SUSTAINABLE FINANCE FRAMEWORK

TH PROPERTIES SDN BHD

15 June 2026

GLOSSARY

ACMF	ASEAN Capital Markets Forum
APLMA	Asia Pacific Loan Market Association
ARMC	Audit & Risk Management Committee
ATB	ASEAN Taxonomy Board
BREEAM	Building Research Establishment Environmental Assessment Method
CAPEX	Capital Expenditure
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
ESG	Environment, Social and Governance
EV	Electric vehicles
FM	facilities management
GBI	Green Building Index
GBP	Green Bond Principles
GBS	Green Bond Standards
GDP	Gross Domestic Product
GLP	Green Loan Principles
GSS	Green, Social, and Sustainability
HVAC	Heating, Ventilation, and Air Conditioning
IBS	Industrialized Building Systems
ICMA	International Capital Market Association
ICT	Information Communication Technology
iMANS	Integrated Maintenance Management System
IR 4.0	Fourth Industrial Revolution
LEED	Leadership in Energy and Environmental Design
LMA	Loan Market Association
LSTA	Loan Syndications & Trading Association
LTH	Lembaga Tabung Haji
MyCREST	Malaysian Carbon Reduction and Environmental Sustainability Tool
OPEX	Operating Expenditures
PED	Primary energy demand
QSHE	Quality, safety, health and environmental
RMID	Risk Management & Integrity Department
RUMAWIP	Rumah Mampu Milik Wilayah Persekutuan
SBG	Sustainability Bond Guidelines
SBP	Social Bond Principles
SBS	Social Bond Standards
SC	Securities Commission Malaysia
SFTs	Sustainability Finance Transactions
SLP	Social Loan Principles
SMC	Sustainability Management Committee
SPO	Second Party Opinion
SRI	Sustainable and Responsible Investment
SUS	Sustainability Bond Standards
Sustainable INFRASTAR	Sustainable Infrastructure Rating Tool
TH Prop	TH Properties Sdn. Bhd.
THP Bina	THP Bina Sdn Bhd
THUB	TH Universal Builders Sdn Bhd
UNSDGs	United Nations Sustainable Development Goals

1 INTRODUCTION

1.1 About TH Prop

TH Properties Sdn. Bhd. ("**TH Prop**" or "**THP**") is a wholly owned subsidiary of Lembaga Tabung Haji ("**LTH**") incorporated in 1980. Leveraging proven technical, commercial experience and expertise, TH Prop focuses on four core business areas: property development, construction, project management, and facilities management ("**FM**").

TH Prop's signature property development is the 5,119-acre Bandar Enstek, located close to the KL International Airport. With over 1,784 homes built and delivered, Bandar Enstek is now a thriving community. Famous local and international organisations and companies have chosen to set up their facilities at Bandar Enstek, such as the National Audit Academy, the Higher Education Leadership Academy, Institut Aminuddin Baki, Cempaka Ladies College, Tunku Kurshiah College, Epsom College, Nilai Polytechnic, Maktab Perguruan Teknik, Institut Pendidikan Bahasa Pusat Latihan Bahasa Inggeris, Institut Perpustakaan Dan Maklumat Negara, R&D Centre for Jabatan Bomba & Penyelamat Malaysia, Akademi Dewan Bahasa & Pustaka. Techpark@Enstek has also been accredited with HALMAS (Halal Park) status and is now the country's leading biotechnology industry hub.

Kota Semarak, a mixed development project located on a prime 27-acre plot of land on Jalan Sultan Yahya Petra (previously Jalan Semarak), Kuala Lumpur, is another flagship project under TH Prop's property development segment. The development includes 100 units of the Federal Territories Affordable Housing Project or RUMAWIP and provides a more ecologically friendly and sustainable living environment through features such as electric vehicle charging station, Beam scooter station, solid waste management system, and rainwater harvesting system.

Under the construction segment, TH Prop secured and completed notable projects, including Kompleks Islam Putrajaya, Movenpick Hotel and Convention Centre, Menara Bank Islam and others within Malaysia. TH Prop also ventured into overseas projects, notably Bay Pavillion and Hurstville in Sydney, Australia. TH Prop provides project management consultancy services for its in-house and joint venture projects, which amongst other, include the construction of Mydin Mall in Kuching, Sarawak, using a build-to-suit model. To date, the construction segment, through THP Bina Sdn Bhd ("**THP Bina**"), has achieved a successful track record of no delays or Liquidated Ascertained Damage ("**LAD**") for its projects.

More recently, TH Prop has expanded into the asset and facilities management sector and, within two years, is managing approximately 16 million sq. ft. of office space. Clients include public and private sector entities, with a range of services: comprehensive facility management services, custodial services, housekeeping and chambermaid services, cleaning services, landscaping maintenance, operations and maintenance of passenger trolleys, and car park operations. TH Prop has also assisted LTH in managing the development of the latters' operational facilities and investment properties, from inception and conceptualisation to design, construction, completion, and maintenance.

VISION

To be the preferred, sustainable real estate partner providing integrated services and creating value

MISSION

To be a high-performance organization offering innovative solutions that would maximize stakeholders' value with a lasting THP brand.

To build high impact partnerships via reliable, transparent and sustainable practices.

