

Sustainable & Transition Finance Framework

12 August 2024



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Glossary

ABMS Anti-Bribery Management Systems

ACMF ASEAN Capital Markets Forum

APLMA Asia Pacific Loan Market Association

ATB ASEAN Taxonomy Board

BECCS Bioenergy and Carbon Capture and Storage

BESS Battery Energy Storage System

BREEAM Building Research Establishment Environmental Assessment Method

CAPEX Capital Expenditure

CCUS Carbon Capture, Utilisation and Storage

CTFH Climate Transition Finance Handbook

DACs Direct Air Capture

EFB Empty Fruit Bunches

EPC Engineering Procurement and Construction

ESG Environmental, Social, Governance

FEED Front End Engineering Design Production

GBI Green Building Index

GBP Green Bond Principles

GBS ASEAN Green Bond Standards

GET Green Electricity Tariff

GHG Greenhouse Gas

GLP Green Loan Principles

GSS Green, Social, and Sustainability

HETR Hydrogen Economy & Technology Roadmap

HRSG Heat Recovery Steam Generation

HSE Health, Safety and Environment

HSSE Health, Safety, Security, and Environment

HVAC Heating, Ventilation, and Air Conditioning

ICMA International Capital Market Association

IEA International Energy Agency

ILO International Labour Organization

IOGP International Association of Oil & Gas Producers

KPI Key Performance Indicator

LEED Leadership in Energy and Environmental Design

LMA Loan Market Association

LPG Liquefied Petroleum Gas

LSTA Loan Syndications and Trading Association

LTi Lost Time Incident

MOGSC Malaysia Oil & Gas Services Council

MyRER Malaysia Renewable Energy Roadmap

NBAP National Biomass Action Plan

NETR National Energy Transition Roadmap

NZE Net Zero by 2050

OPEX Operational expenditures

R&D Research and Development

R&D&C Research, Development and Commercialisation

RE Renewable Energy

SBG Sustainability Bond Guidelines

SBP Social Bond Principles

SBS ASEAN Social Bond Standards

SC Securities Commission Malaysia

SFT Sustainability Finance Transactions

SLB Sustainability-Linked Bond

SLBP Sustainability-Linked Bond Principles

SLBS ASEAN Sustainability-Linked Bond Standards

SLL Sustainability-Linked Loan

SLLP Sustainability-Linked Loan Principles

SLP Social Loan Principles

SPO Second Party Opinion

SPT Sustainability Performance Targets

SRI Sustainable and Responsible Investment

SSC Sustainability Steering Committee

SUS ASEAN Sustainability Bond Standards

TNB Tenaga Nasional Berhad

UNSDGs United Nations Sustainable Development Goals

WATSB Wasco AgroTech Sdn. Bhd.

WTSB Wasco Thermal Sdn. Bhd.

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1.1 About Wasco



Wasco Berhad (“Wasco” or “the Company” and its subsidiaries (collectively, the “Group”)) is a dynamic integrated energy group, evolving to focus on energy infrastructure and catering to a diverse range of industries, which primarily includes the oil and gas sectors worldwide. Wasco’s comprehensive array of offerings, spanning pipe coating, engineering and fabrication of modules and sub-structures, and biomass energy, supports various facets of the industry continuum, actively promoting sustainability and aiding others in expediting their energy transition agendas. Increasingly, Wasco leverages on its expertise to contribute to the advancement of other industries such as carbon capture and storage pipelines, wind-offshore, data centers and renewable energy¹.

Pipeline Services

Wasco is a recognised market leader in pipe coating, manufacturing spiral welded steel pipes and providing offshore corrosion control system. Wasco has global operations strategically serving the energy industry and have coated over 22,000km of pipelines across 25 countries.



Engineering and Fabrication Services

Wasco provides an all-encompassing solution covering Engineering, Procurement and Construction (“EPC”) project delivery and offering modular fabrication solutions for the global energy industry. Wasco’s fabrication facilities are strategically located in Southeast Asia. Wasco invests in world class facilities featuring fully concreted waterfront fabrication base in the Southeast Asia Free Trade zone, spanning over 34 hectares and equipped with a dedicated jetty for loading modules up to 10,000 tonnes. This enables Wasco to adapt its expertise to fabricate for all industries.



Bioenergy Services

Wasco is the largest fabricator of steam biomass turbines and boilers, serving 70% of the agro industry. Wasco’s high-capacity boilers run on clean energy, including biomass and natural gas, contributing to eco-friendly solutions. In addition, Wasco’s Heat Recovery System Generator technology achieves 80%+ efficiency, reducing carbon footprint for industrial clients.



¹ Reference: <https://insage.com.my/ir/interactiveAR/WASEONG/interactiveAR2023/>

1.2 Sustainability at Wasco

At Wasco, sustainability is about delivering value for all stakeholders in a responsible manner, balancing short and long-term interests that integrate economic, environment and social considerations into its business strategy. Wherever possible, Wasco will implement and maintain accredited management systems for corporate sustainability to drive performance and improvement by focusing on its business processes, culture, and digital agenda – all underpinned by a strong governance structure.

Wasco will continue to review its sustainability strategy from time to time in order to reflect evolving issues and interests. Such updates will be made available on Wasco's corporate website <https://wascoenergy.com/>, and reflected within Wasco's Integrated Annual Reports.



Our Vision

To deliver reliable and competitive solutions to the energy industry with net zero carbon emissions by the year 2026.

Our Mission

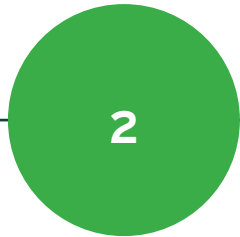
To accelerate the global energy transition while enhancing value for all our stakeholders.





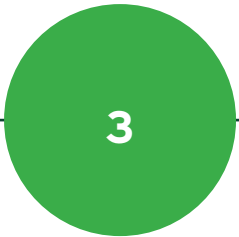
Carbon-Neutral Operations

Wasco is committed to achieving carbon neutrality in Wasco's operations. Through the implementation of energy-efficient practices and adoption of cleaner technologies, Wasco actively mitigates climate change risks and reduces its carbon footprint.



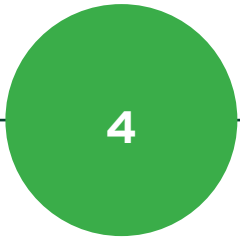
Environmental Stewardship

Wasco prioritizes environmental stewardship by going beyond compliance to ensure the preservation and protection of ecosystems. Wasco's sustainable practices reduce environmental impacts and demonstrate Wasco's commitment to a greener future.



Safety and Operational Excellence

Safety is a top priority for Wasco. Wasco maintains the highest safety standards across Wasco's operations, safeguarding its workforce and minimizing operational risks. Wasco's focus on operational excellence ensures efficient and reliable project execution.



Sustainable Community Partnership

Wasco actively engages with local communities, creating mutually beneficial partnerships. By investing in community development initiatives and generating socio-economic opportunities, Wasco contributes to sustainable and inclusive growth.



Ethical Conduct and Transparency

Wasco upholds the highest ethical standards and operates with transparency. Wasco's commitment to ethical conduct, compliance, and accountability builds trust with sustainability investors and financiers, who value companies with strong governance practices.



**OUR EXPERTISE IN COATING
MORE THAN 22,000 KM
OF PIPELINES OVER
4 CONTINENTS ACROSS
25 COUNTRIES**

Wasco's Pipeline Services Division is renowned for its expertise in pipe coating, pipe manufacturing and corrosion protection solutions.

Photo Credit: Nord Stream 2



**DELIVERING WORLD-CLASS
ENGINEERING & FABRICATION
SERVICES FOR THE ENERGY
INDUSTRY**

Comprehensive solutions covering engineering design, procurement, packaging, general fabrication, installation, commissioning, operation and maintenance (O&M) services.



**TOWARDS A NET
ZERO CARBON FUTURE**

Our initiatives involve improving energy efficiency, using lower carbon fuels, and embracing renewable energy sources. Additionally, in 2021, we launched a tree planting program in Maran, Pahang, in collaboration with the Pahang Forestry Department, to offset residual emissions from our business operations.

Wasco's Sustainability Ambitions

Environmental		
To achieve Net Zero GHG emission for Scope 1 and Scope 2 emissions by 2026	To maintain zero non-compliance on local regulation for waste disposal	To reduce water consumption by increasing % of water used from recycled and harvested sources
Social		Governance
To focus on the community investment and social well-being of the company and its stakeholders	To maintain zero fatalities and lost time incident rate at Wasco's operations	To maintain zero non-compliance to Anti-Bribery Management Systems ("ABMS"), International Labour Organization ("ILO"), Local Human Rights Regulations and Local Environmental Regulations

Wasco's Alignment with the United Nations Sustainable Development Goals ("UNSDGs")

The Group acknowledges the significance of the 2030 Agenda for Sustainable Development and its 17 UNSDGs. Wasco aligns with these goals and pledges to enhance sustainable initiatives within its framework. The Group urges collaboration among all business partners to achieve these objectives. Although Wasco engages with nine of the seventeen goals, it identifies four key UNSDGs that significantly influence its sustainability strategy and where it can make substantial contributions, namely, SDGs 3 (Good Health and Well-being), 5 (Gender Equality), 8 (Decent Work and Economic Growth) and 13 (Climate Action) were identified. These SDGs are particularly relevant to Wasco to guide its Environmental, Social, and Governance ("ESG") efforts.



As a socially responsible organization, Wasco prioritises the promotion of health, gender equality, decent work, and climate action. By embracing the principles of the UNSDGs, Wasco aims to contribute meaningfully to the sustainable development agenda while addressing the unique needs of the industry and the communities. The following table below outlines the alignment of Wasco's commitments and initiatives with prioritised UNSDGs:

UNSDGs	UNSDG Targets	Wasco's Commitments
 <p>GOAL 3 Ensure healthy lifestyle and promote well-being for all at all ages</p>	<p>3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<ul style="list-style-type: none"> Provide a safe and healthy workplace for staff and contractors by embracing internationally recognised Health, Safety and Environment (“HSE”) Management Systems, namely ISO 45001:2018 for Health & Safety and ISO 14001:2015 for the environment. Achieve Zero Lost-time Incidents (“LTI”).
 <p>GOAL 5 Achieve gender equality and empower all women and girls</p>	<p>5.2: Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.</p> <p>5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p> <p>5.c: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.</p>	<ul style="list-style-type: none"> Establish policies to promote gender equality in recruitment, compensation, training, promotion and work-life balance. Eliminate sexual harassment, violence, discrimination and other harmful practices against women in the workplace.
 <p>GOAL 8 Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p>	<p>8.8: Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.</p>	<ul style="list-style-type: none"> Develop a high performing entrepreneurial culture (culture of curiosity) in the Company where all employees give their best. Develop leaders at all levels of the Company and create a learning and coaching mind-set amongst all staff.
 <p>GOAL 13 Take urgent action to combat climate change and its impact</p>	<p>13.2: Integrate climate change measures into national policies, strategies and planning.</p>	<ul style="list-style-type: none"> Reduce emissions by improving energy efficiency, transitioning to renewable energy such as solar power and offsetting residual emissions through in-house programmes such as tree planting.

² Reference: <https://insage.com.my/ir/interactiveAR/WASEONG/interactiveAR2023/>

Wasco's Progress and Achievements ²
<ul style="list-style-type: none"> All sites in the organisation either have been or are being certified with the ISO 45001:2018 for Health & Safety and ISO 14001:2015 for the Environment. On-going implementation of i-Start initiative to enable a safety culture transformation. Tracking leading and lagging Key Performance Indicators (“KPIs”) and taking action for continuous improvement. Performing periodic inspections, audits, and safety observations which addresses gaps and prevents incidents. Launched Digital Care Card initiative, digitalising analysis of safety observations and providing insights on potential safety issues.
<ul style="list-style-type: none"> 15% of Senior Leadership Team are female. Clearly articulating statements on equal opportunity and non-discrimination in the Principles of Business Conduct and Human Rights Statement.
<ul style="list-style-type: none"> Quarterly reviews for performance assessment and coaching. Talent development through periodic training and digital learning. High retention of senior management. Annual performance appraisals for compensation and promotion.
<ul style="list-style-type: none"> Tracking, analysis and reporting of Group greenhouse gas emissions (“GHG”) using digital dashboard developed internally. Completed planting 160,000 trees and on-going maintenance of Wasco's reforestation programme as part of its effort to mitigate climate change. Subscribed to 500,000 kWh/month Green Energy Tariff by Tenaga Nasional Berhad (“TNB”). Solar panels at various sites generated 698MWh of renewable energy for Wasco's operation's use.

