



PASUKHAS GROUP BERHAD

PASUKHAS GREEN ASSETS SDN BHD
(formerly known as Morning Summit Sdn Bhd)
(Company No. 1293491-H)

GREEN SUKUK FRAMEWORK

1. INTRODUCTION

Pasukhas Group Berhad (“**PGB**”) is a public company limited by shares and is incorporated under the Companies Act in Malaysia. PGB is listed in the ACE Market of the Bursa Malaysia Securities Berhad and is principally engaged in the business of investment holding and the provision of management services. Its subsidiaries are engaged in the Mechanical & Electrical Engineering services, Civil Engineering and Construction services, Manufacturing of Low Voltage Switchboards, Trading of Equipment and Coal, Renewable Energy and Property Development and Rental segments (the “**Group**”).

In 2017, PGB had diversified into Renewable Energy i.e. energy utilities services and power generation business via the acquisition of I.S. Energy Sdn Bhd (“**ISE**”) by its wholly-owned subsidiary, Pasukhas Energy Sdn Bhd (“**PESB**”). ISE is principally involved in developing, maintaining and operating mini hydro plants and distribution of energy. ISE has secured Feed-in Tariff approval from Sustainable Energy Development Authority (SEDA) on 1 March 2012 for its mini hydro plant at Sungai Rek, Kuala Krai, Kelantan (“**Sungai Rek Hydro Power Plant**”) with a declared annual availability of 2.8 MW and installed capacity of 3.2 MW. ISE has been granted by SEDA a 21-year concession starting 7 November 2012 to operate the Sungai Rek Hydro Power Plant.

Pasukhas Green Assets Sdn Bhd (formerly known as Morning Summit Sdn Bhd) (“**PGA**” or the “**Issuer**”), a wholly-owned subsidiary of PGB, intends to establish an Islamic medium term note (“**ASEAN Green SRI Sukuk**”) programme for the issuance of ASEAN Green SRI Sukuk of up to RM200 million in nominal value, from time to time, under the Shariah principle of Wakalah Bi Al-Istithmar together with Murabahah (via Tawarruq arrangement) (“**ASEAN Green SRI Sukuk Programme**”). The proceeds from the issuance of the ASEAN Green SRI Sukuk shall be utilised for Shariah-compliant purposes, which are further detailed under Section 2 below. The issuance proceeds will not be used to finance fossil fuel energy generation projects.

This Green Sukuk Framework sets out PGA’s policy and internal organisation in terms of the potential future issuance of the ASEAN Green SRI Sukuk. It is developed in line with the ASEAN Green Bond Standards based on the International Capital Markets Association (ICMA)’s Green Bond Principles and it is the Issuer’s intention to apply best market practices as the standards develop from time to time.

This Green Sukuk Framework aims to formalise a single approach that PGA will use for its future issuances of the ASEAN Green SRI Sukuk and the extension of the ASEAN Green SRI Sukuk Programme to fund Eligible SRI Projects (as defined below).



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2. UTILISATION OF PROCEEDS

The proceeds raised from the issuance of the ASEAN Green SRI Sukuk shall be used by the Issuer solely for Shariah-compliant purposes as follows:

- (a) to fund the acquisitions of Eligible SRI Projects by the Issuer and its subsidiary companies (the “**Issuer Group**”) which may include an acquisition of a company under which the Eligible SRI Project is being held;
- (b) to fund the capital expenditure* which includes the construction of Eligible SRI Projects by the Issuer Group;
- (c) to pre-fund the relevant designated accounts under the Al-Kafalah Facility (as defined below) of the relevant tranche of the ASEAN Green SRI Sukuk, as may be required;
- (d) to repay/refinance the ASEAN Green SRI Sukuk of the Issuer Group;
- (e) to finance the Issuer Group’s Shariah-compliant working capital; and/or
- (f) to pay fees, expenses, costs, and all other amounts payable in relation to the ASEAN Green SRI Sukuk Programme and the Al-Kafalah Facility of the relevant tranche of the ASEAN Green SRI Sukuk.

