RHB Banking Group

Sustainable & Transition Finance Framework (STFF)

Effective 1 January 2026

Inclusive transition

It doesn't happen overnight.

Our strong heritage is the foundation of our commitment to continue serving the community. For more than 100 years, we have been helping people and businesses grow and succeed, and will continue to do so, especially on their sustainability journey.

RHB Banking Group is a leading regional financial services provider, dedicated to delivering comprehensive solutions through differentiated segment offerings and an ecosystem that enables simple, fast, and seamless experiences. Our journey is built on a cohesive and inspired workforce, strengthened by enduring relationships with our stakeholders.

With deep experience and insight into the evolving needs of our customers and partners, we continue to innovate, adapt, and create value – not only for today but for a more sustainable tomorrow. We believe that progress must be shared and inclusive. That is why we are committed to driving a just and inclusive transition that empowers communities, supports both small and large enterprises, and ensures that no one is left behind as we move towards a low-carbon and resilient future.

Our legacy of trust and pursuit of excellence continue to guide us as we cultivate and nurture the next generation through our actions and words, preparing a brighter, more inclusive, and sustainable future for all.

Purpose statement

MAKING PROGRESS HAPPEN FOR EVERYONE

Brand promise

TOGETHER WE PROGRESS

Content

Glossary

Terms	Description
ACMF	ASEAN Capital Markets Forum
APLMA	Asia Pacific Loan Market Association
ASEAN	Association of Southeast Asian Nations
BNM	Bank Negara Malaysia
BAC	Board Audit Committee
BCC	Board Credit Committee
BRC	Board Risk Committee
BRC-I	Board Risk Committee – Islamic
BSC	Board Sustainability Committee
CCPT	BNM Climate Change and Principle-based Taxonomy
ESG	Environmental, Social and Governance
GCC	Group Credit Committee
GCRC	Group Capital and Risk Committee
GHG	Greenhouse gases
GIA	Group Internal Audit
GIUC	Group Investment and Underwriting Committee
GMC	Group Management Committee
GRCM	Group Risk and Credit Management

Terms	Description
GSC	Group Sustainability Committee
IBBRC	Investment Banking Board Risk Committee
ICMA	The International Capital Market Association
KPI	Key Performance Indicator
LSTA	Loan Syndications & Trading Association
NETR	National Energy Transition Roadmap
NZ2050	RHB Group Net Zero Financed Emission by 2050
RHB Group	Comprising all entities / subsidiaries of RHB Bank Berhad, including international operations
SBC	Sustainable Business Council
SC	Securities Commission Malaysia
SLT	Sustainability-Linked Transactions
SME	Small and Medium-sized Enterprises
SPT	Sustainability Performance Target
STFG	Sustainable and Transition Finance Guideline
STFF	Sustainable and Transition Finance Framework
SRI Fund	Sustainable and Responsible Investment Fund
SRI Sukuk	Sustainable and Responsible Investment Sukuk

For RHB Islamic Bank Berhad, the words/terms used in this document for the Conventional Banking shall include the equivalent terms/words for the Islamic Banking and vice-versa. Examples of these common words/terms include interest/profit, loan/financing, late payment change/interest, sukuk/bond, borrowing/financing and others (where applicable).

Introduction

In this chapter:

1.0 Introduction

1.1 Context: **the net zero transition**

Climate-related risks have consistently ranked among the top global threats in the World Economic Forum's *Global Risks Report*[1] over the past decade. Intensifying physical impacts such as extreme weather events, rising sea levels and biodiversity loss, together with the systemic risks of a disorderly low-carbon transition, are reshaping the global economy. The need to decarbonise and adapt is no longer optional; it is a defining requirement for long-term economic stability and competitiveness.

There is now broad recognition that every economy must undertake deep structural changes to meet the goals of the Paris Agreement. The challenge lies not only in reducing emissions but in doing so while sustaining growth, employment and social development. For ASEAN economies, this challenge is particularly complex. As the region continues to expand and industrialise, it must balance economic progress with environmental and social imperatives. ASEAN countries face twin pressures: managing the transition risks of shifting to low-carbon technologies and production systems, while also addressing the physical risks of climate impacts that threaten infrastructure, livelihoods and food security.

A just and inclusive transition is essential for the region's long-term success. In the ASEAN context, this means ensuring that the pathway to decarbonisation protects livelihoods, supports vulnerable communities and enables equitable access to the opportunities of the green economy. It also requires investment in skills, technology and financial access, particularly for micro, small and medium enterprises (MSMEs), so that no sector or community is left behind as the region moves toward a more sustainable future.

Global risks ranked by severity

	Short term (2 years)	Long term (10 years)
1	Misinformation and disinformation	Extreme weather events
2	Extreme weather events	Biodiversity loss and ecosystem collapse
3	State-based armed conflict	Critical change to earth systems
4	Societal polarisation	Natural resource shortages
5	Cyber espionage and warfare	Misinformation and disinformation
6	Pollution	Adverse outcomes of AI technologies
7	Inequality	Inequality
8	Involuntary migration or displacement	Societal polarisation
9	Geoeconomic confrontation	Cyber espionage and warfare
10	Erosion of human rights and/or civic freedoms	Pollution

Environmental | Geopolitical | Societal | Technological

Source: [1]World Economic Forum (2025) Global Risks Report 2025 (https://www.weforum.org/publications/series/global-risks-report/)

1.1 Context: the net zero transition

No net zero without sustainable finance

It should not come as a surprise that delivering this transformation will demand massive investment. The financing gap for both climate mitigation and adaptation remains immense. The Climate Policy Initiative[2] projects that global investment needs will reach USD9 trillion annually by 2030, rising to more than USD10 trillion per year thereafter, yet only a small share currently flows to developing economies. The UN Environment Programme (UNEP) *Adaptation Gap Report 2023*[3] estimates that developing countries face an annual shortfall of between USD215 billion and USD387 billion in adaptation finance this decade alone, noting that they require 10-18 times more public finance than is currently available.

Developing economies, which together will need more than USD2.4 trillion per year by 2030[4] to meet their climate and development objectives, face significant barriers in mobilising capital. For ASEAN, which must continue developing its economies while addressing growing climate and social vulnerabilities, closing this gap is critical to ensure that the region's transition is not only effective but also equitable. The need to transition also creates immense opportunity. According to Malaysia's National Energy Transition Roadmap, the transition is expected to generate investment opportunities up to RM1.3 trillion, contribute additional GDP of RM220 billion and create approximately 310,000 green growth job opportunities in 2050[5].

Sustainable finance must be rapidly scaled and innovated to mobilise the capital required to achieve global net-zero ambitions and build climate resilience. At RHB, we recognise that our role is to help bridge this gap by mobilising domestic and regional capital to finance credible low-carbon transitions and strengthen resilience across industries and communities.

RM1.2-1.3 trillion
investment opportunities for Malaysia's energy transition by 2050

More than 300,000
Green growth job opportunities in 2050

Source: [2]Climate Policy Initiative (2023) Global Landscape of Climate Finance 2023 (link); [3]United Nations Environment Programme (UNEP) (2023) Adaptation Gap Report 2023 (link); [4]United Nations Trade & Development (UNCTAD) (2023) World Investment Report: Investing in Sustainable Energy For All (link); [5]Ministry of Economy (2023) National Energy Transition Roadmap (link)

1.2 Transition finance

Transition finance, a subset of sustainable finance, refers to financing activities that enables decarbonisation of high-emitting entities and hard-to-abate sectors. In line with RHB's purpose statement of "Making Progress Happen for Everyone", RHB is committed to provide transition financing that can meaningfully contribute to climate objectives while enabling job creation, sustain economic growth, and reduce societal inequalities.

In the context of climate mitigation, traditional green finance remains constrained by design: it directs capital only toward activities that are already low-carbon. While this is essential for scaling renewables, energy efficiency and green mobility, it also means that entities operating in emissions-intensive or hard-to-abate sectors have limited pathways to credibly finance the deep transformations required of them. As a result, some of the sectors that matter most for Malaysia's net-zero ambition, such as power, heavy industry, transport and the built environment, often find themselves excluded from green-labelled instruments despite having both the willingness and the imperative to transition.

Transition finance helps close this gap. It provides a structured and credible avenue for high-emitting entities to access financing, accelerate decarbonisation investments, and play their necessary role in transforming the broader economy. Properly designed, transition financing complements green finance by ensuring that every sector, and not just the already-green ones, can move toward science-aligned decarbonisation pathways.

RHB believes that while the transition towards Net Zero is imperative, it must do so with the concept of Just Transition in mind. With Malaysia and ASEAN still largely emerging and developing economies, the transition must take into account societal and economical impacts.

Comparison between green and transition finance

	Green finance	Transition finance
Purpose	**Finance green activities** To fund activities that are already low-carbon or environmentally beneficial	**Finance activities that enable brown to green** To fund ambitious and credible decarbonisation pathways for high-emitting or hard-to-abate sectors (such as energy, steel, cement, transport)
Eligible activities	Activities that are "green" or already aligned to climate mitigation/ adaptation best practices	Activities that shift an entity from high to lower emissions, including upgrades, fuel switching, retrofits, or transitional technologies
Level of ambition	Project must meet stringent green eligibility criteria	Project must demonstrate credible, ambitious transition consistent with sectoral pathways
Financial instruments (examples)	• **Use of proceeds: g**reen loans/bonds	• **Use of proceeds:** transition loans/bonds • **General purpose:** sustainability-linked loans/bonds

Crucially, transition finance is not a "looser" version of green finance, nor a label for incremental improvements that resemble business-as-usual. The transition concept is intended to facilitate financing that supports ambitious, material and time-bound shifts in emissions trajectories. Its credibility depends on rigorous definitions, strong governance, and safeguards against "transition-washing".

