "Gender Equality" (SDG 5), "Clean Water and Sanitation" (SDG 6), "Affordable and Clean Energy" (SDG 7), "Decent Work and Economic Growth" (SDG 8), "Industry, Innovation and Infrastructure" (SDG 9), "Reduced Inequalities" (SDG 10), "Sustainable Cities and Communities" (SDG 11), "Responsible Consumption and Production" (SDG 12) and "Climate Action" (SDG 13). These eligible categories align with the green and social project categories recognised by the ASEAN GBS and ASEAN SBS.

SME Bank's green eligible categories target the six initial key sectors identified by the National Green Technology Master Plan as having high potential to facilitate green growth in Malaysia: energy, manufacturing, transport, building, waste and water. Additionally, each green eligible category also has the potential to advance multiple SDG targets. SME Bank's social project eligible categories, meanwhile, offer meaningful economic and social impacts and benefits for local and national communities. They have the potential to create decent work, improve gender equity, provide

economic opportunities to unserved and underserved social groups and address in part the negative socioeconomic impacts of the coronavirus disease (COVID-19) pandemic.

Furthermore, as the country's predominant form of enterprise, SMEs play an important role in delivering more inclusive growth and adapting to the technological transition. In this context, MARC believes SME Bank, through the allocation of Sustainability Sukuk proceeds to SME financing, will enable SMEs to enhance their contributions to inclusive growth in diverse economic and social contexts. MARC considers the expected sustainability benefits of the use of proceeds to be highly coherent with SME Bank's sustainability approach, the SDGs, and national sustainable development priorities.

The process for the project evaluation and selection is clearly defined and transparent, with sufficiently detailed selection and exclusion criteria. Eligible asset screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks, and credit approval. A dedicated Sustainability Sukuk Working Committee (SSWC) will be entrusted with the responsibility to ensure that the eligible asset pool conforms to the eligibility criteria in the Framework. Any asset that no longer meets the eligibility criteria will be removed and replaced by the Compliance and Risk Management Committee acting on recommendation by the SSWC.

The net proceeds from the issue of Sustainability Sukuk will be managed on a portfolio basis. MARC considers the process for the management of proceeds to be in line with market practice. SME Bank will make available on its corporate website an annual Sustainability Sukuk Report that will provide information related to the use and allocation of the Sustainability Sukuk proceeds, the unutilised amount and where such unutilised amount is placed or invested pending utilisation, the removal or substitution of eligible assets, and relevant expected environmental and/or social impacts.

Based on our review of the relevant documentation and assessment as per our IBA methodology, we have assigned a "Gold" assessment to the Framework. MARC also opines that the Framework is correspondingly aligned with the core components of the ASEAN SUS, ASEAN GBS and ASEAN SBS as well as the SRI Sukuk Framework.

## INTRODUCTION

Through its 26-branch network comprising seven regional centres, 18 enterprise centres and one business centre, SME Bank complements the banking institutions by focusing on unserved and underserved SMEs. The promotion of the small business sector is at the heart of SME Bank's mission of developing SMEs as an engine of economic growth for Malaysia. SME Bank actively supports the small business sector through a variety of instruments and activities with a broad focus on the manufacturing, services and construction sectors.

In support of the Government's policy agenda under the SME Masterplan 2012-2020 (SME Masterplan), SME Bank, in addition to the roles of provider, enabler and catalyst for SME financing, took on the role of facilitator of a beyond-banking ecosystem. Launched with the objectives to increase SME productivity and promote inclusive growth, the SME Masterplan had set targets to expand the contribution of SMEs in national Gross Domestic Product (GDP), employment and exports. As principal DFI for the SME sector under the SME Masterplan, noteworthy focus areas of the Bank among others were and continue to be:

- innovation and technology adoption – to promote greater innovation and technology adoption by SMEs;
- access to financing – to ensure that creditworthy SMEs have access to financing for working capital and investment;
- human capital development – to enhance human capital and entrepreneurship development among SMEs; and
- market access – to expand market access for goods and services produced by SMEs.

The Bank is driving change in the SME sector's adoption of technology and capacity building through wholly-owned subsidiary, Centre for Entrepreneur Development and Research Sdn Bhd (CEDAR) and effective public-private partnerships. The Bank launched ODELA, an e-commerce platform in 2019, to spur digital adoption and digital entrepreneurship. ODELA onboards SMEs for business-to-business (B2B) activities and extends training and capacity building support to member SMEs. A digital initiative under the National SME Digital Platform, ODELA allows SMEs to access and enhance their visibility among B2B buyers, expand their customer base and capture new opportunities in a changing business landscape. Another noteworthy digital initiative, ScoreXcess, processes micro and small business financing applications based on the business needs of SMEs for submission to participating SME financing agencies. Both digital initiatives help SMEs to build up credit history and profiles which are fundamental to their financial and economic inclusion.

SME Bank continues to evolve SME banking beyond traditional credit and liquidity solutions with a data-driven and analytics strategy. In its role as an e-marketplace operator, SME Bank continues to play an important role in promoting financial inclusion and social impact, especially in the current context of unprecedented challenges related to the COVID-19 pandemic. Similarly, SME Bank's areas of focus in financing are geared towards sustainable development outcomes. The Framework supports SME Bank's approach to financing for sustainable development and investor engagement on its commitment to the SDGs.

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### APPENDIX

#### COMPLIANCE REVIEW FORM




## 01 IMPACT SIGNIFICANCE ANALYSIS

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




The Sustainability Sukuk proceeds will be allocated towards financing or refinancing in part or in whole, new or existing assets, businesses and/or projects (collectively, eligible assets) that meet SME Bank’s eligibility criteria as detailed in the Framework. The 11 eligible asset categories are renewable energy projects, clean transportation, green buildings, energy efficiency, sustainable water and wastewater management, waste and pollution control, affordable basic infrastructure, access to essential services: healthcare, access to essential services: education and vocational training, socioeconomic advancement and empowerment and pandemic outbreak socioeconomic impact mitigation.



GREEN PROJECTS		
<b>1</b>	<b>Renewable Energy</b>	
<p><b>Sustainability Objective:</b> Climate change mitigation</p> <p><b>Sustainability Benefit:</b> Avoidance of greenhouse gas (GHG) emissions</p> <p>The criteria that SME Bank has set for renewable energy (RE) projects will ensure that eligible assets are compatible with transition to a decarbonised development path or provide a substantial contribution to climate change mitigation based on GHG emission thresholds. Moreover, for hydropower generation projects, eligibility is limited to small projects whose capacity is less than 25MW.</p> <p>Malaysia has set a target to improve the RE capacity in its power mix to 31% by 2025 in its Power Sector Development Plan 2021- 2039. The Government’s plan for renewable energy forms part of wider efforts to ensure Malaysia achieves its pledged commitment to reduce its GHG emissions up to 45% in terms of emission intensity of GDP by the year 2030 relative to 2005 levels.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>Acquisition, construction, research, development, operation, renovation and/or maintenance of renewable energy production units; as well as the connection of RE production units to the electricity grid and enhancement of grid transmission capacity. RE sources include: <ul style="list-style-type: none"> <li>– solar energy;</li> <li>– hydropower (<math>\leq 25</math> MWh or power density <math>&gt;10W/m^2</math> or GHG emissions intensity <math>&lt;50gCO_2e/kWh</math>);</li> <li>– geothermal (with direct emissions of less than <math>100gCO_2e/kWh</math>); and</li> <li>– bio energy.</li> </ul> </li> <li>Manufacturing, trading and/or import of components of RE technology.</li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>The use of RE sources will improve national energy security and contribute to climate change mitigation. The utilisation of biogas for energy production reduces the GHG emissions and electricity consumption from the grid.</p> <p>The RE assets will have a positive impact on the achievement of SDG 7, target 7.2 – increase the share of RE in the global energy mix by 2030.</p> <p>Eligible assets are likely to contribute to SDG 13 which calls for urgent measures to combat climate change and its effects.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>  </div> <div style="text-align: center;"> <p><b>13</b> CLIMATE ACTION</p>  </div> </div>