1.2 Sustainability at TH Prop

TH Prop's sustainability strategy is anchored in its aspiration to become a purpose-driven organisation that integrates responsible practices across development, asset management and corporate operations. Guided by Islamic values and aligned with national and global priorities, TH Prop's strategy focuses on creating long-term value for the communities it serves, the environment it depends on, and the stakeholders who place their trust in TH Prop.

- Protection of employee well-being, safety and fair treatment
- Responsible use of resources and minimisation of environmental impact
- Compliance with applicable laws, regulations and Shariah principles
- Active engagement with stakeholders and communities
- Ethical conduct, transparency and zero tolerance for corruption

Sustainability Policy and Commitments

The TH Prop Sustainability Policy, approved by the Board, sets out the TH Prop's overarching commitments to responsible environmental stewardship, social responsibility and governance integrity. It also establishes expectations for all employees and business partners. The Policy is aligned with LTH's broader principles and emphasises:

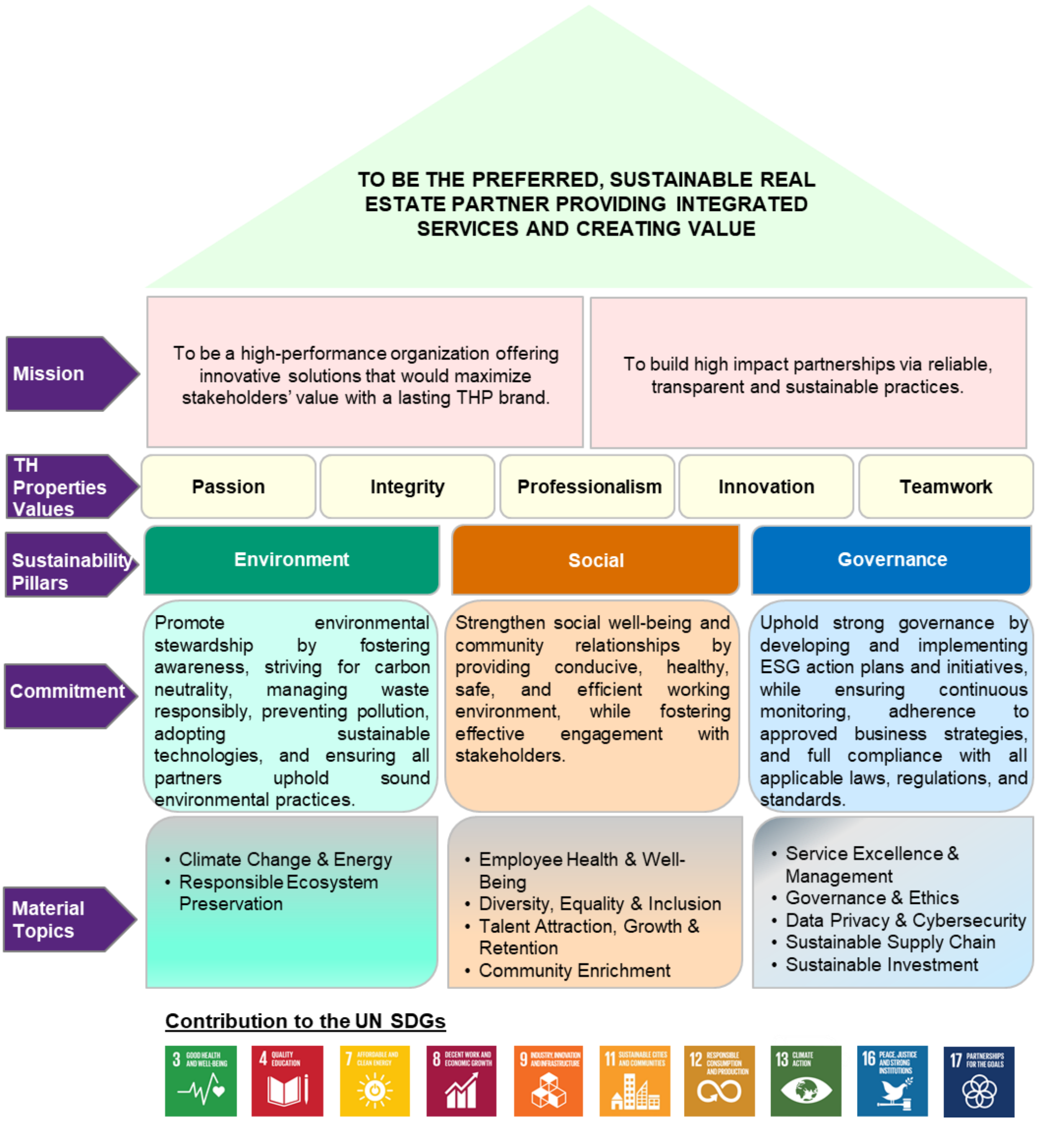
TH Prop is committed to:

- Strengthening ESG governance and internal capabilities
- Enhancing data quality and reporting reliability across business units
- Improving energy, water and emissions performance through digital tools such as iMANS
- Designing developments that promote safety, resilience and community well-being
- Building a sustainable FM ecosystem through THUB, THP Services and THP Utara
- Supporting social upliftment through meaningful CSR programmes
- Ensuring strong ethical and compliant conduct across the Group

Sustainability Framework

TH Prop's sustainability framework is built on three core pillars that reflect the environmental, social and governance ("**ESG**") priorities of TH Prop. These pillars guide its commitments, material topics, initiatives and reporting priorities.