1.2.1 Wasco's Energy Transition Agenda

Wasco's transition to lower carbon activities is demonstrated across all of Wasco's key services, as highlighted in its Value Creation Model³:

Pipe Coating	Engineering and Fabrication	Bioenergy
To accelerate the global energy transition while enhancing value for all Wasco stakeholders	<ul style="list-style-type: none">EPC and fabrication solutions for the energy industryTransitioning expertise to renewable energy sector	<ul style="list-style-type: none">Biomass energy generationFabrication of steam biomass turbines

The International Energy Agency ("IEA")'s Net Zero by 2050 ("NZE") Scenario: A Roadmap for the Global Energy Sector (2021⁴) and Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach (2023 update⁵), highlights that getting to Net Zero emissions will require huge amounts of new infrastructure and lots of modifications to existing assets.

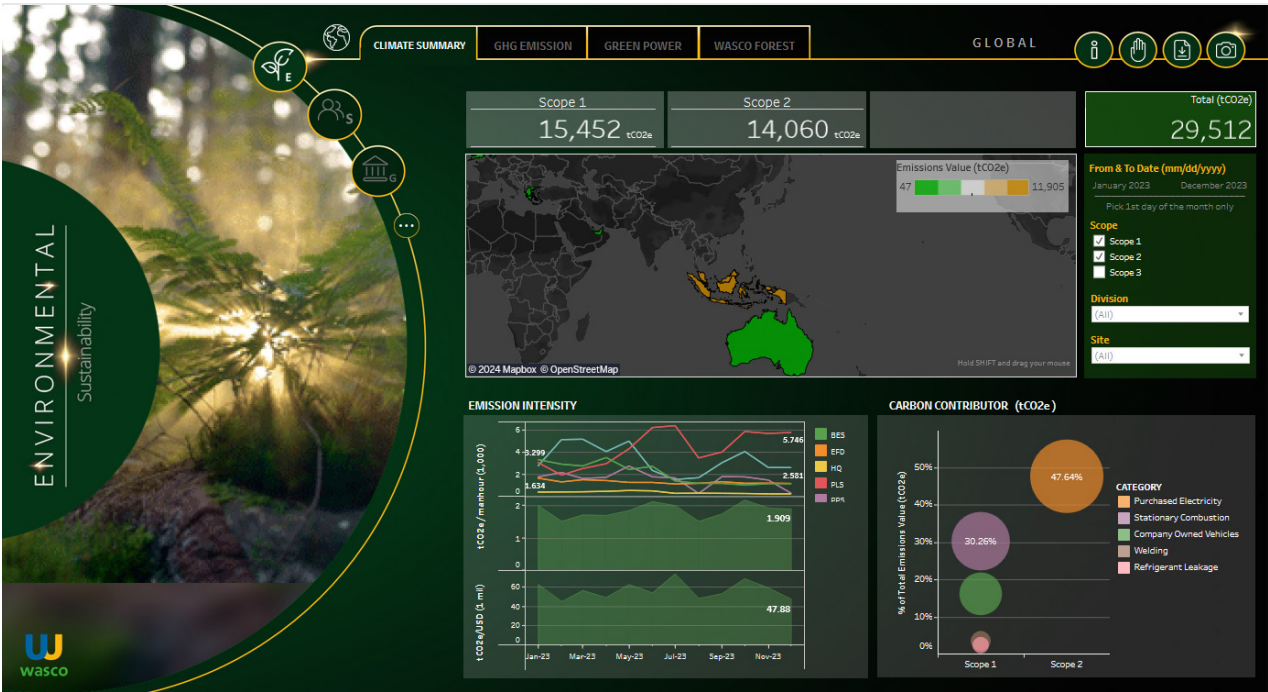
The IEA acknowledges that pipelines continue to play a key role in the transmission and distribution of energy in the NZE:

- Investment is needed to link the production of low-emissions liquids and gases with consumption centres, and to convert existing pipelines and associated distribution infrastructure for the use of these low-emissions fuels.
- While some low-emissions fuels, such as biomethane and synthetic hydrogen-based fuels, can make use of existing infrastructure without any modifications, pure hydrogen requires a retrofit of existing pipelines.
- New dedicated hydrogen infrastructure is also needed in the NZE, for example to move hydrogen produced in remote areas with excellent renewable resources to demand centres.
- Increasing demand for low-emissions hydrogen means that more than 20,000 km of pipelines are needed by 2030 in the NZE Scenario, compared with 5,000 km in 2023.
- The expansion of CCUS in the NZE requires investment in CO2 transport and storage capacity.
- In the NZE Scenario, CO2 pipeline infrastructure expands from around 9,500 km today to between 30,000-50,000 km by 2030.

As a global leading integrated energy group, Wasco is strategically positioned to deliver sustainable value during the **Global Energy Transition** in line with the IEA's NZE - which highlights that amongst others,

- Carbon capture, utilisation and storage ("CCUS");
 - Hydrogen and hydrogen-based fuels; and
 - Sustainable bioenergy;
- are critical to achieve net zero emissions and rapid progress is needed by 2030.

Wasco takes its responsibility to power global and local economies seriously. In response to the evolving energy landscape, Wasco's cultural beliefs echo a resolute dedication to the energy transition, seamlessly woven into the fabric of Wasco's values. This commitment guides Wasco on the transformative journey towards sustainable energy solutions. As Wasco adapts to the ever-changing dynamics of the global market, Wasco's shared values not only reflect past achievements but also chart a course for a future deeply rooted in the principles of partnership, commitment, and proactive engagement in the energy transition.



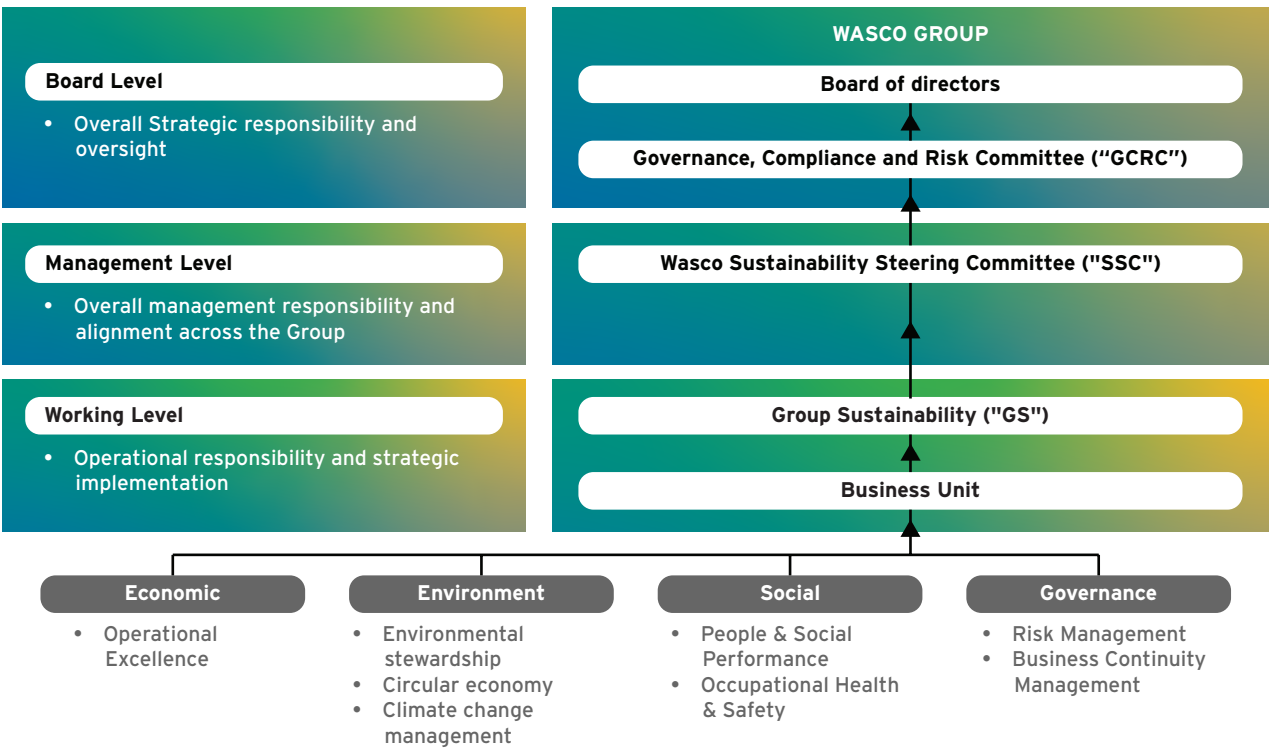
³ Reference: <https://insage.com.my/ir/interactiveAR/WASEONG/interactiveAR2023/>

⁴ Reference: <https://www.iea.org/reports/net-zero-by-2050>

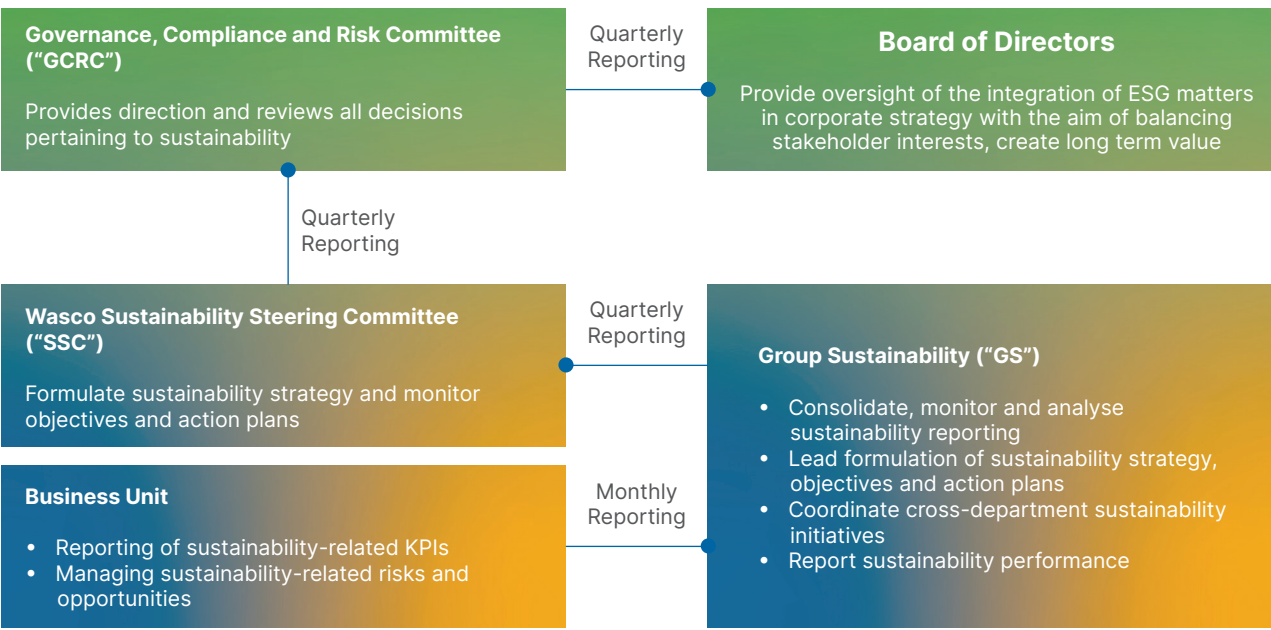
⁵ Reference: https://iea.blob.core.windows.net/assets/9a698da4-4002-4e53-8ef3-631d8971bf84/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf

1.2.2 Wasco's Sustainability Governance

To effectively implement sustainability strategies and initiatives across its organisation, Wasco focuses on building close collaborations between Management and Business Units. Wasco will continue to regularly review and enhance, where necessary, the roles and responsibilities of the relevant Wasco functions to support a holistic approach towards managing Wasco's sustainability performance and the credibility of its programmes and activities.