2	<b>Clean Transportation</b>		
	<p><b>Sustainability Objective:</b> Climate change mitigation</p> <p><b>Sustainability Benefit:</b> Avoidance of GHG emissions</p> <p>SME Bank will finance zero or low carbon transport infrastructure and vehicles, bicycles including electrified public transportation systems and associated equipment for such systems within the Clean Transportation category.</p> <p>Reducing the negative impact of the transport system on the environment is a key policy objective of Malaysia's National Transport Policy (NTP) 2019-2030. Other relevant national policies and targets to which this eligible category will contribute to include:</p> <ul style="list-style-type: none"> <li>- The National Automotive Policy under which there is a target to reduce carbon emissions in line with the ASEAN Fuel Economy Roadmap of 5.3 Lge/100km by 2025</li> <li>- The National Land Public Transport Masterplan under which a 40% modal share of public transport in urban areas is targeted by 2030; and</li> <li>- The National Electric Mobility Blueprint 2015-2030 which targets 100,000 electric cars, 100,000 electric motorcycles, 125,000 charging stations, 2000 electric buses by 2030.</li> </ul> <p>Projects included under this category will advance the modal shift to low-emission modes of transport which, in turn, will help promote a sustainable land transportation system for the long-term health and safety of communities.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Acquisition, construction, research, development, maintenance, and/or operation of electric vehicles (EV), bicycles, and associated infrastructure (including EV charging and alternative fuel infrastructure); or</li> <li>• Acquisition, construction, research, development, maintenance, and/or operation of: <ul style="list-style-type: none"> <li>- Electrified and/or low-emission passenger vehicles; and/or</li> <li>- Public/mass transportation systems and/or of equipment for such systems (e.g. Mass Rapid Transport, Bus Rapid Transit).</li> </ul> </li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>Transportation accounts for 20% of global energy use, and passenger vehicles cause 10% of energy-related CO2 emissions. Cleaner vehicles, bicycles and public transportation systems can play an important role in advancing goals on climate change mitigation and air quality.</p> <p>Zero or low carbon transport infrastructure projects will have a positive impact on the achievement of: SDG 9, target 9.1 – develop quality, reliable, sustainable and resilient infrastructure. SDG 11, target 11.2 - By 2030, provide access to safe, affordable, accessible and sustainable transport systems.</p> <p>Eligible assets are likely to contribute to SDG 13 which calls for urgent measures to combat climate change and its effects.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  </div> <div style="text-align: center;"> <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>  </div> </div> <div style="text-align: center; margin-top: 10px;"> <p><b>13</b> CLIMATE ACTION</p>  </div>


<p><b>3 Green Buildings</b></p>	<p><b>Sustainability Objective:</b> Climate change mitigation</p> <p><b>Sustainability Benefits:</b> Reduction of energy consumption and avoidance of GHG emissions</p> <p>Under the green building category, SME Bank targets buildings that have obtained or will obtain either one of the top two levels of the recognised green certification standards listed in the criteria. It has also committed to allocating the proceeds to refurbish buildings that contribute to improving energy efficiency or emission reduction by at least 20%. The thresholds applied by the Bank in its eligibility criteria with respect to certification schemes and non-certified refurbished buildings provide assurance that eligible assets belonging to this category will have recognisable positive environmental impact.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Construction, research, development, renovation, maintenance and/or purchase of commercial or residential buildings that: <ul style="list-style-type: none"> <li>– Meet recognised green certification standards such as: <ul style="list-style-type: none"> <li>– Green Building Index (GBI) (Gold and above)</li> <li>– Leadership in Energy and Environmental Design (LEED) (Gold and above)</li> <li>– Green Real Estate (GreenRE) (Gold and above)</li> <li>– Building Research Establishment Environmental Assessment Method (BREEAM) (Excellent and above); or</li> </ul> </li> <li>– Achieve a minimum of 20% improvement in energy use or carbon emission as a result of refurbishment.</li> </ul> </li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>Buildings are responsible for over 30% of global GHG emissions and are a major contributor to climate change. Energy and resource efficient buildings contribute substantially to reducing GHG emissions and the environmental footprint.</p> <p>This eligible category is likely to make direct contributions to the following SDGs and/or corresponding targets: SDG 7, target 7.3: By 2030, double the global rate of improvement in energy efficiency. SDG 11, target 11.3: By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management.</p> <p>The assets are likely to contribute to SDG 13 which calls for urgent measures to combat climate change and its effects.</p>   
<p><b>4 Energy Efficiency</b></p>	<p><b>Sustainability Objective:</b> Climate change mitigation</p> <p><b>Sustainability Benefits:</b> Reduction of energy consumption and avoidance of GHG emissions</p> <p>This energy efficiency projects that will be financed under this eligible category will contribute to the achievement of national targets under Malaysia's National Energy Efficiency Action Plan 2016 and Green Technology Master Plan Malaysia (GTMP) 2017-2030.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Facilities and equipment that reduce energy consumption or improve the efficiency of resources, including: <ul style="list-style-type: none"> <li>– Installation of energy efficient heating, ventilation, air conditioning, refrigeration, lighting and electrical equipment; and</li> <li>– Systems for capture and recycling of waste heat such as district heating and heat recovery.</li> </ul> </li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>Using energy more efficiently is one of the most effective ways to reduce GHG emissions and meet growing energy demand. By lowering overall electricity demand, energy efficiency improvements help reduce the need for new electricity generation and transmission infrastructure.</p> <p>This eligible category is likely to make direct contributions to the following SDGs and corresponding targets: SDG 7, target 7.3: By 2030, double the global rate of improvement in energy efficiency.</p>







<p><b>4 Energy Efficiency (Cont'd)</b></p> <p>The former targets a savings of 52,233 GWh of electricity from 2016 to 2025, corresponding to an 8% reduction of electricity demand by 2025 across residential, commercial and industrial sectors. The GTMP, meanwhile, targets a 15% improvement in energy efficiency by 2030 compared with 2015.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>– Projects that improve efficiency in the delivery of bulk energy services such as energy storage, smart grids, demand response; or</li> <li>– Projects that enable monitoring and optimisation of the amount and timing of energy consumption such as smart meters, load control systems, sensors or building information systems.</li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>SDG 9, target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.</p> <p><b>7 AFFORDABLE AND CLEAN ENERGY</b> </p> <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> </p>
<p><b>5 Sustainable Water and Wastewater Management</b></p>		
<p><b>Sustainability Objective:</b> Pollution prevention and control</p> <p><b>Sustainability Benefits:</b> Water conservation Flood mitigation Alleviation of pollution</p> <p>This eligible category provides for the allocation of Sustainability Sukuk proceeds to water and wastewater management projects. It also lends support to initiatives by the Government to promote reclaimed water use by the Government as set out in the GTMP and the national target to recycle 100% of sludge by 2030.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Acquisition, construction, research, development, operation, renovation and/or maintenance of facilities, systems or equipment used for sustainable water and wastewater management, including: <ul style="list-style-type: none"> <li>– Collection, treatment, recycling and reuse of water and wastewater;</li> <li>– Flood prevention, flood defense or storm water management;</li> <li>– Improvement to water infrastructure that increases water efficiency (e.g. water saving systems, technologies and water metering); and</li> <li>– Wastewater treatment infrastructure with the objective of reducing pollutant discharge load or improving plant efficiency.</li> </ul> </li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>Water has a critical role in transitioning to the circular economy. A circular economy or resource recovery approach to water and wastewater management can alleviate stress on primary water resources which are under pressure from the continuing population growth and urbanisation. A circular economy approach to wastewater management can also contribute to climate action.</p> <p>Sustainable waste and wastewater management are key SDG 6 targets as highlighted below: SDG 6, target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse. SDG 6, target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity.</p> <p><b>6 CLEAN WATER AND SANITATION</b> </p>

