



# **Sustainability Financing Framework**

**April 2025**



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# 1. Overview

## 1.1 About S P Setia

S P Setia Berhad ("**Setia**" or the "**Company**") is one of the leading property developers in Malaysia by revenue, renowned for its expertise as a township developer in Malaysia. The Company is guided by its purpose of Creating Sustainable Communities and has a vision to be the leader in creating sustainable communities and enriching lifestyles - focused on accelerating efforts to build sustainable developments and townships to enrich the lifestyles of communities it serves.

Founded in 1974, the Company has been listed on Bursa Malaysia since 1993. With property development being the main driver of Setia's operations, the Company focuses on five key elements which include Township Developments, Integrated Developments, Industrial Developments, Eco-Themed Developments, and Niche Developments. In addition, the property development is further complemented by other property-related businesses encompassing, amongst others, convention centres, offices and retail. Setia's total effective remaining land banks are 5,451 acres with an effective remaining gross development value of RM128.59 billion<sup>1</sup>.

Setia's global footprint as a property development company is underscored by its ongoing development projects in, amongst others, the following jurisdictions:

- Malaysia<sup>2</sup>
- United Kingdom<sup>3</sup>
- Vietnam<sup>4</sup>
- Australia<sup>5</sup>

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<sup>1</sup> As at 31 December 2024.

<sup>2</sup> Setia's 38 developments across Malaysia as at 31 December 2024.

<sup>3</sup> For example, the Battersea Power Station, a redesigned industrial hub now transformed as an office, shopping, restaurant hub, and residential areas, is a project owned by a consortium of three Malaysian Investors; Setia (40%), Sime Darby Property Berhad (40%), and the Employees' Provident Fund (20%).

<sup>4</sup> For example, EcoXuan and EcoLakes in Ho Chi Minh City.

<sup>5</sup> For example, Shangri-La Melbourne Hotel.

Setia's position as a leading Malaysian real estate player, as well as its dedication and track record in providing quality property developments has been recognised through its accolades won<sup>6</sup>, including:

**14-time No.1 Winner of The Edge Malaysia Top Property Developers Awards**

- **Awarded the Outstanding Overseas Project Award** for Sapphire by the Gardens at The Edge Malaysia Property Excellence Awards 2024
- **Top 3** of the Top 10 Developers Category in The Edge Malaysia Top Property Excellence Award 2023
- **No.1 ranking** in The Edge Malaysia Top Property Developers Awards 2022
- **Recognised for Best Qualitative Attributes category** in 2022

**17-time Gold Winner of FIABCI World Prix d'Excellence Awards**

**FIABCI World Prix d'Excellence Awards 2024**

- **World Gold in the Heritage category:** Battersea Power Station

**FIABCI World Prix d'Excellence Awards 2023**

- **World Gold in the Master Plan category:** Setia Eco Templer, Rawang
- **World Gold in the Residential High Rise category:** Setia V Residences, Penang

**17-time Gold Winner of FIABCI Malaysia Property Awards**

**FIABCI Malaysia Property Awards 2023**

- **Winner in the Residential High Rise category:** Setia V Residences, Penang
- **Winner in the Best Sustainable Development category:** D'Network, Setia Eco Park, Selangor
- **Winner in the Residential (Low- Rise) category:** Setia Eco Templer, Rawang

**11-time Kincentric Best Employer Award Winner in Malaysia**

**Kincentric Best Employers in Malaysia 2021**

- S P Setia was honoured one of the Kincentric Best Employers in Malaysia for 2021 (awarded in 2022)

**2-time Gold Winner of Human Resources Excellence Awards**

- S P Setia received the Gold award in Leadership Development in 2022, making it the second Gold award for the HR Excellence Awards under its belt

**Awards for Sustainable Practices**

**The Edge Malaysia Best Managed & Sustainable Property Awards 2024**

- Category: **Below 10 Years: Multiple Owned Strata Residential** – Gold Winner (Essex Gardens, Setia Eco Templer)
- Category: **10 Years & Above: Retail Category** – Silver Winner (Setia City Mall)

**The Edge Malaysia Best Managed & Sustainable Property Awards 2023**

- Category: **The Edge Malaysia – ILAM Sustainable Landscape Awards** – Landscape Planning (Gold) (Setia Bayuemas Lake Park)

**BCI Asia Awards 2024**

- Category: **Top 10 Developers Awards** (S P Setia Berhad)

**BCI Asia Awards 2023**

- Category: **Top 10 Developers Awards** (S P Setia Berhad) (Setia Alam's Croceus and Garciae Homes) – recognition for top developers that had the **greatest impact on the built environment in Southeast Asia**

<sup>6</sup> Selected accolades won by Setia as of 2024.