Roles and Responsibilities

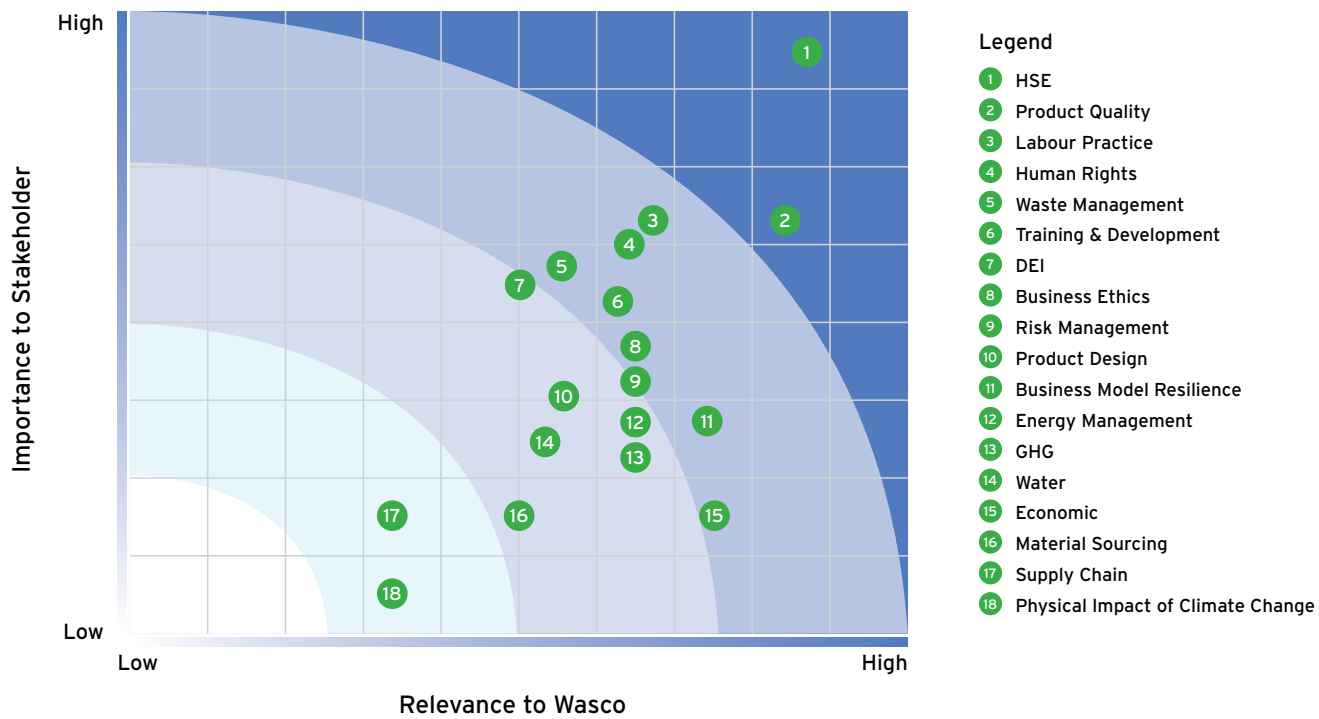


1.2.3 Business Model Materiality

Materiality assessments are integral to Wasco's sustainability journey, as they enable Wasco to evaluate the Environmental, Social and Governance ("ESG") issues that affect Wasco's business and stakeholders. Wasco conducts a materiality assessment once every two years to ensure that the ESG issues and material matters remain relevant and aligned with current sustainability trends, industry developments and regulatory shifts. It also allows Wasco to identify opportunities and mitigate risks posed by each material matter. In 2023, Wasco re-evaluated its ESG material issues following the consolidation of Business Units under Wasco Berhad. Wasco's material matters represent key sustainability issues that will affect Wasco's business strategy and stakeholder value creation in the short and long term.

Materiality Matrix

Scores over 3 were considered of medium importance. Stakeholder scores ranged from 4.06 to 4.74; Wasco's between 3.69 and 4.77, indicating that all issues were material to some degree. A material to very material scale was adopted as even the lowest scores fell into the important category. The matrix is presented in the following diagram.



Based on the above, Energy Management, Greenhouse Gas, and Physical Impact of Climate Change are all considered as material.

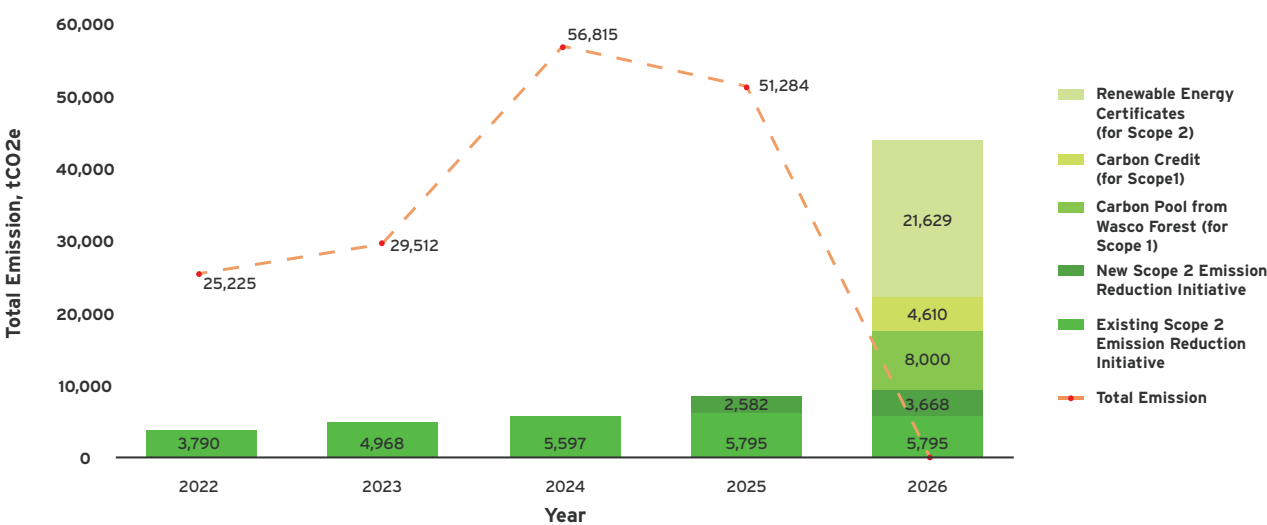
1.2.4 Wasco's Climate Transition Strategy

Wasco's Net Zero Journey

Wasco has set an aim to achieve net-zero Scope 1 and Scope 2 emissions by 2026, and in an effort to reduce its emissions impact, Wasco routinely updates its GHG emissions reduction targets to be consistent with a 1.5°C pathway.

In alignment with this commitment, the company has undertaken a series of proactive initiatives and developed plans. Ongoing initiatives include solar power systems installed at manufacturing facilities, subscription to Tenaga Nasional Berhad ("TNB")'s Green Electricity Tariff ("GET") Programme and a pilot tree planting program at Wasco Forest. Upcoming initiatives entail installing additional solar panels in Kuantan and Batam, transitioning Qatar to grid energy, and phasing out stationary combustion sources. Additionally, in the Phase 2 of Wasco's tree planting program, Wasco aims to cultivate a diverse range of CO2-sequestering plants across 670,000 hectares, totalling an estimated 1 million trees, further advancing Wasco's sustainability objectives.

Wasco Net Zero Emissions for Scope 1 and 2



Wasco's Way Forward for Scope 3

Phase 1 | 2023 - 2024

- Assessing scope 3 inventory (presently ongoing)
- Engaging suppliers and stakeholders


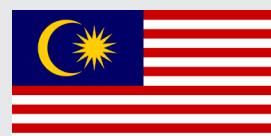

Phase 2 | 2025

- Scope 3 Target setting
- Implement reduction strategies

Phase 3 | 2026

- Communicate and report progress

Wasco's business operation activities to be undertaken towards supporting the energy transition as identified in [Section 3.1.4](#) is intended to be guided by the Amber Tiers (i.e. Tier 2 ("T2") and Tier 3 ("T3")) of the ASEAN Taxonomy for Sustainable Finance Version 3⁶ and supports the various decarbonisation aspirations of the Malaysian Government, and of the Energy Industry.

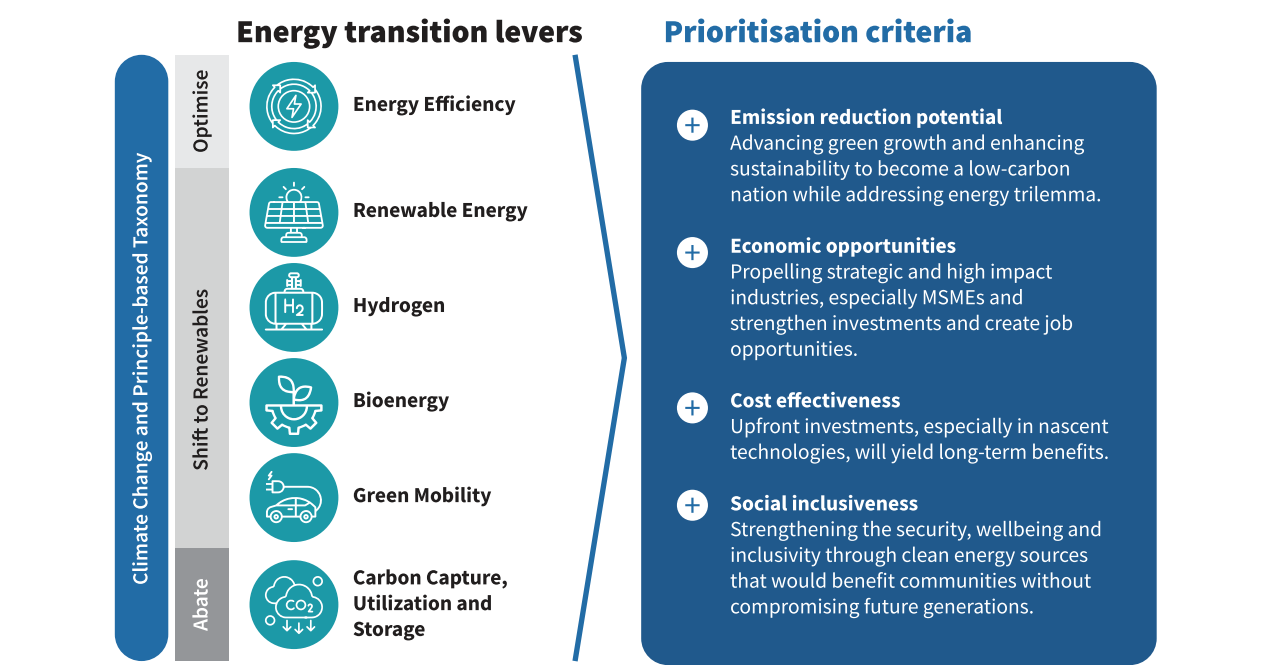
 Wasco's Sustainability Commitments <ul style="list-style-type: none">• Net Zero GHG Emissions (Scope 1 and 2) by 2026• Net Zero GHG Emissions (Scope 1, 2 and 3) by 2050	 Malaysia's Sustainability Commitments⁷ <ul style="list-style-type: none">• Become a Net Zero GHG Emissions nation as early as 2050	 International Energy Agency Net Zero Scenario⁸ <ul style="list-style-type: none">• A reduction of around 35% in energy sector CO2 emissions, below the 2022 level by 2030• A reduction of around 65% in energy sector CO2 emissions, below the 2022 level by 2035• Total energy sector CO2 emissions reach net zero in 2050, with residual gross emissions balanced by gross removals from the atmosphere through Bioenergy and Carbon Capture and Storage ("BECCs") and Direct Air Capture ("DACs")
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⁶ Reference: <https://asean.org/book/asean-taxonomy-for-sustainable-finance-version-3/>