<p><b>6</b></p>	<p><b>Waste and Pollution Control</b></p> <p><b>Sustainability Objective:</b> Pollution prevention and control</p> <p><b>Sustainability Benefits:</b> Environmentally sound waste management</p> <p>Under this eligible category, Sustainability Sukuk proceeds will be used to finance sustainable waste management projects. It supports national priorities to promote waste prevention and steer waste management towards greater resource efficiency as outlined in the GTMP.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>Acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used for: <ul style="list-style-type: none"> <li>Treatment, collection, reuse, reduction of emissions, reduction of waste and hazardous waste or treatment of contaminated soil; or</li> <li>Diverting waste and/or hazardous waste away from landfill</li> </ul> </li> <li>Research into and development of processes, infrastructure, technology and facilities that promote efficient resource use and management (e.g. circular economy, water and energy conservation).</li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>Waste management has significant potential as a contributor to climate change. An estimated 10% to 15% reduction in life cycle GHG emissions can be achieved through landfill mitigation and diversion, energy from waste, recycling, and other types of improved solid waste management. Sustainable waste management also helps to conserve natural and non-renewable resource and contributes to a more resource-efficient economy.</p> <p>This eligible category is likely to make direct contributions to the following SDGs and corresponding targets: SDG 11, target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. SDG 12, target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>  
<b>SOCIAL PROJECTS</b>			
<p><b>1</b></p>	<p><b>Affordable Basic Infrastructure</b></p> <p><b>Sustainability Objective:</b> Affordable basic infrastructure</p> <p><b>Sustainability Benefits:</b> Improved access to affordable transport, energy and internet coverage.</p> <p>This eligible category will contribute to advances towards universal access to essential services such as transport, energy and internet, which are fundamental to equitable social development. It also coherently aligns with the national sustainable development strategy and priorities. For instance, facilitating wide availability of broadband access at affordable prices for all segments of</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment used for: <ul style="list-style-type: none"> <li>Development of infrastructure to provide communities that have limited access or no access to services such as transport and energy; or</li> <li>Development of infrastructure to provide communities with increased affordable internet coverage and speed and/or mobile phone usage.</li> </ul> </li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>This eligible category is likely to make direct contributions to the following SDGs and corresponding targets: SDG 7, target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services. SDG 9, target 9.c: Significantly increase access to information and communications technology and strive to provide universal and affordable access to the internet. <i>(Although SDG 9.c. was set as a 2020 target, COVID-19 has increased the importance of having access to affordable internet coverage.)</i> SDG 11, target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport.</p>

<p><b>1 Affordable Basic Infrastructure (Cont'd)</b></p> <p>society, including rural communities, is a key policy objective of Malaysia's National Fibreisation and Connectivity Plan (NFCP) 2019-2023.</p>		<p><b>Alignment to the SDGs:</b></p> <p><b>7 AFFORDABLE AND CLEAN ENERGY</b> <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>   <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p> 
<p><b>2 Access to Essential Services: Healthcare</b></p>		
<p><b>Sustainability Objective:</b> Access to essential healthcare services</p> <p><b>Sustainability Benefits:</b> Promoting health equity</p> <p>The eligibility category supports investments in infrastructure, facilities, services, education and digital health technologies aimed at promoting health equity. The links between health and overall well-being make the potential socioeconomic impacts of this intended use of proceeds category particularly impactful.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment for public, subsidised and/or non-profit healthcare that is accessible to all populations, including: <ul style="list-style-type: none"> <li>New infrastructure for or improvements to public and private hospitals, clinics, healthcare centre;</li> <li>Hospices, medical and diagnostic equipment;</li> <li>Aged care facilities and services;</li> <li>Mental health facilities and services;</li> <li>Public healthcare services, including emergency response and disease control services;</li> <li>Health and medical education, including emergency medical response training;</li> <li>Digital healthcare; and</li> <li>Specialist disability accommodation.</li> </ul> </li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>Malaysia's public health system provides affordable access to health care for all residents. In 2020, Malaysia's universal health coverage (UHC) score further improved to 73, up from 70 in 2018. As demands and expectations for health care and health outcomes continue to rise in line with income levels against the backdrop of steadily rising health care expenditure, there is a growing role for the private sector to play alongside the public health system in providing equitable access to more responsive and higher quality healthcare.</p> <p>This eligible category is likely to contribute to SDG 3 and its following targets:</p> <p>3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p> <p>3.8: By 2030, achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p> <p>3.c. Substantially increase health financing and the recruitment, development, training and retention of the health workforce.</p> <p><b>3 GOOD HEALTH AND WELL-BEING</b></p> 

<b>3 Access to Essential Services: Education and Vocational Training</b>		
<p><b>Sustainability Objective:</b> Access to education</p> <p><b>Sustainability Benefits:</b> Inclusive access to learning outcomes and skills development Reduced social disparities</p> <p>This eligible category supports the financing of projects aimed at providing equitable educational opportunities. Given the potential of more inclusive education as an important driver of inclusive growth, this use of proceeds category is considered impactful.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment for public and government-subsidised education that is broadly accessible to all populations, including: <ul style="list-style-type: none"> <li>– New infrastructure for or improvements to universities, colleges, schools and early learning services;</li> <li>– Activities that target inclusion of excluded and/or marginalised populations in the education system; and</li> <li>– Digital learning.</li> </ul> </li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>Educational attainment is linked to a wide range of positive outcomes including longer life expectancy, higher employment rates and higher earnings. A well-educated labour pool drives economic productivity in addition to improving the resilience of businesses and the national economy.</p> <p>This eligible category is likely to contribute to SDG 4 and its following targets: 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes. 4.2: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education. 4.3: By 2030, ensure equal access for all women and men to affordable quality technical, vocational and tertiary education, including university.</p> <p><b>4 QUALITY EDUCATION</b></p> 
<b>4 Socioeconomic Advancement and Empowerment</b>		
<p><b>Sustainability Objective:</b> Socioeconomic Advancement and Empowerment</p> <p><b>Sustainability Benefits:</b> Financial inclusion of start-ups and micro-, small and medium-sized enterprises (MSMEs ) Economic empowerment for women-owned/led SMEs Promotion of national economic growth Promotion of decent work, entrepreneurship and economic inclusion Reduced gender inequality</p> <p>This use of proceeds category allows the Bank to directly address inclusion gaps affecting targeted groups such as women and disadvantaged communities in three areas: access to finance, access to</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Financing for start-ups and MSMEs. To be eligible for the use of proceeds, the assets should exhibit one (1) or more of the following characteristics: <ul style="list-style-type: none"> <li>– Operate in sectors/activities that contribute to other UN SDGs in the Framework;</li> <li>– Owned or operated by marginalised, unserved or underserved groups; and/or</li> <li>– Benefit low-income populations or areas in terms of employment; and/or expanded access to basic needs such as food, healthcare and education.</li> </ul> </li> </ul>	<p><b>Alignment to SDGs:</b></p> <p>The predominant form of enterprise in Malaysia, MSMEs play a major role in the domestic economy and job creation. MSMEs have the potential to provide decent jobs and economic empowerment through self-employment and/or to categories of employees considered vulnerable such as women, youth and the aged.</p> <p>This eligible category is likely to make direct contributions to the following SDGs and corresponding targets: SDG 5, Target 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.</p>

