

MARC

MARC RATINGS BERHAD

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MY E.G. SERVICES BERHAD

PRE-ISSUANCE SUSTAINABILITY FINANCING
FRAMEWORK ASSESSMENT

OCTOBER 2022



SUSTAINABILITY FINANCING
FRAMEWORK ASSESSMENT

MARC Ratings Berhad (MARC Ratings) has been engaged by MY E.G. Services Berhad (MYEG) (Company Registration No.: 200001003034 (505639-K)) as an independent external reviewer for its Sustainability Financing Framework. This external review was conducted according to the analytical framework in MARC Ratings' Impact Bond Assessment (IBA) methodology that is published on its website.

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SUMMARY

MY E. G. Services Berhad (MYEG) (Company Registration No.: 200001003034 (505639-K)) has engaged MARC Ratings Berhad (MARC Ratings) to review its Sustainability Financing Framework (Framework). The Framework has been established to set guidelines for the company's issuances of financing instruments. In assigning the assessment, MARC Ratings has relied on pre-issuance information provided by MYEG and associated parties as well as information gathered from the public domain.

MARC Ratings' external review consists of three parts: an impact significance analysis based on MYEG's Framework; an assessment of alignment with the Green Bond Principles (GBP) and Social Bond Principles (SBP) of the International Capital Markets Association (ICMA), ASEAN Green Bond Standards (GBS) and ASEAN Social Bond Standards (SBS) of the ASEAN Capital Markets Forum (ACMF), Green Loan Principles (GLP) and Social Loan Principle (SLP) of the Loan Market Association (LMA), and the Sustainable and Responsible Investment (SRI) Sukuk Framework of the Securities Commission Malaysia (SC); and an evaluation of the issuer's sustainability implementation capacity and performance.

MYEG intends to use the proceeds to finance and/or refinance, in part or in whole, new or existing projects that directly support 7 of the 17 United Nations Sustainable Development Goals (SDGs). All four Eligible Categories for the Use of Proceeds identified in the Framework are recognised as impactful by the GBP/SBP, ASEAN GBS/SBS, GLP/SLP and the SRI Sukuk Framework. Each of the Eligible Categories will support achieving SDGs such as Accessibility to Quality Healthcare (SDG 3); Accessibility to Affordable and Quality Basic Infrastructure (SDGs 6, 10, 11); Socioeconomic Advancement and Empowerment (SDGs 8, 9, 10); and Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes (SDGs 9, 11, 13). These Eligible Categories align with the Green and/or Social project categories recognised by the GBP/SBP, ASEAN GBS/SBS, the SRI Sukuk Framework and GLP/SLP.

The process for the project evaluation and selection is clearly defined and transparent, with sufficiently detailed selection and exclusion criteria. The Framework describes an internal process for project evaluation and selection carried out by a Sustainability Working Group (SWG). Eligible asset screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks. 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. The SWG will submit recommendations to the Group Managing Director (GMD) for approval on the selection of the Eligible Expenditures as authorised by the Board.

All roles and responsibilities along with the process flows as set out in the Framework, shall apply to the identification, mitigation, and monitoring of ESG issues in respect of funded projects; this is also to always ensure consistency and alignment with the Group's overall ESG agenda and be guided by the respective codes and policies of the Group. The SWG with the support of the Business Unit will monitor the Eligible Projects portfolio during actual operations. 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 net proceeds will be managed internally and on a portfolio basis in accordance with the Framework. If an Eligible Asset ceases to meet the eligibility criteria and is removed from the Eligible Assets pool, MYEG commits to reallocate as soon as practicable the equivalent amount of proceeds to other Eligible Assets. MYEG will continuously monitor the allocation to Eligible Assets to ensure that the aggregate value of the Eligible Assets portfolio matches or exceeds the balance of net proceeds.

The use of proceeds will be channelled towards Eligible Projects and Eligible Assets as set forth within the framework. Currently, the projects to be financed through the Framework include the provision of foreign worker hostel based on international and national standards such as those by the International Labour Organisation and Malaysia's Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990, and the provision of decentralised blockchain solutions. The indicative issuance timeline for the identified projects is by 4Q2022.

The establishment of quality foreign worker accommodations serves to promote social inclusion for all by providing comfortable accommodation targeting the vulnerable foreign workers population. MYEG aims to provide foreign workers with an upgrade to their previous living standards through better access to basic amenities and facilities.

Higher levels of economic productivity will be attained with the implementation of decentralised blockchain solutions (Zetrix), as this will contribute to technological advancements and innovation that will provide value for governments, retailers, supply-chain stakeholders and the workforce. MYEG supports local inclusivity and encourages the development of new talents that can deliver decentralised solution services, including those related to the NFT marketplace. Zetrix offers a system that makes it easier for universities, job training institutions, and educational organisations to embrace decentralized identifiers (DIDs), facilitating the transition of recent graduates into productive employment.

MARC Ratings considers the process for the management of proceeds to be in line with market practice. The Framework aligns MYEG's post-issuance tracking and reporting on Use of Proceeds with the SC's SRI Sukuk Framework. It provides for annual reporting of the projects to which the proceeds have been allocated, the balance of unallocated proceeds and where such unutilised amount is placed or invested pending utilisation, as well as project impact indicators. Where feasible, MYEG will disclose qualitative performance indicators, quantitative performance measures and the key underlying methodology and/or assumptions used.

Based on our review of the relevant documentation and assessment as per our IBA methodology, we have assigned a "Gold" assessment to the Framework. MYEG is committed to expanding its sustainability footprint for its upcoming projects and aims to report on quantitative ESG metrics that align with the Task Force on Climate-Related Financial Disclosures (TCFD) standards. MARC Ratings also opines that the Framework is correspondingly aligned with the core components of the GBP/SBP, ASEAN GBS/SBS, the SRI Sukuk Framework and GLP/SLP.