1.3 RHB sustainability journey

RHB embarked on its sustainability journey in 2018 when the Group identified its sustainability material matters and defined its commitment. At RHB, our purpose goes beyond financial performance – we are committed to being a responsible financial services provider that drives meaningful, long-term impact. Sustainability has been a core focus of our **PROGRESS27** corporate strategy since 2025, shaping the way we operate, innovate and create value.

Over the years, the Group has strengthened its governance frameworks, embedded environmental, social and governance (ESG) considerations into business decision-making, and expanded sustainable and transition financing across our portfolios. With clear leadership commitment and defined accountability structures, RHB continues to advance responsible finance, enhance climate-related risk management, and align our business with global and industry standards. These efforts underscore our commitment to supporting clients, communities and industries as they transition toward a low-carbon and inclusive economy. Central to this ambition is RHB's target to mobilise RM90 billion in Sustainable Financial Services by 2027, reflecting the scale and seriousness of our commitment to Malaysia's net-zero trajectory and broader sustainability agenda.

The introduction of the Sustainable & Transition Finance Framework (STFF) represents a major milestone in this journey. It reinforces RHB's ambition to serve as a catalyst for positive change and a trusted partner in Malaysia's transition – enabling us to scale sustainable finance, support credible decarbonisation pathways and drive a more resilient, responsible future for generations to come.

MAKING PROGRESS HAPPEN FOR EVERYONE

KPI 1	KPI 2	KPI 3	KPI 4
Mobilise RM90 billion in sustainable financial services by 2027	Achieve **carbon neutral operations** by 2030 and **Net Zero emissions** by 2050	**Empower 2.5 million** targeted individuals and businesses across ASEAN by 2027	Maintain **33.3% representation of women** in top and senior management positions by 2027

RHB SUSTAINABILITY PILLARS

Sustainable & responsible finance

Integrate ESG considerations into our business strategies and decision-making processes while nurturing customers and communities towards achieving sustainable growth

FOCUS AREAS

- Sustainable financial services
- Financial inclusion
- Advancing SMEs towards sustainable business practices

Committed to achieving Net Zero by 2050

Accelerating the just and responsible transition to a low-carbon economy, guided by the group's net zero strategy

FOCUS AREAS

- Reduction of financed emissions
- Driving growth in green financial services
- Integration of sustainable and low-carbon practices into our own operations

Embedding good practices

Foster responsible practices and nurture a sustainable culture within our organisation

FOCUS AREAS

- Ethics and conduct
- People and workplace
- Sustainable supply chain

Enriching & empowering communities

Create long-term positive impacts on the communities, nurturing children and young adults

FOCUS AREAS

- Nurturing future generations
- Empowering communities

The Framework

In this chapter:

2.0 The Framework

2.1 About the framework

The Sustainable & Transition Finance Framework ("STFF" or the "Framework") is designed to help clients and industries move progressively toward sustainability by providing clear pathways for both green, social and transition financing. The purpose of the STFF is to establish a consistent, rigorous and transparent approach to sustainability-labelled financing across the organisation. It sets clear eligibility criteria, governance expectations and reporting requirements to safeguard integrity and avoid greenwashing or transition-washing. By doing so, the Framework enhances market confidence and ensures RHB's financing activities contribute credibly to national and global sustainability goals.

A. Purpose and objectives

1. It contains the core components and the classifications of green, social, transition and sustainability-linked financial products and services that drives sustainable growth to facilitate an inclusive transition of the real economy towards a low carbon economy

2. It defines the applicability, scope and the financial products and services that supports our sustainability objectives, and acts as a basis for recognising and monitoring progress against our commitment of mobilising sustainable finance

3. This Framework sets out the Group's commitment to integrating sustainability into the Group's business and decision making processes, ensuring that the Group's business activities contribute positively to the Group's ESG objectives and aspirations

B. Applicability and scope

Applicable entities

All entities, Strategic Business Groups and Strategic Functional Groups within RHB Banking Group[1]

Financial activities & products

All financial products and services aimed at promoting sustainability and the climate transition, including but not limited to:

Debt & equity markets	Business lending
Retail financing	Insurance products
Asset management products	Investment management products
Green deposits and cash management	

1. Applicable to both Malaysia and regional/overseas operations. Subsidiaries and branches may customise the Framework to meet local regulations/guidelines (where applicable) subject to respective entity's Board approval. (Exclude portfolio under management on behalf of third party)

2.1 About the framework

C. Design of the framework

This Framework is designed in alignment with industry principles and standards, including but not limited to:

- **The International Capital Market Association (ICMA)**
  - Sustainable Bond Guidelines 2021
  - Green Bond Principles 2021 (GBP)
  - Social Bond Principles 2023 (SBP)

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

- **ASEAN Capital Markets Forum (ACMF)**
  - ASEAN Sustainability Bond Standards 2018 (ASEAN SUS)
  - ASEAN Green Bond Standards 2018 (ASEAN GBS)
  - ASEAN Social Bond Standards 2018 (ASEAN SBS)

- **Bank Negara Malaysia**
  - Climate Change and Principle-based Taxanomy (CCPT)

- **ASEAN Capital Markets Forum (ACMF)**
  - Sustainable and Responsible Investment Sukuk Framework (SRI)

This Framework is a living document and shall be reviewed on an annual basis, or as deemed necessary by RHB Banking Group.

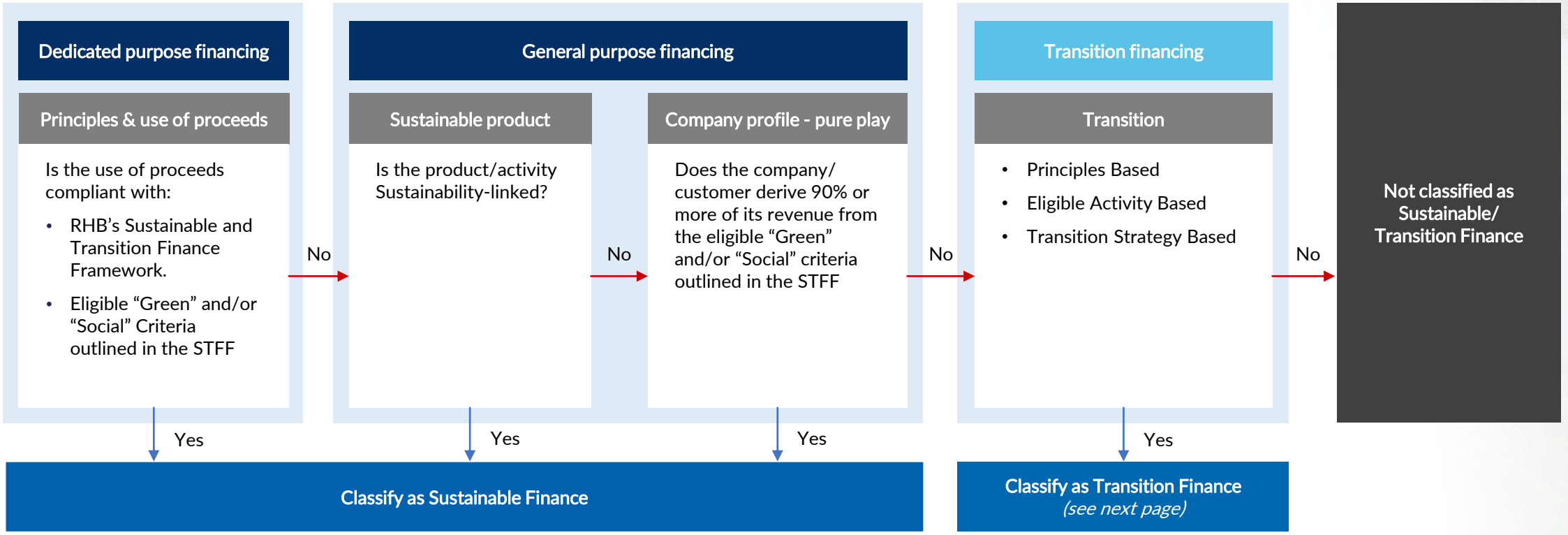
Second-Party Opinion
Reviewed by: MORNINGSTAR | SUSTAINALYTICS

The Framework has been reviewed by **Sustainalytics**. The Second-Party Opinion report is available on our website at www.rhbgroup.com

2.2 Classification and recognition approach

This Framework adopts a clear and structured classification approach to ensure that all financing activities labelled as "sustainable" meet defined criteria, deliver measurable outcomes and align with best practices. The classification framework enables RHB to consistently distinguish between Green/Social Finance and Transition Finance, while maintaining strong governance and integrity standards.