4	<b>Socioeconomic Advancement and Empowerment (Cont'd)</b>		
	<p>skills and employment, and access to services.</p> <p>This eligible category has the potential to contribute significantly to financial inclusion (of start-ups and MSMEs) and the promotion of social equity while enhancing gender equality and women empowerment.</p> <p>It complements national strategies on economic inclusion and allows a strong focus to be maintained with respect to additionality and development impact. Under the National Entrepreneurship Policy 2030, the Government has set a target for SMEs to increase their contribution to GDP to 50% by 2030.</p> <p>The Framework defines low-income populations as the bottom 40% of households with a monthly income of RM4,850 and below (B40). Importantly, it provides for the continued alignment of its definition of MSMEs and B40 with that of SME Corporation Malaysia and Department of Statistics, respectively.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Development and support initiatives of women to improve economic opportunities through business interventions, including: <ul style="list-style-type: none"> <li>– Financing for SMEs serving the women and/or disadvantaged community;</li> <li>– Financing for women-led SMEs. To be eligible, at least one (1) of the following conditions must be met: <ul style="list-style-type: none"> <li>– At least 51% of the shareholding is owned by a woman or by women</li> <li>– The chief executive officer or the president is a woman</li> <li>– At least 51% of top management are women</li> <li>– 30% of the board of directors are made up by women</li> </ul> </li> <li>– Funding participation in women-led capital firms, start-ups, and organisations supporting women entrepreneurs;</li> <li>– Training to help women job seekers enhance their skills; and</li> <li>– Funding to help improve women's access to education, equipment, and economic opportunities.</li> </ul> </li> </ul>	<p><b>Alignment to SDGs:</b></p> <p>SDG 8 and its following targets: 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of MSMEs, including through access to financial services. 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.</p> <p>SDG 10 and its targets: 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average. 10.2: By 2030, empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p><b>5 GENDER EQUALITY</b></p>  </div> <div style="text-align: center;"> <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>  </div> </div> <div style="text-align: center; margin-top: 20px;"> <p><b>10 REDUCED INEQUALITIES</b></p>  </div>
5	<b>Pandemic Outbreak Socioeconomic Impact Mitigation</b>		
	<p><b>Sustainability Objective:</b> Pandemic economic relief</p> <p><b>Sustainability Benefits:</b> Prevent and/or alleviate socio-economic disruptions caused by the pandemic such as unemployment in the short run or as part of a longer-term economic recovery.</p>	<p><b>Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Financing or other financial services to support SMEs who have been assessed by SME Bank as facing financial stress as a result of the pandemic outbreak; or</li> <li>• Financing or other financial services to support initiatives designed to prevent or</li> </ul>	<p><b>Alignment to the SDGs:</b></p> <p>Supporting SMEs to address immediate threats to their survival posed by the impact of the COVID-19 pandemic on business is crucial to promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8).</p>

5	Pandemic Outbreak Socioeconomic Impact Mitigation (Cont'd)		
<p>This eligible use of proceeds category will help to protect earlier pre-pandemic gains made in advancing economic empowerment and inclusion to the extent that sustainable recovery and long-termism in the economy are supported.</p>	<p>alleviate unemployment.</p>	<p>SDG 8, target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of MSMEs, including through access to financial services.</p> <p>Supporting economically and financially viable SMEs affected by the economic fallout from the pandemic is also key to advancing social sustainability.</p> 	

## Overall Impact Significance

The 11 eligible categories identified in the Framework align with the green and social project categories recognised by the ASEAN GBS, ASEAN SBS and the SRI Sukuk Framework (also the ICMA’s GBP and SBP). Each eligible category maps to one or more of the SDGs such as “Good Health and Well-Being” (SDG 3), “Quality Education” (SDG 4), “Gender Equality” (SDG 5), “Clean Water and Sanitation” (SDG 6), “Affordable and Clean Energy” (SDG 7), “Decent Work and Economic Growth” (SDG 8), “Industry, Innovation and Infrastructure” (SDG 9), “Reduced Inequalities” (SDG 10), “Sustainable Cities and Communities” (SDG 11), “Responsible Consumption and Production” (SDG 12) and “Climate Action” (SDG 13).

SME Bank’s green eligible categories target the six initial key sectors identified by the GTMP as having high potential to facilitate green growth in Malaysia: energy, manufacturing, transport, building, waste and water. Likewise, the social eligible categories are also intended to contribute to meaningful economic and social impacts and benefits for local and national communities. They have the potential to create decent work, improve gender equity, provide economic opportunities to unserved and underserved social groups and address in part the negative socioeconomic impacts of the COVID-19 pandemic.

Furthermore, as the country’s predominant form of enterprise, SMEs play an important role in delivering more inclusive growth and adapting to the technological transition. Given the above, MARC is of the opinion that the eligible assets funded by the Sustainability Sukuk proceeds will enable SMEs to enhance their contributions to inclusive growth in diverse economic and social contexts.

Overall, the anticipated impact of the use of proceeds is assessed to be very significant, considering their potential to contribute to additionality and advance transformative sustainable development. Finally, the expected sustainability benefits of the use of proceeds are highly coherent with SME Bank’s sustainability approach, the SDGs, and national sustainable development priorities.

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

## 02 ALIGNMENT WITH THE ASEAN SUS, ASEAN GBS, ASEAN SBS AND THE SRI SUKUK FRAMEWORK

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



Principle One:  
Utilisation of Proceeds

The proceeds of the Sustainability Sukuk will be allocated to finance and/or refinance new or existing eligible assets from green and social project categories recognised by the ASEAN GBS and ASEAN SBS (in turn, the ICMA's GBP and SBP). Eligible assets to be financed through the Sustainability Sukuk are to be originated in line with the criteria defined in the Framework for the following 11 use-of-proceeds categories:

- Renewable energy;
- Clean transportation;
- Green buildings;
- Energy efficiency;
- Sustainable water and wastewater management;
- Waste and pollution control;
- Affordable basic infrastructure;
- Access to essential services;
- Employment generation;
- Socioeconomic advancement and empowerment; and
- Pandemic outbreak socioeconomic impact mitigation.

The pandemic outbreak socioeconomic impact mitigation category is specifically aimed at mitigating the socioeconomic impact of the COVID-19 health crisis.

The Framework considers general financings as eligible assets/projects where a minimum 80% of the financing recipient's revenue is derived from sources that meet the eligibility criteria set out in the Framework. Clear exclusion criteria have also been defined by the Bank. The eligible use-of-proceeds categories and associated expected sustainability benefits are in line with SME Bank's sustainability approach and its focus SDGs. SME Bank may include additional green and/or social eligible categories from time to time which shall in all instances be aligned with the SRI Sukuk Framework, the ASEAN GBS, ASEAN SBS and the ICMA's GBP and SBP. The Bank's Board of Directors has the ultimate responsibility for reviewing and approving the Framework and any subsequent changes to it.

The eligible categories have been mapped against directly supported SDGs in the Framework. A register of eligible assets will be maintained by SME Bank that will be periodically reviewed to verify that all assets in the register continue to meet the criteria under the Framework. SME Bank has committed to disclose in its Sustainability Sukuk Report the allocation of proceeds to each eligible category in aggregate. In MARC's opinion, the defined eligible use-of-proceeds categories meet the criteria for use of proceeds as set forth in the ASEAN GBS and ASEAN SBS, and the SRI Sukuk Framework. MARC considers the inclusion of emissions intensity and energy efficiency threshold requirements in the green use of proceeds eligibility criteria as important to ensuring that the green assets financed



or refinanced by the Bank deliver significant positive environmental benefits in terms of climate change mitigation as intended.

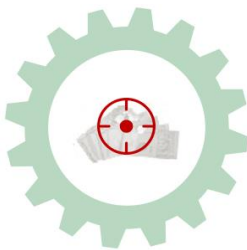


Principle Two:  
Process for Project  
Evaluation and Selection

The process for the project evaluation and selection is clearly defined and transparent, with sufficiently detailed selection and exclusion criteria. Eligible asset screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks, and credit approval. SME Bank's Business Division will perform the initial selection and evaluation of eligible assets based on the eligibility criteria within the 'Use of Proceeds' section of the Framework. Environmental and social due diligence will be conducted for eligible assets as part of the Bank's credit underwriting process. Prior to selection for the eligible asset pool, all eligible assets will be reviewed and approved by approving authorities within their defined approval authority limits.