⁷ Reference: <https://ekonomi.gov.my/sites/default/files/2023-08/National%20Energy%20Transition%20Roadmap.pdf>

⁸ Reference: https://iea.blob.core.windows.net/assets/9a698da4-4002-4e53-8ef3-631d8971bf84/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinRea ch-2023Update.pdf

Wasco's climate transition strategy is well positioned to support Malaysia's National Energy Transition Roadmap ("NETR")⁹ announced in August 2023, as an enabler to the NETR energy transition levers by supporting the shift to renewables especially for hydrogen, bioenergy, as well as abatement with carbon capture, utilisation and storage:



Energy Transition Lever	Key Targets identified within the NETR
CCUS	By 2030: <ul style="list-style-type: none"> Develop 3 CCUS hubs (2 in Peninsular Malaysia, 1 in Sarawak) Total storage capacity up to 15 Mtpa By 2050: <ul style="list-style-type: none"> Develop 3 carbon capture hubs Total storage capacity between 40 to 80 Mtpa
Hydrogen	Blue Hydrogen: <ul style="list-style-type: none"> To completely phase out the use of grey hydrogen as a feedstock by 2050 Green Hydrogen: <ul style="list-style-type: none"> To produce up to 2.5 Mtpa of green hydrogen by 2050 from RE such as hydroelectric power and solar Low-carbon Hydrogen Hubs: <ul style="list-style-type: none"> To establish one low-carbon hydrogen hub by 2030, and an additional two hubs by 2050, bringing the total to three hubs
Bioenergy	<ul style="list-style-type: none"> Increase biorefinery capacity to 3.5 billion litres by 2050 Increase biomass and biogas power generation capacity to 1.4 GW by 2050

⁹ Reference: <https://ekonomi.gov.my/sites/default/files/2023-08/National%20Energy%20Transition%20Roadmap.pdf>

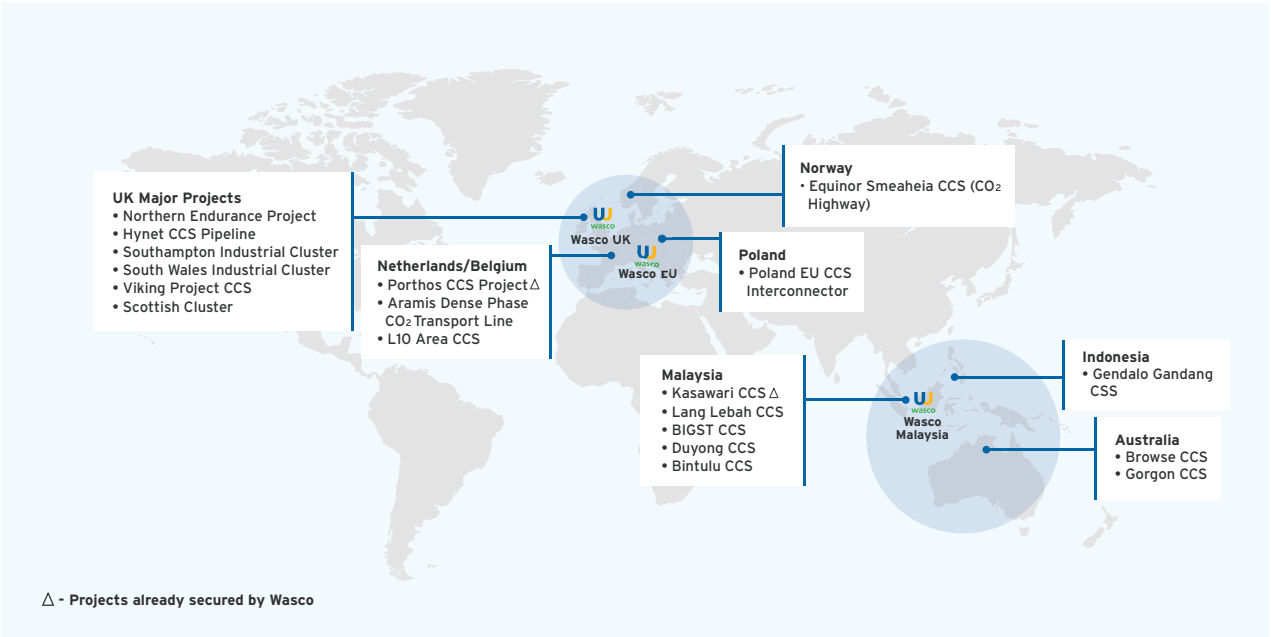
1.2.5 Implementation Transparency

Wasco prioritises transparency, collaboration, and open communication with its shareholders -integrity, transparency, and accountability form the bedrock of Wasco's governance framework. Recognising its responsibility to all stakeholders, Wasco is committed to reporting its environmental, social, and governance performance regularly and transparently. Wasco considers a robust grievance mechanism to be essential to protecting the people, community and environments affected by Wasco's operations. Wasco's commitment to transparency and reporting sustainability indicators has not only strengthened stakeholder trust but has also resulted in improved scores for Wasco's FTSE4Good ESG rating in 2023.

Wasco's Energy Transition Projects¹⁰:

Carbon Capture, Utilisation and Storage ("CCUS")

Europe and Asia-Pacific is seeing significant line pipe demand from the CCUS market providing exciting opportunities for Wasco to facilitate the global energy transition whilst delivering sustainable business growth:



Hydrogen and Hydrogen-Based Fuels

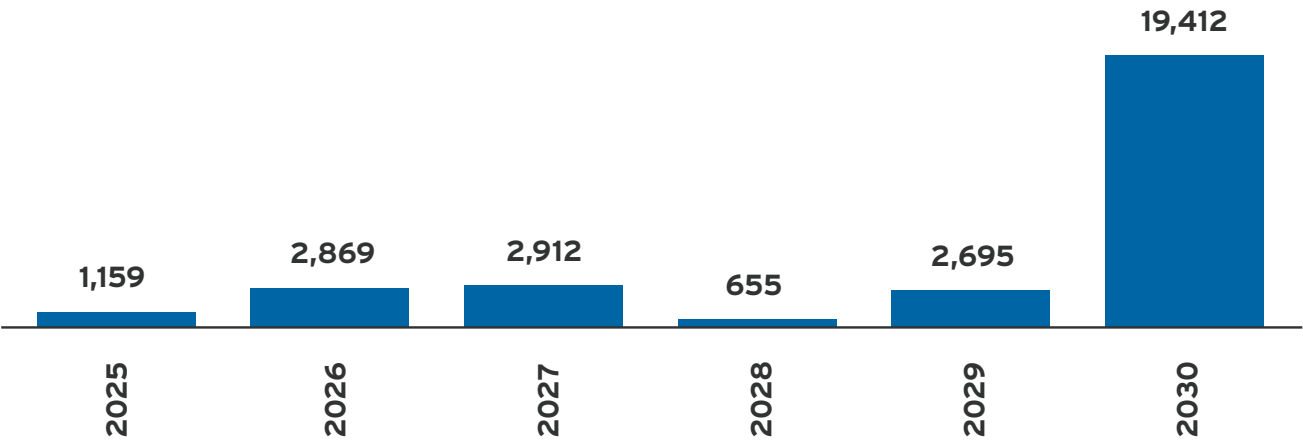
Based on studies evaluated within the Malaysia Hydrogen Economy & Technology Roadmap ("HETR")¹¹ announced in December 2023, that many methods of cost efficient hydrogen delivery will rely on pipelines as infrastructure.

Wasco recognises the opportunity of the emerging hydrogen market towards accelerating the global energy transition - and the role which Wasco may play in supporting this. Hydrogen pipelines are the most cost-efficient option for long-distance, high volume hydrogen transport, outperforming shipping for all reasonable distances, and can transmit 10 times the energy at one-eighth the costs associated with electricity transmission lines and have capex costs like natural gas.

¹⁰ The examples below are indicative and may not be exhaustive

¹¹ Reference: <https://mastic.mosti.gov.my/mosti-related-policies/hydrogen-economy-technology-roadmap>

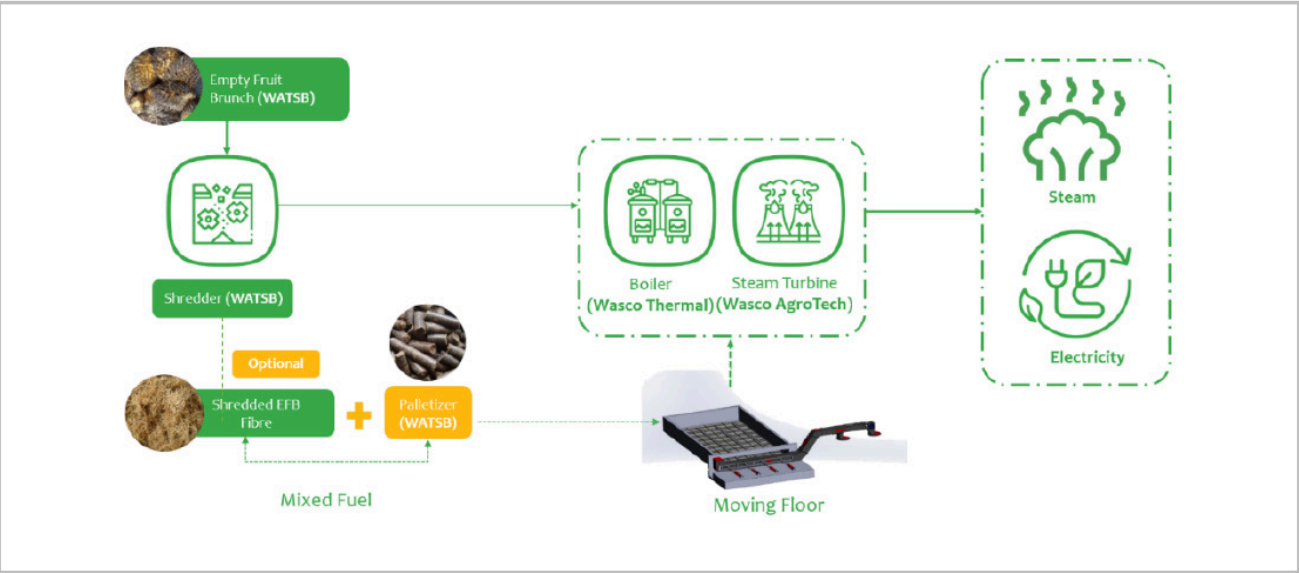
Anticipated Hydrogen Pipelines to be commissioned globally by 2030



Sustainable Bioenergy

Wasco is a one stop provider, an integrated value chain facilitating the end-to-end process of biomass energy generation. Operating across regions and in South America, Wasco's bioenergy segment through Wasco Thermal ("WTSB") and Wasco AgroTech ("WATSB") plays a crucial role in advancing sustainable energy solutions and promoting responsible agricultural practices.