TH Properties' Sustainability Framework



At the core of TH Prop's sustainability philosophy is the belief that responsible business practices must deliver value not only for today, but for future generations. The approach aligns with Islamic principles of stewardship (*amanah*), fairness, responsibility and ethical conduct.

Through this philosophy, TH Prop aims to build developments that endure, communities that thrive and governance structures that inspire trust.

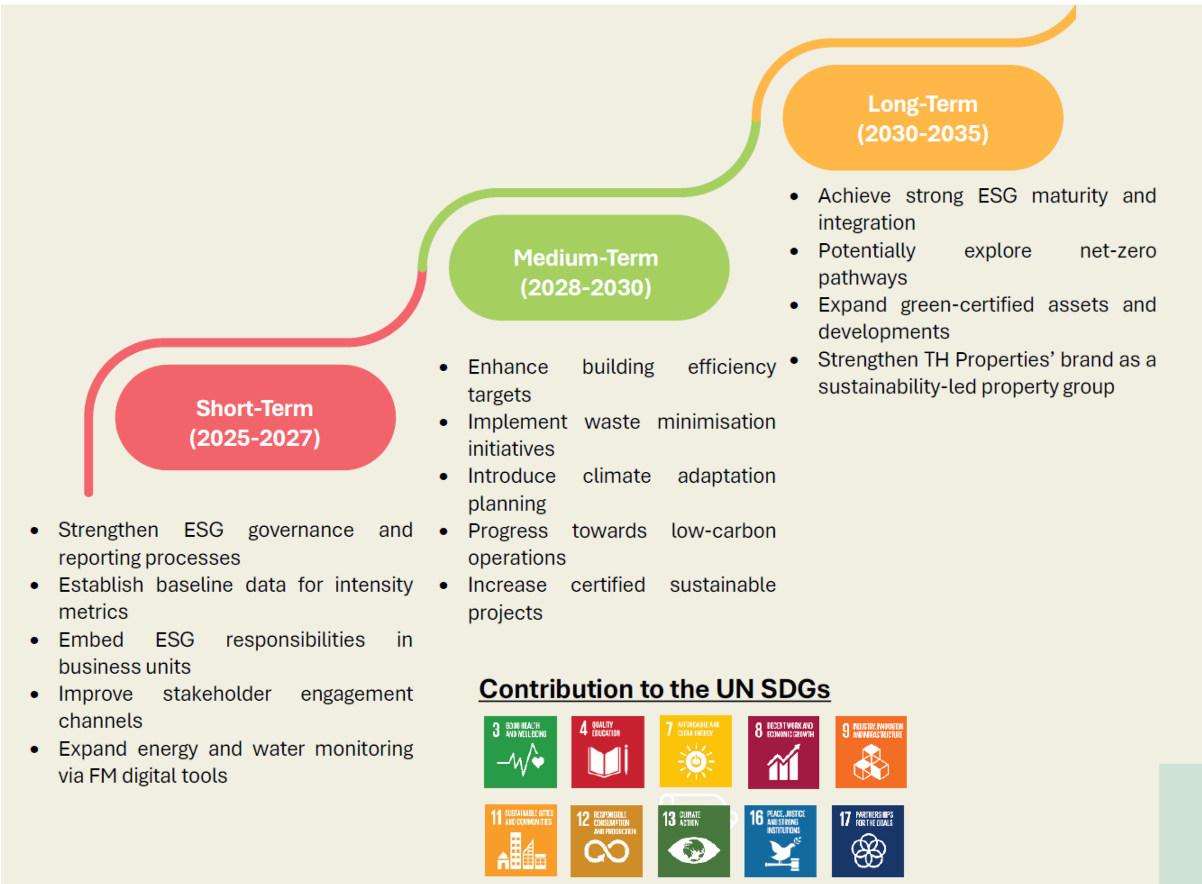
Sustainability Roadmap

TH Prop’s ESG strategy focuses on building a strong foundation for:

- Structured data and reporting systems.
- Integration of ESG into business planning and risk management.
- Continuous improvement in environmental and social performance.
- Strong governance and ethical culture.

In the near to medium term, TH Prop’s ESG roadmap prioritises:

- Strengthening environmental monitoring (e.g. via iMANS and other tools).
- Clarifying roles and responsibilities for ESG at all levels.
- Enhancing training and internal awareness of ESG.
- Deepening analysis of climate-related risks and opportunities.
- Expanding coverage and quality of ESG data to meet emerging expectations and potential assurance requirements.



1.3 TH Prop's Sustainability Governance

Sustainability at TH Prop is governed through a multi-tier structure that ensures oversight at Board level and coordinated execution at management and operational levels.

Board of Directors

The Board has ultimate responsibility for overseeing TH Properties' strategy, performance and long-term sustainability. The Board reviews and approves key policies, including the TH Properties Sustainability Policy, and receives periodic updates on ESG risks, initiatives and performance.