A dedicated SSWC is entrusted with the responsibility to ensure that the eligible asset pool conforms to the eligibility criteria in the Framework. Any asset that no longer meets the eligibility criteria will be removed and replaced. The SSWC comprises senior management from the Group Risk Division, Group Finance Management Division and Group Compliance Division.

The SSWC will assume the responsibility for monitoring the eligible assets portfolio. An eligible asset that ceases to meet the eligibility criteria can be substituted with an asset that is evaluated and selected in accordance with the said procedures. The SSWC reports to the Compliance and Risk Management Committee (CRMC) which has the responsibility to approve any addition to or removal from the eligible asset pool and endorse the eligible assets register. The Framework identifies excluded activities which cannot be financed by the Sustainability Sukuk proceeds.



Principle Three:  
Management of  
Proceeds

The net proceeds will be managed on a portfolio basis in accordance with the Framework. SME Bank will track the allocation of the proceeds and the eligible asset portfolio via its internal reporting system. Pending full allocation of sukuk proceeds towards eligible assets, SME Bank will hold the balance of the net proceeds in cash, cash equivalents and/or invest in other liquid marketable instruments in accordance with its liquidity management policy.

If an eligible asset ceases to meet the eligibility criteria and is removed from the eligible asset pool, SME Bank commits to reallocate as soon as practicable the equivalent amount of proceeds to other eligible assets. SME Bank will continuously monitor the allocation to eligible assets to ensure that the aggregate value of the eligible asset portfolio matches or exceeds the balance of net proceeds of outstanding Sustainability Sukuk.



Principle Four:  
Reporting

SME Bank will make available its Sustainability Sukuk Report on its website, and on a timely basis as warranted by material developments. The report will provide information in respect of:

- Net proceeds raised from each Sustainability Sukuk issuance;
- Aggregate amounts of proceeds allocated to each eligible project category;
- The balance of unallocated proceeds at the end of the reporting period and where this is placed or invested pending utilisation; and
- The removal or substitution of the eligible assets.

SME Bank intends to provide, where possible, examples of the eligible assets financed or refinanced by the Sustainability Sukuk as well as relevant impact metrics by eligible category. Relevant impact indicators for all the 11 use of proceeds categories have been included in the Framework under Section 5.2 Impact Reporting.

In MARC's opinion, the reporting commitments are aligned with the requirements of the ASEAN GBS, ASEAN SBS, the SRI Sukuk Framework and market practice.

### Overall Assessment

	Clarity of Issuance Process and Disclosure	Total Score
<input checked="" type="checkbox"/>	High	10- 12 points
<input type="checkbox"/>	Good	7 -9 points
<input type="checkbox"/>	Satisfactory	4 – 6 points
<input type="checkbox"/>	Low	Below 4 points

Equal weighting is given to each of the four principles in arriving at the total score which is then expressed on the above four-point descriptive scale which ranges from High to Low.

Assessment Grade	High	Good	Satisfactory	Low
	3	2	1	0

## 03 ANALYSIS OF SUSTAINABILITY PERFORMANCE

In 2019, SME Bank embarked on a two-year digital transformation programme to provide services beyond financing by fostering SME participation in the digital economy and providing value-added solutions. SME Bank is spearheading the National SME Digital Platform, under which it has launched two initiatives to date through wholly-owned subsidiary, Centre for Entrepreneur Development and Research (CEDAR). Through these initiatives, SME Bank is working to advance the financial inclusion and economic development of the MSME community in keeping with its mandate from the Government to nurture and develop the nation's SMEs and to facilitate the financial inclusion of the unserved and underserved SMEs.

Given the macroeconomic impact of the COVID-19 crisis on domestic SMEs, the Bank's role in strengthening social safety nets, supporting businesses, and facilitating access to finance is growing in importance. As the economy enters a recovery phase, facilitating new financing for growth and enhancing SMEs capacity and growth potential through advisory services and financial education will be crucial in promoting the overall development of the SME sector. The beyond-banking ecosystem platform and data-driven approach taken by SME Bank offers a collaborative, coordinated and cost-effective approach to tackling currently underpenetrated SME segments and unmet capacity building needs of SMEs. The development of an inclusive and competitive SME sector as envisioned in the National Entrepreneurship Policy 2030 is imperative for a fair and equitable distribution of economic development by 2030 as encapsulated in Malaysia's Shared Prosperity Vision 2030.

The Bank has defined the key elements of its sustainability approach as responsible banking, responsible business practices and social impact creation through enabling SMEs. Its sustainability approach aligns with the re-orientation of its Islamic finance business model towards value-based intermediation (VBI) and its focus on generating positive and sustainable impact to the economy, community, and environment. For instance, entrepreneurship facilitation and community empowerment, underpinning thrusts of VBI, are integral parts of the Bank's approach to nurturing and developing SMEs. Where sustainability governance is concerned, the Board of Directors of SME Bank has committed itself to promote sustainability through appropriate environmental, social and governance (ESG) considerations in the Bank's business strategies. Overall, MARC views the Framework as coherent with the Bank's strategic sustainability priorities and commitments to support Malaysia's sustainable development.

As a DFI that supports sustainable development, additionality and development impact are at the core of SME Bank's programmes and activities. SME Bank measures its development impact based on the performance measurement framework (PMF) developed by BNM in collaboration with the World Bank and DFIs. The PMF facilitates proper attribution of impact to the Bank's programmes and activities and corresponding accountability. This provides a somewhat robust assurance of SME Bank's capacity to integrate development impact in its financing portfolio. Where managing the environmental and social (E&S) risks of eligible projects is concerned, MARC understands that the evaluation of E&S risks is integrated into the Bank's overall credit and risk management process. Additionally, the Bank has developed exclusion criteria to identify and manage potentially material environmental and social risks associated with its financing activities.

SME Bank's integration of environmental sustainability in its financing portfolio is evidenced by a 70% year-on-year increase in approved financing to the green technology sector to RM372.5 million in 2019. The Bank intends to support SMEs in the clean energy, clean transportation, energy-saving and

emission-reduction, waste and pollution control sectors, as detailed in its Framework for its inaugural Sustainability Sukuk issuance. SME Bank has articulated commitment to manage the environmental impact of its properties and activities, which covers energy and water efficiency improvements, resource saving, and recycling. The Bank monitors its electricity and water consumption to manage its electricity and water use and reduce its impacts to protect the environment. It has also incorporated environmental considerations into its procurement process.




SME Bank employs the standards of the Global Reporting Initiative (GRI) in its sustainability reporting and integrates its financial, social, and environmental performance into one annual report. The overall quality of SME Bank’s integrated reporting provides a high level of assurance of the Bank’s ability to meet its impact reporting obligations under its Framework.