Wasco as a Bioenergy One-Stop Solutions

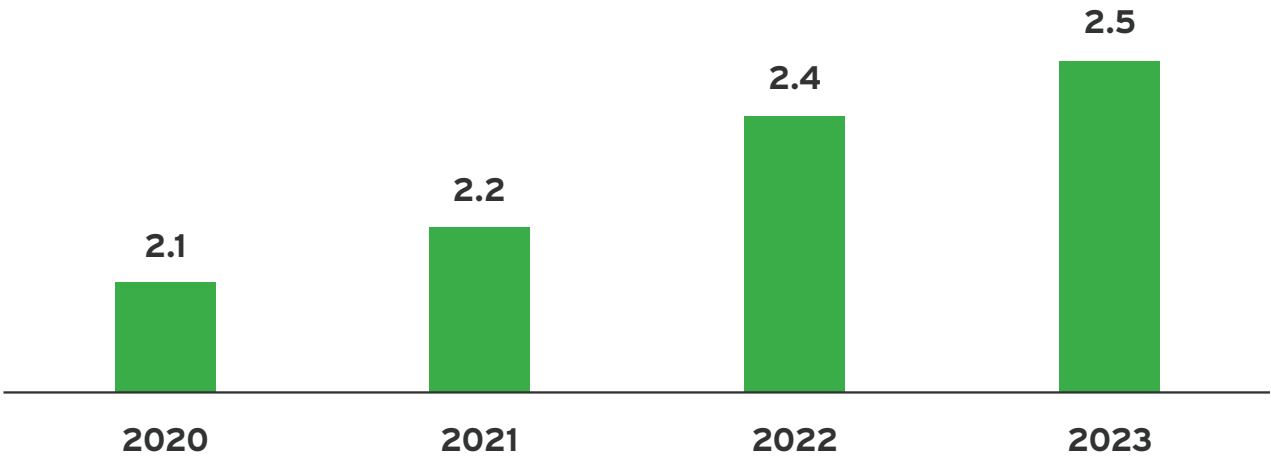


Malaysia's National Biomass Action Plan ("NBAP")¹² announced in December 2023 identifies Policy Thrusts and Strategies including:

- Policy Thrust 2: Develop an industry ecosystem that optimises costs, efficiency and technology
 - S3. Invest in Research, Development and Commercialisation ("R&D&C") to improve efficiency and technology adoption
 - S4. Fully utilise and develop infrastructure and logistics networks

In line with the aspirations of the NBAP as above, Wasco proudly introduced its cutting-edge empty fruit brunches ("EFB") CoGen boiler during the year 2023, meticulously engineered for biomass energy generation. This state-of-the-art boiler boasts exceptional efficiency, capable of seamlessly burning a substantial percentage of challenging EFB in a continuous operational cycle, thus ensuring an uninterrupted power supply crucial for industrial operations.

Wasco's Installation of Biomass Energy Power Plants (GW)



Wasco's commitment to producing in a way that helps protect people, the environment and the communities where it operates includes mitigating the risks of climate change. Wasco recognises the devastating effects and associated short- and long-term business risks that climate change presents. Wasco is committed to addressing this issue and to avoid the impact of climate change by improving the efficiency of Wasco's operations. Wasco's climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

¹² Reference: https://www.kpk.gov.my/kpk/images/mpi_biomass/27122023-National_Biomass_Action_Plan.pdf

2022

Sustainable
Finance at
Wasco

In support of Wasco's sustainability strategies and implementation, this Sustainable and Transition Finance Framework (the "**Framework**") has been established to demonstrate how Wasco and its subsidiaries ("**the Group**") intend to enter into Sustainability Finance Transactions ("**SFTs**") to fund projects, which will deliver most positive societal and environmental impacts that support Wasco's mission to accelerate the global energy transition, while enhancing value for all stakeholders.

Wasco has developed this integrated Sustainable and Transition Finance Framework which combines the Use of Proceeds and Sustainability-linked formats which can be used independently on a case-by-case basis, retaining full flexibility in terms of specific sustainability objectives and projects that the Group intends to support.

The SFTs may be issued in any currency and for any tenor and may include other terms and conditions (including covenants) to reflect the financing strategy and plans of the Group, as well as the outcome of the commercial discussions between the Issuer/Borrower and Manager/Arranger/Lender.

The SFTs may be issued in any jurisdiction and market reflecting the Group's current and future business needs. Under this Framework, Wasco will be able to undertake different types of SFTs and/or any other financing instruments in different formats and currencies as follows:

1. **Use of Proceeds financing instruments** i.e., Sustainable and Responsible Investment ("**SRI**"), Green, Social, Sustainability ("**GSS**") and Transition Sukuk Bonds, and GSS and Transition Loans/Financing and any other financial instrument to which an eligible asset or project as defined in [Section 3](#), or a group of those, are allocated.
2. **Sustainability-linked financing instruments** i.e., SRI-Linked Sukuk and Sustainability-Linked Bonds/Loans/Financing and any other financial instrument for which the financial and/or structural characteristics will vary depending on whether Wasco achieves the pre-determined Sustainability Performance Target(s) ("**SPT(s)**") as defined in [Section 4](#).

This Framework adopts the principles and/or guidelines set by the International Capital Market Association¹³ ("**ICMA**"), ASEAN Capital Markets Forum¹⁴ ("**ACMF**"), Securities Commission Malaysia¹⁵ ("**SC**"), Loan Market Association¹⁶ ("**LMA**")/ Asia Pacific Loan Market Association ("**APLMA**")/ Loan Syndications & Trading Association ("**LSTA**"), ASEAN Taxonomy Board ("**ATB**") as specified below.

These documents provide a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the sustainable finance market by clarifying the approach for raising Sustainable Finance.

¹³ Reference: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

¹⁴ Reference: <https://www.theacmf.org/initiatives/sustainable-finance>

¹⁵ Reference: <https://www.sc.com.my/api/documentms/download.ashx?id=49df5207-f32f-4095-a0c6-1aab5f3c2038>

¹⁶ Reference: https://www.lsta.org/content/?_industry_sector=guidelines-memos-primary-market&_asset_type=publication

With respect to bonds/Sukuk, issuance will be aligned with the following frameworks as appropriate for the type of bond issued or as they may be subsequently amended:

- Green Bond Principles ("**GBP**") 2021, Social Bond Principles ("**SBP**") 2023, Sustainability Bond Guideline ("**SBG**") 2021, and Sustainability-linked Bond Principles ("**SLBP**") 2024 issued by ICMA;
- ASEAN Green Bond Standards ("**ASEAN GBS**") 2018, ASEAN Social Bond Standards ("**ASEAN SBS**") 2018, ASEAN Sustainability Bond Standards ("**ASEAN SUS**") 2018, and ASEAN Sustainability-linked Bond Standards ("**ASEAN SLBS**") 2022 issued by ACMF; and
- SRI Sukuk Framework 2019 and SRI-linked Sukuk Framework 2022 issued by SC.

Loan transactions will be aligned with the following frameworks developed by LMA, APLMA, and LSTA or as they may be subsequently amended:

- Green Loan Principles ("**GLP**") 2023, Social Loan Principles ("**SLP**") 2023, and Sustainability-linked Loan Principles 2023 ("**SLLP**").

In addition, to underscore Wasco's role in expediting the energy transition agenda, Wasco's framework has been developed in line with the four disclosure guidelines of the Climate Transition Finance Handbook 2023 ("**CTFH**")¹⁷ as published by the ICMA:

1. Issuer's climate transition strategy and governance;
2. Business model environmental materiality;
3. Climate transition strategy to be 'science-based'; and
4. Implementation transparency.

Further, Wasco's Eligible Projects as defined in [Section 3.1](#), is where relevant, guided by the Technical Screening Criteria of the ASEAN Taxonomy for Sustainable Finance Version 3¹⁸ developed by the ASEAN Taxonomy Board.

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

¹⁷ Reference: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Climate-Transition-Finance-Handbook-CTFH-June-2023-220623v2.pdf>

¹⁸ References: <https://asean.org/book/asean-taxonomy-for-sustainable-finance-version-3/>

03

Wasco's Framework For Use Of Proceeds Financing

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Use of Proceeds instruments, are any type of financial instruments 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](#).

This Framework for Use of Proceeds financing instruments adopts the principles and/or guidelines as follows:

- Green Bond Principles (“**GBP**”) 2021, Social Bond Principles (“**SBP**”) 2023, and Sustainability Bond Guidelines (“**SBG**”) 2021 issued by ICMA;
- ASEAN Green Bond Standards (“**GBS**”) 2018, ASEAN Social Bond Standards (“**SBS**”) 2018, and ASEAN Sustainability Bond Standards (“**SUS**”) 2018 issued by ACMF;
- SRI Sukuk Framework 2019 issued by SC; and
- Green Loan Principles (“**GLP**”) and Social Loan Principles (“**SLP**”) 2023 issued by LMA, APLMA, and LSTA

Wasco’s Framework for Use of Proceeds is based upon the four core components of the above-mentioned market guidelines, principles and standards:

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

3.1 Use of Proceeds

Wasco is committed that the proceeds of each transaction will be used exclusively for financing and/or refinancing¹⁹ projects, assets, or activities that meet the eligibility criteria set out below. In order to be earmarked as eligible, Projects must align with all of the following criteria:

i. Eligible Types of Investments

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

ii. Lookback²⁰ Period for OPEX

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





For the avoidance of doubt, the proceeds can be used by Wasco 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 Wasco 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.



¹⁹ Where relevant, Wasco will specify the amount of proceeds being allocated for refinancing and for which Eligible Projects to be refinanced within the corresponding transaction documentations.

²⁰ “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.

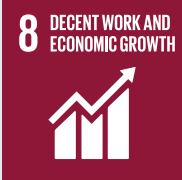

3.1.1 Eligible Green Projects

Eligible Green Criteria	Sustainability Benefits	Eligible Criteria	Alignment with UN SDGs
Renewable Energy	Climate change mitigation	<p>Construction, development, acquisition, maintenance, and/or operation of bioenergy solutions at Wasco Thermal (“WTSB”) and Wasco AgroTech (“WATSB”), and other renewable energy installations, such as:</p> <ul style="list-style-type: none"> • Biomass infrastructure, technology, and/ or solutions which for the avoidance of doubt, intends to use sustainably sourced feedstock, such as feedstock derived from empty fruit bunches (“EFBs”). Examples includes: <ul style="list-style-type: none"> i. Biomass boilers ii. Biomass steam turbine generators iii. Biomass waste preparation equipment • Renewable infrastructure, such as Front End Engineering Design Production (“FEED”) and Engineering Procurement and Construction (“EPC”) modularised plants for: <ul style="list-style-type: none"> i. Solar farm (onshore & offshore) ii. Wind farm (onshore & offshore) iii. CCUS facilities • Green ammonia infrastructure, such as FEED and EPC for green ammonia and green methanol production facilities by electrolysis powered by renewables. • Green hydrogen infrastructure, such as FEED, EPC and pipe coating for pipelines of green hydrogen production by electrolysis powered by renewables. • Energy storage facilities, such as FEED and EPC for Battery Energy Storage Systems (“BESS”). • Development of Solar Power Projects, Solar Rooftops, Solar Building integrated photovoltaics, and Solar Farms. • Development of Concentrated Solar Plants with majority of electricity (>85%) sourced from solar energy. 	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div>

Eligible Green Criteria	Sustainability Benefits	Eligible Criteria	Alignment with UN SDGs
Energy Efficiency	Climate Change Mitigation Climate Change Adaptation	Construction, development, acquisition, maintenance, and/or retrofitting of assets, installations, and processes, to increase energy efficiency, such as: <ul style="list-style-type: none"> Waste Heat Recovery Steam Generation (“HRSG”) technology, 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. 	 
Terrestrial and Aquatic Biodiversity Conservation	Natural resource conservation	Conservation and restoration of terrestrial ecosystems, including the protection, afforestation, and restoration of natural habitats, such as: <ul style="list-style-type: none"> Wasco Forest tree planting programme (e.g. in Maran) <p>Where relevant, prior to undertaking such projects, environmental and social impacts assessments will be carried out to understand the feasibility of such measures and if they are required. For avoidance of doubt, animal pest management, as well as synthetic and chemical pesticides and weedicides will be excluded from financing. Only tree species that are well-adapted to the local site conditions shall be planted with approval from state forestry department.</p>	
Pollution Prevention and Control	Climate change mitigation	Projects, assets, installations, and technologies relating to the prevention, reduction, or elimination of pollution, including the mitigation of GHG emissions, such as: <ul style="list-style-type: none"> Waste Management Facilities that improve waste minimization, waste filtering, and waste management. 	