Introduction

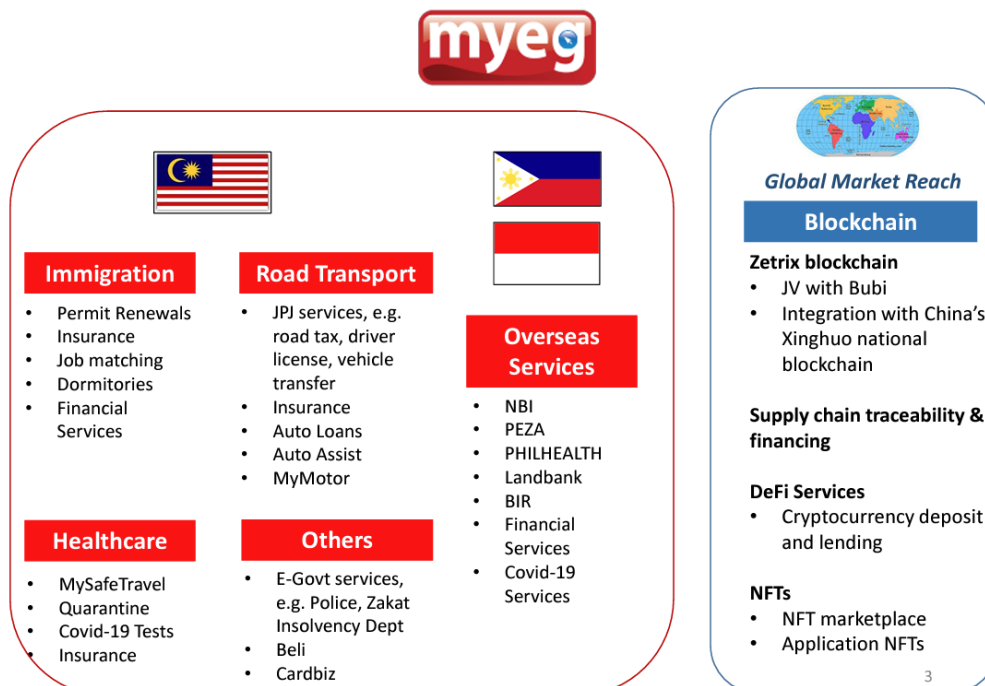
MY E.G. Services Sdn Bhd started operations in 2000 as the flagship e-government services provider in Malaysia. On April 13, 2005, MY E.G. Services Sdn Bhd changed its status to a public limited company and assumed its present name, MY E.G. Services Berhad (MYEG), in conjunction with its listing on MESDAQ. On January 7, 2009, MYEG successfully completed its listing transfer to the Main Board of Bursa Malaysia Securities Berhad. MYEG was included in the FTSE4Good Bursa Malaysia Index since 2017 and currently holds a 4-star rating in Bursa Malaysia’s ESG ranking. This puts MYEG in the top 25th percentile of companies for good ESG disclosure and performance, reflecting its commitment to sustainability issues.

The company is primarily engaged in the development and implementation of e-government services projects, the provision of other related services, and investment holding. MYEG builds, operates, and owns electronic channels to deliver services from various government agencies to Malaysian citizens and businesses.

This includes the testing, issuance, and renewal of drivers' licenses, renewal of vehicle road tax, vehicle ownership transfer, the renewal of foreign worker permits, bankruptcy status searches, and payment systems. It also provides commercial offerings, such as insurance, credit, and debit payment solutions, tracking systems, and telecommunications services. It derives the majority of its revenue from Malaysia.

The company has also expanded into digital commercial services such as motor and foreign worker insurance, vehicle financing and trading, health screening and quarantine arrangements. Leveraging on its business strengths and business model, MYEG has looked to support the government and the community by developing a wide range of much needed solutions towards combatting COVID 19.

MYEG Business Overview



Over the past five years, MYEG has invested in and is currently deploying its next-generation technologies based on The Internet of Things (IoT) solutions. The company is exploring solutions in blockchain and digital assets that increase service delivery efficiency and convenience for participating communities and entities.

The entry of MYEG into the blockchain space through its layer 1 blockchain platform Zetrix, which was launched in 2022, represents the most recent step towards bridging the accessibility and affordability gap between consumers and financial services, as well as other numerous development possibilities that would result in improved customer experience.

Beyond financial services, MYEG's entry into the blockchain space opens the door for novel and innovative ideas that present game-changing opportunities for the creation and protection of digital assets and identities, the transformation of conventional supply chain management and logistics, and the strengthening of traceability systems, among others.

Apart from its principal business as the flagship e-government services provider, MYEG has diversified its activities to include the foreign workers accommodation programme (FWAP) in 2017. The company intends to capture a wider spectrum of foreign worker-related business by leveraging on its principal business of servicing foreign worker permits. The company's FWAP is operated by its wholly-owned subsidiary, MY EG Lodging Sdn Bhd (MySTAY) and entails the setting up and management of centralised and integrated living quarters or hostels for the purpose of housing foreign workers. The programme's objective is to provide better accommodation for foreign workers, to provide improved living quality with facilities such as cooking and leisure areas, as well as to provide better safety with gated security, 24-hour CCTV surveillance and attendance tracking.

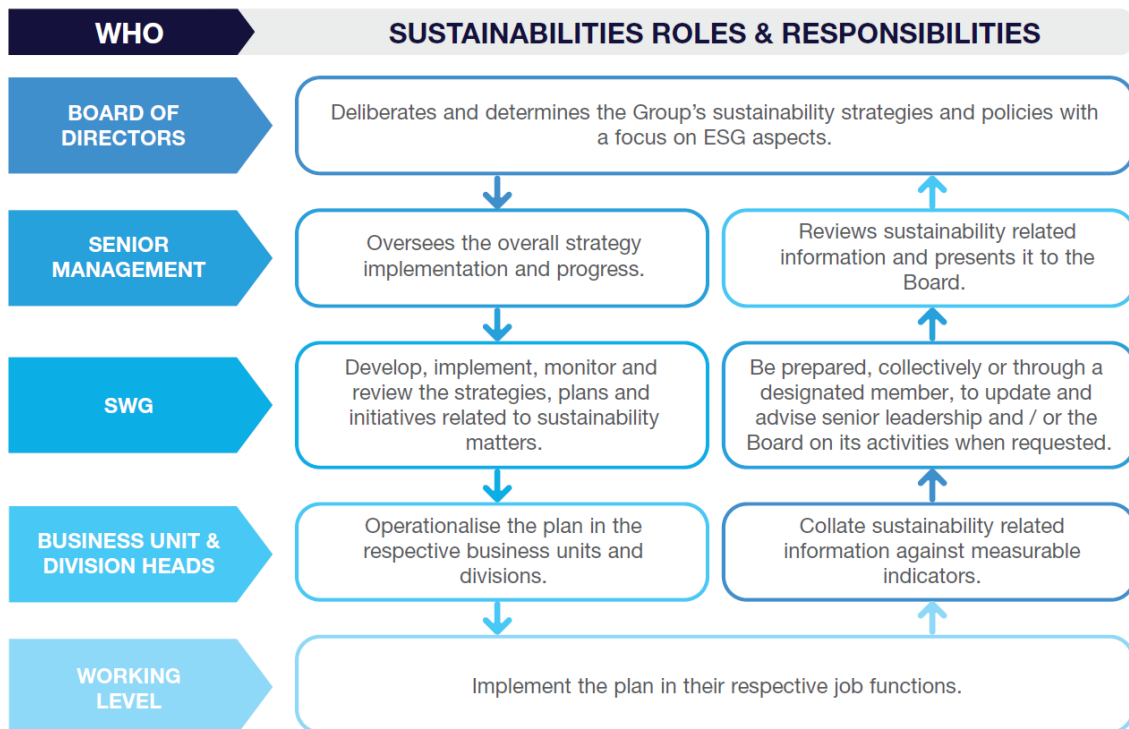
MYEG strives to comply with international standards when managing foreign worker accommodation including requirements as set out by the International Labour Organisation's Workers' Housing Recommendation 1961 (No. 115), and the Responsible Business Alliance (RBA) which is formerly known as the Electronic Industries Citizenship Coalition (EICC). It currently has two facilities located in Bandar Sultan Suleiman, Selangor, and Masjid Tanah, Melaka. Both facilities are audited and complies with requirements under Jabatan Tenaga Kerja Semenanjung Malaysia (JTKSM).

