Sustainable Fitch
a FitchSolutions Company

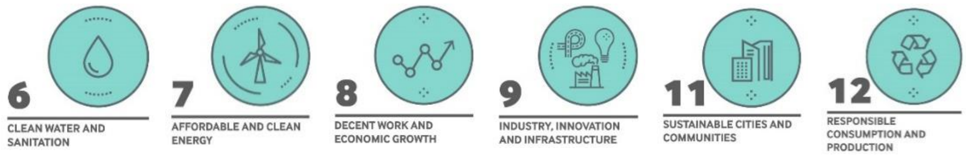
S P Setia Berhad

Second-Party Opinion — Sustainability Financing Framework

Excellent | **Good** ✓ | Aligned | Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Good	• The green use of proceeds (UoP) categories mainly describe activities that finance green activities in the real estate sector. These include green building certifications, solar rooftops, energy-efficiency equipment, low-carbon transportation infrastructure, recycling facilities and rehabilitating habitats. • Its social UoP categories include the provision of affordable housing to the lower-income population in Malaysia, as well as community involvement initiatives that aim to promote equitable access to community amenities, education, employment and economic opportunities.
Use of Proceeds – Other Information	Good	• The framework includes a clear exclusion list, which prevents the proceeds from being allocated to controversial activities. • A three-year lookback period is in line with standard market practice. S P Setia Berhad (Setia) sets this lookback period for its opex only.
Evaluation and Selection	Excellent	• There is a clear separation of project proposal and approval responsibilities, which supports internal checks and balances on the decisions made on proceeds allocation.
Management of Proceeds	Excellent	• Proceeds will be tracked in a separate bank account; this provides assurance that they will be reserved for financing activities in line with the framework.
Reporting and Transparency	Good	• The framework includes a commitment to publish allocation and impact reports annually until full allocation, which is in line with standard market practice. Setia may report data at both the category level and the aggregate portfolio level, although instrument- and project-level reporting would provide more visibility on the impact of the UoP.

Relevant UN Sustainable Development Goals



Framework Type	Sustainability	
Alignment	✓	Green Bond Principles 2021 (ICMA)
	✓	Social Bond Principles 2023 (ICMA)
	✓	Sustainability Bond Guidelines 2021 (ICMA)
	✓	Green Loan Principles 2025 (LMA/LSTA/APLMA)
	✓	Social Loan Principles 2025 (LMA/LSTA/APLMA)
	✓	ACMF ASEAN Green Bond Standards 2018
	✓	ACMF ASEAN Social Bond Standards 2018
	✓	ACMF ASEAN Sustainability Bond Standards 2018
Date assigned	29 April 2025	

See Appendix B for definitions.

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Use of Proceeds Summary

Green	Green building Renewable energy Energy efficiency Clean transportation Sustainable water and wastewater management Pollution prevention and control Terrestrial aquatic biodiversity conservation
Social	Affordable housing Socioeconomic advancement and empowerment Access to essential services

Source: Setia sustainability financing framework (April 2025)

Framework Highlights

Sustainable Fitch considers transactions under this sustainability financing framework to be aligned with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines by the ICMA, the Green Loan Principles and Social Loan Principles by the LMA, LSTA and APLMA, and the ASEAN Capital Markets Forum (ACMF) ASEAN Green Bond Standards, Social Bond Standards, and Sustainability Bond Standards (hereinafter collectively known as the "sustainable finance principles").

Under this framework, Setia intends to obtain financing by raising instruments including green or social sukuk, bonds and loans.

The framework includes the four relevant pillars of the green finance principles: the UoP; evaluation and selection; management of proceeds; and reporting and transparency.

We view the eligible projects listed under these green and social UoP categories to be in line with Setia's overall sustainability strategy.

The UoP categories include seven green categories of green building, renewable energy, energy efficiency, clean transportation, sustainable water and wastewater management, pollution prevention and control, and terrestrial aquatic biodiversity conservation. The projects listed in these UoP categories contribute to an increase in renewable energy use and resource use efficiency, the minimisation of pollution in its construction works, as well as the conservation of important flora and fauna in its brownfield development sites.

The UoP categories also include three social categories of affordable housing, socioeconomic advancement and empowerment, and access to essential services. The projects in these UoP categories aim to tackle social issues in Malaysia, such as by addressing the shortage of affordable housing; promoting the use of local suppliers; and developing schools, amenities and educational initiatives.