<p><b>PropertyGuru Vietnam Real Estate Awards 2024</b></p> <ul style="list-style-type: none"> <li>Category: <b>Best Eco-Friendly Housing Development</b> (EcoLakes My Phuoc)</li> </ul>
<p><b>Sabah Landscape Architecture Awards (“SLAA”) 2024</b></p> <ul style="list-style-type: none"> <li>Category: <b>Developer Category for Environmental Landscape Design</b> – Silver Award (Setia Aeropod)</li> </ul>
<p><b>National Corporate Governance &amp; Sustainability Awards 2024 (“NACGSA”)</b></p> <ul style="list-style-type: none"> <li>S P Setia received the <b>Overall Excellence Award (ranked 24 amongst the top 50 public-listed companies)</b>.</li> </ul>
<p><b>Low Carbon Township Award Ceremony 2023</b></p> <ul style="list-style-type: none"> <li>Category: <b>Design Diamond Award</b> (Setia Warisan Tropika)</li> <li>Category: <b>Design Diamond Award</b> (Setia Eco Templer)</li> </ul>
<p><b>Malaysia Outstanding Sustainable Development Awards 2023 (“MOSDA 2023”)</b></p> <ul style="list-style-type: none"> <li>Category: <b>Socially Inclusive Design Award</b> (Setia City Park)</li> </ul>
<p><b>M&amp;C Asia Stella Awards 2022</b></p> <ul style="list-style-type: none"> <li>Category: <b>Best Sustainable Convention Centre (Asia)</b> (Setia SPICE Convention Centre)</li> </ul>
<p><b>Sustainability &amp; CSR Malaysia Awards</b></p> <ul style="list-style-type: none"> <li>Category: <b>GLC of the Year (Property &amp; Construction) Award: ESG Leadership Excellence Award</b></li> </ul>
<p><b>Malaysia Urban Planning Awards (“MUPA”)</b></p> <ul style="list-style-type: none"> <li>Category: <b>Socially Inclusive Design Award</b> (Setia City Park)</li> </ul>

## 2. Sustainability at S P Setia

**Stay Together, Stay Setia.** At Setia, the Company strives to create lasting value for stakeholders while prioritising social and environmental responsibility. Recognising the importance of embedding Environmental, Social, and Governance (“**ESG**”) into its business operations, Setia established the Sustainability Framework which subsequently paved the way for Setia to develop clear targets under each material sustainability matter.

At Setia, sustainability is not solely confined to preservation of the environment and protection of our people. For example, Setia has developed strategies utilising land banks, aligned with Malaysia’s New Industrial Master Plan 2030 (“**NIMP 2030**”). Locations include Setia Alaman, Setia Fontaines, and Tanjung Kupang where industrial business parks have been planned. Setia aspires for these upcoming business parks to set a new benchmark as “High-Value Green Industrial Parks”, featuring world-class infrastructure and complementary services. Its inclusion in the FTSE4Good Bursa Malaysia and MSCI Index demonstrate its commitment to sustainability initiatives.

Setia has adopted a holistic approach that enables Setia to strategically integrate sustainability goals into its business practices and respond to change - the following sections [2.1](#), [2.2](#), and [2.3](#) provide a highlight of Setia’s approach to sustainability as reported within Setia’s Integrated Report 2024.

Setia will continue to review its sustainability approach from time to time to ensure that Setia’s strategy remains relevant to the best practices in order to actively mitigate risks and identify opportunities. Such updates to Setia’s sustainability approach, will be made available on Setia’s corporate website <https://spsetia.com/>, and reflected within Setia’s annual Integrated Reports.

## 2.1 Setia's Sustainability Strategy

### Setia's Sustainability Framework

Setia's Sustainability Framework aims for the Company to better drive sustainability to create sustainable communities. Approved and validated by Setia's Senior Management and the Board, the Sustainability Framework is anchored on three robust pillars, with each pillar aligned with identified key material matters.



### Setia Green Roadmap

Recognising the importance of decarbonising Setia's business, Setia has set the goal of achieving:

- 45% reduction in Scope 1 and Scope 2 carbon emissions by 2030 and 70% by 2040, using 2024 as the baseline
- 20% reduction in Scope 3 embodied carbon emissions, measured by intensity, by 2030 (landed property only)

In 2023, Setia established a Group-wide baseline for Scope 1 and 2 emissions. This serves as a reference point to assess the progress of Setia's emissions reduction efforts. The Group also developed a comprehensive emissions data collection process, which is now being implemented across Setia's Business Units.