MYEG established the SWG in 2021 to uphold the company's sustainability governance and spearhead the company's sustainability initiatives. The SWG meeting is conducted quarterly, or whenever necessary, and is made up of members of the Risk Management Working Group, which in turn mainly comprises department heads and key management personnel, along with representatives from the Corporate Department.

The strategic direction for sustainability at MYEG is led by the Board with the Senior Management, through the SWG, that oversees and develops the plans/strategies related to sustainability matters, and takes on an executive role for the implementation of any sustainability exercise. The SWG and business units are guided by internal sustainability policies such as:

- Environmental policy
- Sustainability policy
- Statement of commitment to addressing climate change risks and impacts
- Human rights policy
- Non-discrimination and equal employment opportunity policy
- Safety and health policy

MYEG Sustainability Governance Structure



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APPENDIX

COMPLIANCE REVIEW FORM

01 IMPACT SIGNIFICANCE ANALYSIS


MARC Ratings' qualitative analysis of Use of Proceeds and impact significance is conducted in the context of the United Nations' 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 Financing Framework's major objective is to lay forth guidelines for the company's future fundraising through sustainable debt instruments, including green/social/sustainability sukuk and green/social loans/financings. The proceeds from the respective financing instruments will be utilised to support the transition towards a more inclusive, resource-efficient economy that is aligned to the UN SDGs and circular economy concept.

The proceeds will be used for Eligible Use of Proceeds, as defined in the Framework, to finance three social Eligible Categories and one green Eligible Category that cumulatively support seven of the 17 United Nations SDGs:

1. Accessibility to Quality Healthcare
2. Accessibility to Affordable and Quality Basic Infrastructure
3. Socioeconomic Advancement and Empowerment
4. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes




ELIGIBLE CATEGORIES FOR SOCIAL PROJECTS

1 Accessibility to Quality Healthcare		
Eligibility Criteria: <ul style="list-style-type: none"> • Build and/or upgrade healthcare services including vaccine traceability systems • Enhance support particularly for underserved communities including health screening • Establish pandemic-related support programmes and projects to curb the spread of infection including contribution to vaccine supplies 		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> • Ensure healthy lives and promote well-being for all at all ages 	<ul style="list-style-type: none"> • Achieve universal health coverage, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all 	 <p>SDG 3: Good Health and Well-Being</p> <p>Alignment to the SDG: Providing health-tech related services to the community such as:</p> <ul style="list-style-type: none"> • Vaccine distribution and traceability systems • Medical screening using artificial intelligence • Establish pandemic-related support programmes and projects to curb the spread of infections including contribution to vaccine supplies

		<ul style="list-style-type: none"> Past projects: MyEGuard, MySafeQ, MySafeTravel, Brefence Go, One-Stop COVID-19 portal.
2 Accessibility to Affordable and Quality Basic Infrastructure		
Eligibility Criteria: <ul style="list-style-type: none"> Establish affordable accommodation for vulnerable population, especially hostels for foreign workers Provide basic amenities such as infrastructure and social facilities to all, regardless of gender Provide green and sustainable living 		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Ensure availability and sustainable management of water and sanitation for all Reduced inequalities within and among countries Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation 	<ul style="list-style-type: none"> Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations Empower and promote the social and economic inclusion of all Ensure access for all to adequate, safe and affordable housing and basic services 	   <ul style="list-style-type: none"> SDG 6: Clean Water and Sanitation SDG 10: Reduced Inequalities SDG 11: Sustainable Cities and Communities <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> Provision of foreign workers' hostels based on international and national standards such as those by the International Labour Organization (ILO) and Malaysia's Workers' Minimum Standards of Housing and Amenities Act Foreign workers' hostel serves the purpose of promoting social inclusion for all by providing comfortable accommodation targeting the vulnerable foreign workers population Provision of facilities and amenities for proper sanitation (clean water, sewerage, hygienic living area, etc) and social gathering space (i.e. community hall, activities area, etc) Safety and security measures, such as hiring of security guards, are taken within the foreign workers' hostel to ensure their safety and eliminate any discriminatory practices.
3 Socioeconomic Advancement and Empowerment		
Eligibility Criteria: <ul style="list-style-type: none"> Establish affordable accommodation for vulnerable population, especially for foreign workers that promotes productivity and equality Ensuring safety and security measures are taken to avoid discriminatory practices for vulnerable population, especially foreign workers Enabling the upliftment of socio-economic standards and catalysing economic development through the adoption of technological advancements 		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Promote sustained, inclusive and sustainable economic growth, full and productive 	<ul style="list-style-type: none"> Achieve higher levels of economic productivity through diversification, technological upgrading and 	   <ul style="list-style-type: none"> SDG 8: Decent Work and Economic Growth

<p>employment and decent work for all</p> <ul style="list-style-type: none"> • Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation • Reduce inequality within and among countries 	<p>innovation, including through a focus on high value-added and labour-intensive sectors</p> <ul style="list-style-type: none"> • Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services • Empower and promote the social and economic inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status 	<ul style="list-style-type: none"> • SDG 9: Industry, Innovation, and Infrastructure • SDG 10: Reduced Inequalities <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> • Decentralised application to enable tracking of products throughout the entire supply chain, thus empowering consumers to make more informed purchasing decisions and support socially responsible and ethical suppliers • Blockchain Identity and Verifiable Credentials applications that allow users to self-manage their digital identities without depending on third-party databases to store and centrally manage the data, thus providing better user data protection and privacy • Establishing decentralised applications that enable foreign worker recruitment agencies and stakeholders to register workers and create blockchain digital identities for workers, thus eliminating illegal or undocumented hiring • Establishment of cross-border NFT marketplace to promote works by local artists to international community, e.g. NFT Pangolin • Fostering development of a community of developers, content creators and entrepreneurs to participate in the blockchain ecosystem, thus creating business and job opportunities
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ELIGIBLE CATEGORIES FOR GREEN PROJECTS