Audit & Risk Management Committee ("ARMC")

The ARMC supports the Board in overseeing risk management, internal control and compliance, including ESG-related risks such as climate, environment, social and governance matters. The ARMC reviews sustainability-related reports and makes recommendations to the Board.

Sustainability Management Committee ("SMC")

The SMC is a management-level committee responsible for coordinating and driving ESG initiatives across the Group. It is typically chaired by senior management with representatives from key business units and corporate functions (Property Development, Highrise Development, Facilities Management, Finance, HR, QSHE, RMID, ICT, Governance and ESG). The SMC:

Monitors implementation of the Sustainability Policy.

Oversees ESG data collection and reporting.

Reviews material topics and performance.

Escalates key issues to ARMC and the Board.

ESG Department

The ESG Department acts as the central coordinator for sustainability reporting, frameworks and initiatives. Its responsibilities include:

Coordinating data collection for GRI and SASB disclosures.

Supporting departments in understanding and implementing ESG requirements.

Preparing the Sustainability Report.

Supporting stakeholder engagement on ESG matters.

Recommending improvements to enhance ESG maturity.

Business Units and Departments

All business units and departments share responsibility for implementing ESG practices within their respective domains, including:

Property Development – sustainable design, environmental and community impacts, customer health and safety.

Highrise Development – building safety, quality, resource efficiency.

Facilities Management – energy and water management, waste, safety and compliance.

HR&A – people, labour standards, training and diversity.

QSHE – quality, safety, health and environmental management systems.

Governance and RMID – ethics, integrity, risk management, anti-corruption.

ICT – cybersecurity and data privacy;

Accounts & Corporate Finance – economic performance and taxation transparency.

2 SUSTAINABLE FINANCE AT TH PROP

2.1 Rationale for Sustainable Finance

In support of TH Prop's sustainability strategies and implementation, this Sustainable Finance Framework (the "**Framework**") has been established to demonstrate how TH Prop and its subsidiaries intend to enter into Sustainability Finance Transactions ("**SFTs**") to fund projects, which will deliver most positive societal and environmental impacts that enables the sustainability journey for TH Prop.

Raising sustainable finance represent a strategic tool for TH Prop to:

- **Embed sustainability into its capital structure,** aligning financing decisions with long-term ESG objectives.
- **Demonstrate transparency and accountability** to investors, customers, and stakeholders through traceable use of proceeds and impact reporting.
- **Contribute to environmental and social objectives** by financing eligible assets contributing to climate change mitigation, climate change adaptation, natural resource conservation, pollution prevention and control as well as those directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population.

2.2 Scope

This Framework defines how SFTs following the **Use of Proceeds** format i.e. Sustainable and Responsible Investment ("**SRI**"), Green, Social, and Sustainability ("**GSS**") Sukuk, bonds, loans and/or Islamic financing, can be undertaken by TH Prop and its subsidiaries.

Where applicable, TH Prop's subsidiaries/entities undertaking SFTs with reference to this Framework shall adopt and comply, to the extent feasible, the criteria and processes as outlined in this Framework, and make the necessary disclosures within the relevant SFT documentation.

Use of Proceeds SFTs are any type of SFTs where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Eligible Projects as defined in Section 3.1 on a case-by-case basis, retaining full flexibility in terms of specific sustainability objectives and projects that TH Prop intends to support.

2.3 Basis of TH Prop's Sustainable Finance Framework

This Framework adopts the principles and/or guidelines set by the International Capital Market Association ("**ICMA**")[1], ASEAN Capital Markets Forum ("**ACMF**")[2], Securities Commission Malaysia ("**SC Malaysia**")[3] and Loan Market Association ("**LMA**")/ Asia Pacific Loan Market Association ("**APLMA**")/

[1] Reference: https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/
[2] Reference: https://www.theacmf.org/initiatives/sustainable-finance
[3] Reference: https://www.sc.com.my/api/documentms/download.ashx?id=49df5207-f32f-4095-a0c6-1aab5f3c2038

Loan Syndications & Trading Association ("**LSTA**")[4] as specified below. These documents provide voluntary guidelines that recommend transparency, disclosure, and promote integrity in the development of the sustainable finance market by clarifying the approach for raising Sustainable Finance.

With respect to Sukuk/bonds, the issuance(s) will be aligned with any of the following guidelines, principles, standards or frameworks, including any subsequent amendments made to them from time to time, as appropriate for the type of Sukuk/bond issued:

- Green Bond Principles ("**GBP**") 2025, Social Bond Principles ("**SBP**") 2025 and Sustainability Bond Guideline ("**SBG**") 2021 issued by ICMA;
- ASEAN Green Bond Standards ("**GBS**") 2018, ASEAN Social Bond Standards ("**SBS**") 2018 and ASEAN Sustainability Bond Standards ("**SUS**") 2018 developed by ACMF; and
- SRI Sukuk Framework 2019 issued by the SC ("**SRI Sukuk Framework**").

With respect to loan(s)/Islamic financing transaction(s), those will be aligned with the following principles developed by LMA, APLMA, and LSTA, including any subsequent amendments made to the principles from time to time:

- Green Loan Principles ("**GLP**") 2025 and Social Loan Principles ("**SLP**") 2025.