### Sustainability Performance Assessment

<input type="checkbox"/>	Excellent/Highest Assurance	The issuer positions itself as a sustainability leader in its industry, ranking in the “top tiers” of performance across multiple categories of engagement, ranging from supply chain management to environmental performance. Sustainability-related risks and opportunities are integrated with the business strategy. Well-defined sustainability policies and practices are augmented by strong accountability systems which allow for a benchmarking of the issuer’s performance against stated objectives and the incorporation of external assurance in its sustainability reporting framework.
<input checked="" type="checkbox"/>	Very Good/High	The issuer has integrated risk-based sustainability considerations in its operations and has a robust process for assessing significant sustainability risks exposures to minimise adverse impacts on its business. The focus of the issuer’s sustainability performance monitoring and evaluation is on managing risk exposures to minimise downside risk. Globally-recognised best practice reporting frameworks guide the issuer’s sustainability reporting.
<input type="checkbox"/>	Good/Medium	The issuer has adopted a CSR-centric sustainability strategy that prioritises stakeholder engagement and goodwill building. Sustainability is a small part of the issuer’s business strategy, nonetheless there is evidence to suggest that its sustainability performance has progressed beyond maintaining regulatory compliance. The issuer has implemented general sustainability reporting to investors.
<input type="checkbox"/>	Fair/Basic	The issuer has a policy of regulatory compliance but has yet to incorporate sustainability considerations into its business operations. At this performance level, the goal of sustainability management is to achieve and maintain compliance with health, safety, and environmental requirements mandated by government laws and regulations.
<input type="checkbox"/>	Poor/Weak	The issuer has a record of poor sustainability performance or operates in unsustainable industries.

MARC’s assessment of the issuer’s sustainability implementation capabilities and performance is expressed on a five-level descriptive scale that runs from “Excellent” to “Poor” which corresponds to five levels of assurance (Highest, High, Medium, Basic and Weak). The assurance level can be interpreted as a measure of MARC’s confidence in the issuer’s continuing performance of its sustainability obligations in line with marketplace expectations and in compliance with the Framework for the Sustainability Sukuk issuance.

## 04 RATING SCALE

GRADE	DESCRIPTION
	<p>Bonds assessed at this level are judged to offer very significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support high standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support good standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer fairly significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support satisfactory standards of accountability and transparency. Minor shortcomings exist in the areas assessed but none of major concern.</p>

## MARC

Incorporated in October 1995, MARC is a full-service domestic credit rating institution. MARC's ratings are recognised and accepted in the Malaysian capital markets. MARC is recognised by Bank Negara Malaysia and Securities Commission, respectively, as an External Credit Assessment Institution (ECAI) under Basel II and as a bond rating agency regulated under the Guidelines on the Registration of Credit Rating Agencies issued by the Securities Commission on 30 March 2011. MARC adopts practices and procedures for Domestic Credit Rating Agencies based on the guidance on the Code of Conduct Fundamentals provided by the International Organisation of Securities Commissions (IOSCO) and the Association of Credit Rating Agencies in Asia (ACRAA). MARC has consulted international best practices and the International Capital Market Association's Guidelines for Green, Social and Sustainability Bonds External Reviews in its conduct of external reviews, particularly in relation to the organisation and content of external reviews.

Following a series of outreach and external reviewer capacity-building initiatives jointly undertaken by domestic market regulators and World Bank Group, MARC published for public comment its proposed criteria for rating green, social or sustainability bonds in April 2018. The version that was adopted in July 2018 after public consultation can be accessed on MARC's website at [https://www.marc.com.my/images/Rating\\_Methodologies/8/Impact\\_Bond\\_Assessments\\_20180713.pdf](https://www.marc.com.my/images/Rating_Methodologies/8/Impact_Bond_Assessments_20180713.pdf). As explained in the criteria, MARC's analytical framework consists of three components that provide insight to the green, social and sustainability credentials of green, social and sustainability bonds: (1) an assessment of environmental and/or social benefits of the underlying funded project(s); (2) an assessment of compliance with internationally recognised principles and market standards for the evaluation of such bonds; and (3) an evaluation of the issuer's sustainability strategy and performance. Bonds which meet the minimum thresholds in each of the three analytical components will be rated Gold, Silver or Bronze.

For more information, visit [www.marc.com.my](http://www.marc.com.my) or contact us at [marc@marc.com.my](mailto:marc@marc.com.my).

## Review of Compliance with the ASEAN GBS 2018, ASEAN SBS 2018, ASEAN SUS 2018 and SRI Sukuk Framework 2021

**SME Bank Sustainability Sukuk Framework**  
**Key Additional Features complied with:**

- The proceeds allocated for the Project must not be used for ineligible projects specified by the ASEAN GBS (i.e. fossil fuel power generation projects) as well as the ASEAN SBS (i.e. projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry).
- Continuous accessibility of information on use of proceeds, process for project evaluation and selection, and management of proceeds to investors throughout the tenure of the sukuk.
- Periodic reporting on the allocation of the sukuk proceeds.
- The external reviewer's credentials and scope of review conducted to be made publicly accessible from a website designated by the Issuer throughout the tenure of the sukuk.

<b>Criteria</b>	<b>Compliance with criteria</b>	<b>Remarks/Scope of Work Undertaken</b>
<p><b>Issuer</b> <u>ASEAN GBS/SBS/SUS</u> 3.1 <i>The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</i></p> <p><u>SRI Sukuk Framework</u> 7.02 <i>The proceeds (of Sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</i></p> <p>7.04 <i>An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</i></p>	<p><i>The issuer is an ASEAN issuer.</i></p> <p><i>The net proceeds of the Sustainability Sukuk issued under the Framework will be allocated only to finance and/or refinance*, in part or in whole, new or existing assets, businesses and/or projects (collectively, "Eligible Assets") that correspond to eligible SRI projects under the SRI Sukuk Framework. The Framework considers general financings as eligible assets/projects where a minimum 80% of the financing recipient's revenue is derived from sources that meet the eligibility criteria set out in the Framework.</i></p> <p><i>*Eligible Assets are considered to be "financed" from the net proceeds of Sustainability Sukuk when the relevant Eligible Asset is financed after the Sustainability Sukuk's issuance. Eligible Assets are considered to be "refinanced" from the net proceeds of a Sustainability Sukuk when the relevant Eligible Asset was financed before the Sustainability Sukuk's issuance.</i></p> <p><i>The Bank will enhance existing processes where necessary to ensure compliance with the SRI Sukuk Framework.</i></p>	<p><i>Evaluation of alignment of the Framework with the SRI Sukuk Framework.</i></p>

<b>Criteria</b>	<b>Compliance with criteria</b>	<b>Remarks/Scope of Work Undertaken</b>
<p><b>Eligible Projects</b> 7.07 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"> <li>(a) Preserving and protecting the environment and natural resources;</li> <li>(b) Conserving the use of energy;</li> <li>(c) Promoting the use of renewable energy;</li> <li>(d) Reducing greenhouse gas emission;</li> <li>(e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or</li> <li>(f) Improving the quality of life of the society.</li> </ul>	<p>Eligible projects as defined by the Framework will achieve any one or a combination of objectives (a) through (f) set out in paragraph 7.07 of the SRI Sukuk Framework.</p>	
<p>7.08 The Eligible SRI projects may include but not limited to the following:</p> <ul style="list-style-type: none"> <li>(a) Green projects that relate to, amongst others—renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; clean transportation; sustainable water and wastewater management; climate change adaptation; eco-efficient and/or circular economy adapted products; and green buildings which meet regional, national, or internationally recognised standards or certifications.</li> <li>(b) Social projects that relate to, amongst others—affordable basic infrastructure; access to essential services; affordable housing; employment generation including the potential effect of SME financing and microfinance; food security; and socioeconomic advancement and empowerment.</li> <li>(c) Projects which are the combination of Green and Social projects as described in (a) and (b) above; and</li> <li>(d) Waqf projects that relate to the development of waqf properties or assets.</li> </ul>	<p>Eligible project categories detailed in the Framework align with eligible SRI project categories in paragraph 7.08 (a) and (b) of the SRI Sukuk Framework. The Framework also details a social project category - pandemic outbreak socioeconomic impact mitigation - that is specifically aimed at mitigating the socioeconomic impact of the COVID-19 health crisis.</p> <p>Eligible green project categories include renewable energy; clean transportation; green buildings; energy efficiency; sustainable water and wastewater management; and waste and pollution control.</p> <p>Eligible social project categories include affordable basic infrastructure; access to essential services; employment generation including the effect of SME financing and microfinance; socioeconomic advancement and empowerment, as well as pandemic outbreak socioeconomic impact mitigation.</p>	<p>The Framework provides flexibility to SME Bank to add green and/or social eligible project categories as needed from time to time. In view of this and to address concerns as to future dilution of its environmental and social credentials, the Framework clarifies that any eligible project categories to be added would be aligned to those recognised by the SC, ACMF and ICMA frameworks or guidelines.</p>