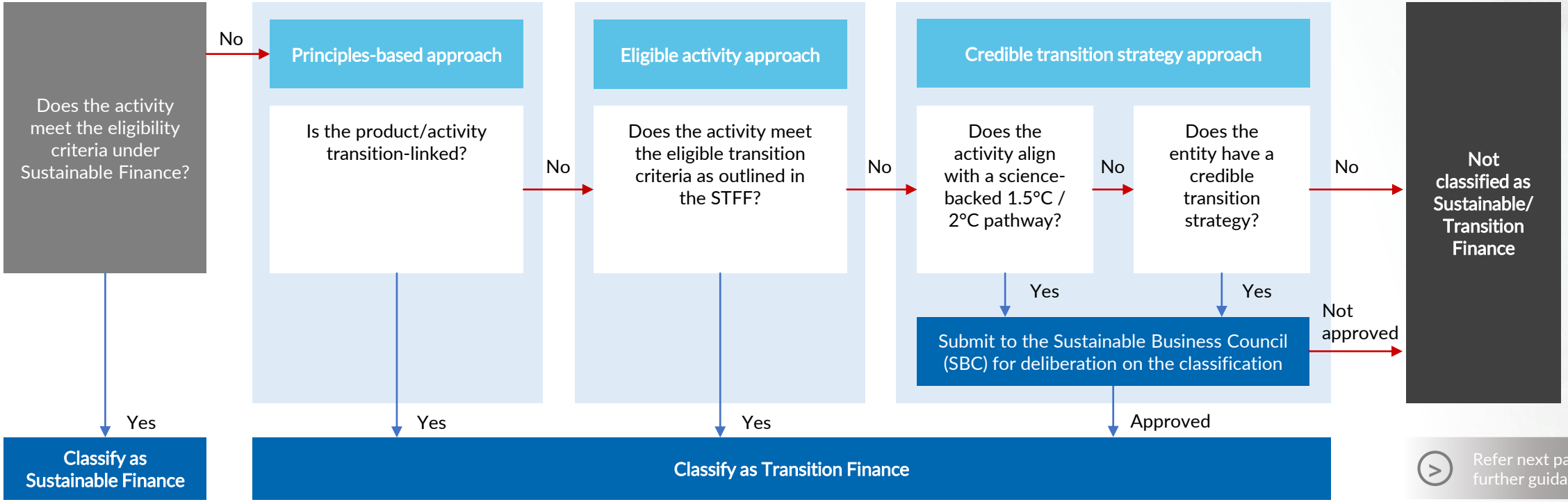
A. Sustainable finance



2.2 Classification and recognition approach

B. Transition finance

Transition Finance is classified through a structured methodology that ensures financing supports credible, ambitious and science-aligned decarbonisation of high-emitting sectors. The classification draws on global best practices and integrates three key components: [1] principle-based approach, [2] activity-level eligibility, and [3] entity-level transition strategy requirements. This ensures that RHB's transition-labelled financing is robust, transparent and aligned with the country's net-zero commitments.



Refer next page for further guidance

2.2 Classification and recognition approach

B. Transition finance

The section below provides further guidance on the classification approach for transition finance:

1 Principles-based approach

A financing is considered transition/ transition-linked if it meets the following criteria:

1. A bond/loan framework aligned to international principles and guidelines such as the ICMA Climate Transition Finance Handbook; **AND**
2. Has been obtained a Second Party Opinion ("SPO") or been reviewed an external review provider; **OR**
3. The bond/loan is approved by the Climate Bond Standard under the Climate Bond Initiative (CBI)

2 Eligible activity approach

Under this approach, the activity shall comply with the eligible transition activities outlined in the STFF.

3 Credible transition strategy approach

Under this approach, the borrower/issuer must demonstrate a credible, time-bound and science-aligned transition strategy/plan. This requires:

1. **Defined long-term decarbonisation targets**
2. **Interim milestones** (short- and medium-term) that demonstrate a realistic trajectory toward the long-term target.
3. **A clear implementation roadmap**, including capital plans, technologies to be deployed and operational changes required.
4. **Strong governance structures** overseeing transition execution, monitoring and accountability.
5. **Transparent reporting**, including progress tracking, GHG disclosure and KPI performance.

To support company's transition, several tools exist to assess whether the transition plan is aligned to a 1.5°C or 2°C pathway, including but not limited to:

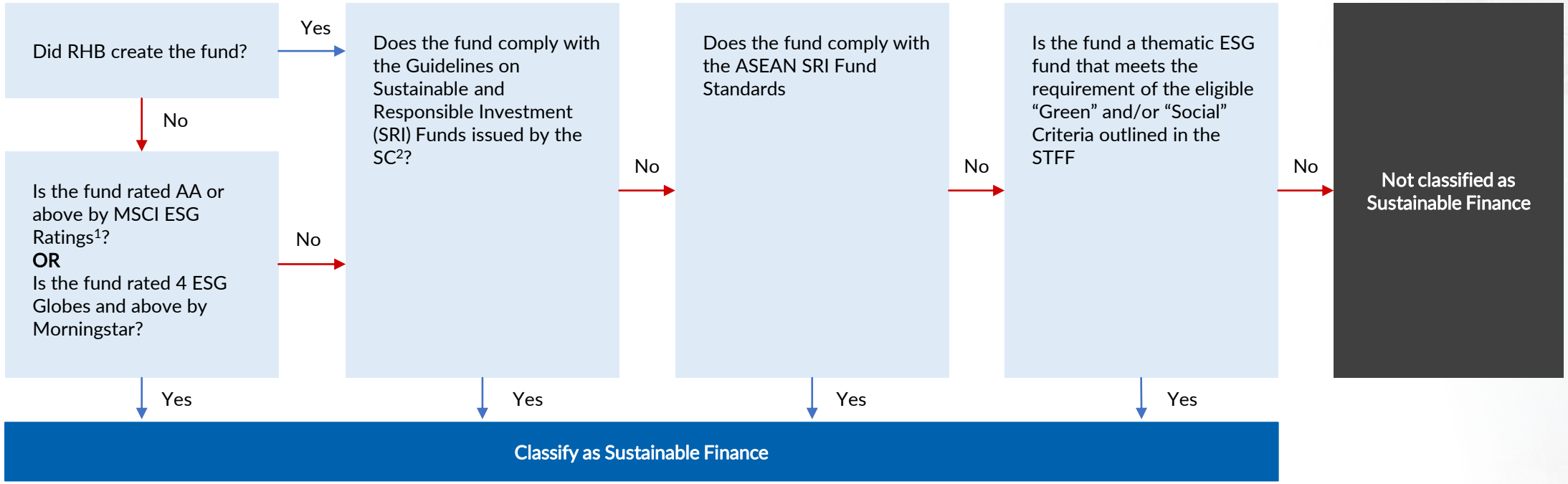
- The Science Based Targets Initiative (SBTi) (Link)
- Transition Pathway Initiative (TPI) Tool (Link)

Transition credibility information can also be obtained from verified third party validators such as Bloomberg ESG[1].

[1] Bloomberg ESG measures Transition Credibility through three dimensions: Ambition, Action and Accountability in which a weighted average sum is assigned to a highest score of 10. The Bloomberg ESG database can be used as reference to enable comparative analysis across peer companies.

2.2 Classification and recognition approach

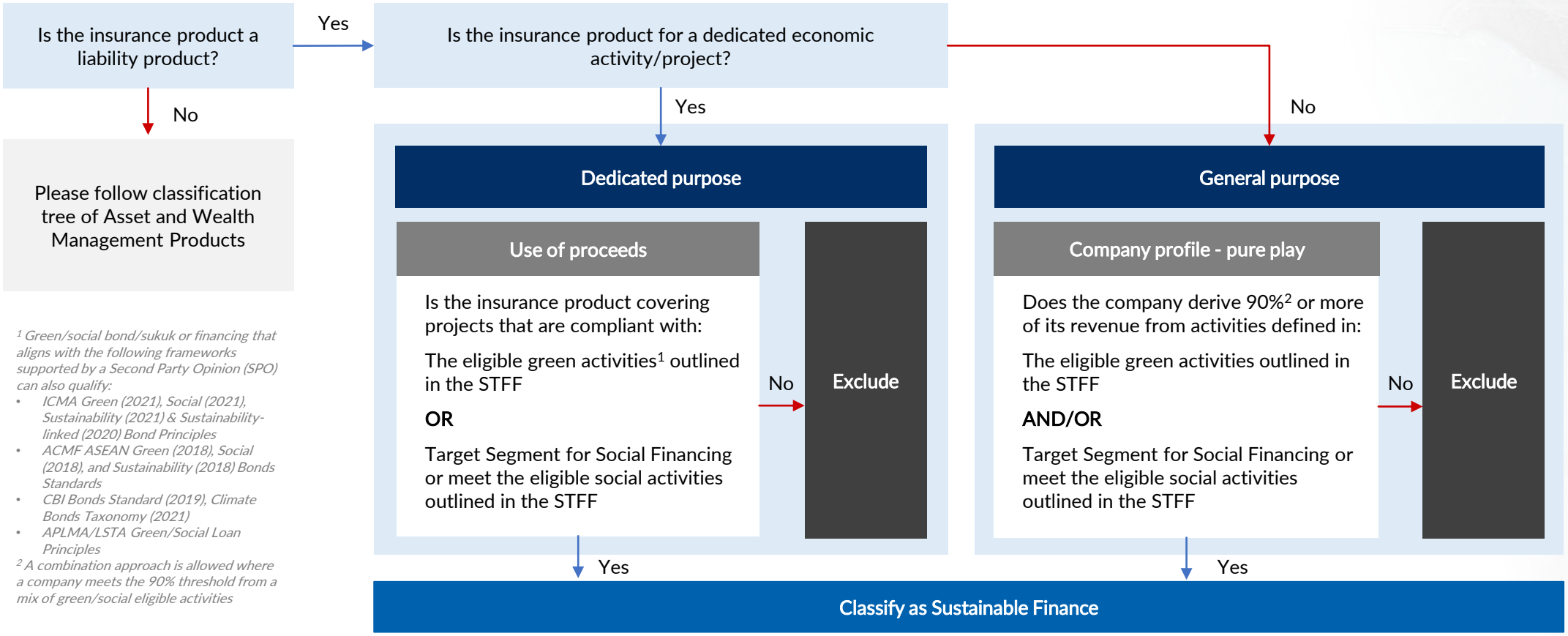
C. Asset and wealth management



[1] RHB recognises that this approach does not necessary guarantee that the investment meet the requirements of the green/social criteria or Target Segment in the Sustainable and Transition Finance Guidelines (STFG). However, RHB will prioritise investments in sustainability funds that for which there is reasonable basis of the alignment of the financed assets with the green/social criteria or Target Segment in the STFG.
[2] Discretionary fund mandates will require the asset owners to amend the fund mandate to meet the requirements of SC SRI Taxonomy in order to be classified as Sustainable Finance.