1	Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes		
<p>Eligibility Criteria:</p> <ul style="list-style-type: none"> • Establishment of product(s) that contribute to the circular economy by helping to reduce transaction costs, enhance performance and communication along the supply chain, ensure human rights protection and reduce carbon footprint • Enhancing environmentally responsible production and consumption practices through the adoption of technological advancements • Construction of new buildings/facilities that fulfils green building standard which in turn promotes conservation of the climate change 			
Sustainability Objective		Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> • Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation • Make cities and human settlements inclusive, safe, resilient, and sustainable • Take urgent action to combat climate change and its impacts 	<ul style="list-style-type: none"> • Promote public procurement practices that are sustainable, in accordance with national policies and priorities • Open access to innovative solutions and sustainable infrastructure which is a key part of a more equitable world • Improvement in energy efficiency infrastructure • Increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes • Reduce greenhouse gas (GHG) emissions • Integrate climate change measures into policies, strategies and planning 	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div> <ul style="list-style-type: none"> • SDG 9: Industry, Innovation, and Infrastructure • SDG 11: Sustainable Cities and Communities • SDG 13: Climate Action <p>Alignment to the SDGs:</p> <ul style="list-style-type: none"> • Development and deployment of the Zetrix Layer-1 blockchain platform to enable the introduction of advanced decentralised applications that can be applied to foster more ecologically responsible practices along the supply chain • Construction of foreign worker hostels based on green building standards such as use of rainwater harvesting system and solar panel system for sustainable living • Enhancement, refurbishment or construction of office premises and corporate properties to be more resource-efficient and eco-friendly, e.g. use of renewable energy through installation of solar panels 	

Overall Impact Significance

The main goal of this Framework is to set forth principles under which MYEG intends to issue financing instruments. The four Eligible Categories identified in the Framework align with the Green and/or Social project categories recognised by GBP/SBP, ASEAN GBS/SBS, the SRI Sukuk Framework and GLP/SLP. Each of the Eligible Categories will support achieving SDGs such as:

1. Accessibility to Quality Healthcare (SDG 3)
2. Accessibility to Affordable and Quality Basic Infrastructure (SDG 6, 10, 11)
3. Socioeconomic Advancement and Empowerment (SDG 8,9, 10)
4. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes (SDG 9, 11, 13)

Proceeds raised from the respective financing instruments will be utilised to support the transition towards a more inclusive, resource-efficient economy that is aligned to the UN SDGs and circular economy concept, with projects focusing on foreign worker accommodations and blockchain developments.

The exclusion criteria of the use of proceeds include the financing of luxury sectors (precious metals, precious minerals, artworks and antiques wholesale or brokerage), child labour or forced labour, gambling, adult entertainment, weapons and military contracting, alcohol, tobacco, fossil fuel-related activities (including extraction, exploration, production, power generation or transport of fossil fuels), nuclear, production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans, and large-scale hydro power projects with generation capacity of over 25 MW. Where applicable, MYEG will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Projects.

Currently, the projects to be financed through the Framework include the provision of foreign worker hostel based on international and national standards such as those by the International Labour Organisation and Malaysia's Workers' Minimum Standards of Housing and Amenities Act, and the provision of decentralised blockchain solutions. The indicative issuance timeline for the identified projects is by 4Q2022.

The establishment of quality foreign worker accommodations serves to promote social inclusion for all by providing comfortable accommodation targeting the vulnerable foreign workers population. MYEG aims to provide foreign workers an upgrade to their living standards through better access to basic amenities and facilities. MYEG also takes safety and security precautions such as by hiring security guards to guarantee protection and end any discriminatory behaviours. To ensure access to fair sanitation and hygiene, the foreign worker hostels by MYEG also abide by and go beyond the basic criteria outlined in Malaysia's Accommodation and Centralised Accommodation Regulations 2020.

MYEG in a joint venture with Bubi has been developing the Zetrix Layer-1 blockchain platform. The priority use of the Blockchain platform is to facilitate Regional Comprehensive Economic

Partnership (RCEP) objectives to broaden and deepen ASEAN's engagement with Australia, China, Japan, Korea and New Zealand. The Zetrix Blockchain network will serve as the international supernode of the Republic of China's National Blockchain, Xinghuo BIF – connecting the world to Xinghuo. Higher levels of economic productivity will be attained with the implementation of decentralised blockchain solutions (Zetrix), as it will contribute to technological advancements and innovations that provide value for governments, retailers, supply-chain stakeholders and workforce.

Higher levels of economic productivity will be attained with the implementation of decentralised blockchain solutions (Zetrix), as this will contribute to technological advancements and innovation that will provide value for governments, retailers, supply-chain stakeholders and the workforce. MYEG supports local inclusivity and encourages the development of new talents that can deliver decentralised solution services, including those related to the NFT marketplace. Zetrix offers a system that makes it easier for universities, job training institutions, and educational organisations to embrace DIDs, facilitating the transition of recent graduates into productive employment.

Blockchain technology is touted as an ideal platform for digitalisation of transactions, services, assets and identities. The Zetrix supply chain traceability solutions will enable the verification and tracking of sustainably-produced products throughout the entire supply chain, thus empowering end users to make more informed choices and promoting demand for ethically-produced and climate-friendly products.

The rollout of Zetrix, therefore, will accelerate the adoption of paperless, fully digital interaction and transactions, thus contributing to global climate change mitigation and carbon reduction. Zetrix is designed to use a Proof of Stake consensus mechanism which ensures extensive energy savings (of up to 99%) compared with many other existing platforms.

Zetrix blockchain solutions are designed to enable significant time and cost savings to be derived through enhanced efficiency and productivity across all industries given the technology's capacity to simplify and digitalise conventional business processes, which can often be slow and complex. Improved processes would in turn lead to reduced use of resources and more ecologically-friendly performance overall.

Overall, the anticipated impact of the Use of Proceeds is assessed to be significant, considering their potential to contribute to advanced transformative sustainable development. The expected sustainability benefits of the Use of Proceeds are highly aligned with MYEG'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 GBP/SBP, ASEAN GBS/SBS, GLP/SLP AND 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 financing will be allocated to finance and/or refinance new or existing eligible assets from Green and/or Social project categories recognised by the GBP/SBP, ASEAN GBS/SBS, the SRI Sukuk Framework and GLP/SLP.