Ultimately, Setia's long-term objective is to become a net zero organisation by 2050. This will also enable Setia to contribute substantially to Malaysia's Nationally Determined Contribution ("**NDC**") pledge to reduce nationwide GHG emissions intensity of Gross Domestic Product ("**GDP**") by 45% before 2030, relative to a 2005 baseline<sup>7</sup>.

In 2024, Setia established the eDew system and digitised the data collection process. The boundary for energy and emissions data collection was also extended. The Group also established 2024 as the baseline year for its Scope 3 GHG emissions intensity. To enhance alignment and accuracy in setting emissions reduction targets, Setia updated the baseline year for the absolute GHG emissions of Scope 1 and 2 from 2023 to 2024. Setia's emissions reduction targets are set out in the Setia Green Roadmap, as shown in the following infographic.



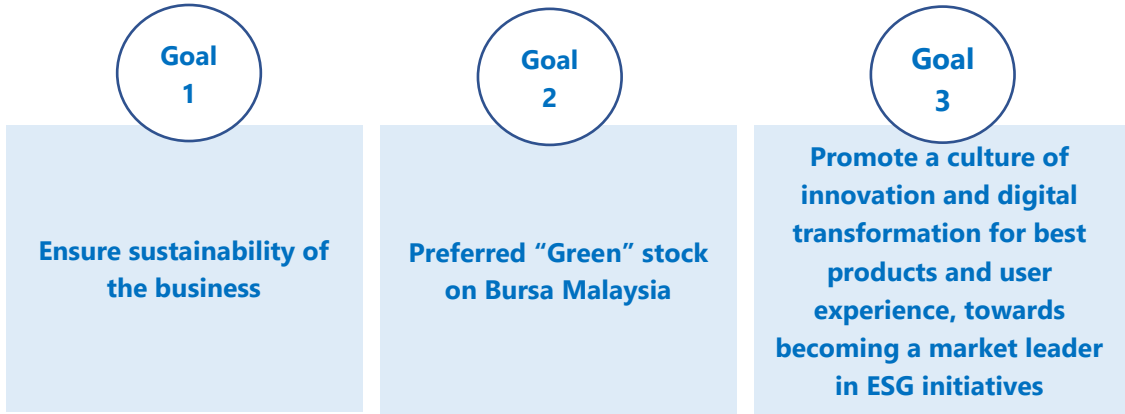
<sup>7</sup> Malaysia's revised NDC submitted in July 2021.



2.2 Setia’s Environment, Social, and Governance Aspirations

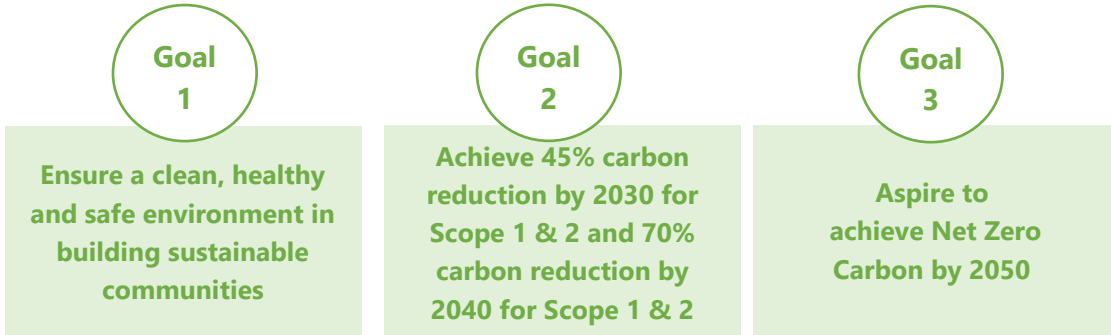
**ECONOMIC: Sustainable, Innovative, and Quality Development**

As a leading property developer with a growing local and international presence, Setia has the opportunity to create significant value for economies, people, and the environment. By managing Setia’s business responsibly, driving innovation, and pursuing quality at every turn, Setia can maximise its impact.



**ENVIRONMENTAL: Best Practices in Environmental Management**

As the building and construction industry faces numerous challenges, Setia is required to continuously commit and protect our planet and its people. By stringently managing Setia’s environmental impact in line with global best practices, Setia can play a leadership role, building better communities that deliver shared value for Setia’s customers, employees and business.