2.2 Classification and recognition approach

D. Insurance underwriting and investments



[1] Green/social bond/sukuk or financing that aligns with the following frameworks supported by a Second Party Opinion (SPO) can also qualify:

- *ICMA Green (2021), Social (2021), Sustainability (2021) & Sustainability-linked (2020) Bond Principles*
- *ACMF ASEAN Green (2018), Social (2018), and Sustainability (2018) Bonds Standards*
- *CBI Bonds Standard (2019), Climate Bonds Taxonomy (2021)*
- *APLMA/LSTA Green/Social Loan Principles*

[2] A combination approach is allowed where a company meets the 90% threshold from a mix of green/social eligible activities

2.2 Classification and recognition approach

E. General exclusion list

RHB has outlined a list of business activities that falls within RHB's general exclusion list[1]. The general exclusion list applies to all our customers. We shall decline customers' onboarding process or transaction if they fall under the following business activities:

1. Involvement in money laundering, crime, terrorism or illegal activities (e.g. illegal waste management, illegal deforestation)
2. Involvement in pornography or prostitution, production or trade in military weapons or firearms
3. Involvement in forced labour, exploitation of children and human trafficking
4. Activities resulting in significant conversion or degradation of any high biodiversity value areas
5. Operations which use fire for land clearance or preparation of land
6. Fishing activities using drift nets or explosives
7. Financing of any greenfield coal-fired power plants beginning 1st July, 2021 and financing of all coal-fired power plants effective 1st July, 2026

[1]Make reference to the list of Prohibited Credits in the Group Credit Policy.

2.3 Use of proceeds

A. Definition and category

The use of proceeds from any sustainable finance products or instrument issued under this Framework shall only be used to finance businesses and/or projects that qualify as either of the below Green, Social, Sustainability-Linked or Transition categories, defined as below:

	Definition	Example of eligible activities[2]	
Green financing	Financial services that support environmentally sound and sustainable projects that foster a net-zero emissions economy, protect and restore the environment, facilitate adaptation to climate change and aligned to industry principles[1]	• Renewable energy • Energy efficiency • Pollution prevention • Sustainable agriculture • Clean transportation	• Sustainable water management • Climate adaption • Circular economy activities • Green building financing
Social financing	Financial services that support sound and sustainable social projects that will deliver impactful social benefits and which are aligned to industry principles[1]	• Financial services extended to a target segment • Affordable basic infrastructure and amenities • Affordable housing	• Employment generation and micro financial services • Food security and sustainable food systems
Sustainability-linked	General corporate facilities extended to business activities which incentivise the client's achievements towards pre-determined Sustainability Performance Targets (SPTs). Aligned with sustainability-linked market principles in STFG to support real economy transition	• General purpose financing • Key performance indicators shall be material and relevant to the client • SPTs shall be ambitious • Verification on performance against SPTs is required	
Transition financing	Entails providing funding to support the decarbonisation of entities/customers in emission-intensive or hard-to-abate sectors	• Retrofitting of natural gas pipelines to address methane leakages and enable blending with renewable/low-carbon gases • Production of hydrogen through steam reforming using natural gas with CCUS	

[1]Aligned to APLMA and ICMA Green/Social loan or bond principles. Includes financial services made available exclusively to finance, re-finance in whole or in part eligible activities.
[2]Non-exhaustive. Refer to the list of eligible green, social and transition activities in the STFF

2.3 Use of proceeds

A. Definition and category

	Use of proceeds	Sustainability-linked financing & sustainable products	Company profile – pure play[1]	Transition finance
Main categories (Non-exhaustive)	• Green, Social and Sustainability loans/ financing • Green, Social and Sustainability bonds • Thematic investment products	• Sustainability-linked financing • Sustainability-linked bond/Sukuk • Sustainability-linked treasury (including derivatives) solutions • Sustainable deposits • Sustainable repurchase (REPOs) and reverse repurchase (Reverse REPOs) agreements • Sustainability structured notes/investments[2] /deposits • Sustainable structured products	• General corporate financing for a "pure play" company • Working capital or trade financing for a "pure play" company	• Transition loans/financing • Transition-linked loans/financing

Industry guidance (Non-exhaustive)	• The International Capital Market Association (ICMA):
	  • Green Bond Principles
	  • Social Bond Principles
	  • Sustainability Bond Guidelines
	• ASEAN Green, Social, Sustainability Bonds Standards by the ASEAN Capital Markets Forum (ACMF)
	• Climate Bonds Standard by the Climate Bonds Initiative (CBI)
		• The International Capital Market Association (ICMA) - Sustainability-Linked Bond Principle
		• Loan Market Association (LMA) - Sustainability-Linked Bond Principles
				• Climate Bonds Initiative (2020) Financing Credible Transitions
				• ICMA Climate Transition Finance Handbook

[1]A "pure play" company is one that derives 90% of its revenue from either eligible green or social activities as outlined in the STFF
[2]Includes RHB Group's own investment under Treasury management

2.3 Use of proceeds

B. Recognition methodology for sustainable & transition finance

Type	Product	Description	Measurement basis	Recognised towards group's commitment
Dedicated & use of proceeds	Green/social loans and bonds financing	Lending products directed to a purpose or project that is classified as eligible green/social activities outlined in the STFF	Based on approved and accepted limits	✓
	Green, social, & sustainability bonds/sukuk (underwriting)	Bonds/Sukuk that is issued for the purpose of financing activities classified as eligible green/social activities outlined in the STFF	Apportioned issuance amount	✓
	Green/social bonds (investment – for banking book)	*Green/Social/Sustainable Bonds held for investment purposes only	Notional amount	✓
Sustainability linked financing/product	Sustainability-linked loans / financing	Loan instrument/contingent facilities/trade or working capital which incentivise the client's achievements towards pre-determined Sustainability Performance Targets (SPTs)	Based on approved and accepted limits	✓
	Sustainability- linked bond/sukuk	Bond/Sukuk issued which incentivise clients' achievements towards pre-determined Sustainability Performance Targets (SPTs)	Based on approved and accepted limits	✓
	Sustainability-linked bond/notes – investment*	Sustainability-linked bonds/notes held for investment purposes only	Notional amount	✓
	Sustainability-linked treasury solutions (incl. derivatives)	Sustainability-linked treasury (including derivatives) solutions	Notional amount	✓

**excludes transactions lead and managed by RHB*

Disclaimer: This document will be updated from time to time as RHB expands on its Sustainable Finance services and products

2.3 Use of proceeds

B. Recognition methodology for sustainable & transition finance

Type	Product	Description	Measurement basis	Recognised towards group's commitment
Sustainability products	Sustainable structured products**	Investment instruments with payouts tied to the performance of underlying assets, designed to incentivise or align with specific ESG outcomes or criteria	Notional amount	✓
	ESG deposits	Deposits where funds are specifically allocated to projects or initiatives that are classified as eligible green/social activities outlined in the STFF	Notional amount	✓
	Sustainable REPOs	Repurchase agreements with our customers where the funds are used to finance or refinance projects with environmental or social benefits aligned to our framework	Notional amount	✓
	Share margin financing	Extension of facility to clients as additional funding for the purchase of ESG equity shares quoted or to be quoted on Bursa Malaysia	Notional amount	✓
Company profile – pure play	Loans	Loans made out to companies that generate at least 90% of its revenue from eligible green/social activities outlined in the STFF	Based on approved and accepted limits	✓
	Working capital/trade financing	Working capital/trade financing made out to companies that generate at least 90% of its revenue from eligible green/social activities outlined in the STFF	Based on approved and accepted limits	✓

**excludes transactions lead and managed by RHB*
*** Sales and distribution to customers*

Disclaimer: This document will be updated from time to time as RHB expands on its Sustainable Finance services and products

2.3 Use of proceeds

B. Recognition methodology for sustainable & transition finance

Type	Product	Description	Measurement basis	Recognised towards group's commitment
Transition financing	Transition financing/loans	Lending products directed to a purpose or project that is classified as eligible transition activities outlined in the STFF	Based on approved and accepted limits	✓
Asset management	ESG or thematic green/social funds	Qualifying Sustainable and Responsible Funds (under Guidelines for SRI funds by SC or any other relevant regulation /guidelines, e.g. MAS)	Assets under management	✓
Insurance	Sustainable and responsible insurance products and services	Qualifying products and services provided by Group Insurance to better lives for Malaysians and create positive environmental and social impacts	Policy count based on sales acceptance of insurance products and sustainability initiatives Investment into funds and products that meet ESG criteria	✓

Disclaimer: This document will be updated from time to time as RHB expands on its Sustainable Finance services and products

2.3 Use of proceeds

C. Guidance for sustainability-linked transactions

Sustainability-Linked Transactions

Sustainability-Linked Transactions aim to enhance the borrower's, client's, or issuer's sustainability profile by linking transaction terms to performance on sustainability KPIs, which can be internal or external.

Key criteria for KPIs:

- **Relevance**: Core, material to the business, and strategically significant to current or future operations.
- **Measurability**: Quantifiable with a consistent methodology.
- **Benchmarking**: Where possible, use external references or standards to assess the ambition of targets. Each KPI must have a clear definition, including its scope, calculation methodology, baseline, and, where feasible, benchmarks against industry standards.

Validation

RHB may require borrowers, clients, or issuers to engage an external reviewer for independent verification of:

- The relevance, robustness, and reliability of selected KPIs.
- The rationale and ambition level of proposed SPTs
- The relevance and reliability of selected benchmarks
- The credibility of strategies to achieve SPTs, including scenario analyses where applicable
- Assessment of modifications should there be significant changes to KPI methodologies or SPT calibration

Additionally, borrowers, clients, or issuers may need to provide annual external verification of their performance against SPTs post-issuance. The Group will evaluate their performance based on the verified information.

Sustainability Performance Targets (SPTs)

Purpose: SPTs represent the level of ambition a borrower, client, or issuer commits to achieving

Commitment: They should be set in good faith, stay relevant throughout the loan's duration, and aim to drive positive, ambitious change through incentives

Ambition: SPTs must:

- Show significant improvement in Key Performance Indicators (KPIs), beyond "business as usual."
- Be benchmarked against external references where possible.
- Align with the borrower's overall sustainability/ESG strategy.
- Have clear timelines set before or during the transaction setup.