The Eligible Categories outlined in the Framework are aligned to one or more of the following Green and/or Social project categories specified in the SRI Sukuk Framework:

- Energy efficiency
- Climate change adaptation
- Green buildings
- Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)
- Access to essential services (e.g. health, education and vocational training, healthcare, financing, and financial services)
- Socioeconomic advancement and empowerment

The eligible Use of Proceeds categories and associated expected sustainability benefits are in line with MYEG's sustainability approach and its focus SDGs. MYEG may add Green and/or Social Eligible Categories from time to time that are aligned to the GBP/SBP, ASEAN GBS/SBS, the SRI Sukuk Framework and GLP/SLP collectively. Clear exclusion criteria have also been defined by the Framework.

The exclusion criteria of the proceeds include the financing of luxury sectors (precious metals, precious minerals, artworks, and antiques wholesale or brokerage), child labour or forced labour, gambling, adult entertainment, weapons and military contracting, alcohol, tobacco, fossil fuel-related activities (including extraction, exploration, production, power generation or transport of fossil fuels), nuclear, production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans, and large-scale hydro power projects with generation capacity of over 25 MW.

The Eligible Categories have been mapped against directly supported SDGs in the Framework. Social and environmental impacts of the Use of Proceeds are linked to SDGs 3 - Good Health and Well-Being; 6 - Clean Water and Sanitation; 8 - Decent Work and Economic Growth; 9 - Industry, Innovation and Infrastructure; 10 - Reduced Inequalities; 11 - Sustainable Cities and Communities and Production, and 13 - Climate Action.

The company has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, MYEG shall endeavour for refinanced projects to have a look-back period of no more than two (2) years from the time of issuance of each instrument.

A register of Eligible Assets will be maintained by MYEG, and it will be periodically reviewed to verify that all assets in the register continue to meet the criteria under the Framework. MYEG has committed to annually disclose its allocation of proceeds to each Eligible Category in aggregate. In MARC Ratings' opinion, the defined Eligible Use of Proceeds categories meet the criteria for Use of Proceeds as set forth in the GBP/SBP, ASEAN GBS/SBS, the SRI Sukuk Framework and GLP/SLP.

The process for the project evaluation and selection is clearly defined and transparent, with sufficiently detailed selection and exclusion criteria. The Framework describes an internal process for project evaluation and selection carried out by a SWG.



Principle Two:
Process for Project
Evaluation and Selection

The SWG meeting is conducted quarterly, or whenever necessary, and is made up of members of the Risk Management Working Group, which in turn mainly comprises department heads and key management personnel, along with representatives from the Corporate Department.

Eligible asset screening, selection and approval are conducted in accordance with existing processes for the evaluation of environmental and social risks. MYEG has established internal processes for project evaluation and selection which provide for senior management and Board involvement. Prior to selection for the Eligible Assets pool, all Eligible Assets will be reviewed and approved by approving authorities within their defined approval authority limits. The SWG will submit recommendations to the Group Managing Director (GMD) for approval on the selection of the Eligible Expenditures as authorised by the Board.

All roles and responsibilities along with the process flows as set out by the Framework shall apply to the identification, mitigation, and

monitoring of ESG issues in respect of funded projects as well to always ensure consistency and alignment with the Group's overall ESG agenda and guided by the respective codes and policies of the Group.

If there are any ESG concerns in respect of funded Eligible Expenditures, Business Units & Division Heads/Working Level will escalate to SWG for deliberation and recommendations to senior management and/or the Board for approval.

The SWG with the support of Business Units will monitor the Eligible Projects portfolio during actual operations. 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 Framework identifies excluded activities which cannot be financed by the proceeds.

In all project assessments, it must be shown that risks are mitigated appropriately, which may include:

- Assessment of the effects on the physical environment (e.g. air ventilation quality, water consumption and land-use)
- Assessment of the socio-economic impact to the community



Principle Three:
Management of
Proceeds

The net proceeds will be managed internally and on a portfolio basis in accordance with the Framework. If an Eligible Asset ceases to meet the eligibility criteria and is removed from the Eligible Assets pool, MYEG commits to reallocate as soon as practicable the equivalent amount of proceeds to other Eligible Assets. MYEG will continuously monitor the allocation to Eligible Assets to ensure that the aggregate value of the Eligible Assets portfolio matches or exceeds the balance of net proceeds.

Where the aggregate amount in the Portfolio is less than the total outstanding amount of MYEG's sustainable financing proceeds, MYEG may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be Shariah-compliant and in accordance with MYEG's liquidity policy until the amount is allocated to the Portfolio.

For proceeds allocated for the purpose of refinancing of operating projects, in which case the projects' costs were fully disbursed in the past, no separate management of proceeds is required.



Principle Four:
Reporting

MYEG will prepare an annual Sustainability Financing Report which will be published at www.myeg.com.my until maturity of the said sustainability financing. This report will include, among others:

- Summary of projects details,
- Amount of proceeds allocated to each eligible project,
- Expected environmental and/or social impacts of Eligible Expenditures,
- Aggregate amount of proceeds of Sustainable Financing allocated to Eligible Expenditures
- Removal or substitution of eligible projects,
- Remaining balance of unallocated proceeds and where such unallocated proceeds is placed or invested pending allocation, and
- Other necessary information.

In MARC Ratings' opinion, the reporting commitments are aligned with the requirements of the GBP/SBP, ASEAN GBS/SBS, the SRI Sukuk Framework, GLP/SLP and market practice.

Overall, MARC Ratings considers MYEG's Framework to be aligned with the core components of the SC's SRI Sukuk Framework regarding the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting (including Disclosures).

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

Climate change has recently been a matter of great concern given its effects on the environment and community. Reflecting on its business model which is the delivery of electronic government and commercial services, MYEG has noted that it is not directly impacted by climate change issues. Moreover, electronic services eliminate or reduce travel and thus support a reduced environmental footprint. The business model promotes social distance and lessens the need for physical contact, which keeps the community safe. MYEG is still looking for ways to distribute and fully utilise more of its services online.

However, MYEG is aware that there are environmental impacts that result from the activities of its suppliers and business partners across its value chain and occur without its direct control. Thus, MYEG recognises the significance of involving third parties moving forward to offer a greater, cumulative impact in tackling climate change and other ESG challenges, and it will keep researching options for engagement with its value chain.

MYEG's electricity consumption from the grid is used to calculate energy and emissions data. The company continues to use electricity as its major energy source, making it the most significant in terms of both cost and environmental impact. As a result, a variety of initiatives are being implemented to promote energy efficiency along the entire value chain. This includes educating employees about energy-saving techniques and switching out traditional lighting fixtures for LED versions. MYEG is researching the viability of implementing an energy management system or energy efficiency standards appropriate for its industry and business model as part of building a comprehensive approach to managing energy use.