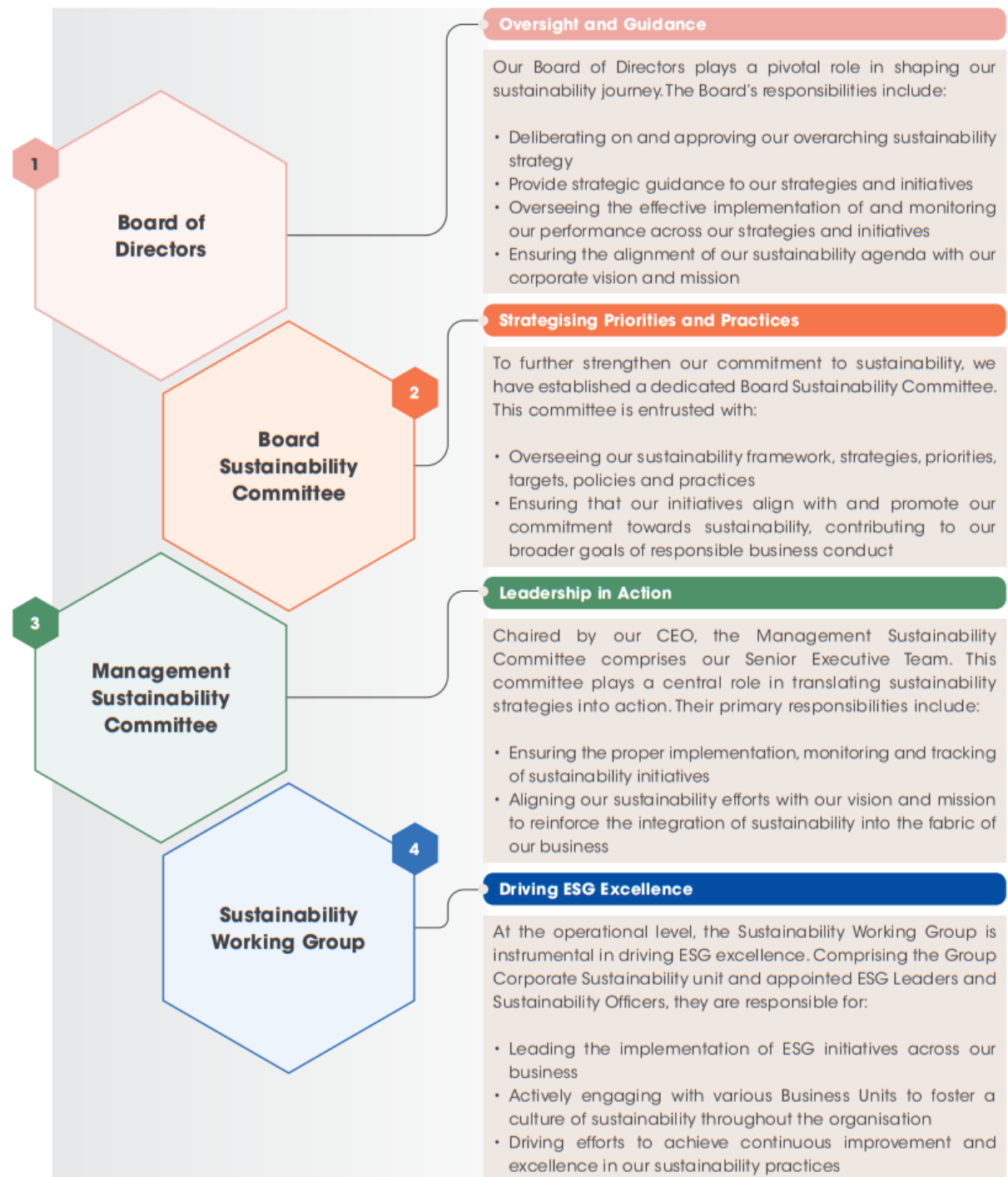
**SOCIAL: Positive, Sustained Community, and Social Impacts**

The betterment of communities stands at the heart of Setia’s purpose as an organisation. By putting people first and delivering lasting impacts to those around Setia, Setia can safeguard its sustainability as a business.



## 2.3 Setia's Sustainability Governance

Setia recognises the integral role of sustainability governance in fostering accountability, guiding strategic direction, and fortifying its commitments towards a sustainable future. To this end, Setia has established a robust sustainability governance structure that leverages the collective expertise of Setia's Board of Directors, Board Sustainability Committee, Management Sustainability Committee, and Sustainability Working Group. Through collaborative effort, Setia aims to ensure that sustainability is fully embedded into its core business practices, promoting responsible stewardship, and long-term value creation.