The sustainable finance principles recommend that eligible projects are clearly described in the legal documentation of a sustainable finance transaction (SFT). We have only reviewed the sustainability financing framework for this Second-Party Opinion and have not reviewed any transaction-related legal documents or marketing materials; however, the framework provides a description of eligible projects.

Source: Sustainable Fitch, Setia sustainability financing framework (April 2025)

Entity Highlights

Setia is a property development company based in Malaysia with two business segments: property development; and construction, investment holding and others. Its primary business is property development, which accounted for 95% of its 2024 external revenue of MYR5.3 billion.

The properties that the group develops are primarily townships, eco-themed projects, industrial parks, integrated developments and niche projects. Its property development portfolio is primarily located in Peninsula Malaysia and East Malaysia, with ongoing development projects in Vietnam, Australia and the UK, among others. Within its investment properties portfolio, Setia invests in offices, retail, hotels, educational centres and convention centres mostly across Malaysia, in addition to a hotel located in Australia.

Setia reports on its sustainability progress and strategy within its annual reports. It prepares this report in line with the Global Reporting Initiative standards, an internationally recognised global sustainability reporting framework.

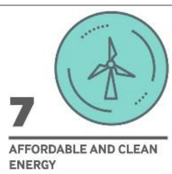
Setia discloses several environmental metrics that are commonly reported among real estate peers, namely Scopes 1 and 2 emissions, electricity consumption, total waste generated and water consumption. Additionally, it has begun reporting its Scope 3 emissions in its 2024 annual report. We have observed increases in its Scopes 1 and 2 emissions, electricity use and water consumption from 2022 to 2024. Setia has explained that this is due to the expansion in its reporting boundary.

The group has committed to becoming net zero by 2050 for its Scopes 1 and 2 emissions. It also commits to reducing its absolute Scopes 1 and 2 emissions by 45% by 2030 and by 70% by 2040, from a 2024 base year, as part of its aim to align with Malaysia's goal of reducing the nation's GHG emissions intensity (measured as tCO_2e per unit of GDP) by 45% by 2030 from a 2005 base year.

Setia also considers its positive impact on the communities where it operates in, a key social initiative within its sustainability strategy. It aims to improve local communities by creating programmes for under-served groups, such as underprivileged students and the Indigenous Orang Asli.

Source: Sustainable Fitch, Setia sustainability financing framework (April 2025), Setia annual report 2024