How to Set SPTs:

Use a mix of benchmarks:

- **Historical Performance**: At least three years of data on selected KPIs, where feasible, plus forward-looking projections.
- **Peer Comparison**: Positioning relative to peers or industry standards (e.g., average or best-in-class performance).
- **Science-Based References**: Align targets with science-based scenarios, carbon budgets, or international goals (e.g., Paris Agreement, SDGs).

Refer to section 4.2 for examples of impact KPIs

2.4 Process for project evaluation and selection

A. Project evaluation and selection process

The strategic direction for sustainable finance at RHB is guided by the Group's Board of Directors ("Board"), supported by the Board Sustainability Committee ("BSC") and the Group Sustainability Committee ("GSC"). To ensure alignment with the Framework, a Sustainable Business Council ("SBC") consisting of members from Sustainability Management, Sustainable Finance, Strategic Business Groups/Strategic Functional Group and other teams has been formed to evaluate and select potential green/social/sustainability-linked/transition projects for financing, as well as indicating the sustainability-linked metrics, if applicable.

This section outlines the process from identifying eligible sustainable or transition financing opportunities to post-approval reporting. It integrates ESG risk assessments and financing approvals, and where relevant, includes monitoring and verification (M&V) and remediation steps if sustainability targets are not met.

Step 1: Nomination

- The Relationship Manager of respective strategic business groups or Business Teams nominate deals for recognition as sustainable and transition finance based on the criteria outlined in this Framework

Step 2: Verification

- The Sustainable Finance ("SF") team will verify all nominated deals against the Framework.
- Due considerations shall be given to the proposed sustainability-linked metrics[1] agreed by the customer ensure alignment with the objectives and eligibility criteria of the Framework.

Step 3: Sign Off

- The SBC will deliberate any transition financing that is still under consideration (if any) and will sign off on the sustainable and transition finance figures

Step 4: Post-Financing Monitoring & Verification (M&V)

- Business units shall submit M&V progress reports, using internal guidelines and templates set by RHB
- If M&V progress is below expectation, SBC team shall deliberate on remedial actions to be actioned on by business units

Data collection and Assurance	• The SF team shall track the sustainable finance figures internally based on M&V reports submitted by Business units and update them on a quarterly basis or predetermined intervals • Assurance: An external assurance provider shall provide assurance on the amount of sustainable and transition financial services annually. Internal audit shall also be conducted to ensure all processes are robust and complied to accordingly.

2.4 Process for project evaluation and selection

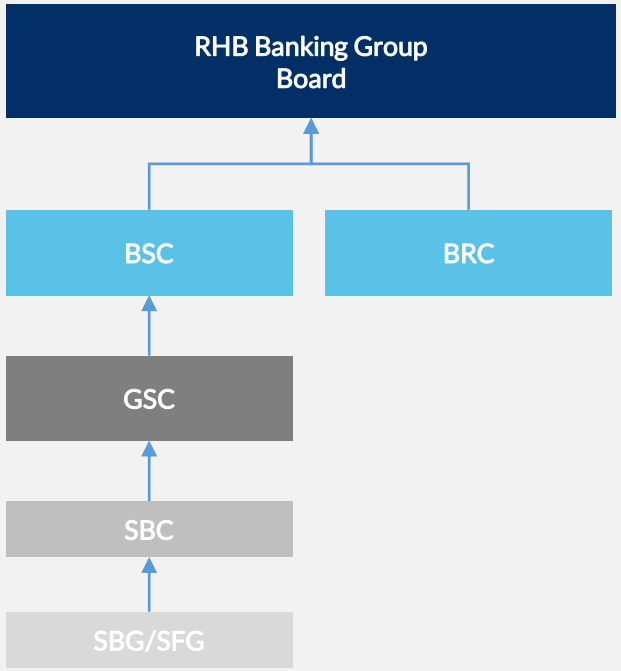
A. Project evaluation and selection process

Process	Relevant parties involved	Activities
1 Identification and selection	• Sustainable finance team • Relationship managers • Sector specific experts • Product development team	• Identify and screen eligible projects that align to RHB's sustainability strategy, goals and criteria • Innovate on sustainable finance products and services guided by business strategies, thresholds and criteria • Identify sustainable finance products and services that meet customers transition or social impact needs
2 Client assessment	• Sustainable finance team • Relationship managers • Sector specific experts • Group sustainability • Group credit management	• Conduct ESG risk assessment to evaluate and determine environmental and social impact of the project/activities as well as clients (new) sustainability practices guided by RHB policies, guidelines and regulatory standards and perform due diligence to ensure projects meet ESG criteria and risk standards • Integrate sustainability and climate related risk consideration into credit decision making
3 Evaluation & approval	• Business groups/ units • Sustainable finance team • Group sustainability	• Conduct comprehensive evaluation assessing projects/ activities alignment with RHB ESG criteria • Manage the approval process overseeing evaluation, decision-making and documentation • Identify and mitigate potential sustainability, credit and ESG risks by developing appropriate mitigation strategies
4 Sustainable finance services tagging	• Relationship managers • Group sustainability • Finance/operations and technology • Internal audit	• Provide correct tagging to sustainable finance products and services post classification • Provide traceability on sustainable finance products and services as well as approval workflows
5 Sustainable finance services monitoring	• Relationship managers • Group risk • Group compliance • Group sustainability	• Monitoring of Sustainability Performance Targets (SPTs) set to project based on RHB guidelines (for Sustainability-linked financing) • Monitoring, reporting and escalation to support effective decision making when managing ESG risk
6 Sustainable finance reporting	• Group sustainability • Finance/operations and technology • Internal audit	• Review, monitor and report Sustainable finance achievements • Compile data for Annual Sustainability Reporting based on appropriate standards • Obtain independent third-party assurance

2.4 Process for project evaluation and selection

B. Sustainability governance structure

Our sustainability and climate-related risks and opportunities are governed through a structured, multi-tier framework that spans the Board of Directors, Board Committees, Group Senior Management and Strategic Business and Functional Groups. Regular discussions are held with the Board, BSC and senior management to ensure continuous oversight and alignment of our sustainability and climate goals, risk management strategies and emerging opportunities.



Committee	Roles and responsibilities
Board of Directors (Board)	Highest governing body providing strategic direction and oversight over the Group's sustainability strategy and Roadmap, including climate-related strategies.
Board Sustainability Committee* (BSC)	Assist the Board in providing oversight and in ensuring the integration of Sustainability, including climate related considerations into the Group's long term corporate strategy and decision making process.
Board Risk Committee (BRC)	Provide oversight on the Group's Sustainability risks, including climate-related risks *The approval of matters in relation to Sustainability risks, including climate-related risks shall be under the oversight of Board Risk Committee (BRC). BSC shall be duly notified on any approval regarding Sustainability risks, including climate-related risks.*
Group Sustainability Committee (GSC)	Strategically drive and ensure the effective execution of the Group's sustainability and climate action agenda in line with the Group's sustainability vision, aspirations, commitments, key pillars and prioritised United Nations Sustainable Development Goals (SDGs)
Sustainable Business Council (SBC)	Drive the Group's sustainability/ESG efforts which include Value-based Intermediation ("VBI") and climate-related business opportunities, managing the associated risks and to implement the relevant initiatives in line with the Group's sustainability and climate strategy and roadmap, aspirations and KPIs for all business activities across the Group covering Lending and Financing, Capital Market and Advisory, GTGM Investments and Product Sales, Asset Management / Wealth Management, Insurance and Deposits.
Strategic Business Groups (SBG) & **Strategic Functional Groups** (SFG)	• Implement on-ground sustainability initiatives and programmes. • Establish and monitor performance of metrics and targets. • Review the effectiveness of relevant policies based on their materiality and initiatives undertaken. • Represented by the respective Champions.

**Note:* *The Group has established a Responsible, Accountable, Consulted and Informed ("RACI") Framework for the BSC, BRC, BNRC and BAC as guidance in their deliberation and decision-making process on sustainability and climate-related matters. The RACI Framework shall ensure that the respective Board Committees will continue to have oversight and decision-making authority on sustainability and climate-related matters that fall within the purview of the respective Board Committees.*

Eligible activities

In this chapter:

3.0 Eligible activities

3.1 **Overview**

Eligible activities under the STFF are defined as those that generate measurable environmental or social benefits, support credible decarbonisation pathways, or enable Malaysia's broader transition toward a low-carbon, climate-resilient and inclusive economy. These activities encompass initiatives that are already demonstrably green – such as renewable energy, energy efficiency, sustainable buildings and green mobility – as well as projects that advance social outcomes including MSME upliftment, community well-being and essential services. The STFF also recognises transition-aligned activities, particularly in high-emitting sectors, where financed interventions lead to material emissions reductions, technological upgrades, fuel switching, operational improvements or other time-bound measures aligned with recognised science-based pathways. All eligible activities must meet the Framework's integrity safeguards, demonstrate clear contribution to sustainability objectives, and comply with relevant taxonomies, standards and governance requirements to ensure credibility, transparency and long-term impact.