## 2.4 Alignment to United Nations Sustainable Development Goals

In 2015, the United Nations (“UN”) outlined 17 Sustainable Development Goals (“SDGs”) to address global challenges including those related to poverty, inequality, climate change, and environmental degradation. The SDGs set an agenda for government, corporations, and all other stakeholders across the world to work together to create a sustainable future for all by 2030.

As a leading property developer in Malaysia with footprints transcending borders, Setia has aligned itself to the 17 UNSDGs. More specifically, Setia embraces and adopts 15 of the SDGs which serve to guide the development of the Sustainability Financing Framework (“**the Framework**”):





### 3. Setia's Sustainability Financing Framework

Setia's Sustainability Financing Framework (the "**Framework**") has been established to provide transparency and disclosure to the Company's investors and stakeholders, on Setia's undertakings to issue or raise instruments in a Use of Proceeds, i.e. Green, Social, and/or Sustainability format.

Under this Framework, Setia will be able to raise instruments and financings which may include but are not limited to respective Green or Social Sukuk, Bonds, Loans, and/or Financing (collectively referred to as "**Sustainability Financing Transactions or SFT(s)**") to finance Green, Social and/or Sustainability Projects that align with its sustainability priorities, and in alignment with industry best practices.

Setia's Framework adopts the following principles, guidelines, and standards, as amended from time to time (collectively referred to as "**Sustainability Guidelines**"):



- **International Capital Markets Association's ("ICMA"):**
  - Green Bond Principles (2021 with June 2022 Appendix 1)
  - Social Bond Principles (2023)
  - Sustainability Bond Guidelines (2021)



- **Loan Market Association's ("LMA"), Loan Syndications and Trading Association's ("LSTA") and Asia Pacific Loan Market Association's ("APLMA"):**
  - Green Loan Principles (2025)
  - Social Loan Principles (2025)



- **ASEAN Capital Markets Forum's ("ACMF"):**
  - Green Bond Standards (2018)
  - Social Bond Standards (2018)
  - Sustainability Bond Standards (2018)



- **Securities Commission ("SC") Malaysia's:**
  - SRI Sukuk Framework (2019)

The Framework is presented through the following **4 key pillars**:



The Framework will be in force insofar as there are any outstanding Sustainable Financing Transactions under this Framework.

### 3.1 Use of Proceeds

The proceeds under this Framework ("**Sustainability Financing Proceeds**") 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 as outlined under Sections 3.1.1 and 3.1.2 below ("**Eligible Projects**"):

- **Green** Financing – Section [3.1.1](#)
- **Social** Financing – Section [3.1.2](#)
- **Sustainability** Financing (Combination of the Eligible Projects defined under both **Green** Financing and **Social** Financing)

#### Eligible Types of Investments

- Eligible Projects can include investments and capital expenditures ("**CAPEX**") and operational expenditures ("**OPEX**") meeting the eligibility criteria outlined below

#### Lookback Period<sup>8</sup> for OPEX







- Any refinancing of OPEX in relation the Eligible Projects, will be subjected to a maximum look-back period of up to 36 months from the time of issuance

For the avoidance of doubt, the Sustainability Financing Proceeds can be raised in any currency, or tenor, and can be used by Setia and its subsidiaries for its operations which include but not limited to, capital expenditures relating to an Eligible Project, working capital relating to an Eligible Project, refinancing of existing borrowings relating to an Eligible Project, operating expenses relating to an Eligible Project, and other expenses relating to the Eligible Projects, insofar as the Sustainability Financing Proceeds are not used to fund new or existing assets, businesses, projects and/or products falling outside the scope of Eligible Projects.

<sup>8</sup> "Look-back period" refers to a maximum period in the past that an Issuer will look back to identify assets/earlier disbursements to such Eligible Projects that will be included in the allocation and impact reporting.