Use of Proceeds – Eligible Projects	Alignment: Good
Company Material	**Sustainable Fitch's View**
Green building	
• Investments and expenditures in buildings (including townships, industrial parks, offices, convention centres, hotels, malls, schools and high-rise residential developments) that meet or are expected to meet national, regional or internationally recognised green building standards or certifications, such as: – Green Building Index Gold or above; – GreenRE Gold or above; – LEED Gold or above; – BCA Green Mark Gold and above; – BREEAM Excellent and above; – National Australian Built Environment Rating System Energy Rating five star and above; – GBCA Green Star Australia 5 stars or above; – EDGE (all levels); – LOTUS of the Vietnam Green Building Council Gold and above; – China "Three Star System" Green Building 2 Stars and above; – CASBEE A or above; – DBJ Green Building Certification Programme 4 stars or above; and – any other green building certifications that is equivalent to the above standards. • Investments and expenditures in buildings that are, or are expected to be, within the top 15% best-performing buildings in the local market based on absolute emissions or primary energy demand (PED). • Refurbishment or retrofit of buildings to achieve a 30% improvement in energy efficiency, emissions savings or PED over initial performance; or an energy performance certificate (EPC) of at least A that distinguishes between residential and non-residential buildings.	• We consider this UoP to be aligned with the green buildings category of the sustainable finance principles. • We also consider this UoP to be eligible under the Sustainable and Responsible Investment (SRI) Sukuk Framework 2019. • The certifications listed in the framework are nationally or internationally recognised green building certifications. We expect buildings with these certifications to have a better environmental performance compared to uncertified buildings, as they reflect improved performance across topics such as energy, water and waste. Investments into buildings with better environmental performance also support UN Sustainable Development Goal (SDG) 9 (industry, innovation and infrastructure). • For instance, the BCA Green Mark certification reflects improved energy efficiency and assesses other topics like water efficiency, materials and waste, and greenery provision. • International green taxonomies that define environmentally sustainable buildings that contribute to climate change mitigation currently refer to specific energy performance indicators rather than green building certification schemes. For instance, the EU taxonomy recognises the construction, renovation, and acquisition and ownership, of buildings as activities that contribute to climate change mitigation through the use of science-based energy performance thresholds. • The criterion that buildings are within the top 15% best-performing buildings in the local market based on GHG emissions or PED is partially aligned to certain green taxonomies. Such buildings built before 2021 that are the top 15% in PED or have an EPC rating of A are also aligned to the EU taxonomy substantial contribution criteria (SCC) for the acquisition and ownership of buildings, although the EU taxonomy does not specifically consider buildings that are within the top 15% in terms of GHG emissions as aligned. • We deem the refurbishment or retrofit of buildings that result in a 30% improvement in energy efficiency or PED to be aligned to the EU taxonomy SCC for the renovation of existing buildings. However, projects that result in 30% emissions savings may not result in equivalent PED savings, as they do not consider the building's overall energy consumption.
Renewable energy	
• Investment and/or inclusion of renewable energy technology and/or infrastructure in the development of either residential, commercial or industrial developments, and investment in properties such as: – development of solar rooftops; – installation of solar panels and other solar-powered amenities and fittings; and – solar-ready infrastructure. • Renewable energy investments, including but not limited to, purchasing renewable energy certificates (RECs) that are recognised by national and international standards or organisations. • Energy Storage System (ESS) for renewable energy storage.	• We consider this UoP to be aligned with the renewable energy category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • Investments in renewable energy and infrastructure contribute to the increase of renewable energy in the global energy mix, supporting SDG 7 (affordable and clean energy). • Solar power is clean energy; investments in solar power contribute directly to climate change mitigation by replacing the demand for fossil fuels. • Investments in solar power are also automatically recognised as aligned to the SCC for climate change mitigation by international green taxonomies such as the EU taxonomy. • Setia has communicated that its renewable energy investments, if feasible, may also include power purchase agreements (PPAs). We consider PPAs to have a more direct



	positive environmental impact than RECs, as they support the operation of renewable energy plants. We also understand from Setia that it does not intend for the purchase of RECs to be its only renewable energy investment under this framework. • The purchase of RECs is not specifically recognised as eligible under international green taxonomies such as the EU taxonomy. • An ESS used only for renewable energy plays an important role in ensuring a stable renewable energy supply, as it balances the intermittency of renewable energy generation, making renewable energy a more reliable alternative to fossil fuels. • Setia has communicated that it expects solar energy to be the primary energy type of renewable energy stored, although its investments may be expanded to include other renewable energy sources in the future. • International green taxonomies that define the sustainable storage of electricity refer to the type of energy storage. For instance, the EU taxonomy recognises non-chemical storage as sustainable, but has additional criteria for chemical energy storage mediums such as hydrogen and ammonia. Setia aims to align with international green taxonomies as part of its future initiatives.	
Energy efficiency		
• Investments and expenditures dedicated to the research and development of technologies, systems and methods aimed to improve energy efficiency of buildings, such as: - smart lighting and air-conditioning systems; - LED light installations; - green switches; - green IT for integration of smart living technology and green designs; and - digital solutions through use of measures such as Artificial Intelligence (AI), data analytics, and Internet of Things (IoT) for environmental monitoring and other sustainability tasks.	• We consider this UoP to be aligned with the energy efficiency category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • Investments in the research and development of technologies, systems and methods aimed at improving energy efficiency of buildings support SDG 7. • LED light installations support improved energy performance as they represent a more energy-efficient form of lighting over fluorescent lighting. • Smart home technology such as smart lighting and air-conditioning optimise energy consumption through automation. • Setia has communicated that its green switches refer to smart switches that automatically cut off the electricity supply to appliances when not in use, enabling energy savings. • Green IT and digital solutions such as AI, for example AI-enabled thermostats or appliances, could have a positive environmental impact if they are designed specifically to optimise energy efficiency. Setia has confirmed that all green IT and digital solutions within this UoP category will be designed specifically for energy efficiency, such as drones for carbon sequestration and vegetation site analysis, IoT devices for air-quality monitoring, and solar-powered electric vehicle (EV) charging stations. • International green taxonomies such as the EU taxonomy that define environmentally sustainable energy efficiency equipment that contribute to climate change mitigation refer specifically to the energy efficiency ratings of such equipment.	7 AFFORDABLE AND CLEAN ENERGY
Clean transportation		
• Investments and expenditures to green and smart mobility related infrastructures that include the installation of charging facilities for EVs and the procurement of EVs, among others.	• We consider this UoP to be aligned with the clean transportation category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • Investments in clean transportation, including vehicles and supporting infrastructure, improve access to sustainable	11 SUSTAINABLE CITIES AND COMMUNITIES