Eligible Green Criteria	Sustainability Benefits	Eligible Criteria	Alignment with UN SDGs
		<ul style="list-style-type: none"> Carbon Capture, Utilisation and Storage (“CCUS”) systems. 	
Sustainable water and wastewater management	Natural resource conservation	Construction, development, acquisition, research, and maintenance of sustainable infrastructure for efficient water usage, such as: <ul style="list-style-type: none"> Water Recycling Systems. Rain water harvesting. Bore water drilling. 	
Green Building	Natural resource conservation	Development of existing, ongoing and future construction or acquisition costs of buildings as well as the extension of existing buildings (inclusive of data centers) meeting and maintaining recognized green building certifications or minimum thresholds such as: <ul style="list-style-type: none"> Green Building Index (“GBI”) (Gold and above). Leadership in Energy and Environmental Design (“LEED”) (Gold and above). Building Research Establishment Environmental Assessment Method (“BREEAM”) (Excellent and above). GreenRE (Gold and above). EDGE (certified or above). Energy Performance Certificate A or B rating. 20% improvement in energy efficiency and/or 20% reduction in Greenhouse Gas (“GHG”) over initial performance for refurbishment/retrofitting of buildings. 	

3.1.2 Eligible Social Projects

Eligible Social Criteria	Target Population	Potential Utilisation of Funds	Alignment with UN SDGs
Socioeconomic advancement and empowerment	<p>Women and children</p> <p>Marginalised/ underprivileged communities</p> <p>People with disabilities</p> <p>Indigenous people</p>	<p>Support programs and projects that improve livelihoods and income-generating opportunities for target populations, through (but not limited to) the Yayasan Wasco such as:</p> <ul style="list-style-type: none"> Community development programmes, such as for social welfare, sustainable infrastructure, sustainable development, healthcare. Programmes targeting access to education, such as through scholarships and educational courses. 	 




3.1.3 Exclusion List for Green and Social Projects

Wasco’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

3.1.4 Eligible Transition Projects

Where applicable, Wasco’s Eligible Transition Projects under this Framework is guided by the Amber Tiers (i.e. Tier 2 (“**T2**”) and Tier 3 (“**T3**”)) of the ASEAN Taxonomy for Sustainable Finance Version 3²¹:

Eligible Transition Project Category	Sustainability Benefits	Eligibility Criteria	Alignment with UN SDGs
Infrastructure for Low-Carbon Alternatives	Climate change mitigation	<p>Construction, development, acquisition, maintenance, and/or operation of infrastructure such as through coating for CCUS pipelines and Hydrogen pipelines, or for other facilities/networks related towards the transition away from fossil fuel, such as:</p> <ul style="list-style-type: none"> Transmission and distribution networks utilised for at least 50% volume of hydrogen (produced under steam reforming process using natural gas/biogas with carbon capture and storage) and its derivatives, such as ammonia and methanol, whereby: <ul style="list-style-type: none"> – New networks transporting gases with lifecycle GHG intensity of <65 gCO₂e/MJ; OR – Networks converted or re-purposed for gases with lifecycle GHG intensity of <65 gCO₂e/MJ. Related infrastructure (such as in relation to CCUS) for new or existing, dedicated gas-fired or fossil fuel co-fired (such as co-firing with biomass, ammonia, hydrogen, methanol, natural gas) power generation facilities, whereby: <ul style="list-style-type: none"> – Lifecycle GHG emissions from the generation of electricity by the entire facility: ≥100 and <510 gCO₂e/kWh; AND – For avoidance of doubt, the power generation facilities will: <ul style="list-style-type: none"> i. have intent to switch away from coal/oil power, OR intent to deliver services for seasonal peaks, storage, or high-temperature heat for industries; AND ii. include methane leakage measurement/ estimates from their supply chain if any. 	  

²¹ References: <https://asean.org/book/asean-taxonomy-for-sustainable-finance-version-3/>

Eligible Transition Project Category	Sustainability Benefits	Eligibility Criteria	Alignment with UN SDGs
		<ul style="list-style-type: none"> – Examples of such infrastructure also includes for that related to CCUS equipped at such facilities, e.g. pipe coating of such CCUS and Waste Heat Recovery Steam Generation (“HRSG”) technology. • Related infrastructure for storage facilities utilised for at least 50% volume of hydrogen (produced under steam reforming process using natural gas/biogas with carbon capture and storage) and its derivatives, such as ammonia and methanol, whereby: <ul style="list-style-type: none"> – The facilities are new storage facilities for gases; OR existing underground gas storage facilities converted for dedicated gases; AND – The stored gases, including hydrogen and fossil gases, within the facility meets lifecycle GHG intensity of <65 gCO₂e/MJ. 	

3.2 Project Evaluation and Selection

Wasco has established processes and procedures to ensure that projects are properly identified and assessed in compliance with this Framework. Wasco’s SSC will review, evaluate, and advise on sustainability initiatives in alignment with Wasco’s broader strategy. Wasco’s SSC is chaired by the Managing Director/Group Chief Executive Officer, and the SSC consists of representatives from GS and selected Heads or nominees from key Group corporate functions. In respect to this Framework, the SSC is responsible for:

- Overseeing the Framework implementation and allocation process including reviewing and approving allocation;
- Reviewing, selecting, validating and monitoring the pool of Eligible GSS and Transition Projects, based on the categories and criteria as specified in Framework, which is in alignment with Wasco’s sustainability strategy;
- Identifying eligible sustainable financing Key Performance Indicators (“KPIs”) and reviewing and monitoring the related Sustainability Performance Targets (“SPTs”);
- Reviewing and approving any proposed updates to this Framework, including expansion to the list of Eligible Categories and KPIs, to reflect any changes on Wasco’s sustainability strategies and initiatives and in the event that projects no longer meet the eligibility criteria²²;

²² Following divestment, liquidation, technology switch, concerns regarding alignment of underlying activity with eligibility criteria etc.

- Reviewing and validating the relevant reports, including the Allocation and Impact Reports as well as Progress Report on SPTs for the annual reporting;
- Monitoring the ongoing evolution related to the sustainable capital 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 extent where feasible; and
- Monitoring ESG controversies²³ associated to the projects.

Eligibility Criteria include a set of both exclusion criteria and selection of environmental and social criteria which the Eligible Green and Social Project must meet to be financed or refinanced by SFTs.

To address the relevant environmental and social risks associated with the Eligible Categories, the Group has developed comprehensive policies, including but not limited to its HSE Policy, Sustainability Policy and Human Rights Policy, and will undertake necessary processes to identify and manage any potential risks. In relation to the Eligible Projects, Wasco has complied and will comply with the relevant environmental, social and governance standards or recognised best practices.

The step-by-step process for evaluation and selection of eligible project uses internal expertise as follows:

1. SSC will assess and identify projects that satisfy the Eligible Green, Social, and Transition Projects criteria set forth in the “Use of Proceeds” section and in accordance with Wasco’s sustainability objectives and strategies including assessment of the project’s environmental and social risks.
2. The SSC members include representatives from across the business functions, such as:
 - Finance
 - Strategy
 - Human Resource
 - HSE
 - Sustainability
3. On a semi-annual basis, and before any new finance is raised, the SSC will review the assets/projects included in the Sustainable Portfolio 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.

Wasco’s SSC will be responsible for managing any future updates of the Framework, including any expansion of the Eligibility Criteria under the use of proceeds. Any changes to the Framework will be published on Wasco’s website: <https://wascoenergy.com/>

²³ Examples include Data Privacy and Security, Product Governance and Business Ethics

3.3 Management of Proceeds

The proceeds from each SFTs will be deposited in the general funding account and be earmarked to Eligible Projects. To ensure that net proceeds from SFTs are appropriately tracked and allocated, Wasco will maintain a register of Eligible Projects managed by Wasco's Finance & Treasury 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

Wasco'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 accordance with Wasco's liquidity policy. 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, Wasco will reallocate proceeds to finance other Eligible Projects, compliant with the current Framework. Wasco will aim to fully allocate the proceeds of any Use of Proceeds Financing instruments issuance within 36 months.

3.4 Reporting

On an annual basis, at least until full allocation or in case of material changes, Wasco will provide the following reporting on its SFT(s) to the extent feasible:

- In the **Allocation Report**, Wasco 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 ICMA / LMA 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 Report** will provide qualitative and quantitative performance measures and examples associated with each category of Eligible Projects. Impact reporting may include, but are not limited to:

Eligible Green Project Type	Example of Impact Metrics
Renewable Energy	<ul style="list-style-type: none">• Installed renewable energy capacity (MW)• kWh of power generated from renewable energy• Tonnes of carbon dioxide (CO2) equivalent avoided
Energy Efficiency	<ul style="list-style-type: none">• Energy saved per year (kWh/year)• Annual GHG emissions reduced/avoided (tCO2e)
Terrestrial and Aquatic Biodiversity Conservation	<ul style="list-style-type: none">• Net change in area of habitat protected or restored, in hectares• Number of species protected, or their habitats restored or enhanced
Pollution Prevention and Control	<ul style="list-style-type: none">• Volume of air/water pollutants prevented, avoided, or reduced as a result of the project in tonnes or any other relevant unit• Volume of hazardous waste generated and treated as a result of the project in tonnes or any other relevant unit• Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in % of total waste)
Sustainable Water & Waste Water Management	<ul style="list-style-type: none">• Annual water savings in m³/a and/or in %• Annual waste minimised, reused, recycled in % of total waste and/or in tonnes
Green Building	<ul style="list-style-type: none">• Number of Green Buildings (per certification system) and the level/rating achieved• Carbon intensity (in kgCO2e/ sqm/ yr)• Energy intensity (in kWh/ sqm/ yr)

Eligible Social Project Type	Example of Impact Metrics
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> • Number of beneficiaries • Number/type of community and employee programmes & services completed • Number of scholarships disbursed
Eligible Transition Project Type	Example of Impact Metrics
Infrastructure for Low-Carbon Alternatives	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent

The impact reporting will be disclosed annually, with the methodology of the indicators above where relevant and feasible, articulated on the corporate sustainability website at <https://wascoenergy.com/sustainability/>.

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

3.5 External Review

To allow investors to follow the information related to transactions, Wasco’s GSS and Transition instruments are supported by external reviews, depending on the type of instruments.

3.5.1 Pre-Issuance Review

Wasco will obtain an independent Second Party Opinion (“**SPO**”) from an external reviewer with recognised expertise, on the Sustainable and Transition Finance Framework indicating alignment to the components of the ICMA’s GBP, SBP, and SBG, LMA’s GLP and SLP, ACMF’s GSS Bond Standards and SC’s SRI Sukuk Framework. In addition, the Second Party Opinion on Wasco’s Sustainable and Transition Finance Framework will also include reference to the alignment with ICMA’s Climate Transition Finance Handbook, guidance taken from the ATB’s ASEAN Taxonomy for Sustainable Finance Version 3, and to the alignment with Wasco’s overall sustainability strategy. This opinion will be available on Wasco’s website: <https://wascoenergy.com>

3.5.2 Post-Issuance Review

External verification of the tracking of the SFT proceeds may be provided by an independent third party appointed by Wasco. The verification will include an opinion on all allocation and impact reports produced in line with [Section 3.4](#), and management of proceeds to verify the Group’s internal tracking method. The review will be included in the Allocation Report.

04

Wasco's Framework For Sustainability- Linked Financing

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Sustainability-linked Instruments are forward-looking performance-based instruments for which the financial and/or structural characteristics can vary depending on whether Wasco achieves predefined sustainability/ESG objectives within a predefined timeline. The proceeds are intended to be used for general purposes; hence, the use of proceeds is not a determinant in their categorization.

This Framework for Sustainability-linked Financing adopts the principles and/or guidelines as follows:

- Sustainability-Linked Bond Principles²⁴ (“SLBP”) 2024 issued by ICMA;
- Sustainability-Linked Bond Standards²⁵ (“SLBS”) 2022 issued by ACMF;
- SRI-linked Sukuk Framework 2022²⁶ issued by SC; and
- Sustainability-Linked Loan Principles²⁷ (“SLLP”) 2023 issued by LMA, LSTA andAPLMA.