### 3.1.1 Eligible Green Projects

Eligible Green Project Categories	Eligible Criteria and Description	Alignment to UN SDGs
<b>Green Building</b>	<ul style="list-style-type: none"> <li>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:               <ul style="list-style-type: none"> <li>Green Building Index (Gold or above)</li> <li>GreenRE (Gold or above)</li> <li>Leadership in Energy and Environmental Design (Gold or above)</li> <li>BCA Green Mark (Gold and above)</li> <li>BREEAM (Excellent and above)</li> <li>National Australian Built Environment Rating System Energy (Rating five star and above)</li> <li>GBCA Green Star Australia (5 stars or above)</li> <li>EDGE (All levels)</li> <li>LOTUS of the Vietnam Green Building Council (Gold and above)</li> <li>China 'Three Star System' Green Building (2 Stars and above)</li> <li>CASBEE (A or above)</li> <li>DBJ Green Building Certification Program (4 stars or above)</li> <li>Any other green building certifications that is equivalent to the above standards;</li> </ul> </li> <li><b>OR</b></li> <li>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 ("<b>PED</b>"); <b>OR</b></li> <li>Refurbishment/ retrofit of building to achieve a 30% improvement in energy efficiency, emissions savings, or PED over initial performance; OR has an Energy Performance Certificate ("<b>EPC</b>") of at least A that distinguishes between residential and non-residential buildings.</li> </ul>	 

<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Investment and/or inclusion of renewable energy technology and/or infrastructure in development of either residential, commercial or industrial developments and investment in properties such as: <ul style="list-style-type: none"> <li>Development Solar Rooftops</li> <li>Installation of Solar Panels and other Solar powered amenities and fixings</li> <li>Solar-ready infrastructure</li> </ul> </li> <li>Renewable energy investments, including but not limited to purchasing Renewable Energy Certificates recognized by national and international standards/ organisations.</li> <li>Energy Storage System (“<b>ESS</b>”) for renewable energy storage.</li> </ul>	 
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Investments and expenditures dedicated to the research and development of technologies, systems and methods aimed to improve energy efficiency of buildings, such as: <ul style="list-style-type: none"> <li>Smart lighting and air-conditioning systems</li> <li>LED light installations</li> <li>Green switches</li> <li>Green IT for integration of smart living technology and green designs Digital solutions through use of measures such as Artificial Intelligence (“<b>AI</b>”), data analytics, and Internet of Things (“<b>IoT</b>”) for environmental monitoring and other sustainability tasks</li> </ul> </li> </ul>	 
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>Investments and expenditures to green and smart mobility related infrastructures that include the installation of charging facilities for electric vehicles (“<b>EVs</b>”), the procurement of EVs, amongst others.</li> <li>Investments and expenditures related to developments that increase public transport access, such as public transport walkways/ connection, cycling routes/ infrastructure.</li> </ul>	
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>Including sustainable water management infrastructure such as for clean and/or drinking water, sustainable urban drainage systems as part of flooding mitigation.</li> </ul>	



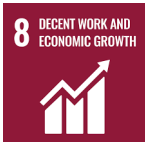



	<ul style="list-style-type: none"> <li>Projects that will optimise municipal water consumption and reduce water wastage through sustainable design and system installations (e.g. Rainwater harvesting, wastewater recycling and treatment, drip irrigation, drainage management, sanitary wares and fittings that have a 3-star Water Efficiency Product Labelling Scheme ("WEPLS") by Suruhanjaya Perkhidmatan Air Negara).</li> </ul>	
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"> <li>Investments in projects and processes that promote environmentally sound management to reduce the impacts of environmental pollution (e.g. investment in waste management and air pollution).</li> <li>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, amongst others.</li> <li>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.</li> <li>Projects and facilities that promote circular economy habitats such as recycling stations/bins, food composting facilities, fabric recycling centres/bins.</li> </ul>	 
<b>Terrestrial and Aquatic Biodiversity Conservation</b>	<ul style="list-style-type: none"> <li>Investments and expenditures relating to the conservation and restoration of terrestrial ecosystems, including the protection and restoration of endangered species habitats. such as: <ul style="list-style-type: none"> <li>Tree planting programmes</li> <li>Conservation of wildlife</li> </ul> </li> <li>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</li> </ul>	

conditions shall be planted, and the above activities will also have a sustainable management plan with relevant certifications such as the:

- Forest Stewardship Council ("**FSC**")
- Programme for the Endorsement of Forest Certification ("**PEFC**")

### 3.1.2 Eligible Social Projects

Eligible Social Project Categories	Eligible Criteria and Description	Alignment to UN SDGs
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>Construction and development of housing units which provides increased access to affordable housing.<sup>9</sup></li> </ul> <p><b>Target Population:</b> Low-income population<sup>10</sup> in accordance with local government and regulatory definitions to address issues surrounding housing affordability.</p>	 
<b>Socioeconomic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>Uplifting and aiding living conditions of the community through township developments that support quality of life and promote Employment Generation &amp; Upskilling and Training.</li> <li>Development of programs which support the use of local suppliers, and local procurement of goods and services.</li> </ul> <p><b>Target Population:</b> Low-income population, unemployed,<sup>11</sup> local, disadvantaged or vulnerable groups.<sup>12</sup></p>	 

<sup>9</sup> Affordable housing is defined as having a maximum property price of RM300,000. This threshold may be adjusted based on 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 which may be provided by a variety sources, including national government, and NGOs.