• Investments and expenditures related to developments that increase public transport access, such as public transport walkways or connection, and cycling routes or infrastructure.	transport systems, supporting SDG 11 (sustainable cities and communities). • Setia has communicated that the EV projects include hybrid and zero tailpipe emissions passenger vehicles. It does not set GHG emissions thresholds for its hybrid vehicles, although we consider enabling an increase in the use of hybrid vehicles as replacement for internal combustion engine vehicles to support the transition to lower-carbon road transport. • Investments into zero tailpipe emissions and EV charging stations have a positive environmental impact as they replace demand for traditional vehicles that have tailpipe emissions. • Similarly, investments into public transport access, namely, pavements, bike lanes and pedestrian zones, encourage the use of public transport, a low-carbon form of transportation. • Hybrid vehicles have lower emissions compared to traditional internal combustion engine vehicles as their electric motors promote fuel efficiency. However, they contribute to climate change mitigation to a lower extent compared to zero tailpipe emissions vehicles; traditional hybrid EVs still rely on internal combustion engines to a large extent. • Investments in zero tailpipe emission vehicles and the listed public transport infrastructure in this UoP category are also recognised as contributing to climate change mitigation by international green taxonomies such as the EU taxonomy. • For hybrid passenger vehicles, the EU taxonomy has additional set emissions thresholds, up until 2026.	
Sustainable water and wastewater management		
• Sustainable water management infrastructure such as clean and/or drinking water, and sustainable urban drainage systems, as part of flooding mitigation. • Projects that will optimise municipal water consumption and reduce water wastage through sustainable design and system installations (eg rainwater harvesting, wastewater recycling and treatment, drip irrigation, drainage management, sanitary wares and fittings that have a 3-star Water Efficiency Product Labelling Scheme by Suruhanjaya Perkhidmatan Air Negara).	• We consider this UoP to be aligned with the sustainable water and wastewater management category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • Investments in water supply infrastructure, such as infrastructure that minimises leaks, can promote efficient use of water resources to reduce water consumption and wastage. This supports SDG 6 (clean water and sanitation). • International green taxonomies that define sustainable water supply contributing towards the sustainable use and protection of water and marine resources refer to criteria such as the leakage levels. • For instance, the EU taxonomy sets specific leakage level thresholds depending on whether the project involves the operation, construction or renewal of a water supply system. It also sets requirements on metering, permits for water abstraction, and the system's impact on affected waterbodies. • The framework eligibility criteria do not specify further information, such as the type of operations related to the water-supply system project and its leakage levels. • The other listed projects also contribute towards sustainable water management. Rainwater harvesting and wastewater recycling reduce water demand from municipal and freshwater sources, while drip irrigation and water-efficient fittings improve water efficiency. • Drainage management may help mitigate pollution and flood hazards due to urban runoff and improve urban water quality and quantity. • International green taxonomies that define sustainable urban drainage systems contributing towards the sustainable use and protection of water and marine resources refer to several additional criteria. For example, the EU taxonomy	6 CLEAN WATER AND SANITATION