This Framework has been established in alignment with the five core components which are:

1. Selection of Key Performance Indicators (“KPI”)
2. Calibration of Sustainability Performance Targets (“SPT”)
3. Instruments Characteristics
4. Reporting
5. Verification



²⁴ Reference: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf>

²⁵ Reference: <https://www.theacmf.org/images/downloads/pdf/ASEAN%20Sustainability-linked%20Bond%20Standards.pdf>

²⁶ Reference: <https://www.sc.com.my/api/documentms/download.ashx?id=49df5207-f32f-4095-a0c6-1aab5f3c2038>

²⁷ Reference: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

4.1 Selection of Key Performance Indicators (“KPIs”)

Wasco has selected the following KPIs, which are core, relevant, and material to their business and measures the sustainability improvements of the Group.

Key Performance Indicators (KPIs)	Baseline 2023	Sustainability Performance Targets (SPTs)	UN SDG Linkage
GHG Emission Reduction	29,512 tCO2e	<ul style="list-style-type: none"> • Net Zero GHG Emissions (Scope 1 and 2) by 2026 	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div> <div>13 CLIMATE ACTION</div>
Renewable Energy Reliance	24.7% renewable energy reliance per Wasco's total electricity consumption	<ul style="list-style-type: none"> • Achieve 30% reliance on renewable energy by 2024 from 2023 baseline • Achieve 40% reliance on renewable energy by 2035 from 2023 baseline 	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div> <div>13 CLIMATE ACTION</div>
Occupational Health & Safety	0.2 Lost Time Incident (“LTI”) rate and Fatalities	<ul style="list-style-type: none"> • Maintain an annual rate of Zero Lost Time Incident Rate and Fatalities 	<div>3 GOOD HEALTH AND WELL-BEING</div>

KPI 1: Greenhouse Gas (“GHG”) Emission Reduction

KPI 1: Greenhouse Gas (“GHG”) Emission Reduction	
Definition	GHG Emission Definitions <ul style="list-style-type: none">• Scope 1: CO2e emissions from the consumption of fuel is derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.• Scope 2: CO2e emissions from electricity use, whereby emissions are derived from specific emission factor published by the relevant national government bodies.• Scope 3: All indirect emissions (not included in scope 2) that occur in Wasco's value chain, including both upstream and downstream emissions.• Emissions intensity: The tonnes of CO2e produced by 1,000 man-hours.
Scope	<ul style="list-style-type: none">• The organisational boundary in carbon footprint calculation will account for 100% of GHG emissions where Wasco has the authority to implement operational policies.
Rationale and Materiality	Materiality: <ul style="list-style-type: none">• Net Zero Aspirations is relevant to Wasco, and GHG Emissions is ranked as the 2nd materiality matter.• Net Zero Carbon Emissions by 2050 and transformation of the energy ecosystem is a key focus area by the Malaysia Oil & Gas Services Council (“MOGSC”), towards a sustainable ecosystem. Rationale: <ul style="list-style-type: none">• The KPI for reduction in GHG Emission for Wasco is in line with Wasco's Net Zero by 2026 (Scope 1 and Scope 2) commitment, and consistent with a 1.5°C pathway as reported in Wasco's Annual Report 2022.• Wasco has considered the effects of decarbonisation on the value of its assets over the short, medium and long term, and recognises the importance of considering climate-related impacts and opportunities across Wasco's business. Wasco's key strategic priority is the transition to a low-emissions energy sector.

KPI 1: Greenhouse Gas (“GHG”) Emission Reduction

Calculation Methodology	<p>The consolidation method in carbon footprint calculation will be operational, and Wasco's independent verification of operational GHG data is guided and verified by the Malaysian Green Technology and Climate Change Corporation.</p> <p>For emission intensity, the following calculation will apply:</p> $\text{Emission Intensity (tCO2e/1,000 Man-hours)} = \frac{\text{Total Emission (tCO2e)}}{\text{Total Man-hours (1000h)}}$																		
Historical Performance	<table><tr><th>Year</th><th>2023</th><th>2022</th><th>2021</th></tr><tr><td>Total Scope 1 and Scope 2 Emission (tCO2e)</td><td>29,512</td><td>25,225</td><td>13,599</td></tr><tr><td>Total Man-hours</td><td>15,704,670</td><td>10,985,154</td><td>5,938,644</td></tr><tr><td>tCO2e/Man-hours (1,000)</td><td>1.88</td><td>2.30</td><td>2.29</td></tr></table> <p>Note: Data for 2023 and 2022 encompasses all entities in Wasco. Data for 2021 was scoped to Wasco's Energy Solutions Services only.</p>			Year	2023	2022	2021	Total Scope 1 and Scope 2 Emission (tCO2e)	29,512	25,225	13,599	Total Man-hours	15,704,670	10,985,154	5,938,644	tCO2e/Man-hours (1,000)	1.88	2.30	2.29
Year	2023	2022	2021																
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tCO2e/Man-hours (1,000)	1.88	2.30	2.29																

KPI 2: Renewable Energy Reliance

KPI 2: Renewable Energy Reliance																			
Definition	<ul style="list-style-type: none">Renewable Energy ("RE") Reliance: means the total electricity generated from renewable sources (including but not limited to rooftop solar PV, and Green Electricity Purchased via Green Electricity Tariff), in proportion to Wasco's total electricity consumption.																		
Scope	<ul style="list-style-type: none">Encompasses electricity consumption across all entities of Wasco Berhad.																		
Rationale and Materiality	<p>Materiality:</p> <ul style="list-style-type: none">Energy Management has been listed within Wasco's materiality matrix.Energy Management is also included within Wasco's Environmental Commitment to "Promote waste minimisation, energy management and greenhouse gas emissions within Wasco's day-to-day operations". <p>Rationale:</p> <ul style="list-style-type: none">Accelerating Renewable Energy integration is part of Wasco's ambitious and purpose-driven ambition.Increasing the renewable energy mix has been identified as an avenue for Wasco to reduce its carbon footprint.Wasco's strategy to increase its renewable energy mix is in line with Malaysia's Energy transition levers as outlined in the National Energy Transition Roadmap²⁸.																		
Calculation Methodology	$\text{Renewable Energy Reliance (\%)} = \frac{\text{Renewable Energy Consumption (MWh)}}{\text{Total Electricity Consumption (MWh)}}$																		
Historical Performance	<table><tr><th>Year</th><th>2023</th><th>2022</th><th>2021</th></tr><tr><td>Renewable Energy (MWh)</td><td>6,664</td><td>5,640</td><td>0</td></tr><tr><td>Total Energy (MWh)</td><td>27,028</td><td>23,861</td><td>14,070</td></tr><tr><td>Renewable Energy Reliance</td><td>24.7%</td><td>23.6%</td><td>0.0%</td></tr></table>			Year	2023	2022	2021	Renewable Energy (MWh)	6,664	5,640	0	Total Energy (MWh)	27,028	23,861	14,070	Renewable Energy Reliance	24.7%	23.6%	0.0%
Year	2023	2022	2021																
Renewable Energy (MWh)	6,664	5,640	0																
Total Energy (MWh)	27,028	23,861	14,070																
Renewable Energy Reliance	24.7%	23.6%	0.0%																

²⁸ References: https://www.ekonomi.gov.my/sites/default/files/2023-09/National%20Energy%20Transition%20Roadmap_0.pdf

KPI 3: Occupational Health & Safety

KPI 3: Occupational Health & Safety	
Definition	<ul style="list-style-type: none">Occupational Health & Safety: will be measured through Lost Time Incident ("LTI") rate and Fatalities.Lost Time Incident ("LTI"): is defined as an injury sustained on the job by an employee that results in the loss of productive work time.Fatalities: refers to work-related fatalities for employees and contractors.
Scope	Encompasses all entities of Wasco Berhad, and includes both employees and contractors.
Rationale and Materiality	<p>Materiality:</p> <ul style="list-style-type: none">Safety has been identified as very material in terms of relevance to Wasco, and a very material matter in importance to Wasco's Stakeholders, under Wasco's material matters.Employee Wellness has also been identified as very material in terms of relevance to Wasco, and a very material matter in importance to Wasco's Stakeholders, under Wasco's material matters.The International Association of Oil & Gas Producers ("IOGP") has identified Health, Safety, Security, and Environment ("HSSE") as a key pillar and intends to pioneer excellence in safe, environmentally responsible and resilient operations. <p>Rationale:</p> <ul style="list-style-type: none">Wasco prioritises a safe and healthy workplace for employees, contractors and other stakeholders while protecting the environment.Wasco aims to provide a safe and healthy workplace for its employees and contractors by embracing internationally recognised HSE Management Systems, namely ISO 45001:2018 for Health & Safety and ISO 14001:2015 for the environment.Wasco has committed to achieving Zero Lost Time Incidents.
Calculation Methodology	<ul style="list-style-type: none">Lost Time Incident Rate is calculated based on Lost Time Incidents per number of employees per 1,000 hours worked.Fatalities is recorded based on the total number of fatalities which have occurred.

KPI 3: Occupational Health & Safety

Historical Performance

Year	2023	2022	2021
Lost Time Incident Rate	0.2	0	0
Fatalities	0	0	0

Note: Data for 2023 and 2022 encompasses all entities in Wasco. Data for 2021 were scoped to Wasco's Energy Solutions Services only.

4.2 Calibration of Sustainability Performance Targets ("SPTs")

SPT for KPI 1: Net Zero GHG Emissions (Scope 1 and Scope 2) by 2026

SPT 1: Net Zero GHG Emissions (Scope 1 and 2) by 2026

Target and Baseline

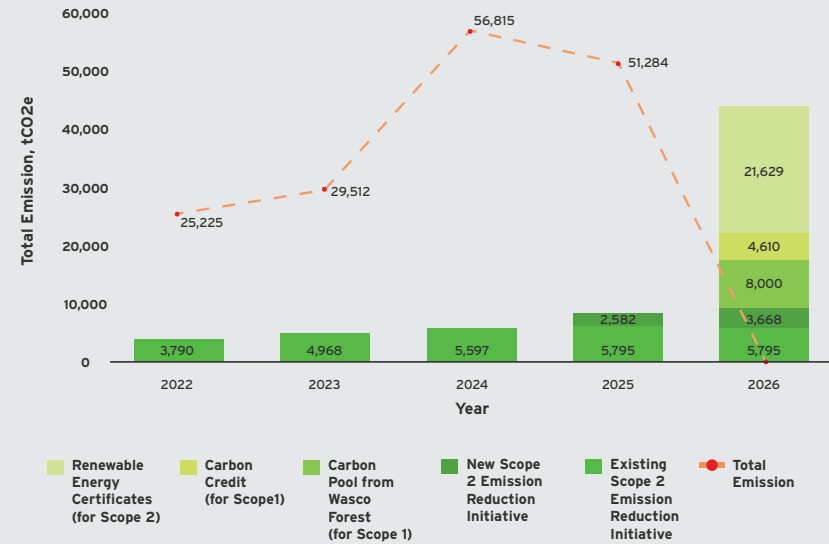
Target

- Net Zero GHG Emissions (Scope 1 and 2) by 2026.

Baseline

- Absolute GHG Emissions (Scope 1 and 2) in FY2023 of 29,512 tCO2e.