The GBP, SBP, SBG, GBS, SBS, SUS, SRI Sukuk Framework, GLP and SLP are collectively referred to as the "**Sustainability Guidelines**".

In addition, the Eligible Projects as defined in Section 3.1 are, where relevant, guided by the Technical Screening Criteria of the ASEAN Taxonomy for Sustainable Finance Version 4[5] developed by the ASEAN Taxonomy Board ("**ATB**").

The Framework may be updated from time to time to include other sustainable debt instruments that may be issued in the future. TH Prop retains the option to issue sustainable finance instruments separate from this Framework, where deemed appropriate.

[4] Reference: https://www.lsta.org/content/?_industry_sector=guidelines-memos-primary-market&_asset_type=publication

[5] Reference: https://www.theacmf.org/images/downloads/pdf/ASEAN%20Taxonomy%20Sustainable%20Finance%20V4_06Nov25.pdf

3 TH PROP'S SUSTAINABLE FINANCE FRAMEWORK

The Framework is based upon the four core components of the Sustainability Guidelines:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting.

For Sukuk transactions, TH Prop will ensure that the proceeds are utilised for Shariah-compliant purposes only. For the avoidance of doubt, TH Prop will comply with internationally recognised sustainability best practices on the use of proceeds arising for such Sukuk transactions, subject to the exclusion list in the Annexure. The additional exclusion categories/ineligible project shall be aligned with the ACMF's ASEAN GBS (e.g. fossil fuel generations projects), ACMF's ASEAN SBS and the SC's SRI Sukuk Framework (e.g., activities that pose a negative social impact related to alcohol, gambling tobacco and weaponry).

3.1 Use of Proceeds

TH Prop is committed that the proceeds of each SFT will be used exclusively for financing and/or refinancing[6] projects, assets, or activities ("**Eligible Projects**") that meet the eligibility criteria ("**Eligibility Criteria**") for the eligible green and/or social categories ("**Eligible Categories**") set out below. In order to be earmarked, Eligible Projects must align with all of the following criteria:

i. **Eligible Types of Investments**
   - Eligible Projects may include the value of fixed assets ("**Assets**"), investments and capital expenditures ("**CAPEX**") and/or operating expenditures ("**OPEX**") meeting the eligibility criteria outlined in Section 3.1.1 and 3.1.2
   - Research and Development ("**R&D**") expenditures related to Eligible Categories
   - For avoidance of doubt, investments may include acquisition of stakes or general inter-company advances for "pure play" companies specialised[7] in any of the Eligible Categories

ii. **Lookback[8] Period**
   - Any refinancing of OPEX in relation to Eligible Projects, will be subjected to a maximum look-back period of up to 36 months from time of issuance

For the avoidance of doubt, the proceeds can be used by TH Prop for working capital requirements relating to an Eligible Project, refinancing of existing debt relating to an Eligible Project, fees and expenses in relation to each Eligible Project and/or inter-company advances to TH PROP and its subsidiaries in relation to each Eligible Project, so long as the proceeds are not used to fund new or existing assets, businesses, projects and/or products falling outside the Eligible Projects identified. In addition to the foregoing, proceeds raised from SFTs via Sukuk issuances and/or Islamic financing transactions shall also be utilised for Shariah-compliant purposes only.

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[6] Where relevant, TH Prop will specify the amount of proceeds being allocated for refinancing and for which Eligible Projects to be refinanced within the corresponding transaction documentations.

[7] TH Prop considers a company to be pure play if at least 90% of the company's revenue is derived from sources that meet the defined eligibility criteria defined for one or more of the relevant Eligible Categories

[8] "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 Use of Proceeds

Eligible Green Category	Eligibility Criteria	Alignment with UN SDGs
Green Buildings Sustainability Benefits: *Natural Resource Conservation; Climate Change Mitigation*	Construction, development, acquisition, expansion, renovation, and maintenance of buildings that have received or are anticipated to receive green building certification including but not limited to the below international standards or regional equivalent e.g., obtaining: ▪ Green Building Index ("**GBI**") (Gold and above) ▪ Leadership in Energy and Environmental Design ("**LEED**") (Gold and above) ▪ GreenRE (Gold and above) ▪ Building Research Establishment Environmental Assessment Method ("**BREEAM**") (Excellent and above) ▪ Malaysian Carbon Reduction and Environmental Sustainability Tool ("**MyCREST**") (4 Stars and above) ▪ Sustainable Infrastructure Rating Tool ("**Sustainable INFRASTAR**") (5-Star) ▪ Any other green building certifications equivalent to the above standards Refurbishment/retrofit of buildings to achieve a minimum of 30% improvement in energy efficiency or primary energy demand ("**PED**") over initial performance. This shall apply to all new and existing buildings/complexes, offices, and water treatment plant administrative buildings.	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION Green buildings contribute towards UN SDG target 11.c and 13.2 by: i. Promoting the building of sustainable and resilient buildings ii. Integrate climate change measures into policies and planning
Renewable Energy Sustainability Benefits: *Climate Change Mitigation*	Construction, development, acquisition, maintenance, and/or operation of facilities, systems and equipment of renewable energy including projects such as: ▪ Solar power (including all photovoltaic installations whether ground mounted, roof mounted or floating)	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Renewable energy projects contribute towards UN SDG targets 7.2 and 9.4 by: i. Supporting an increase in share of renewable energy in the energy mix ii. Increasing adoption of clean and environmentally sound technologies
Energy Efficiency Sustainability Benefits: *Climate Change Mitigation*	Investments and expenditures related to the production, construction, development, maintenance, and/or retrofitting of assets, installations, and processes, to increase energy efficiency, including but not limited to: ▪ Energy efficient technologies, initiatives, products, or equipment, such as LEDs, smart meters, high efficiency windows, energy-efficient Heating, Ventilation, and Air Conditioning ("**HVAC**") systems, optimised Building Control System, building management systems etc. ▪ Technologies, products or hardware systems dedicated to reducing energy consumption, including power saving features, machine learning, and artificial intelligence applications ▪ Regular energy audits to identify energy-inefficient practices and equipment	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Increased energy efficiency contribute towards UN SDG target 7.a and 9.4 by: i. Promoting investment in energy efficient infrastructure and clean energy technology ii. Increasing resource-use efficiency and clean/ environmentally sound technologies