Moving forward, MYEG plans to report data on energy and emissions intensity to revenue. The company also aims to take a more comprehensive approach that includes making use of its core expertise in the field of blockchain technologies to contribute to the long-term growth of carbon credit markets. Potential innovations in this regard include the tokenisation of carbon credits, which aims to facilitate the emergence of a thriving and accessible carbon credit market. Such a market would not only satisfy MYEG's requirements but, more importantly, would make it possible for smaller businesses to buy carbon credits to offset their emissions. The strategy makes it possible for smaller to mid-sized businesses to participate in carbon credit mechanisms since the current market structures are better suited for large-scale businesses.

On the social front, MYEG has adopted the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights to uphold a certain standard in human rights. These regulations serve as guidelines for MYEG's internal human rights policies. MYEG implements risk assessments for potential and new projects, where risk factors are evaluated thoroughly. These variables include labour disputes, employee behaviour, and many others that may have an impact on MYEG's financial and non-financial performance. Human rights assessment is also implemented at all points in the supply chain, and MYEG will cease to conduct business with any parties with human rights issues.

To provide a clear direction with regard to managing energy consumption and emissions as well as managing the effects of climate change, the Board is also considering setting targets for energy and emissions intensity/efficiency. Such measurable targets will be set only after detailed discussion and engagements with relevant stakeholders. The entire process will come under the oversight of the Board and Senior Management. The Board may also consider implementing the best practice of linking remunerations to the achievement of climate change and other sustainability targets. These would be additional incentive-based remunerations and the matter is to be further deliberated by the Board.

MYEG recognises that risk management should be an integral part of the business operation and is mindful of its business, financial, strategic, and operational risks, more so in a dynamic industry where technological disruption and other changes occur rapidly. The management is involved in the monitoring of the strategies and direction where risk and opportunities are reviewed collectively. On a day-to-day basis, respective Heads of Departments are responsible for identifying, evaluating, managing, and mitigating both existing and potential risks related to their functions and/or departments. MYEG's risk management framework and policy are ISO31000 certified. The Board oversees risk-related matters which include financial and operational risks as well as ESG-related risks.

MARC Ratings views positively MYEG's intention to publish its sustainability targets and commitments in its annual sustainability report to drive continued engagement and commitment to the sustainability goals throughout the organisation. The company has been tracking and reporting information on the fleet of its vehicles' fuel usage and emissions performance since 2022. MYEG also intends to enhance the transparency of its sustainability-related disclosures and to align the same with global reporting standards, including Task Force on Climate-Related Financial Disclosures (TCFD) reporting.




Overall, MARC Ratings believes that MYEG's sustainability performance to date provides reasonably high assurance of its sustainability implementation capacity and performance.

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 Ratings 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 Ratings' confidence in the issuer's continuing performance of its sustainability obligations in line with marketplace expectations and in compliance with its framework for financing 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 RATINGS BERHAD

MARC Ratings Berhad was incorporated as a public limited company to undertake the business of providing credit rating services, as well as economic and fixed-income research publications, on behalf of the MARC group of companies.

Effective January 1, 2022, Malaysian Rating Corporation Berhad (MARC) transferred its regulatory license as a credit rating agency with the SC and the Bank Negara Malaysia-accredited External Credit Assessment Institution (ECAI) status under Basel II to its wholly-owned subsidiary MARC Ratings. MARC Ratings continues to adopt 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 Ratings continues to consult 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 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 corporate website at https://www.marc.com.my/images/Rating_Methodologies/201912_/Impact-Bonds-Assessment-Criteria-201912-newlogo-.pdf. As explained in the criteria, the analytical framework consists of three components that provide insights 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 <https://www.marc.com.my/> or contact us at ratings@marc.com.my.

Review of Compliance with Green/Social Bond Principles (GBP/SBP), ASEAN Green/Social Bond Standards (GBS/SBS), and Sustainable and Responsible Investment (SRI) Sukuk Framework

Issuer: MY E.G. Services Berhad Sustainability Financing Framework

Key Additional Features to comply with for sukuk issuance:

- 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.