Ambition of the Target



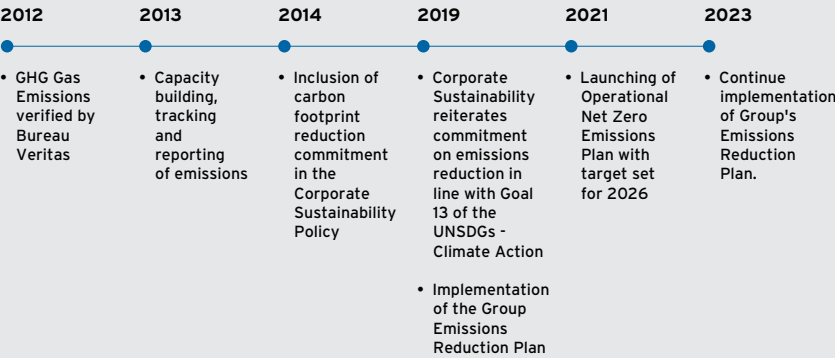
SPT 1: Net Zero GHG Emissions (Scope 1 and 2) by 2026

Ambition of the Target

Metrics/ Observation Date	2023 (Baseline)	2026
SPT 1	29,512	0
% Reduction from 2023	N/A	100%

Note: This pathway is based on a Wasco's established Net-Zero 2026 (Scope 1 and Scope 2) emissions pathway

Wasco's Journey towards Net Zero Emissions



In an effort to reduce Wasco's emissions impact, Wasco is currently updating its emissions reduction targets to be consistent with a 1.5°C pathway.

In 2024, Wasco will be embarking on an exercise to determine its baseline for Scope 3 emissions and will engage with employees, contractors, suppliers, customers, and business partners in sharing responsibility for meeting these goals.

Strategy to achieve the SPTs

- Wasco is undertaking a series of proactive initiatives and developed plans towards the achievement of this SPT.
- Ongoing initiatives include:
 - Subscription to TNB's Green Electricity Tariff ("GET") Programme.
 - Pilot tree planting program at Wasco Forest.
 - Phasing out use of diesel fuelled air compressors and power generators in all operations.
 - Mobile tower light powered by solar and battery instead of diesel.
 - Using natural gas for all burners.
 - Minimising the use of Liquefied Petroleum Gas ("LPG").
 - The "Benefit of Walking" Campaign encourages personnel to walk instead of using vehicles.

SPT 1: Net Zero GHG Emissions (Scope 1 and 2) by 2026

Strategy to achieve the SPTs

- Optimising fuel use by periodically maintaining and servicing the plant and equipment.
- Using Euro 6 standard vehicles, which are energy efficient and limit harmful exhaust emissions.
- Using arc welding.
- Energy Saving Awareness Campaign.
- Using hibernation features for all computers.
- Installing timers/sensors for lighting, air conditioners, hydraulic power packs and blowers.
- Replacing malfunctioning bulbs with LED lights.
- Installing solar power system at production facilities.
- Upcoming initiatives include:
 - Installing solar panels in Kuantan.
 - Transitioning Qatar to grid energy.
 - Phasing out combustion sources.
 - Phase 2 of Wasco's tree planting program, to cultivate a diverse range of CO2-sequestering plants across 670,000 hectares, totalling an estimated 1 million trees.

SPT for KPI 2: Achieve 40% reliance on Renewable Energy by 2035 from 2023 baseline

SPT 2: Achieve increased reliance on renewable energy from 2023 baseline																
Target and Baseline	Target <ul style="list-style-type: none">2a: Achieve 30% reliance on renewable energy by 2024 from 2023 baseline.2b: Achieve 40% reliance on renewable energy by 2035 from 2023 baseline. Baseline <ul style="list-style-type: none">Reliance on Renewable Energy in FY2023 of 24.7%.															
Ambition of the Target	<table><tr><th>Metrics/ Observation Date</th><th>2023 (Baseline)</th><th>2024</th><th>2024</th></tr><tr><td>SPT 2</td><td>24.7%</td><td>30.0%</td><td>40.0%</td></tr><tr><td>Increase from 2023</td><td>N/A</td><td>5.3%</td><td>15.3%</td></tr></table>				Metrics/ Observation Date	2023 (Baseline)	2024	2024	SPT 2	24.7%	30.0%	40.0%	Increase from 2023	N/A	5.3%	15.3%
	Metrics/ Observation Date	2023 (Baseline)	2024	2024												
	SPT 2	24.7%	30.0%	40.0%												
	Increase from 2023	N/A	5.3%	15.3%												
	Note: This pathway is aligned with the Malaysia Renewable Energy Roadmap (“MyRER”) outlined in the National Energy Transition Roadmap ²⁹ .															
Strategy to achieve the SPTs	Wasco is committed to addressing energy use and efficiency by: <ul style="list-style-type: none">Adhering to relevant legislation and regulations concerning energy.Improving and promoting energy efficiency by implementing effective energy management programmes throughout the organisation.Communicating with employees, government agencies and the community on energy management.Identifying, implementing and developing measurable targets for energy conservation projects.Conserving energy resources through best practices and integrating energy management in business activities.															

²⁹ References: https://www.ekonomi.gov.my/sites/default/files/2023-09/National%20Energy%20Transition%20Roadmap_0.pdf

SPT for KPI 3: Maintain an annual Zero Lost Time Incident Rate and Fatalities

SPT 3: Maintain an annual Zero Lost Time Incident Rate and Fatalities											
Target and Baseline	<p>Target</p> <ul style="list-style-type: none">Maintain an annual rate of Zero Lost Time Incident Rate and Fatalities. <p>Baseline</p> <ul style="list-style-type: none">Lost Time Incident Rate and Fatalities in FY2023 of 0.2.										
Ambition of the Target	<p>• The SPT set for Wasco highlights its unwavering commitment towards upholding and continuously maintaining the highest and best Occupational Health and Safety standards throughout its business which typically involves high-risk construction in its operations.</p> <table><tr><th>Metrics/ Observation Date</th><th>2023 (Baseline)</th><th>Annual Target</th></tr><tr><td>SPT 3</td><td>0.2</td><td>0</td></tr><tr><td>Improvement from 2023</td><td>N/A</td><td>100%</td></tr></table>		Metrics/ Observation Date	2023 (Baseline)	Annual Target	SPT 3	0.2	0	Improvement from 2023	N/A	100%
Metrics/ Observation Date	2023 (Baseline)	Annual Target									
SPT 3	0.2	0									
Improvement from 2023	N/A	100%									
Strategy to achieve the SPTs	<ul style="list-style-type: none">Wasco strictly follows the Safe Work Method Statement which clearly states measures to control the risks associated with Wasco's nature of work.All of Wasco's employees are responsible for reporting incidents, near-misses, safety breaches and hazards.Wasco conducts training for its employees on health and safety standards, including general safety. Training includes HSE induction, forklift operation, rigging and slinging training, working at height, electrical safety, hand safety, grinding safety and confined space entry.Training is extended to all employees, contractors and subcontractors. Every employee must attend a safety briefing before starting their workday at a minimum.Wasco's approved Health and Safety Policy formalises the Group's health and safety philosophy and approach. Safety initiatives, internal monitoring and internal safety audit include creating a robust set of safety protocols and delivering carefully developed safety orientation and ongoing training.										

4.3 Financial Characteristics

The financial and structural characteristics of any Sustainability-Linked Financial Instrument issued under this Framework will be specified in the legal documentation including changes to the financial and/or structural characteristics which may follow the occurrence of a Trigger Event.

4.3.1 Trigger Events

The occurrence of any of the following events (the Trigger Events) will trigger a change in the financial characteristics of the relevant Sustainability-Linked Financial Instrument as described in [Section 4.3.2](#)

- i. One or more of the selected KPI(s) achieve or fail to achieve the SPT(s) on the reference date, or
- ii. One or more of the selected KPI(s) fail to achieve verification of the SPT(s) at the Target Observation Date

The Target Observation Date is defined as the date on which KPI performance is to be observed and if applicable measured against a relevant SPT.

4.3.2 Changes in Financial Characteristics

The occurrence of a Trigger Event will result in a change in the financial and/or structural characteristics of the relevant Sustainability-Linked Financial Instrument and will be specified in the relevant transaction documentation.

Adjustments to the Sustainability-Linked Financial Instruments issued under this Framework will consist of a one-way or two-way adjustment, and will take the form of a step-up and/or step-down coupon, a premium payable on the redemption price, margin adjustments, or other potential forms of economic impact on the Issuer/Borrower (such as donations towards environmental and/or social projects) according to the achievement or non-achievement of the selected KPIs and applicable SPTs at the Target Observation Dates.

The nature of the adjustments will depend and may differ based on the nature of the instrument. In addition, the relevant documentation for the Sustainability-Linked Financial Instruments might provide for certain events, outside Wasco's direct control, resulting in the step-up not being triggered.

4.4 Reporting

To provide investors, lenders, and other stakeholders with adequate information about Wasco's implementation of its sustainability strategy, Wasco will provide relevant reporting on the progress made with respect to the KPIs and the achievement or non-achievement, of the SPTs set out in the documentation relating to the relevant Sustainability-Linked Financial Instrument.

Where relevant, such reporting shall be made publicly available on an annual basis in the Progress Report ("**Progress Report**") in relation to the previous calendar year, and the Progress Report shall be published within Wasco's Integrated Annual Report no later than the Reporting End Date as specified within the transaction documents.

The reporting will form the basis for evaluating the impact on the financial characteristics of any Sustainability-Linked Financial Instrument issued under this Framework, as outlined in [Section 4.3](#). The Progress Report will contain all the relevant information needed to assess the progress towards the SPTs including, but not limited to:

- Up-to-date information on the performance of the selected KPI, including the baseline where relevant;
- Up-to-date information outlining Wasco's performance against the SPT and the related impact, and timing of such impact on the respective Sustainability-Linked Financial Instrument's performance;
- Any relevant information enabling investors to monitor the progress of the SPT; and
- A verification assurance report relative to the reporting including the above points.

Information may also include when reasonably feasible and available:

- Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis;
- Illustration of the positive sustainability impacts of the performance improvement; and/or
- Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant.

4.5 Verification

4.5.1 Pre-Issuance

Wasco will obtain an independent Second Party Opinion ("**SPO**") from an external reviewer with recognised expertise, on the Sustainable and Transition Finance Framework indicating alignment to the components of the ICMA's SLBP, LMA's SLLP, ACMF's SLBS and SC's SRI-Linked Sukuk Framework. In addition, the Second Party Opinion on Wasco's Sustainable and Transition Finance Framework will also include reference to the alignment with ICMA's Climate Transition Finance Handbook, guidance taken from the ATB's ASEAN Taxonomy for Sustainable Finance Version 3, and to the alignment with Wasco's overall sustainability strategy. This opinion is available on Wasco's website: <https://wascoenergy.com>

4.5.2 Post-Issuance

In order to provide transparency to investors, lenders and other stakeholders, and in alignment with the SLBP, SLBS, SRI-Linked Sukuk Framework, and the SLLP, Wasco will ensure an external and independent verification of its actual KPI performance level against the relevant SPTs in the Target Trajectory.

Verification of KPI performance will be conducted on an annual basis, and reported in the Sustainability-Linked Financing Progress Report and on a "Limited Assurance" standard.

For issuance of Sustainability-Linked Bonds/Sukuk, the verification shall be made public together with Wasco's annual reporting on Sustainability-Linked Financial Instruments on Wasco's webpage and/or within Wasco's Integrated Annual Report no later than the Reporting End Date, as outlined in [Section 4.3](#).

In relation to any SPT, the verification, together with the applicable reporting, will form the basis for evaluating whether a Trigger Event has occurred with respect to any Sustainability-Linked Financial Instrument issued under this Framework as described in [Section 4.3](#) above.

4.6 Recalculation Policy

Any significant change to the calculation methodology of the SPTs or significant change in data due to better data accessibility or discovery of data errors or significant structural change such as acquisitions, divestitures, or mergers may result in a recalculation of the relevant baselines and/or SPT.

Wasco may also choose to amend, adjust, and/or recalculate the relevant SPT, baseline and/or intermediate target in the event of a non-significant change, especially when structural changes occur.

Any such amendment, adjustment and/or recalculation will be subject to condition that Wasco's SPO provider has independently confirmed to Wasco that the proposed revision:

- is consistent with Wasco's sustainable strategy; and
- is in line with, or more ambitious than the initial level of ambition of the SPT(s).

Baselines and/or SPTs adjustments will be reported by Wasco in the Annual and/or Sustainability Report.

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Update and Amendment of the Framework

5 Update and Amendment of the Framework

Wasco 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. Any major update will be subject to the prior approval of DNV or any such other qualified provider of a SPO.

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