Clean Transportation Sustainability Benefits: *Climate Change Mitigation; Pollution Prevention and Control*	Investments and expenditures relating to the development, procurement, acquisition, maintenance, and/or retrofitting of vehicles for clean transportation, such as: ▪ Installation of charging facilities for electric vehicles (“**EV**”) ▪ Purchase of electric vehicles for corporate fleet ▪ Developments of dedicated bicycle lanes, pavements, pedestrian pathways/zones and supporting infrastructure such as tunnels and fences	Clean transportation initiatives contribute towards UN SDG targets 11.2 by: i. Enabling access to sustainable transport systems
Sustainable Water and Wastewater Management Sustainability Benefits: *Natural Resource Conservation; Pollution Prevention and Control*	Sustainable infrastructure for clean and/or drinking water, and wastewater treatment, with focus on ensuring water availability, quality, and efficient use such as: ▪ Rainwater harvesting, reuse systems, and water recycling projects, smart metering devices, low-flow equipment ▪ Installation of water-efficient fixtures and fittings ▪ Wastewater treatment and management facilities using energy-efficient technologies and/or powered by green infrastructure ▪ Wastewater disposal systems i.e. sewerage grease trap system	Sustainable water and wastewater management projects contribute towards UN SDG targets 6.4 and 12.2 by: i. Increasing water-use efficiency ii. Increasing sustainable management and efficient use of natural resources
Pollution Prevention and Control Sustainability Benefits: *Pollution Prevention and Control*	Projects, assets, installations, and technologies relating to the prevention, reduction, or elimination of pollution, including the mitigation of GHG emissions, such as: ▪ Sustainable waste management initiatives, collection systems, or amenities that support source segregation, reuse, recycling, recovery, and responsible disposal ▪ Adoption of Industrialized Building Systems (“**IBS**”) for efficient resource use and management	Pollution prevention and control activities contribute towards UN SDG targets 12.4 and 12.5 by: i. Promoting environmentally sound management of wastes throughout their life cycle ii. Reducing waste generation through prevention, reduction, recycling and reuse
Climate Change Adaptation Sustainability Benefits: *Climate Change Adaptation*	Investments and expenditures relating to the adaptation of developments to the impacts of climate change, such as: ▪ Projects that support climate change adaptation, and mitigate against weather risks through building/ landscape design and asset-level enhancements, such as, hardware installation and upgrades for enhanced flood protection systems, and additional insulation ▪ Projects that will strengthen organisational preparedness of climate change such as development of meteorological stations, adoption of climate risk scenario planning tools and third-party vulnerability assessments ▪ Research, development or procurement of hardware and technologies to tackle climate-related risks, such as, floodgate and sensor installation in identified buildings based on assessments conducted	Climate change adaptation measures contribute towards UN SDG targets 11.b and 13.2 by: i. Increasing adaptation to climate change and resilience to disasters ii. Integrating climate change measures into strategies and planning

3.1.2 Eligible Social Use of Proceeds

Eligible Social Category	Target Population	Eligibility Criteria	Alignment with UN SDGs
Affordable Housing	*Low-income population*[9]	Construction and development of low-cost housing units which provides increased access to affordable housing[10] at affordable prices.	Affordable housing initiatives contribute towards UN SDG targets 11.1 by: i. Providing access for all to adequate, safe, and affordable housing and basic services
Access to Essential Services	*Rural communities*[11] *Underserved communities*	Development, construction, installation, and maintenance of facilities with the aim of improving provision of quality healthcare and education/training, including: ▪ Provision of public healthcare services such as through the development of hospitals and clinics ▪ Development of public education facilities and training institutes ▪ Development of access roads in rural areas	Initiatives to improve access to essential services contribute towards UN SDG targets 9.1 and 11.3 by: i. Developing quality, reliable, sustainable, and resilient infrastructure ii. Enhance inclusive and sustainable urbanisation
Socioeconomic Advancement and Empowerment	*Marginalised/ underprivileged communities* *Indigenous people*	Support for programs and projects that improve livelihoods, wellbeing and income-generating opportunities for target populations and contribute to community development, including: ▪ Educational related initiatives such as scholarships, donation of laptops, and other educational necessities ▪ Disaster relief such as food vouchers and cleaning efforts ▪ Other initiatives that support community wellbeing and growth	Projects for socioeconomic advancement and empowerment contribute towards UN SDG targets 1.2, 4.1 and 10.2 by: i. Reducing the proportion of people living in poverty in all its dimensions according to national definitions ii. Ensuring that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes iii. Empowering and promoting the social, economic and political inclusion of target populations