Green

1. Renewable energy
2. Energy efficiency
3. Pollution and prevention control
4. Environmentally sustainable management of living natural resources and land use
5. Clean transportation
6. Sustainable water and wastewater management
7. Climate change adaptation
8. Circular economy adapted products and technologies
9. Green buildings
10. Carbon markets and nature-based solutions
11. Terrestrial and aquatic biodiversity conservation

Social

1. Affordable basic infrastructure
2. Affordable education
3. Affordable healthcare
4. Affordable housing
5. Employment generation
6. Food security and sustainable food systems

Transition

1. Iron and steel manufacturing
2. Cement production
3. Natural gas
4. Hydrogen production
5. Aviation
6. Shipping
7. Airports and ports
8. Energy transition minerals

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
1.0 **Renewable energy**	1.1 **Energy generation**	1. Acquisition, production, manufacturing, operation and maintenance of renewable energy sources or infrastructure: • Solar power generating facilities including solar photovoltaic panels and solar thermal plants (solar thermal plants with ≥85% facility's electricity production derived from solar energy resources) • Hydropower electricity generating facilities (run-of-river without artificial reservoir or with low storage capacity; or power density ≥10 W/m^2; or life cycle greenhouse gas (GHG) emission intensity is ≤50g CO_2e/kWh) • Wind (onshore and offshore) energy generating facilities[1] • Tidal or wave energy generating facilities • Geothermal electricity generating facilities (with direct emissions of ≤100g CO_2e/kWh) • Bioenergy production using agriculture and forest waste feedstock including wood chips, sawdust straw, cane trash, sugarcane bagasse, corn cobs, nut shells, soybean hulls, palm kernel shells and palm oil mill effluent (POME) • Bioenergy production using non-waste sources including crops that can be used for food or feed (e.g., soybean oil, sugarcane and wood pellets) with life cycle GHG emission intensity up to 100g CO_2e/kWh • Pre-treatment and bio-energy treatment facilities for processing of above-mentioned feedstock	• Large hydropower (>25MW) that requires a dam/reservoir and where the GHG emissions intensity are >50g CO_2e/kWh or where the power density >10 W/m^2 • Wastewater from fossil fuel operations • Production of hydrogen via steam reforming process using natural gas coal or oil • Energy or fuel conversion from plastics, rubber or tire derived fuels • Non-waste feedstock sourced from land with high diversity value[2] and peat • Non-certified palm oil[3]
	1.2 **Decommissioning of fossil fuel facilities and repurposing for production of renewable energy**	1. Decommissioning of existing coal-fired power plant (CFPP) or oil and gas facilities, and investments in repurposing the land and facilities for renewable energy production, in line with the Renewable Energy criteria outlined in the Framework	

1. *Fossil fuel backup in such facilities will be limited to power monitoring, operating, and maintenance equipment, as well as resilience or protection measures and restart capabilities*
2. *Land that is in competition with food production, or land that contribute to the depletion of carbon pools for at least 10 years. Non-waste feedstock shall be sourced from certified schemes such as International Sustainability and Carbon Certification (ISCC), Forest Stewardship Council (FSC), Roundtable for Sustainable Biomaterial (RSB), and UTZ Certified*
3. *Financing related to the use of palm oil waste is limited to operations certified by recognised schemes, such as the RSB, Roundtable on Sustainable Palm Oil (RSPO) or Malaysian Sustainable Palm Oil (MSPO) Certification Scheme*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
1.0 **Renewable energy** (cont'd.)	1.3 **Low carbon alternative fuels**	1. Production of green hydrogen and green ammonia, and green methanol produced from green hydrogen[1] 2. Production of biofuel derived from vegetable oil[2] 3. Production of Sustainable Aviation Fuel (SAF) from used cooking oil, algae, or vegetable oil[3]	• Animal fats, oils and other animal processing by-products, as well as animal manure from industrial-scale livestock operations
	1.4 **Transmission and distribution (T&D)**	1. Development of new or improvement of existing transmission systems to facilitate integration of renewable energy sources into the grid[4] 2. Acquisition, production, manufacturing, operation and/or maintenance of supporting technology or infrastructure for transmission of renewable energy such as Information, communication and technology (ICT) infrastructure and smart grid technology	• Energy efficiency applications to transmission lines connected to or dedicated to fossil fuel power
	1.5 **Energy storage**	1. Energy storage technologies or equipment that are connected to renewables and transmission and distribution (T&D) network that is eligible as defined on the previous page. Examples include: • Battery storage • Hydrogen storage • Thermal storage • Pumped hydropower storage[5] • Power-to-gas storage[6]	• Pumped hydropower projects associated with significant environmental and social controversies, such as[7] will be excluded • CO_2 sourced from fossil fuel operations will be excluded
	1.6 **Carbon capture, utilisation and storage (CCUS)**	1. Research and Development (R&D) of CCUS include technologies such as bioenergy and carbon capture and storage (BECCS) and direct air capture (DAC)[8]	• R&D and commercial scale CCUS project for hard-to-abate activities not listed in this Framework[9]

1. *Green hydrogen shall be produced via electrolysis powered by renewable or other low carbon sources with an average carbon intensity of 100gCO_2e/kWh or below; CO_2 used for green methanol shall not be sourced from fossil fuel operation*
2. *Financing shall be limited to installations with life cycle emissions at least 65% lower than the fossil fuel baseline; the feedstock used for biofuel production will have Feedstock Certification, if includes palm oil, sourcing shall be limited to MSPO/RSPO-certified plantations*
3. *Used cooking oil shall be certified under a credible and recognised scheme, such as ISCC or equivalent; R&D expenditures related to the production of biofuels derived from algae shall be limited to those algae which can be cultivated on land using ponds or photobioreactors*
4. *T&D infrastructure shall be dedicated to connecting renewable energy sources to the grid; proceeds shall not be allocated to any new T&D infrastructure intended to connect to new fossil fuel power plants*
5. *All new pumped hydropower storage projects shall undergo an environmental and social impact assessment conducted by a credible body, with no significant risk or adverse impacts identified*
6. *Electrolysis shall be powered by low-carbon energy sources with the average carbon intensity of 100gCO_2e/kWh or below*
7. *Habitat loss, biodiversity degradation or displacement of communities*
8. *Financing may be extended to include commercial scale DAC projects*
9. *Hard-to-abate activities not listed in the eligible transition activities in this Framework*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
2.0 **Energy efficiency**	2.1 **Energy efficient equipment, systems and technologies**	1. Acquisition, development, manufacturing and installation of energy-saving technology, equipment and components which includes heating, ventilation, and air conditioning systems, lighting, smart meters for electricity, building management systems and variable speed driving equipment 2. Development, manufacturing and installation of smart meters designed for natural gas 3. Projects for the improvement of industrial or utility energy efficiency through the following[2]: • Waste heat recovery improvement for district heating and cooling systems and renewable power generation projects • Retrofitting to include renewable energy • Boilers with energy efficient alternatives such as electric and renewable powered boilers	• Financing of energy-efficient technologies used in carbon-intensive processes[1] • Industrial waste heat from fossil fuel production and operations • Oil or gas-fired fossil fuel-powered boilers
	2.2 **Energy efficiency in T&D systems**	1. Retrofit of T&D systems or substations to reduce to reduce energy use and losses as following: • Will be limited to retrofit of grid that is dedicated to connecting renewables or a grid that supports at least 90% renewable energy • Substations will be limited to those with the intent to reduce the curtailment of renewable energy into the grid	• Energy efficiency improvement to transmission and distribution lines connected or dedicated to fossil fuel power plants
3.0 **Pollution and prevention control**	3.1 **Waste management infrastructure, technologies and solutions**	1. Infrastructure, technologies, and solutions aimed at waste minimisation, collection, management, recycling, reuse, processing and disposal[3] • Waste collection will be supported by segregation of waste at source • Product reuse will result in products being put back to their original use with minimal pre-processing 2. Activities associated with material recovery from hazardous waste management which will be accompanied by robust waste management processes[4]	• Extraction or those inherently rely on fossil fuels • Recycling of electronic waste without appropriate waste management processes and chemical recycling of plastics.

1. *Carbon-intensive processes including, coal-related production or distribution, steel, cement, and aluminum, or technologies powered by fossil fuels*
2. *Waste heat recovery in renewable power generation projects and renewable energy retrofits shall include those related to expenditures under the Renewable Energy category mentioned above; utilisation of waste heat in district heating and cooling systems*
3. *Intended projects may include solid waste management, liquid waste management, biological treatment facilities, landfill gas capture, and methane capture from palm oil mill effluent*
4. *Such processes shall comply with local and international waste management regulations such as Basel Convention and guidelines issued by Malaysia's Department of Environment on hazardous waste management to mitigate potential risk*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
3.0 **Pollution and prevention control** (cont'd.)	3.1 **Waste management infrastructure, technologies and solutions** (cont'd.)	3. Solid waste management projects of municipal solid waste (MSW) and liquid waste management projects of sewage waste[1] • Solid waste management projects will be limited mainly to waste-to-energy from MSW 4. Landfill gas capture facilities from decommissioned landfills with gas capture efficiency of at least 75% for energy generation 5. Biological treatment facilities includes anaerobic digestion and composting facilities that process food, green, garden, or yard waste to produce compost[2] 6. Facilities that capture methane from certified palm oil mill effluents	• Treatment of wastewater from fossil fuel-related operations • Landfill gas capture for flaring • Palm oil mill effluents from non-certified operations
4.0 **Environmentally sustainable management of living natural resources and land use**	4.1 **Forestry**	1. Early warning systems or wildfire control measures[3] 2. Projects that utilise naturally available material from tree species and native plant species (ecotypes) that are suited to local conditions[4]: • Development of climate resilient infrastructure and landscaping such as windbreaks, shelterbelts, and flood and coastal protection • Measures for sustainable agriculture and forestry including drought resistant crops and fodder, sustainable timber and fiber • Utilising green materials such as bamboo and fast growing timber for green buildings 3. Adoption of sound forestry practices and use of endemic tree species that are less vulnerable to storms and fires: • Sustainable timber and logging practices • Sustainable forest management and certification including financing plantations or forest certified by credible certificating bodies • Selective logging and reduced impact logging	• Devices used for short-term meteorological purposes • Ecosystem restoration will exclude financing where the borrower has previously engaged in harmful or detrimental activities • Business-as-usual renovations and retrofits