<sup>10</sup> Low-income populations are defined as the bottom 40 per cent of households with a monthly income of RM4,850 and below ("B40"). The definition of "B40" shall be updated from time to time to be consistent with the Household Gross Income definition by the Department of Statistics, Malaysia. For the avoidance of doubt, Setia relies on the criteria and the definition most relevant for each specific region or country which may be provided by a variety sources, including national government, and NGOs.

<sup>11</sup> In Setia's key market Malaysia, unemployed is defined as those who did not work during the reference week but were interested to work and seeking for a job. Classified into two groups which are actively and is inactively unemployed per definition from [Department of Statistic, Malaysia](#). Actively unemployed: Persons who were available for work and were actively looking for work during the reference week. Inactively unemployed: Did not look for work because they believed no work was available or that they were not qualified; Would have looked for work if they had not been temporarily ill or had it not been for weather condition; and had looked for work prior to the reference week and were waiting for result of job applications.

For the avoidance of doubt, Setia relies on the criteria and the definition most relevant for each specific region or country which may be provided by a variety sources, including national government, and NGOs.

<sup>12</sup> As defined by the [Government of Malaysia](#). For the avoidance of doubt, Setia relies on the criteria and the definition most relevant for each specific region or country which may be provided by a variety sources, including national government, and NGOs.

**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 programs in collaboration with the government/ public and/or non-profit organisations/ academic partners.
- Provision of surau, community halls and public parks for local communities.

**Target Population:** All students particularly the most vulnerable and low income under-educated students or local communities.

**3.1.3 Exclusions**

In any case, the Eligible Projects from the following industries are excluded from consideration for eligibility, as aligned with the ASEAN Green Bond Standards (e.g. fossil fuel generations projects), and ASEAN Social Bond Standards (e.g., activities that pose a negative social impact related to alcohol, gambling tobacco and weaponry):

- Child labour or 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.



### 3.2 Process for Project Evaluation and Selection

Project evaluation and selection is a key process in ensuring that Eligible Projects financed through the Sustainability Financing Transactions meet the Eligibility Criteria as set out in Setia's Framework.

The strategic direction for sustainability shall be guided by Setia's Board Sustainability Committee ("**SC**") and Management Sustainability Committee ("**MSC**"), with the management taking an executive role for implementation of any sustainability exercise, which includes approval for the eligible assets to be funded by the sustainability financing under the Framework.

The process for evaluation and selection of eligible assets may include:

- I. Review and validation of the proposed assets;
- II. Evaluation of the proposed assets against the Framework;
- III. Submission to Board of Directors, Board Sustainability Committee and Management Sustainability Committee for approval on the selection of the proposed assets; and
- IV. Monitor the proposed asset during the life of the transaction

Both the SC and MSC shall meet quarterly, with additional meetings as and when necessary, to evaluate prospective Eligible Projects. The SC and MSC shall 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 and will comply with the relevant environmental, social and governance standards or recognised best practices.

In line with Setia's commitment to minimising the impacts of Setia's business and operations, Setia will conduct an Environmental Impact Assessment ("**EIA**") on the project developments whenever necessary. Besides that, Setia practices conducting sustainability risk assessment in line with the latest sustainability requirements and standards by engaging with relevant sustainability stakeholders.

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.

### 3.3 Management of Proceeds

The Sustainability Financing Proceeds will be deposited and maintained in a separate bank account(s), specifically for the tracking and allocation of Sustainability Financing Transactions. This account shall be managed by Setia's Finance team and earmarked for utilisation towards Eligible Projects. Setia is committed to allocating all proceeds from the Sustainability Financing Transactions to the Eligible Projects as soon as possible, or on a best effort basis within 24 months of issuance or drawdown, whoever sooner, in accordance with the Process of Project Evaluation and Selection as set out above.

To ensure that net proceeds from Sustainability Financing Transactions are appropriately tracked and allocated, Setia will maintain a register of Eligible Projects managed by Setia's Finance Team which will outline the following information:

- I. Type of Funding Transaction
  - Key information including, issuer/borrower entity, transaction date, tranche(s) information, principal amount of proceeds, repayment or amortisation profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number)
- II. Allocation of Use of Proceeds 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
  - Other relevant information such as information of temporary investment for unallocated proceeds

If the proceeds from the Sustainability Financing Transactions 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.