[9] This is for the low-income population, unemployed, underserved or disadvantaged groups (which are as defined by Low income B40). Low income populations are defined as the B40 income population. The Household Income and Expenditure Survey and Basic Amenities 2022 defines the B40 population as the bottom 40% household income group. The monthly income of the B40 population is less than MYR 4,850 in 2019 and less than MYR 5,250 in 2022 per the latest government definition, and as it is updated from time to time.
[10] 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, TH Prop 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.
[11] Rural or remote areas are defined according to the local government according to the political and geographical structure and organisation.

3.1.3 Exclusion List for Green and Social Projects

TH PROP's Utilisation of Proceeds for Green and Social Projects shall be excluded from financing projects or activities related to the following industries below ("**Green and Social Project Exclusion List**"), and as aligned with the ACMF's ASEAN GBS (e.g. fossil fuel generations projects), and ACMF's ASEAN SBS (e.g., activities that pose a negative social impact related to alcohol, gambling tobacco and weaponry):

(a) Luxury sectors (precious metals / precious minerals / artworks and antiques wholesale or brokerage);
(b) Child labour or forced labour;
(c) Gambling;
(d) Adult entertainment;
(e) Weapons and military contracting;
(f) Alcohol;
(g) Tobacco;
(h) Fossil-fuel generation related activities (including extraction, exploration, production, power generation or transport of fossil fuels); and
(i) 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

TH Prop has established processes and procedures to ensure that projects are properly identified and assessed in compliance with this Framework. TH Prop's Sustainability Management Committee ("**SMC**") is responsible for overseeing and guiding TH Prop's sustainability strategy, ensuring alignment with the UNSDGs and climate-related objectives. TH Prop's SMC will be supported by the ARMC with overall guidance from the Board of Directors. In respect to this Framework, the SMC is responsible for:

- Overseeing this Framework implementation and allocation process including reviewing and approving allocation;
- Reviewing, selecting, validating and monitoring the pool of Eligible Projects, based on the categories and criteria as specified in this Framework, which is in alignment with TH Prop's sustainability strategy;
- Reviewing and approving any proposed updates to this Framework, to reflect any changes on TH Prop's sustainability strategies and initiatives and in the event that projects no longer meet the Eligibility Criteria[12];
- Reviewing and validating the relevant reports, including the Allocation and Impact Reports (as described in Section 3.4 below) for the annual reporting;
- Monitoring the ongoing evolution related to the sustainable finance markets in terms of disclosure and reporting to be in line with market best practices e.g., appointment of an independent auditor to provide an annual assurance report, to the extent where feasible; and
- Monitoring ESG controversies[13] associated to the projects.

The Eligibility Criteria as defined in Section 3.1, includes a set of both exclusion criteria and selection of environmental and social criteria which the Eligible Project must meet to be financed or refinanced by SFTs.

To address the relevant environmental and social risks associated with the Eligible Categories, TH Prop has also developed comprehensive policies such as Sustainability Policy, Risk Management Framework, Environmental Policy, Quality & Safety Policies, and will undertake necessary processes to identify and manage any potential risks. In relation to the Eligible Use of Proceeds, TH Prop has complied and will comply with the relevant ESG standards or recognised best practices.

The **step-by-step process** for evaluation and selection of Eligible Project uses internal expertise as follows:

1. The SMC will assess and identify projects that satisfy the Eligibility Criteria set forth in the "**Use of Proceeds**" section and in accordance with TH Prop's sustainability objectives and strategies including assessment of the project's environmental and social risks.

2. The SMC members include key representatives from various business units, such as:
    - Property Development;
    - Highrise Development;
    - Facilities Management;
    - Finance;
    - HR;

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[12] Following divestment, liquidation, technology switch, concerns regarding alignment of underlying activity with eligibility criteria etc.
[13] Examples include data privacy and security, product governance and business ethics

- QSHE;
- RMID;
- ICT; and
- Governance and ESG.

3. On a quarterly basis, and before any new finance is raised, the SMC will review the assets/projects included in the pool of Eligible Projects and confirm that they meet the criteria for inclusion.

4. In case of divestment or an Eligible Project no longer meets the Eligibility Criteria, the proceeds will be allocated to other Eligible Projects as soon as practicable.

TH Prop's SMC will be responsible for managing any future updates to the Framework, including any expansion of the Eligibility Criteria under the "**Use of Proceeds**" section. Any changes to the Framework will be published on TH Prop's website: https://www.th-properties.com/.