1. *The liquid waste management projects shall be limited to the capture of methane emissions from sewage waste handling to generate electricity*
2. *Shall be limited to the processing of forestry and agricultural residue, as well as food waste from households, offices, and the hospitality and industrial sectors*
3. *Wildfire control measures include firefighting infrastructure such as fire-resistant infrastructure, aerial firefighting equipment and fire suppression reservoirs; wildfire mitigation measures shall be supported by a vulnerability assessment and adaption plan*
4. *For development of climate resilient infrastructure and landscaping, a vulnerability assessment and adaptation plan should be in place; for measures supporting sustainable forestry as well as sustainable construction and green materials, the forestry activities and green materials sourcing shall be certified under credible certification schemes such as FSC, Programme for the Endorsement of Forest Certification (PEFC), Malaysia Timber Certification Scheme (MTCS) or Sustainable Forestry Initiative (SFI)*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
4.0 **Environmentally sustainable management of living natural resources and land use** (cont'd.)	4.1 **Forestry** (cont'd.)	4. Sustainable forest management and sound harvesting techniques to reduce soil erosion and vulnerabilities to wildfires[1] 5. Conservation of forest eco-systems to prevent soil erosion and protect water catchments • Watershed stabilisation works such; construction of check-dams, grade-control weirs and silt-trapping ponds in gullied catchment; and bio-engineered slope reinforcements including live-stake bunds and brush layering • Reforestation and assisted regeneration such; establishment of native-species nurseries and planting on degraded lands; and enrichment planting and vine-cutting to accelerate natural forest recovery 6. Afforestation or restoration of former forest areas utilising natural seed banks and existing plants; and the adoption of afforestation, reforestation, restoration or rehabilitation efforts for forests, croplands, grasslands, wetlands as well as forest and peatland conservation[2]	• Industrial scale livestock production units • Conservation activities on ecosystem where the borrower has previously engaged in harmful or detrimental activities.
	4.2 **Ecotourism and agroforestry**	1. Installation of boardwalks and guided nature trails 2. Wildlife observation towers and visitor centres 3. Community-led ecotourism training programmes 4. Livelihood diversification concerning agroforestry: • Capacity building, grants and training for non-timber forest product enterprises to be supported by Forestry certification • Purchase of tree seedlings and planting tools, drip irrigation systems and organic composting units, intercropping support with native trees and capacity building for climate-resilient agroforestry planning	• The purchase, manufacture or distribution of inorganic, synthetic fertilisers, pesticides or herbicides.
	4.3 **Securing livelihoods in forest communities**	1. Conservation of forest eco-systems to safeguard lives and the livelihood of local communities[3] 2. Community-based conservation and monitoring including: • Stipends, training and equipment such as GPS units and motorbikes for local forest-guard patrols; • Participatory mapping and land-use zoning workshops aimed at preventing forest loss and strengthening forest governance	

1. *Activities financed shall be certified by credible sustainable forestry certification schemes such as FSC, PEFC, MTCS or SFI*
2. *Such projects shall have sustainable management plans in certified by credible sustainable forestry certification schemes; the tree species used in these projects shall be native, indigenous or well adapted to the site conditions*
3. *Forest conservation activities shall consider safeguarding the livelihood of the local vulnerable or disadvantage groups/communities including smallholder farmers*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
4.0 **Environmentally sustainable management of living natural resources and land use** (cont'd.)	4.4 **Payment for ecosystem services (PES) schemes**	1. Design and administration of PES schemes, including incentive payments to upstream landholders for maintaining tree cover and mechanisms such as water tariffs, hydropower operator fees, municipal conservation funding and ecotourism contributions	
	4.5 **Conservation credit markets**	1. Development of conservation credit markets including the design, issuance and administration of ecosystem service credits	
	4.6 **Agriculture**	1. Adoption of diversified agricultural production and practices that reduce GHG emissions[1]: • Growing a mix of different crops or different varieties of each crop • Purchase of sustainably produced agricultural products 2. Adoption of regenerative agriculture techniques such as no till or conservation tillage and integrated pest management 3. Soil and water management to increase water availability in areas experiencing increased water stress • Soil conservation and erosion control techniques • Sustainable water resource management • Integrated land and watershed management systems 4. Oil palm plantations certified to internationally or domestically recognised sustainability standards such as RSPO standards and MSPO Certification Scheme 5. Research and development (R&D) of drought resistant crop varieties to increase crop yields, systems[2]: • Biotechnology and breeding programmes[3] • Climate-resilient agriculture trials[4] • Seed production and scaling infrastructure[5]	• The purchase, manufacture or distribution of inorganic, synthetic fertilisers, pesticides or herbicides. • Equipment powered by fossil fuels • Techniques and technologies intended for industrial-scale livestock production units • Procurement undertaken solely for trading purposes • Remediation or restoration projects undertaken due to contamination or negative environmental externalities caused by the borrower's own activities

1. *Financed activities shall be certified by MyOrganic, MyGap, UTZ Certified or Rainforest Alliance Schemes*
2. *RHB shall only invest in late-stage R&D projects*
3. *Such as financing for hybrid seed development, and traditional breeding techniques*
4. *Including funding of field trials, soil adaptation studies and stress tolerance testing in different agroecological zones*
5. *Including investments in seed banks, nurseries, and distribution networks*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
4.0 **Environmentally sustainable management of living natural resources and land use** (cont'd.)	4.6 **Agriculture** (cont'd.)		• Landscaping projects involving invasive species or genetically modified species • Systems and measures intended to supply water or fossil fuel operations, fracking and mining • Feedlots and large-scale livestock operations • Activity related to gene editing or genetically modified crops
	4.7 **Fisheries**	1. Adoption of sustainable aquaculture certified by the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC)[1]	• The use of equipment that runs on fossil fuels
5.0 **Clean transportation**	5.1 **Public infrastructure and passenger vehicles**	1. Development and operation of urban mass transit systems: • Zero direct emission vehicle (trains and buses). • Infrastructure upgrades for zero direct emission electrified rails, trains, and buses. • Infrastructure for low carbon transport (charging station for electric vehicle) • Non-motorised transport (bicycle and infrastructure related to pedestrian mobility) 2. Development, manufacture, purchase of electric vehicles (EVs) 3. Construction, upgrades and retrofits of EV manufacturing facilities 4. Manufacture or development of specialised parts for EV (Batteries) 5. Alternative fuel vehicles (hydrogen fuel cell vehicles or bio-fuel or hydrogen-powered ships: • Hydrogen Fuel Cell Electric Vehicle (FCEV) infrastructure • Fleet transition and procurement of hydrogen-powered buses, trucks, and corporate fleets[2] • R&D for hydrogen mobility[3] 6. Urban planning and development[4] 7. Design and construction of climate resilient and climate-proof transport network[5]	• Facilities manufacturing ancillary parts (frames, seats and similar parts that can be utilised in conventional vehicles)

1. *Such as fish farming in pond*
2. *For logistics, public transport and ridesharing*
3. *Including fuel cell efficiency, lightweight storage, and hybrid hydrogen-electric drivetrains*
4. *To a reduction in the use of passenger cars (car free city areas and high-occupancy vehicle lanes; high occupancy vehicle lanes, financing is limited to dedicated lanes for bus rapid transit (BRT) infrastructure)*
5. *Such projects include upgrades to existing road and rail infrastructure to prepare for adverse climate conditions; the construction of climate-resilient transport infrastructure shall undergo vulnerability assessments and adaptation plans to identify physical risks*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
5.0 **Clean transportation** (cont'd.)	5.2 **Freight transportation**	1. Retrofit or replacement of vehicles, rail, or boat fleets with fully electric, biofuel or hydrogen-powered technologies: • Hybrid freight rail average emissions across portfolio below 25 gCO_2/t-km or 40.23 gCO_2/t-mi • Hybrid passenger vehicles and heavy trucks with emissions intensity below 75 gCO_2/km and 25 gCO_2/t-km, respectively as per Worldwide Harmonised Light-duty Vehicle Test Procedure (WLTP) 2. Development or improvement of railway and water transport to ensure a modal shift from road to fully electric rail and waterways: • Railway transport (Design and development of metro, high speed rail, interurban and intercity lines and urban rapid transit systems; and associated electrification infrastructure) • Water transport (Shore-side charging stations, Hydrogen bunkering facilities, Upgraded berth electrification, Vessel retrofitting yards[1], Port energy management systems[2]) 3. Research on technology to improve safety standards and design of rail assets to withstand adverse weather conditions: • Climate-resilient technologies (axle box accelerations-based track monitoring, automated flood-prediction models with remote sensing, Internet of Thing (IoT) enabled predictive maintenance, Bayesian delay analysis, and coastal resiliency design) 4. Fleet optimisation and route management with energy efficient technology for clean transportation mode and logistic software: • Telematics and IoT sensor platforms for real-time vessel tracking, dynamic route-planning software, digital twin modelling of fleet operations, automated berth/parking-bay management, AI-driven demand forecasting tool, load-optimisation and stowage planners software	• Transportation of fossil fuels freight • Freight trucks, trains, and cargo ships dedicated to the transport of fossil fuels • System and infrastructure used mainly for the transport of fossil fuels • Ships that run on conventional heavy fuel oil or marine diesel oil • Efficiency improvements involving conventional fossil fuel combustion engines