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Issuer <u>ASEAN GBS/SBS</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>7.03 <i>An issuer must not– (a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</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>7.05 <i>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 in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.</i></p>	<p><i>MYEG is an ASEAN issuer.</i></p> <p><i>The net sukuk proceeds will exclusively be allocated to finance and/or refinance new and/or existing projects that fulfill the criteria for Eligible SRI projects.</i></p> <p><i>The issuer intends to issue SRI sukuk that complies with the Guidelines.</i></p> <p><i>MYEG commits to establish policies and processes as needed to ensure compliance with the SRI Sukuk Framework.</i></p> <p><i>The Issuer’s Framework will be made available at the point of issuance and throughout the tenure of the SRI sukuk via a designated website.</i></p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Eligible Projects</p> <p><u>SRI Sukuk Framework</u></p> <p>7.07</p> <p>An eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:</p> <ol 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 renewable energy; d) Reducing GHG emission; e) Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or f) Improving the quality of life of the society. <p>7.08</p> <p>The Eligible SRI projects may include but not limited to the following:</p> <ol style="list-style-type: none"> a) Green projects that relate to—renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity conservation; clean transportation; sustainable water and wastewater management; climate change adaptation; eco-efficient and/ or circular economy adapted products, production technologies and processes; and green buildings which meet regional, national or internationally recognised standards or certifications. 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. c) Projects which are the combination of Green and Social projects as described in (a) and (b) above; and d) Waqf projects that relate to the development of waqf properties or assets. 	<p>The eligible projects as defined by the Framework will achieve any one or a combination of objectives set out in paragraph 7.07 of the SRI Sukuk Framework.</p> <p>The Eligible Categories outlined in the Framework are aligned to one or more of the following Green and/or Social project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework 7.08:</p> <ul style="list-style-type: none"> • Energy efficiency • Climate change adaptation • Green Buildings • Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy) • Access to essential services (e.g. health, education and vocational training, healthcare, financing, and financial services) • Socioeconomic advancement and empowerment 	<p>MYEG intends to use the net proceeds issued under the Framework to finance and/or refinance, in whole or in part, new and existing projects within the categories of Accessibility to Quality Healthcare; Accessibility to Affordable and Quality Basic Infrastructure; Socioeconomic Advancement and Empowerment; and Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes.</p> <p>Environmental Use of Proceeds impacts are linked to SDGs 3 - Good Health and Well-being; 6 - Clean Water and Sanitation; 8 - Decent Work and Economic Growth; 9 - Industry, Innovation and Infrastructure; 10 - Reduced Inequality; 11 - Sustainable Cities and Communities, and Production; and 13 - Climate Action.</p> <p>MYEG may add Green and/or Social Eligible Categories from time to time that are aligned to the SC's SRI Sukuk Framework, ICMA's GBP and ACMF's ASEAN GBS collectively.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Use of Proceeds</p> <p><u>ASEAN GBS/SBS</u></p> <p>4.1</p> <p>4.1.1 The utilisation of issue proceeds must be described in the documentation for issuance.</p> <p>4.1.2 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.</p> <p>4.1.3 All designated Green and/or Social Projects must provide clear environmental/social benefits, which will be assessed and, where feasible, quantified by the Issuer.</p> <p>4.1.4 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.</p>	<p>The utilisation of proceeds is described in the Framework.</p> <p>The eligible Use of Proceeds categories identified by the Framework are aligned with the Green and/or Social project categories recognised by ASEAN GBS/SBS.</p> <p>The eligible Use of Proceeds project categories set out in the Framework are recognised as impactful by ASEAN GBS/SBS.</p> <p>The issuer has committed to provide information on the allocation of proceeds to new financing and refinancing. In cases of refinancing, MYEG shall endeavour for refinanced projects to have a look-back period of no more than two (2) years from the time of issuance of each instrument.</p>	<p>The proceeds will be used to finance and/or refinance, in part or in whole, new or existing eligible assets falling within the green and/or social categories recognised by the GBP/SBP, ASEAN GBS/SBS and the SC's SRI Sukuk Framework.</p> <p>MARC Ratings has reviewed the Green and/or Social Eligible Categories and concluded that the eligible projects/financing fulfill the applicable criteria and would be considered green for the purposes of the GBP/SBP, ASEAN GBS/SBS and the SC's SRI Sukuk Framework.</p> <p>A look-back period of no more than two (2) years aligned with best market practices.</p>
<p>Criteria</p> <p>Process for Project Evaluation and Selection</p> <p><u>SRI Sukuk Framework</u></p> <p>7.12 An issuer must establish internal processes for evaluation and selection of the Eligible SRI projects as identified in paragraph 7.08 above.</p> <p><u>ASEAN GBS/SBS</u></p> <p>4.2.1 The issuer must clearly communicate to investors:</p> <p>(i) The environmental/social sustainability objectives; The Eligible Categories are framed in the context of SDGs with specific E&S objectives;</p>	<p>The issuer has established internal processes for project evaluation and selection with senior management involvement.</p> <p>The Eligible Categories are framed in the context of SDGs with specific environmental objectives. The issuer has clearly communicated:</p> <p>The sustainability objectives of the Framework and the Eligible Categories</p>	<p>The Framework details an internal process by which Eligible SRI projects are assessed and selected. Sustainability at MYEG is guided by the Board with the Senior Management, through the SWG, that oversees and develops the plans/strategies related to sustainability matters, and takes on an executive role for the implementation of any sustainability exercise.</p> <p>The eligibility criteria are clearly communicated in the Framework.</p>

<p>(ii) The process by which the Issuer determines how the projects fit within the identified eligible project categories; and</p> <p>(iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social (E&S) risks associated with the selected projects.</p> <p>4.2.2 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.</p> <p>4.2.3 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.</p> <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: (i) The process for project evaluation; (ii) The Use of Proceeds; and (iii) External review report on the process (if any)</p>	<p>The Framework details an internal process by which Eligible Projects are assessed and selected to ensure fulfillment of criteria.</p> <p>The exclusion criteria of the proceeds include the financing of Luxury sectors (precious metals, precious minerals, artworks and antiques, wholesale or brokerage); Child labour or forced labour; Gambling; Adult entertainment; Weapons and military contracting; Alcohol; Tobacco; Fossil fuel-related activities (including extraction, exploration, production, power; generation or transport of fossil fuels); Nuclear; Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans and large-scale hydro power projects with generation capacity of over 25 MW.</p> <p>The issuer has described in the Framework an internal process for project evaluation and selection which involves aSWG. The Issuer has positioned this information within the context of the Issuer's sustainability strategy, its focus SDGs, and its processes relating to environmental sustainability.</p> <p>The issuer has appointed MARC Ratings as external reviewer for its Framework.</p> <p>The issuer has committed to make the required information available on its corporate website at www.Myeg.Com.my.</p>	<p>The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.</p> <p>Where applicable, MYEG will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Project and Eligible Assets. If there are any ESG concerns in respect of funded Eligible Expenditures, Business Units & Division Heads/Working Level will escalate to SWG for deliberation and recommendations, which could include, subject to the senior management/Board's approval.</p> <p>The Issuer has also disclosed that review of the Eligible Projects will be conducted annually by the SWG to confirm the continued eligibility of the Eligible Assets, and the course of action to be taken where the project/financing no longer meets the Framework's Eligibility Criteria. Projects/financing that are no longer eligible will be removed from the register of Eligible Assets and replaced with projects/financing that are compliant with the Framework.</p> <p>The Framework will provide information on the process for project evaluation, and it will issue a progress report on an annual basis that will provide information on the allocation and impacts throughout the tenure of the Sukuk. MARC Ratings' external review assessment will also be made available on the MYEG corporate website.</p>
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Management of Proceeds</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>MYEG will monitor the allocation of the Sukuk proceeds and the Eligible Assets portfolio internally.</p>	

<p><u>ASEAN GBS/SBS</u></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>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>Prior to issuance, the issuer will make the Framework available to investors. The Framework describes the process for managing the net proceeds from the Sukuk.</p> <p>The net proceeds from the issue of Sukuk will be internally tracked. MYEG will invest the balance of unallocated financing instrument proceeds in the permitted investment instruments in accordance with MYEG's cash management policy.</p> <p>The Issuer has committed that until full allocation, the allocation of Eligible Projects will be continuously monitored to ensure that the aggregate value of the Eligible Projects is at a level that is equal to the net proceeds raised from the outstanding Sukuk.</p> <p>The Framework discloses the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>MYEG will track the allocation of funds internally.</p>	<p>Where the aggregate amount in the Portfolio is less than the total outstanding amount of MYEG's sustainable financing proceeds, MYEG may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be Shariah-compliant and in accordance with MYEG's liquidity policy until the amount is allocated to the Portfolio.</p> <p>The appointment of a third party to verify the internal tracking method and the allocation of funds from the Sukuk proceeds is encouraged by the ASEAN Standards to provide high level of transparency.</p>
<p>Criteria</p>	<p>Compliance with criteria</p>	<p>Remarks/Scope of Work Undertaken</p>
<p>Reporting</p> <p><u>ASEAN GBS/SBS</u></p> <p>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>4.4.2 Where confidentiality agreements, competitive considerations, or a large</p>	<p>MYEG will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the financing instrument proceeds. This report will include, among others:</p> <ul style="list-style-type: none"> • The original amount earmarked for the Eligible Projects and/or Eligible Assets; • The amount of financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects and/or Eligible Assets defined as the whole or part of new or existing 	

