



Suruhanjaya Sekuriti
Securities Commission
Malaysia

Sustainability-Linked Bonds/Sukuk

Roslina Nik

Assistant General Manager
Bond Market Department

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Content

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Definition of Sustainability-Linked Bonds/Sukuk (SLB);
ASEAN Sustainability-Linked Bond Standards; and
SRI-Linked Sukuk (SLS) Framework

▀ COMPONENTS OF SLB/SLS

Core components of SLB and SLS

▀ CASE STUDIES

Johor Plantations Group Berhad and SunREIT Bond Berhad



Introduction



“Sustainability-Linked Bonds are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives.”

ICMA, Sustainability-Linked Bond Principles, 2024

Overview of ASEAN Sustainability-Linked Bond Standards & SRI-Linked Sukuk Framework

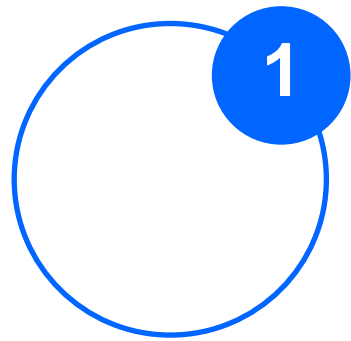


- The ACMF has developed the ASEAN Sustainability-Linked Bond Standards to **facilitate the role sustainability-linked bonds** can play in funding companies that contribute to sustainability.
- The ASEAN SLBS were developed based on **ICMA Sustainability-Linked Bond Principles (SLBP)**, as they are internationally accepted and widely used.
- While the SLBP have provided broad principles on sustainability-linked bonds, the ASEAN SLBS aim to provide **more specific guidance** on how the SLBP are to be applied across ASEAN.



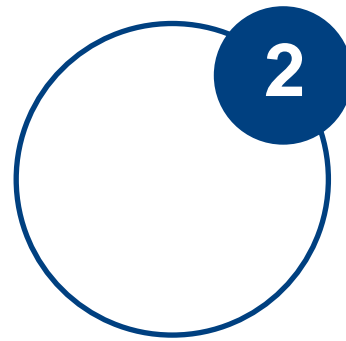
- The Securities Commission Malaysia (SC) has developed the SRI-Linked Sukuk Framework to **facilitate the role Islamic finance** can play in funding companies that contribute to sustainability and the transition to a low-carbon economy.
- The framework is based on international best practices for sustainability-linked instruments and is specifically tailored to **comply with Shariah principles** and Malaysia's regulatory framework.
- It provides clear guidance on how performance-based sustainability financing can be effectively implemented within **Malaysia's Islamic capital market**.

Five Core Components of ASEAN Sustainability-Linked Bond Standards & SRI-Linked Sukuk Framework



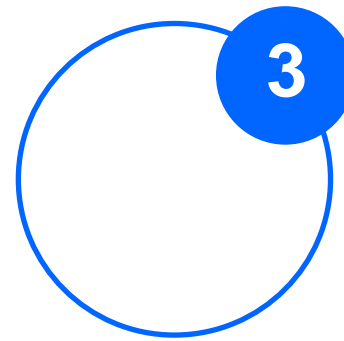
Key Performance Indicators (KPIs)

The issuer selects relevant, material, and externally verifiable KPIs that reflect core sustainability priorities.



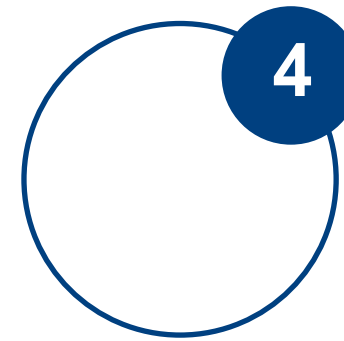
Calibration of Sustainability Performance Targets (SPTs)

SPTs are set in relation to each KPI, representing ambitious, science-based improvements over a predefined timeline.



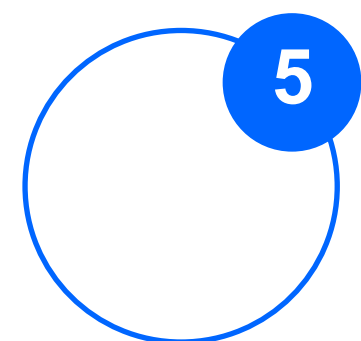
Bond Characteristics

The financial or structural features of the bond (e.g., coupon step-up or step-down) vary depending on whether the issuer meets the predefined SPTs.



Reporting

Issuers commit to publicly disclose relevant updates on KPI performance and progress toward SPTs on a regular, typically annual, basis.



Verification

An external and independent review (e.g., Second Party Opinion or post-issuance review) is conducted to validate alignment with SLBP and KPI performance.