3.3 Management of Proceeds

The proceeds from each SFTs will be deposited in the funding account and be earmarked to Eligible Projects. To ensure that net proceeds from SFTs are appropriately tracked and allocated, TH Prop's Accounts & Corporate Finance team will maintain a register of Eligible Projects 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 Eligible Project
   - The remaining balance of unallocated proceeds
   - Other relevant information such as information of temporary investment for unallocated proceeds

TH Prop's internal records will show the allocation of the net proceeds of the relevant offering to Eligible Projects as long as the offering remains outstanding. Any balance of issuance proceeds which is not yet allocated to Eligible Projects will be held in the form of temporary cash or cash equivalent investment instruments in line with TH Prop's existing treasury and cash management practices. Payment of principal and interest on any SFTs may be made from general funds and will not be directly linked to the performance of any Eligible Projects.

In case of asset divestment or cancellation of a project, TH Prop will reallocate proceeds to finance other Eligible Projects, compliant with this Framework, as soon as practicable. TH Prop will aim to fully allocate the proceeds from any SFT issuance within 36 months. The process for management of proceeds for the SFTs will also be disclosed to investors within the issuance documentation.

3.4 Reporting

On an annual basis, at least until full allocation or in case of material changes, TH Prop will provide the following allocation and impact reporting on its SFT(s) to the extent feasible, within its website: https://www.th-properties.com/.

In the **Allocation Reporting**, TH Prop will include:

i. The amount issued and outstanding for the SFTs;
ii. The total value of Eligible Projects;
iii. A description of the portfolio of Eligible Projects including a breakdown of the allocated amounts by Eligible Categories where appropriate;
iv. The amount and/or percentage of new and existing projects (share of financing and refinancing); and
v. Any further information on how unallocated proceeds have been held.

The **Impact Reporting** will provide qualitative and quantitative performance measures associated with each category of Eligible Projects. Impact reporting may include, but are not limited to:

Eligible Green Project Categories	Example of Impact Metrics
Green Building	▪ Number of certified green buildings constructed ▪ Type of green buildings constructed by certification type ▪ Estimated annual energy consumption in KWh/m^2 or savings in MWh ▪ Estimated annual GHG emissions reduced and/or avoided in tonnes CO_2e
Renewable Energy	▪ Installed capacity of renewable energy in MW ▪ Annual renewable energy generation in MWh per year ▪ GHG emissions reduced/ avoided in metric tonnes of CO_2e
Energy Efficiency	▪ Annual energy savings (% or MWh per year) ▪ GHG emissions reduced/ avoided in metric tonnes of CO_2e
Clean Transportation	▪ Number of EV charging stations installed ▪ GHG emissions reduced/ avoided in metric tonnes of CO_2e
Sustainable Water & Wastewater Management	▪ Annual water savings in m^3/a and/or in % ▪ Number of water-efficient fittings installed
Pollution Prevention & Control	▪ Volume of waste processed (tonnes per year) ▪ Volume of waste diverted from landfill (tonnes per year) ▪ Volume of waste recycled (tonnes per year)
Climate Change Adaptation	▪ Area protected by flood resilience or mitigation infrastructure (m^2 or hectares)

Eligible Social Project Categories	Example of Impact Metrics
Affordable Housing	▪ Number of affordable housing units delivered ▪ Number of beneficiaries/households served
Access to Essential Services	▪ Number of community/individuals benefitting from the increased access to essential services ▪ Number of hospitals/education facilities built
Socioeconomic Advancement and Empowerment	▪ Number of beneficiaries

Alongside the allocation reporting, the impact reporting will be disclosed annually, with the methodology of the indicators above where relevant and feasible.

Any material developments, such as modification of the Framework, will also be reported in a timely manner on TH Prop's website. Such information will be provided on an annual basis until all the net proceeds have been fully allocated.

3.5 External Review

3.5.1 Pre-Issuance Review

TH Prop has obtained an independent Second Party Opinion ("**SPO**") from MARC Solutions to review the Sustainable Finance Framework, its transparency and governance as well as its alignment to the components of the Sustainability Guidelines.

The SPO report is available on MARC's website: https://www.marc.com.my/ and also available on TH Prop's website: https://www.th-properties.com/.

3.5.2 Post-Issuance Review

External verification on the tracking of the SFT proceeds may be provided by an independent third party appointed by TH Prop. The verification may include an opinion on all allocation and impact reports produced in line with Section 3.4, and management of proceeds to verify the TH Prop's internal tracking method. This review, if undertaken, will be made available on TH Prop's website: https://www.th-properties.com/.

3.6 Update and Amendment of the Framework

TH Prop may review this Framework from time to time, including its alignment to updated versions of the relevant Principles as and when available in the market and where applicable, TH Prop may procure an updated SPO from MARC Solutions or any such other qualified SPO provider pursuant to the revision.

4 Annexure

Criteria for Non-Shariah Compliant Business Activities / Products / Goods:

1. Riba bearing financial institutions
2. Non-Shariah compliant entertainment and gambling establishments
3. Non-halal food, beverage and animal-based related activities
4. Other suspicious/immoral related activities
5. Unlicensed/illegal products including drugs, hazardous chemicals, weapons and explosive products
6. Tobacco-based product or weed (including hookahs)
7. Other activities deemed non-compliant according to Shariah principles as determined by the Shariah Advisory Council ("**SAC**")