For the avoidance of doubt, (i) the utilisation of the proceeds of the ASEAN Green SRI Sukuk shall at all times be for Shariah-compliant purposes and (ii) each of the entities within the Issuer Group, if any, is intended to hold a specific Eligible SRI Project which would require working capital for its operations etc., and the funding of the acquisition of such entities would also form part of the purposes of funding Eligible SRI Projects.

The ASEAN Green SRI Sukuk proceeds which are to be channeled to the Issuer’s subsidiaries will be made via Shariah-compliant mode of financing.

* Part of the ASEAN Green SRI Sukuk proceeds from the first tranche shall be utilised towards the refinancing of a facility obtained for the construction of the Sungai Rek Hydro Power Plant.

“**Eligible SRI Projects**” means any project and/or asset deemed as:

- (i) an Eligible SRI Project in all the sectors pursuant to paragraphs 7.04(a) and 7.04(b) of Chapter 7 of Part 3 of Section B of the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia on 9 March 2015 (effective on 15 June 2015) and revised on 11 October 2018 (as amended from time to time); and
- (ii) an eligible Green Project i.e. the broad categories of potential eligible projects as listed in the ASEAN Green Bond Standards.



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“**Al-Kafalah Facility**” means an Islamic guarantee facility of up to the guaranteed amount to be agreed between the Issuer and the Kafalah provider(s) for the ASEAN Green SRI Sukuk based on the Shariah principle of Al-Kafalah.

3. PROCESS FOR PROJECT EVALUATION & SELECTION

Eligible projects will be evaluated, selected and approved in consensus by the Treasury Department and the relevant business unit at PGB, including with participation from the relevant environmental specialist(s). Proceeds from the ASEAN Green SRI Sukuk will be used exclusively to finance projects that meet PGB’s Strategy for Social Responsibility and the project eligibility criteria, as well as those that have a high likelihood of delivering positive net effects in the long term.

4. MANAGEMENT OF PROCEEDS

To ensure that the proceeds from the issuance of the ASEAN Green SRI Sukuk are ring-fenced, such proceeds will be deposited in the designated accounts to be operated and maintained solely by the Security Agent. Any excess standing to the credit of the designated accounts may be placed in highly-liquid and safe permitted investments and managed accordingly. The Issuer intends to engage an external auditor to review the management and the allocation of the issuance proceeds from the ASEAN Green SRI Sukuk.

5. REPORTING & TRANSPARENCY

PGA shall disclose information on use of issuance proceeds, project evaluation and selection, and management of proceeds to investors in an information memorandum and ensure that such information is made publicly available from its designated website throughout the tenure of the ASEAN Green SRI Sukuk.

PGA shall also endeavour to provide annual reporting, via its designated website and other communication channels that the Issuer may select, to investors on the following:

- (i) A brief description of the Eligible SRI Projects;
- (ii) The original amount earmarked for the Eligible SRI Projects;
- (iii) The amount utilised for the Eligible SRI Projects;
- (iv) The unutilised amount and where such unutilised amount is placed or invested pending utilisation, if applicable;



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- (v) Where feasible and to the extent possible, the impact objectives from the Eligible SRI Projects;
and
- (vi) Such other information that the Issuer may choose to provide.

In addition to the above, the Issuer shall report, on an annual basis, the environmental benefits vis-à-vis e.g. the installed capacity and annual energy produced.

6. EXTERNAL REVIEW

PGA will have its Green Sukuk Framework reviewed by RAM Consultancy Services Sdn Bhd who will issue a report (“**Second Opinion**”) based on its own methodology. The Second Opinion shall be disclosed to the investors in an information memorandum and made available in a website designated by the Issuer throughout the tenure of the ASEAN Green SRI Sukuk. The Second Opinion shall refer to the Issuer’s Green Sukuk Framework and include every issuance that is made under the ASEAN Green SRI Sukuk Programme.