<b>Criteria</b>	<b>Compliance with criteria</b>	<b>Remarks/Scope of Work Undertaken</b>
<p><b>Use of Proceeds</b> <u>ASEAN GBS/SBS/SUS</u></p> <p>4.1</p> <p>4.1.1 <i>The utilisation of issue proceeds must be described in the documentation for issuance.</i></p> <p>4.1.2 <i>The Issuer must disclose the following information: The categories of eligible Green and/or Social Projects to which the issue proceeds will be allocated; and/or the information on specific Green and/or Social Projects in the case where the issuer has identified the specific Green and/or Social Projects to which the issue proceeds will be allocated.</i></p> <p>4.1.3 <i>All designated Green and/or Social Projects must provide clear environmental/social benefits, which will be assessed and, where feasible, quantified by the Issuer.</i></p> <p>4.1.4 <i>In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that Issuers provide an estimate of the share of financing and refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced and, to the extent relevant, the expected look-back period for refinanced projects.</i></p>	<p><i>The utilisation of the Sustainability Sukuk proceeds is described in the Framework.</i></p> <p><i>The eligible use of proceeds categories identified by the Framework are aligned with the green and social project categories recognised by the ASEAN GBS and ASEAN SBS.</i></p> <p><i>The eligible use of proceeds project categories set out in the Framework are recognised as impactful by the ASEAN GBS and ASEAN SBS.</i></p> <p><i>The expected look-back period for refinanced assets has yet to be determined.</i></p>	<p><i>The Sustainability Sukuk proceeds will be used to finance and/or refinance, in part or in whole, new or existing eligible assets falling within the green and social categories recognised by the ASEAN GBS and ASEAN SBS.</i></p> <p><i>MARC has recommended a look-back period not exceeding 36 months for refinanced eligible assets which has been duly noted by the Bank.</i></p>
<p><b>Process for Project Evaluation and Selection</b> <u>ASEAN GBS/SBS/SUS</u></p> <p>4.2</p> <p>4.2.1 <i>The issuer must clearly communicate to investors:</i></p> <p>(i) <i>The environmental/social sustainability objectives;</i></p> <p>(ii) <i>The process by which the Issuer determines how the projects fit within the identified eligible project categories; and</i></p>	<p><i>The broad environmental and social objectives corresponding to the projects financed and/or refinanced are conveyed by the green and social project categories.</i></p> <p><i>The Framework details an internal process by which all eligible projects will be assessed and selected.</i></p>	<p><i>The governance structure for the Sustainability Sukuk as described in the Framework comprises the Bank's Board of Directors and the CRMC, supported by the SSWC.</i></p>

<b>Criteria</b>	<b>Compliance with criteria</b>	<b>Remarks/Scope of Work Undertaken</b>
<p><b>Process for Project Evaluation and Selection (Cont'd)</b> <u>ASEAN GBS/SBS/SUS</u></p> <p>(iii) <i>The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social (E&amp;S) risks associated with the selected projects.</i></p> <p>4.2.2 <i>The Issuer must establish the process for project evaluation and selection prior to the issuance of the Bonds and disclose the same to investors in the documentation for the issuance of the Bonds.</i></p> <p>4.2.3 <i>Issuers are encouraged to position this information within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability. Issuers are also encouraged to disclose any green and social standards or certifications referenced in project selection.</i></p>	<p><i>The Business Division selects, evaluates, and proposes prospective eligible assets to the relevant approving authorities in accordance with selection criteria set out in the Framework.</i></p> <p><i>A Sustainability Sukuk Working Committee (SSWC) has been created which is composed of senior management representatives from its Group Risk, Group Finance Management and Group Compliance will periodically review the eligible asset pool throughout the life of the Sustainability Sukuk and recommend the removal of any projects to the CRMC that no longer meet the eligibility criteria and should be replaced with new projects as soon as feasible.</i></p> <p><i>The CRMC is responsible for approving any addition to or removal from the eligible asset pool. Additionally, the CRMC is also responsible for reviewing and endorsing the eligible asset register.</i></p> <p><i>The eligibility criteria to be used for the evaluation and selection of the eligible assets are sufficiently detailed and transparent. The Framework also identifies excluded activities which cannot be financed by the Sustainability Sukuk proceeds. The Bank will put in place appropriate procedures and guidelines such as the establishment of criteria checklist as part of its E&amp;S risk due diligence on eligible assets.</i></p> <p><i>The Framework outlines the process and accountabilities for project evaluation and selection.</i></p> <p><i>The Bank has positioned this information within the context of its overarching objective to support SME development which, in turn, has the potential for wide reaching impacts on the SDGs nationally. The critical contribution of MSMEs to broader social economic objectives, including job creation makes them a key priority area for achieving the SDGs.</i></p>	<p><i>SME Bank's Board of Directors is ultimately responsible for reviewing and approving the Framework and any subsequent changes to it. It shall also review and approve the annual reporting as prescribed under the Framework.</i></p> <p><i>Where green buildings are concerned, the Framework specifies third-party certification systems to be used by the Bank to identify energy-efficient buildings. These include Green Building Index (GBI), Leadership in Energy and Environmental Design (LEED), Green Real Estate (GreenRE) and Building Research Establishment Environmental Assessment (BREEAM).</i></p>