	sets requirements related to the system's impact on affected waterbodies and requires the disclosure of the quantified percentage of rainwater that is retained, a quantified percentage of pollutants that are removed before discharge and the reduction in runoff peak flow.	
Pollution prevention and control		
• Investments in projects and processes that promote environmentally sound management to reduce the impacts of environmental pollution (eg investment in waste management and air pollution). • Responsible sourcing of sustainable materials certified by national or international schemes such as SIRIM QAS Eco Label, SIRIM Green Label, SIRIM Eco Label and MyHijau Mark, among others. • Expenditures relating to initiatives or investments in research, construction, development and/or maintenance such as Industrialised Building System (IBS) technology that promote efficient resource use and management. • Projects and facilities that promote circular economy habitats such as recycling stations or bins, food composting facilities and fabric recycling centres or bins.	• We consider this UoP to be aligned with the pollution prevention and control category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • Investments in materials and methods that aim to reduce pollution and facilities to promote recycling contribute to the reduction in resource use, supporting SDG 12 (responsible consumption and production). • Setia has communicated that the eligible investments in projects to reduce the impacts on environmental pollution relate primarily to its construction activities. • The use of materials that have eco-labels such as SIRIM QAS Eco Label and MyHijau Mark provide greater assurance that the materials meet specific environmental criteria. • For instance, products that are qualified under MyHijau Mark, which is endorsed by the Malaysian government, meet criteria such as minimising environmental degradation or GHG emissions; promoting health and improvement of the environment; and conserving natural resources, including the recycling of waste materials. • IBS technology refers to a construction method where the components are manufactured off-site and then transported to the construction site. Modular construction reflects better environmental performance compared to on-site construction, as it reduces resource consumption from the use of building materials with lower embodied emissions and a shorter construction time. Modular units are generally also designed to be more reusable and can be deconstructed to be partially or completely reused. • However, the GHG emissions from modular construction may still be significant, particularly if the distance required to transport modular components is great. • Green building certifications provide greater assurance that the construction of buildings have a reduced environmental impact, beyond modular construction. • Recycling stations and food composting stations contribute to a circular economy as they reduce the amount of waste sent to landfills, improving resource efficiency.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Terrestrial and aquatic biodiversity conservation		
• Investments and expenditures relating to the conservation and restoration of terrestrial ecosystems, including the protection and restoration of endangered species habitats, such as tree planting programmes and conservation of wildlife. • Where relevant, prior to undertaking such projects, environmental and social impacts assessments will be carried out to understand the feasibility of such measures and if they are required. • For avoidance of doubt, animal pest management, as well as synthetic and chemical pesticides and weedicides, will be excluded from financing. Only tree species that are well-adapted to the local site conditions shall be planted, and the above activities will also have a sustainable management plan with relevant certifications such as Forest Stewardship Council, and Programme for the Endorsement of Forest Certification.	• We consider this UoP to be aligned with the terrestrial and aquatic biodiversity category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • The investments and expenditures relating to the conservation and restoration of terrestrial ecosystems, which includes tree planting and wildlife conservation initiatives, are measures to restore the natural habitat upon the completion of its developments on brownfield sites. • These could include transplanting native trees before construction projects, and the conversion and remediation of abandoned plantations into parks. • The redevelopment of brownfield sites into urban parks that preserve native trees and enhance biodiversity supports SDG 11, as these measures help to protect the population of native flora and fauna species.	11 SUSTAINABLE CITIES AND COMMUNITIES

Affordable housing		
• Construction and development of housing units, which provides increased access to affordable housing. • Affordable housing is defined as having a maximum property price of MYR300,000, depending on the gross floor area (GFA) and project location. This threshold may be adjusted based on the nationally determined definition of affordable or social housing announced by the Malaysian government as and when available. For the avoidance of doubt, Setia relies on the criteria and the definition most relevant for each specific region or country that may be provided by a variety sources, including national government and NGOs. • This UoP targets low-income populations. Low-income populations are defined as the bottom 40% of households with a monthly income of MYR4,850 and below (B40).	• We consider this UoP to be aligned with the affordable housing category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • The provision of affordable housing has a clear social benefit as it increases access to home ownership by making homes more affordable to low-income populations. This contributes to SDG 11. • The B40 category is defined by the Malaysian government to identify and assist the segment of its population earning the lowest incomes. • The price ceiling of MYR300,000 falls within the range of similar affordable housing schemes in Malaysia targeting the low to middle income populations. For example, homes under the 1Malaysia Housing Programme are priced between MYR100,000 and MYR400,000, with a target population of individuals with an individual or combined household income of between MYR2,500 and MYR15,000. • However, the level of affordability for homes may differ by state. We understand from Setia that MYR300,000 is the maximum price set for its affordable homes, and that the actual cost of its affordable homes may be lower, depending on the GFA and project location.	11 SUSTAINABLE CITIES AND COMMUNITIES
Socioeconomic advancement and empowerment		
• Uplifting and aiding living conditions of the community through township developments that support quality of life and promote employment generation and upskilling and training. • Development of programmes that support the use of local suppliers, and local procurement of goods and services. • This UoP targets low-income population, unemployed, local, disadvantaged or vulnerable groups.	• We consider this UoP to be aligned with the socioeconomic advancement and empowerment category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • Community-centric programmes and initiatives that support local suppliers can lead to increased economic activity and growth in the local economy. • We consider the listed projects, which promote the local economy and improve equitable access to healthcare, education and employment, to contribute to SDG 8 (decent work and economic growth).	8 DECENT WORK AND ECONOMIC GROWTH
Access to essential services		
• Projects that expand access to education and skills development, including but not limited to, education initiatives such as scholarships and other forms of educational assistance. • Development and construction of schools, educational facilities and/or educational programmes in collaboration with the government or public, and/or non-profit organisations or academic partners. • Provision of surau, community halls and public parks for local communities. • This UoP targets all students, particularly the most vulnerable and low-income undereducated students, or local communities.	• We consider this UoP to be aligned with the access to essential services category of the sustainable finance principles. • We also consider this UoP to be eligible under the SRI Sukuk Framework 2019. • This UoP addresses educational demand in Malaysia by improving access for underprivileged students to affordable education, contributing to SDG 8. • Setia has communicated that the expansion of access to education and skills development targets underserved communities, namely, the elderly, individuals with disabilities, children and students, patients, and families and youths from the B40 category. • The provision of surau, community halls and public parks helps to improve the well-being of Malaysian communities by providing accessible prayer spaces, recreational areas and fostering community engagement. We understand from Setia that these amenities are accessible to the general population and are not restricted to the under-served communities.	8 DECENT WORK AND ECONOMIC GROWTH
Source: Setia sustainability financing framework (April 2025)	Source: Sustainable Fitch	