Johor Plantations Group Berhad (JPG)

Summary of Johor Plantation's Sustainability KPIs and SPTs identified

KPI 1: GHG Emission Reduction

SPT 1a: 50% carbon intensity reduction for Scope 1 and 2 by 2025 against 2012 baseline

SPT 1b: Achieving net zero carbon emissions by 2050

Baseline, Targets and Observation Date

Metrics/ Observation Date	2012 (Baseline)	2024	2025	2050
MT CO ₂ e per MT CPO and PK	1.76	0.9	0.88	0
Reduction from baseline (%)	N/A	49	50	100

KPI 2: Traceability to FFB Suppliers⁴

SPT 2: Achieve 100% Traceability to FFB Suppliers by 2025

Baseline, Targets and Observation Date

Metrics/ Observation Date	2023 (Baseline)	2025	2030 ⁵
Traceability to Smallholder FFB Suppliers (%)	98.85	100	100
Increment from baseline (%)	N/A	1.15	1.15

KPI 3: Water Management

SPT 3: Maintain mill water consumption of 1.2 m³/MT FFB and below

Baseline, Targets and Observation Date

Metrics/ Observation Date	2013 (Baseline)	2025	2028	2030
Mill Water Consumption (m ³ /MT FFB)	1.2	1.2	1.2	1.2



Johor Plantations Group Berhad (JPG)

Summary of the Second Party Opinion Report

Aligned with ICMA's SLBP/ ASEAN SLBS/
SCM's SRI-Linked Sukuk Framework

Has specific adjustments that vary
depending on the nature of the instrument

KPIs are measurable, externally verifiable,
and benchmarkable

KPIs to be annually verified and published
online for transparent reporting

SPTs selected are moderately ambitious,
while being coherent with JPG's overall
sustainability targets

Assessed with "High" sustainability
performance indicating strong confidence

SunREIT Bond Berhad (SBB)

SUSTAINABILITY

SECOND-PARTY OPINION REPORT

Sunway Real Estate Investment Trust

External Review Parameters

Scope of review

Instrument types

Relevant guidelines

Validity

◆ Sunway Real Estate Investment Trust's Sustainability-Linked Financing Framework

◆ Sustainability-linked bonds and sustainability-linked loans

Securities Commission Malaysia (SC)

◆ Sustainable and Responsible Investment linked (SRI-linked) Sukuk Framework

ASEAN Capital Market Forum (ACMF)

◆ ASEAN Sustainability-Linked Bond Standards (SLBS)

International Capital Market Association (ICMA)

◆ Sustainability-Linked Bond Principles (SLBP)

Loan Market Association (LMA), Loan Syndications & Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA)

◆ Sustainability-Linked Loan Principles (SLLP)

◆ Valid as long as the cited Framework remains unchanged, from the publication of this report

Sustainable Finance Rating

GOLD

Analysts

Joel Thum

joel@ram.com.my

Amirah Jamil

amirah@ram.com.my

Date

23 August 2024

Lead Arrangers / Principal Advisers

Hong Leong Investment Bank Berhad & OCBC Bank (Malaysia) Berhad (SUNREIT Bond Berhad)

HSBC Bank Malaysia Berhad & Kenanga Investment Bank Berhad (SUNREIT Perpetual Bond Berhad)

Public Investment Bank Berhad (SUNREIT Capital Berhad)

Summary of SBB's Sustainability KPIs and SPTs identified

- ▶ KPI 1: Annual renewable energy generation (MWh)
- ▶ KPI 2: Building energy intensity (BEI)(kWh/m²/year)

SPTs from 2024 to 2030

Year	KPI-1 (MWh)	Variance	Year	KPI-2 (kWh/m²/year)	Variance
2022 (Baseline)	3,008		2019 (Baseline)	295	
2024	3,130	+122	2024	292	-3
2025	3,192	+62	2025	291	-1
2026	3,256	+64	2026	289	-2
2027	3,321	+65	2027	288	-1
2028	3,387	+66	2028	287	-1
2029	3,455	+68	2029	285	-2
2030	3,524	+69	2030	284	-1
	Total	516		Total	-11

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SunREIT Bond Berhad (SBB)

Summary of the Second Party Opinion Report



Alignment to Relevant Guidelines	
<ul style="list-style-type: none"> ICMA SLBP/ ASEAN SLBS/ SCM's SRI-Linked Sukuk Framework 	
Overarching Principles	RAM Sustainability's Comments
Specific: KPI(s) should be clearly and precisely defined to avoid disputes arising between counterparties	KPI-1 and KPI-2 in the Framework are stipulated and clearly defined.
Measurable: KPI(s) should be quantifiable, objective and within the counterparty's control to achieve.	KPI-1 and KPI-2 are derived from the formula indicated in the Framework and are largely within the REIT's control with accompanying strategies (refer Section 2.2)
Verifiable: Whether or not the counterparty has met the relevant KPI(s) within the applicable time periods must be verified either by one of the counterparties or an independent third party.	Sunway REIT is committed to appoint or maintain an independent verification agent to verify the achievement of KPI-1 and KPI-2.
Transparent: The counterparties should establish a process for information to be made available to relevant parties following execution of an SLD.	The ESG Compliance Certificate will lay out the achievement of the sustainability targets with an independent assurance statement. This certificate will be shared to relevant parties of the sustainability-linked CCS.
Suitable: To avoid greenwashing concerns, it is advisable for the KPIs to be appropriate for the relevant counterparty and derivatives structure.	Both KPIs selected are relevant and aligned to Sunway REIT's priority to enhance energy efficiency and promote clean energy.

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Thank You