During the life of the Sustainability Financing Transactions issued, if the designated Eligible Projects cease to fulfil the Eligibility Criteria as defined under [Section 3.1](#), the net proceeds will be re-allocated to replacement projects that comply with the requirements as defined in [Section 3.1](#), as soon as reasonably practicable.

In the event that all or a proportion of proceeds from the Sustainability Financing Transactions are utilized for refinancing based on the look-back period specified under Section 3.1, Setia will provide an estimate of the share of financing vs refinancing.

### 3.4 Reporting

Setia is committed to transparent reporting of its sustainability efforts from the Sustainability Financing Transactions. The reporting will be provided on an annual basis throughout the life of the outstanding Sustainability Financing Transactions, at least until full allocation or in case of material changes. The published reports, where feasible, will include the following details:

#### 3.4.1 Allocation Reporting

Setia will include key information within its Allocation Reporting, including:

- i. The amount issued and outstanding for the Sustainability Financing Transactions;
- ii. The total value of Eligible Projects;
- iii. A description of the portfolio of Eligible Projects including a breakdown of the allocated amounts by ICMA / LMA categories where appropriate;
- iv. The amount and/or percentage of new and existing projects (share of financing and refinancing);
- v. The issuing/borrowing entity;
- vi. Details relating to the Sustainability Financing Transaction (i.e. 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
- vii. Any further information on how unallocated proceeds have been held.

#### 3.4.2 Impact Reporting

Setia strives to report the environmental and social impacts associated with the Eligible Project Categories financed via the net Sustainability Financing Transactions, where feasible, subject to data availability.

On a best effort basis and subject to data availability, the impact reporting may include, but is not limited to, the impact metrics as outlined below:

Eligible Green Project Categories	Example of Impact Indicators
<b>Green Building</b>	<ul style="list-style-type: none"> <li>Number of certified Green Buildings including floor space of Green Buildings meeting the eligibility criteria, by certification type and level</li> <li>Other relevant information</li> </ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Renewable energy generated (MWh)</li> <li>Annual GHG emissions reduced/avoided (tonnes of CO<sub>2</sub>e)</li> <li>Other relevant information</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)</li> </ul>

	<ul style="list-style-type: none"> <li>Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> <li>Other relevant information</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>Number of electric vehicles / charging stations built / procured</li> <li>Annual GHG emissions reduced/avoided (tonnes of CO<sub>2</sub>e)</li> <li>Increase in access to public transportation</li> <li>Other relevant information</li> </ul>
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>Annual percentage reduction of water consumption (%)</li> <li>Other relevant information</li> </ul>
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"> <li>Annual percentage reduction of waste consumption (%)</li> <li>Other relevant information</li> </ul>

<b>Eligible Social Project Categories</b>	<b>Example of Impact Indicators</b>
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>Number of affordable housing projects/units built/refurbished</li> <li>Other relevant information</li> </ul>
<b>Socioeconomic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>Number/type of community and employee programmes &amp; services completed</li> <li>Percentage of local suppliers/ contractors engaged</li> <li>Number of economic opportunities created</li> <li>Other relevant information</li> </ul>
<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>Number/type of educational and skills development and services completed</li> <li>Number of schools / education units completed</li> <li>Number of beneficiaries</li> <li>Number of community facilities (such as halls, parks, and places of worship) established in local areas</li> <li>Other relevant information</li> </ul>



## 4. External Review

### 4.1 Pre-issuance

Setia has appointed Sustainable Fitch as an independent party to provide the second opinion on its Framework prior to its issuance, indicating alignment to the relevant Sustainability Guidelines. The Framework and the Second Party Opinion Report will be made available on Setia's corporate website: <https://spsetia.com/>.

### 4.2 Post-issuance

Setia may consider engaging an external verifier to conduct verification on Setia's allocation and impact reports produced, as well as management of proceeds to verify Setia's internal tracking method, as described in Section 3 above.

## **Amendments to the Sustainability Financing Framework**

Setia may review the Framework on a regular basis, including its alignment to any updated Sustainability Financing Guidelines as and when available in the market.

Setia may also include additional green and/or social and/or sustainability eligible categories from time to time subject to such additional Eligible Categories being aligned with the Sustainability Financing Framework/Guidelines. Any updated Framework carried out by Setia will be subject to the prior approval of Sustainable Fitch or any such other qualified provider of a Second Party, and this updated Framework will be published on the Company's website and will supersede this Framework.