Use of Proceeds – Other Information

Alignment: Good

Company Material

- The proceeds under this framework shall be utilised to finance and/or refinance, in whole or in part, new or existing assets, businesses, projects and/or products that fall within the eligible categories and criteria.
- Eligible projects can include investments, capex and opex meeting the eligibility criteria.
- Any refinancing of opex in relation to eligible projects will be subject to a maximum lookback period of 36 months from the time of issuance.
- In any case, the eligible projects from the following industries are excluded from consideration for eligibility, as aligned with the ASEAN Green Bond Standards and the ASEAN Social Bond Standards:
  - child labour and forced labour;
  - adult entertainment;
  - weapons and military contracting;
  - alcohol;
  - tobacco;
  - fossil fuels;
  - nuclear; and
  - production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans.

Source: Setia sustainability financing framework (April 2025)

Sustainable Fitch's View

- The ICMA principles recommend that issuers provide an estimate of the share of new versus refinancing and disclose the lookback period for any refinancing.
- The group has not disclosed the intended share of new versus refinancing in its framework but intends to do so in its allocation reporting.
- The lookback period of 36 months specified in the framework is in line with standard market practice, although the framework only applies the lookback period to opex, in line with the EU Green Bond Standards, which sets a minimum requirement on a three-year lookback period for opex.
- A shorter lookback period that applies to capex as well would limit expenditures to more recent existing projects, enhancing the additionality of the instrument.
- The group has a clearly defined exclusion list, which provides additional assurance that the proceeds will not be allocated towards projects that contribute to environmental or social harm.

Source: Sustainable Fitch

Evaluation and Selection

Alignment: Excellent

Company Material

- Setia's strategic direction for sustainability is guided by its board sustainability committee (SC) and management sustainability committee (MSC), with the management taking an executive role for implementation of any sustainability exercise that includes approval for the eligible assets to be funded by the sustainability financing under the framework.
- The process for the evaluation and selection of eligible assets may include:
  - reviewing and validating the proposed assets;
  - evaluating the proposed assets against the framework;
  - submitting to board of directors, SC and MSC for approval on the selection of the proposed assets; and
  - monitoring the proposed asset during the life of the transaction.
- Both the SC and MSC will meet quarterly, with additional meetings as and when necessary, to evaluate prospective eligible projects. The SC and MSC will also convene, as may be appropriate, in the event of any material development to the SFTs or the status of the eligible projects.
- Where applicable, Setia will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the eligible projects. In relation to the eligible projects, Setia has complied with the relevant environmental, social and governance standards or recognised best practices.
- Setia will conduct an environmental impact assessment on the project developments whenever necessary. The group also conducts sustainability risk assessments in line with the latest sustainability requirements and standards by engaging with relevant sustainability stakeholders.