<p>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>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></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; d) The details of the Eligible SRI projects and to the extent possible,</p> <p>d) 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 associated with the Eligible SRI projects;</p>	<p>projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent);</p> <ul style="list-style-type: none"> • The unutilised amount and where such unutilised amount is placed or invested pending utilisation; • The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions; • Expected impact metrics, where feasible; and • The outstanding amount of net financing instrument proceeds yet to be allocated to Eligible Projects and/or Eligible Assets at the end of the reporting period. <p>The Issuer has committed to provide information items (a) through (h) annually through its corporate website in its progress report under its Framework.</p>	<p>Updates of the external review are encouraged by the ASEAN Standards but are strictly voluntary.</p>
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<p>g) <i>The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</i></p> <p>h) <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.</i></p>		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>External Review</p> <p><u>SRI Sukuk Framework</u> 7.17 <i>If an external reviewer is appointed to assess and provide report on the Eligible SRI projects or the issuer's compliance with the requirements under these Guidelines, such external reviewer's report must be made available on the designated website.</i></p> <p><u>ASEAN GBS/SBS</u> 5.1 <i>Issuers are recommended to appoint external review providers for the bond issuances or programmes.</i></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>MARC Ratings has been engaged as independent external reviewer for the Framework. The external reviewer's report will be made available on a designated website.</i></p> <p><i>The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</i></p>	<p><i>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on our website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>

Review of Compliance with Green/Social Loan Principles (GLP/SLP)

Issuer: MYEG Sdn Bhd Sustainability Financing Framework

Note:

The Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA) view that it is important to provide market practitioners with clarity on their application of financing guidelines and promote a harmonised approach. Hence, APLMA, LMA and LSTA has produced a guideline to harmonise with Green/Social Loan Principles (GLP/SLP).

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><u>GLP/APLMA/LMA/LSTA</u></p> <p>Use of Proceeds <i>The GLP explicitly recognise several broad categories of eligibility for Green and/or Social projects with the objective of addressing key areas of environmental concern such as climate change, natural resources depletion, loss of biodiversity, and air, water and soil pollution.</i></p> <p><i>The utilisation of loan proceeds for Green and/or Social projects (including other related and supporting expenditures, including R&D), should be appropriately described in the finance documents.</i></p> <p><i>Where funds are to be used, in whole or part, for refinancing, it is recommended that borrowers provide an estimate of the share of financing versus refinancing.</i></p> <p><i>A green loan may take the form of one or more tranches of a loan facility. In such cases, the green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</i></p> <p>Process for Project Evaluation and Selection <i>The borrower of a green loan should clearly communicate to its lenders:</i></p> <ul style="list-style-type: none"> • <i>their environmental sustainability objectives;</i> • <i>the process by which the borrower determines how its projects fit within the Eligible Categories; and</i> • <i>the related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material</i> 	<p><i>All designated Green and/or Social projects have clear environmental benefits, which will be assessed, and where feasible, quantified, measured and reported by the company.</i></p> <p><i>Where appropriate, the company will clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected look-back period for refinanced Green and/or Social projects.</i></p> <p><i>The issuer has established internal processes for project evaluation and selection which provide for senior management involvement.</i> <i>The Eligible Categories are framed in the context of SDGs with specific environmental objectives.</i></p>	

<p><i>environmental risks associated with the proposed projects.</i></p> <ul style="list-style-type: none"> <i>Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability.</i> <p><i>Borrowers are also encouraged to disclose any green standards or certifications to which they are seeking to conform.</i></p> <p>Management of Proceeds <i>The proceeds of a green loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.</i></p> <p><i>Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</i></p> <p><i>Borrowers are encouraged to establish an internal governance process through which they can track the allocation of funds towards Green and/or Social projects.</i></p> <p>Reporting <i>Borrowers should make and keep readily available up to date information on the Use of Proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments.</i></p> <p><i>This should include a list of the Green and/or Social projects to which the green loan proceeds have been allocated and a brief description of the projects and the amounts allocated and their expected impact.</i></p> <p><i>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GLP recommend that information is presented in generic terms or on an aggregated project portfolio basis. Information need only be provided to those institutions participating in the loan.</i></p>	<p><i>The net proceeds from the issue of Sukuk will be internally tracked. MYEG will invest the balance of unallocated financing instrument proceeds in the permitted investment instruments in accordance with MYEG's cash management policy.</i></p> <p><i>MYEG will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the financing instrument proceeds. This report will include, among others:</i></p> <ul style="list-style-type: none"> <i>The original amount earmarked for the Eligible Projects and/or Eligible Assets;</i> <i>The amount of financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects and/or Eligible Assets defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent);</i> <i>The unutilised amount and where such unutilised amount is placed or invested pending utilisation;</i> <i>The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions;</i> 	<p><i>Where the aggregate amount in the Portfolio is less than the total outstanding amount of MYEG's sustainable financing proceeds, MYEG may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be Shariah-compliant and in accordance with MYEG's liquidity policy until the amount is allocated to the Portfolio.</i></p>
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<p><i>Transparency is of particular value in communicating the expected impact of projects. The GLP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures (for example, energy capacity, electricity generation, GHG emissions reduced/avoided, etc.) and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Borrowers with the ability to monitor achieved impacts are encouraged to include those in regular reports.</i></p> <p>External Review <i>When appropriate, an external review is recommended. There are a variety of ways for borrowers to obtain outside input into the formulation of their green loan process and there are several levels and types of review that can be provided to those institutions participating in the loan.</i></p> <p><i>An external review may be partial, covering only certain aspects of a borrower's green loan or associated green loan framework or full, assessing alignment with all four core components of the GLP. It should be made available to all institutions participating in the green loan on request. When appropriate, and taking into account confidentiality and competitive considerations, borrowers should make publicly available the external review, or an appropriate summary, via their website or otherwise.</i></p>	<ul style="list-style-type: none"> • <i>Expected impact metrics, where feasible; and</i> • <i>The outstanding amount of net financing instrument proceeds yet to be allocated to Eligible Projects and/or Eligible Assets at the end of the reporting period.</i> <p><i>MARC Ratings has been engaged as independent external reviewer for the Framework. The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</i></p>	<p><i>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on its website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>
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THE UN SUSTAINABLE DEVELOPMENT GOALS

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

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