<b>Criteria</b>	<b>Compliance with criteria</b>	<b>Remarks/Scope of Work Undertaken</b>
<p>4.2.4 It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.</p> <p>4.2.5 The Issuer must make the following publicly available on a website designated by the Issuer at the time of the issuance and throughout the tenure of the Bonds:</p> <ul style="list-style-type: none"> <li>(i) The process for project evaluation;</li> <li>(ii) The use of proceeds; and</li> <li>(iii) External review report on the process (if any).</li> </ul>	<p>The issuer has appointed MARC as the external reviewer for the Sustainability Sukuk.</p> <p>The issuer has committed to make the required information available on its website at <a href="http://www.smebank.com.my">www.smebank.com.my</a></p>	<p>The Framework provides information on the process for project evaluation. The Bank will prepare and publish its Sustainability Sukuk Report on its website annually. MARC's external review assessment will also be made available on the Bank's corporate website.</p>
<p><b>Management of Proceeds</b> <u>ASEAN GBS/SBS/SUS</u></p> <p>4.3</p> <p>4.3.1 Prior to the issuance of the Bonds, the Issuer must disclose to investors in the documentation for the issuance of the Bonds the process for managing the net proceeds from the Bonds.</p> <p>4.3.2 The net proceeds of the Bonds, or an amount equal to these net proceeds, must be credited into a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process. The total amount deployed from the net proceeds for the eligible projects need not occur simultaneously.</p> <p>4.3.3 As long as the Bonds are outstanding, the balance of the tracked net proceeds must be periodically adjusted to match allocations to eligible projects made during that period.</p> <p>4.3.4 The Issuer must also disclose to investors in the documentation for the issuance of the Bonds the intended types of temporary placement for the balance of unallocated net proceeds.</p>	<p>Prior to issuance, the Bank will make the Framework which details the management of proceeds available on its website.</p> <p>The Bank will manage the Sustainability Sukuk proceeds on a portfolio basis to ensure that the aggregate value of the eligible asset portfolio matches or exceeds the balance of net proceeds of outstanding Sustainability Sukuk and track the use of proceeds internally. The balance of unallocated net proceeds will be held in cash, cash equivalents and/or other liquid marketable investments.</p> <p>The Bank will have in place a register of eligible assets to track the use of proceeds and ensure allocations to the portfolio match or exceed the balance of net proceeds of outstanding Sustainability Sukuk.</p> <p>The Bank has disclosed in the Framework the intended types of temporary placement for the balance of unallocated net proceeds.</p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><b>Management of Proceeds (Cont'd)</b> <u>ASEAN GBS/SBS/SUS</u> 4.3.5 It is recommended that the Issuer's management of proceeds be supplemented by the use of an auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Bonds proceeds.</p> <p>4.3.6 Where the Issuer appoints an auditor or other third party to verify the Issuer's management of proceeds, the Issuer must make the report produced by the auditor or other third party publicly available on a website designated by the Issuer at the time of the issuance of the Bonds.</p> <p><u>SRI Sukuk Framework</u> 7.13 An issuer must ensure that the proceeds allocated for the Eligible SRI projects are credited into a designated account or otherwise tracked in an appropriate manner.</p>	<p>In addition to MARC's appointment as the external reviewer for the Framework, independent verification of the management of proceeds by an appropriate external assurance provider as and when required is provided for under the Framework in the section "External Review".</p> <p>MARC's external review assessment will be published on SME Bank's corporate website at <a href="http://www.smebank.com.my">www.smebank.com.my</a>.</p> <p>The Framework provides for the Sustainability Sukuk proceeds to be allocated to eligible projects in line with the Bank's internal systems.</p>	
<p><b>Reporting</b> <u>ASEAN GBS/SBS/SUS</u> 4.4 4.4.1 Issuers must report to investors at least on an annual basis and are encouraged to make more frequent reporting on the use of proceeds until full allocation, and on a timely basis in the case of material developments. The annual report should include a list of the projects to which the Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.</p>	<p>The Bank intends to report to investors on allocation and impact on an annual basis until full allocation, and thereafter, as warranted by any new/material developments. In its annual Sustainability Sukuk Report, the Bank will provide information in respect of:</p> <ul style="list-style-type: none"> <li>• Net proceeds raised from each Sustainability Sukuk issuance;</li> <li>• Aggregate amounts of proceeds allocated to each eligible project category;</li> <li>• The balance of unallocated Sustainability Sukuk proceeds at the end of the reporting period and where this is placed or invested pending utilisation, and</li> <li>• The removal or substitution of the eligible assets.</li> </ul>	<p>The Bank commits to impact reporting using quantitative metrics where possible, to be made available in the company's annual Sustainability Sukuk report.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>4.4.2 Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the Issuer may present the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that Issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>4.4.4 It is recommended that the Issuer's annual reporting on the use of proceeds be supplemented by a confirmation of such use of proceeds by an external reviewer along with any relevant updates of the external review.</p> <p>4.4.5 The Issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the Bonds.</p>	<p>The Bank intends to provide examples of eligible assets financed and/or refinanced by the Sustainability Sukuk as well as impact metrics for each of the eligible project categories.</p> <p>To the extent possible, the Bank plans to report on impact metrics in aggregate for each eligible project category; it has provided examples of quantitative performance measures in the Framework.</p> <p>Updates of the external review are encouraged but are strictly voluntary.</p> <p>The Bank commits to report annually and publicly on its website throughout the tenure of the Sustainability Sukuk. The external review on the annual reporting is encouraged by the ASEAN GBS and ASEAN SBS but is strictly voluntary.</p>	
<p><u>SRI Sukuk Framework</u> 7.14 An issuer must provide the following information to the sukukholders annually through a designated website:</p> <ul style="list-style-type: none"> <li>a) The original amount allocated for the Eligible SRI projects;</li> <li>b) The amount utilised for the Eligible SRI projects;</li> <li>c) The unutilised amount and where such unutilised amount is placed or invested pending utilisation; and</li> <li>d) The list of the Eligible SRI projects in which the SRI sukuk proceeds have been allocated to and a brief description of the said Eligible SRI projects and their impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact.</li> </ul>	<p>The issuer has committed to provide information items (a) through (d) annually through its corporate website under the Framework.</p>	

<b>Criteria</b>	<b>Compliance with criteria</b>	<b>Remarks/Scope of Work Undertaken</b>
<p><b>Disclosure Requirements</b></p> <p><u>SRI Sukuk Framework</u></p> <p>7.15 Where an issuer is unable to make available comprehensive information as specified in paragraph 7.14 above due to confidentiality agreements or competitive considerations, such information may be provided in generic terms or on an aggregated portfolio basis.</p> <p>7.16 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 being allocated for refinancing and which Eligible SRI projects to be refinanced;</p> <p>c) The Eligible SRI projects in which the proceeds will be allocated;</p> <p>d) The details of the Eligible SRI projects and to the extent possible, impact objectives from 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.</p> <p>g) associated with the Eligible SRI projects;</p> <p>h) The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</p> <p>i) A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</p>	<p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.4.2.</p> <p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.2.1.</p> <p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.1.1 and 4.1.4.</p> <p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.1.2.</p> <p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.1.3</p> <p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.2.</p> <p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.2.</p> <p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.2.</p> <p>Complied. Refer to assessment of compliance with the ASEAN GBS/SBS 4.3.</p> <p>Complied.</p>	
<p><b>External Review</b></p> <p><u>ASEAN GBS/SBS/SUS</u></p> <p>5.1 Issuers are recommended to appoint external review providers for the bond issuances or programmes.</p>	<p>MARC has been engaged as the independent external reviewer for the Framework.</p>	

<b>Criteria</b>	<b>Compliance with criteria</b>	<b>Remarks/Scope of Work Undertaken</b>
<p><b>External Review (Cont'd)</b> <u>ASEAN GBS/SBS/SUS</u></p> <p>5.2 <i>The external review may be partial, covering only certain aspects of the bonds framework or full, assessing alignment with all four core components as stated in the relevant standards.</i></p> <p>5.3 <i>The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</i></p> <p>5.4 <i>The external review provider must also disclose their relevant credentials and expertise, and the scope of the review conducted in the external review report.</i></p>	<p><i>The review conducted by MARC is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC is registered with the SC as a credit rating agency and has conducted the external review assessment according to the analytical framework in MARC's IBA methodology.</i></p> <p><i>Required disclosure of the external review provider's relevant credentials and expertise, and the scope of the review will be made in the external review assessment.</i></p>	<p><i>MARC has established a transparent score-based framework for its green, social and sustainability sukuk and bond assessments analysis that is published on the agency's website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others</i></p>

## THE UN SUSTAINABLE DEVELOPMENT GOALS

	<b>GOAL 1:</b> End poverty in all its forms everywhere		<b>GOAL 10:</b> Reduce inequality within and among countries
	<b>GOAL 2:</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture		<b>GOAL 11:</b> Make cities and human settlements inclusive, safe, resilient and sustainable
	<b>GOAL 3:</b> Ensure healthy lives and promote well-being for all at all ages		<b>GOAL 12:</b> Ensure sustainable consumption and production patterns
	<b>GOAL 4:</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		<b>GOAL 13:</b> Take urgent action to combat climate change and its impacts
	<b>GOAL 5:</b> Achieve gender equality and empower all women and girls		<b>GOAL 14:</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	<b>GOAL 6:</b> Ensure availability and sustainable management of water and sanitation for all		<b>GOAL 15:</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	<b>GOAL 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all		<b>GOAL 16:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	<b>GOAL 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		<b>GOAL 17:</b> Strengthen the means of implementation and revitalize the global partnership for sustainable development
	<b>GOAL 9:</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		



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19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 KUALA LUMPUR  
Tel: [603] 2717 2900 Fax: [603] 2717 2920 Email: [www.marc.com.my](http://www.marc.com.my)  
Website: [www.marc.com.my](http://www.marc.com.my)