Source: Setia sustainability financing framework (April 2025)

Sustainable Fitch's View

- The framework clearly describes the evaluation and selection process and the committees that are responsible for evaluating eligible green and social projects, in line with the requirements of the ICMA and LSTA principles.
- According to Setia, its sustainability working group facilitates the proposal of eligible projects by its business units. The proposed projects are then evaluated and approved by the executive-level MSC and board-level SC.
- We positively view that the process involves more than one layer of decision makers, which provides a layer of checks and balances during the project selection process.
- As of the analysis date, the SC consists of three independent non-executive directors and one non-independent non-executive director. Setia has communicated that its MSC is comprised of Setia's senior executive team and is chaired by its CEO.
- We understand, from communication with Setia, that the chairman of the SC has particular expertise on sustainability matters, which is relevant to assessing the environmental and social alignment of proposed projects.

Source: Sustainable Fitch

Management of Proceeds

Alignment: Excellent

Company Material

- The proceeds will be deposited and maintained in separate bank account(s), specifically for the tracking and allocation of SFTs. The account(s) shall be managed by Setia's finance team and earmarked for

Sustainable Fitch's View

- Setia has committed to tracking the proceeds, in line with the requirements of the sustainable finance principles.

Management of Proceeds	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
utilisation towards eligible projects. Setia is committed to allocating all proceeds from the SFTs to the eligible projects as soon as possible, or on a best-efforts basis within 24 months of issuance or drawdown, whichever is sooner, in accordance with the process of project evaluation and selection. • To ensure that net proceeds from SFTs are appropriately tracked and allocated, Setia will maintain a register of eligible projects managed by its finance team which will outline the type of transaction and allocation of UoP information including: – name and description of eligible projects to which the proceeds of the SFTs have been allocated in accordance with this framework; – amount of SFT proceeds allocated to each project; – the remaining balance of unallocated proceeds; and – other relevant information such as information of temporary investment for unallocated proceeds. • If the proceeds from the SFTs cannot be immediately or fully allocated, the net proceeds will be held and managed in line with Setia's liquidity management, until the full allocations can be made. • In the event that all or a proportion of proceeds from the SFTs are utilised for refinancing based on the lookback period, Setia will provide an estimate of the share of financing versus refinancing. • An eligible project that ceases to meet the eligibility criteria can be substituted with another eligible project that is evaluated and selected in accordance with the aforesaid procedures in this section.	• The proceeds will be tracked in a separate bank account, which is best practice. Physically segregating the proceeds prevents comingling with general funds, providing greater assurance that the proceeds are reserved only towards financing activities in line with the framework. • According to our communication with the group, unallocated proceeds will be placed with banks or asset management companies according to its internal policies. This is in line with standard market practice. Best practice would be to keep the unallocated proceeds invested in activities aligned with the requirements of the bond or loan, which would improve its sustainability commitment. • The group commits to monitoring the proceeds and replacing projects that no longer meet the eligibility criteria with eligible projects. This provides assurance that the proceeds continue to meet the eligibility criteria throughout the life of the instrument.
Source: Setia sustainability financing framework (April 2025)	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Good
Company Material	**Sustainable Fitch's View**
• Setia will provide reporting on an annual basis throughout the life of the outstanding SFTs, at least until full allocation or in case of material changes. • The allocation report will include the following information: – the amount issued and outstanding for the SFTs; – the total value of eligible projects; – a description of the portfolio of eligible projects, including a breakdown of the allocated amounts by ICMA or LMA categories where appropriate; – the amount and/or percentage of new and existing projects (share of financing and refinancing); – the issuing or borrowing entity; – details relating to the SFT (ie transaction date, number of transactions, principal amount of proceeds, repayment profile, maturity date, profits, interest or coupon and the ISIN number in the case of bond or sukuk transaction); and – any further information on how unallocated proceeds have been held. • Setia strives to report the environmental and social impacts associated with the eligible project categories financed via the net SFTs, where feasible, subject to data availability. On a best-efforts basis and subject to data availability, the impact reporting may include: – for green buildings: number of certified green buildings, including floor space of green buildings meeting the eligibility criteria, by certification type and level; – for renewable energy: renewable energy generated, annual GHG emissions reduced or avoided; – for energy efficiency: annual energy savings, annual GHG emissions reduced or avoided; – for clean transportation: number of EVs or charging stations built or procured, annual GHG emissions reduced or avoided, increase in access to public transportation;	• Setia has committed to publishing annual allocation and impact reports, in line with the requirements of the sustainable finance principles. • It intends to annually publish its allocation and impact reports until full allocation, and in the event of any material changes thereafter. This will ensure that investors are kept up to date with material changes throughout the life of the instrument. • The framework will report on the allocation at the category level. Setia has also communicated internally that it may report on the allocation at the instrument or aggregate portfolio level. • Providing more granular information on the allocation and impact of the UoP, such as at the instrument and project level, would enhance clarity on the impact associated with the UoP categories. • The impact metrics are, in general, quantitative and measurable. Setia has communicated that its impact indicator under the clean transportation UoP category, "increase in access to public transportation", refers to indicators such as the reduction in distance from township to nearest public transportation, length of new covered walkways, and walking paths or cycling lanes. • The group may engage an independent external reviewer to obtain an external verification of its management of proceeds, allocation of funds and impacts of eligible projects. Such external verification is market best practice for ensuring transparency and credibility of a report. However, the framework does not confirm there will definitely be an external verification.

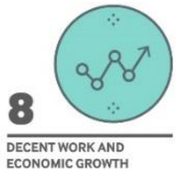
Reporting and Transparency	Alignment: Good
Company Material	**Sustainable Fitch's View**
– for sustainable water and wastewater management: annual percentage reduction of water consumption; – for pollution prevention and control: annual percentage reduction of waste disposal; – for affordable housing: number of affordable housing projects or units built or refurbished; – for socioeconomic advancement and empowerment: number or type of community and employee programmes and services completed, percentage of local suppliers or contractors engaged, number of economic opportunities created; and – for access to essential services: number or type of educational and skills development and services completed, number of schools or education units completed, number of beneficiaries and number of community facilities (such as halls, parks and places of worship) established in local areas. • Setia may consider engaging an external verifier to conduct verification on its allocation and impact reports, as well as management of proceeds to verify its internal tracking method.	
Source: Setia sustainability financing framework (April 2025)	Source: Sustainable Fitch

Relevant UN Sustainable Development Goals

- **6.4:** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.

- **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.
- **8.6:** By 2020, substantially reduce the proportion of youth not in employment, education or training.



- **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, with all countries taking action in accordance with their respective capabilities.

- **11.1:** By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- **11.3:** By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

- **12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Sustainability

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	No
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)

UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	Yes
Clean transportation	Yes
Sustainable water and wastewater management	Yes
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

Use of Proceeds as per Social Bond Principles (SBP)	
Affordable basic infrastructure	No
Access to essential services	Yes
Affordable housing	Yes
Employment generation (through SME financing and microfinancing)	No
Food security	No
Socioeconomic advancement and empowerment	Yes
Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	No
Other	n.a.

Target Populations	
Living below the poverty line	No
Excluded and/or marginalised populations and/or communities	Yes
People with disabilities	No
Migrants and/or displaced persons	No
Undereducated	Yes
Underserved, owing to a lack of quality access to essential goods and services	Yes
Unemployed	Yes
Women and/or sexual and gender minorities	No
Aging populations and vulnerable youth	Yes

Type of Instrument: Sustainability

Other vulnerable groups, including as a result of natural disasters	No
Other	n.a.

2) Project Evaluation and Selection	
Evaluation and Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds	
Tracking of Proceeds	
Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Additional Disclosure	
Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting	
UoP Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	No
Other	n.a.

UoP Reporting/Information Reported	
Allocated amounts	Yes
Sustainability bond-financed share of total investment	No
Other	n.a.

UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting	
Project-by-project	No

Type of Instrument: Sustainability	
On a project portfolio basis	Yes
Linkage to individual bond(s)	No
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	Yes
Other ESG indicators	Number of certified green buildings; renewable energy generated; number of EVs or charging stations built; increase in access to public transportation; annual percentage reduction of waste disposal; number of affordable housing projects built or refurbished; number or type of community and employee programmes services completed; percentage of local suppliers or contractors engaged; number of economic opportunities created; number of type of educational and skills development and services completed; number of schools completed; number of beneficiaries; number of community facilities established in under-served or unserved areas.

Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	No
Other	n.a.

Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer's green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, "alignment" should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (eg the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

	ESG Framework
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.