1. *Including workshops and tooling for replacing diesel gensets with battery packs or fuel-cell modules*
2. *Such as smart grids and local energy storage to balance shore power demand and renewable energy supply*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
6.0 **Sustainable water and wastewater management**	6.1 **Water efficiency improvement and conservation projects**	1. Construction of dams (sand dams or dams "small-scale" reservoirs) 2. Aquifer storage and recovery systems 3. Removal of accumulated sediment from reservoirs 4. Adjustment of water intake elevations 5. Integrated water planning and management projects: • Hybrid Integrated water resources planning • Water-use efficiency and loss reduction • Groundwater management and recharge • Ecosystem protection and restoration • Water quality monitoring and pollution control, demand management and pricing Instrument such as tiered tariff and water-saving incentives • Stakeholder engagement and governance • Data collection, modelling and early flood and drought warning systems • Non-conventional water resources (reuse of treated wastewater, desalination or rainwater harvesting) • Infrastructure operation and maintenance of water infrastructure • Flood and drought risk management (with vulnerability and adaptation plan) 6. Water conservation measures and rainwater harvesting systems in water stressed areas 7. Improvement in drainage systems to manage frequent or severe flooding 8. Design and development of early flood warning and defense systems[1] 9. Construction of flood barriers such as flood walls and sea walls	• Lowering water intake elevation will exclude using machinery and equipment powered by fossil fuels • Equipment and/or methods that rely on fossil fuels, as well as systems and measures intended to supply water for fossil fuel operation, fracking or mining • Business-as-usual renovations and retrofits.
	6.2 **Wastewater treatment**	1. Development and deployment of wastewater treatment and recycling technologies	• Sewage water treatment facilities

1. *Infrastructure such as levees, flood wall and embankments, storm surge barriers and flood gates; pumping and drainage stations; water retention and detention basins; nature-based solutions such as wetland restoration, mangrove reforestation; upgrading urban drainage systems; smart monitoring and early-warning systems; flood resilient building retrofits such as elevated systems and flood-barrier installations*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
6.0 **Sustainable water and wastewater management** (cont'd.)	6.3 **Waste Management**	1. Infrastructure, technologies and solutions for waste minimisation, collection, management, recycling, re-use, processing, and disposal such as sewage water treatment facilities that capture methane to reduce GHG emissions	• Recycling of electronic waste • Chemical recycling of plastics • Refurbishment, reconditioning or repair of products intended for use in fossil fuel extraction or rely on fossil fuel • Controversial activities with harmful social and environmental impact
7.0 **Climate change adaptation**	7.1 **Climate resilient construction**	1. Construction of climate-resilient infrastructure to adapt buildings to future climate conditions and extreme weather events[1]	• Business-as-usual renovations and retrofits
	7.2 **Climate health solutions**	1. Development and deployment of (heat-wave early warning systems; and drinking water, food, and air-quality monitoring systems	
	7.3 **Information and communication technology (ICT)**	1. Development of technology and information systems to enable national meteorological services to support broader climate adaptation-related objectives	• Devices used for short-term meteorological purposes
	7.4 **Fisheries monitoring**	1. Projects for mapping and monitoring changes in the range of fish species and fish stocks to understand climate change effects[2]	

1. *May include the development of sponge cities and towns to be more resilient, flood defence, drainage systems and sea walls on low-lying islands; be supported by vulnerability assessments and accompanied by adaptation plans*
2. *May include satellite-based remote sensing tools; acoustic telemetry systems; fisheries-independent surveys; development of spatial modeling software; collaborative data platforms*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
7.0 **Climate change adaptation** (cont'd.)	7.5 **Climate-resilient infrastructure and coastal habitats**	1. Technical consultancy and related engineering services activities[1] 2. Modelling systems for simulating, evaluating and forecasting adverse climate risk events 3. R&D projects focused on coastal protection, flood prevention and mitigation, including research on population exposure to sea level rises[2] 4. Conservation activities for mangroves and coral reefs to protect coastal zones and preserve fish spawning grounds[3]	
8.0 **Circular economy adapted products and technologies**	8.1 **Low carbon products**	1. Development, manufacturing and distribution of resource-efficient or low carbon products that are RSB-certified • Polymer resins (polyethylene, polypropylene or PET) which uses corn or sugarcane feedstock and bioplastic monomers[4] • Bioethanol will be produced from sugarcane and Fatty Acid Methyl Esters (FAME) biodiesel produced from soybean oil and wood pellets and ≥65% lower than fossil fuel baseline • Hydrotreated vegetable oil (HVO) and renewable diesel (sourced from renewable sources ang life cycle GHG emissions 50% - 75% lower than conventional fossil fuel) • Polyols produced from ISCC (certified vegetable oil)	• Conversion of plastics to fuel through chemical recycling • Commercial-scale manufacturing or the production of resource-efficient or low carbon products without details on the manufacturing process[5] • The use of feedstock (peat, animal manure from industrial-scale livestock operations, animal fats, oil and animal by products)
	8.2 **R&D of low-carbon products**	1. R&D of products, processes and technologies using bio-based materials, such as biopolymers and bioplastics (limited to late-stage R&D)	

1. *Includes solutions for flood mitigations barriers, early warning systems for natural disasters, ICT solutions for climate projections, coastal hazard and risk assessments, shoreline stabilisation design, beach nourishment and dune restoration plans, ecosystem-based solutions design, geotechnical and subsurface investigations, hydraulic infrastructure and coastal infrastructure planning*
2. *Includes fiber-reinforced concrete mixes for seawalls and levees and nano-coated steel; hydrodynamic and geomorphological modelling; nature-based solutions such as mimetic breakwater modules for wave attenuation; agent-based simulations of relocation patterns; economic impact due to asset loss, livelihood disruption, and insurance cost; health and social-service stress testing; modelling the strain on water supply, sanitation and emergency shelters after repeated tidal inundations*
3. *Include measures for prevention, detection monitoring and surveillance of invasive species; the plant and tree species used shall be native or well adapted to local conditions*
4. *Plastic production (primary form) that will use at least 90% bio-based materials as input; produced resins and monomers shall not be intended for single-use consumer products*
5. *An assurance of sustainable sourcing, and a reasonable basis for the substantial reduction of life cycle emissions*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
9.0 **Green buildings**	9.1 **Acquisition, construction, refurbishment and retrofit of buildings**	1. Acquisition, and construction of new residential and commercial buildings that either: • Among the top 15% energy-performing buildings based on emissions intensity performance or primary energy demand in the respective area 2. Refurbishment and retrofit of existing residential and commercial buildings that either: • Meet the above-mentioned certification scheme • Achieve a 20% improvement in energy efficiency • A reduction in GHG over initial performance 3. Construction, acquisition, refurbishment and/or retrofit of buildings that meet internationally or domestically recognised green building certification, such as: • Green Building Index (GBI) – All certification under GBI • Leadership in Energy and Environmental Design (LEED) – All certification under LEED • Green Mark – All certification under Green Mark • GreenRe – All certification under GreenRe • BREEAM – All certification under BREEAM • EDGE – Certified	
10.0 **Carbon markets and nature-based solutions**	10.1 **Carbon sequestration**	1. Carbon sequestration projects in accordance with Article 6 of the Paris Agreement under the UNFCC (Includes project related to carbon sequestration through afforestation, reforestation, and the restoration or conservation of coastal and marine habitats and ecosystems, technology-based carbon capture projects)[1]	
	10.2 **Carbon credits**	1. Financing, trading and enabling carbon credit purchases of projects that are certified[2]: • Verified Carbon Standard ("VCS") • Gold Standard for the Global Goals	• Financing carbon credits for companies generating GHG emissions from fossil fuel-related operations[3]

1. *Financing may also include R&D for enhanced weathering, ocean fertilisation and direct air capture*
2. *The purchase of carbon credits shall constitute a minority of the net proceeds (less than 10%)*
3. *Such as coal mining, or from activities such as landfills gas flaring and industrial gas destruction*

3.2 Eligible green activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
10.0 **Carbon markets and nature-based solutions** (cont'd.)	10.3 **Carbon sequestration from algae cultivation**	1. Projects that sequester carbon using algae cultivation	
11.0 **Terrestrial and aquatic biodiversity conservation**	11.1 **Land and water ecosystem conservation**	1. Terrestrial and aquatic biodiversity conservation and restoration including the protection of forests, coastal, marine and aquatic environments 2. Wildlife habitat management (including planting and expanding hedgerows, rehabilitation, restoration and conservation of ecosystems from a degraded state and rewilding projects) 3. Restoration of upland and lowland peatlands	

3.3 Eligible social activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
1.0 **Affordable basic infrastructure**	1.1 **Construction and real estate**	1. Build communities that promote healthy living through development of and provision of community centres, recreational centres, cultural centres, museums or libraries and facilities that are free or subsidised for low-income population, unemployed, underserved or disadvantaged groups (which are as defined by Low income B40 and Population as provided by the Vulnerable Segment adopted in BNM's Bancasssurance / Bancatakaful document except for financial consumers who are part of the vulnerable segment due to being overly indebted or having low or no savings[1]) in areas of high unemployment, underserved and/or deprived areas 2. Special-purpose building e.g. shelters, relief centres or safe buildings for evacuation from flooding 3. Renovate, retrofit and modify existing public and private spaces to improve accessibility to people with special needs or disabilities (free or subsidised for senior citizens and people with special needs or disabilities)	
	1.2 **Utilities and water sanitation**	1. Design and build affordable and accessible transport to enhance connectivity in underserved / remote locations of the country which are areas with limited, poorly maintain or nonexistence road connectivity which hinders a community's development which includes infrastructure such as basic roads and bridges in rural areas but excludes upgrades to major roads and highways 2. Upgrade waste management infrastructure like sewers and sanitation (excluding for industrial purposes) 3. Build infrastructure to provide underserved or unserved communities with physical access to basic services (including clean drinking water and sanitation for residential or public access facilities and clean energy for underserved / remote locations of the country). Desalination plants to be financed will be powered by low-carbon energy sources and have reasonable assurances of appropriate waste management programs for disposal of brine	

1. *Low-income/vulnerable communities are as defined by Low income B40 and Population as provided by the Vulnerable Segment adopted in BNM's Bancasssurance / Bancatakaful document except for financial consumers who are part of the vulnerable segment due to being overly indebted or having low or no savings*

3.3 Eligible social activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
1.0 **Affordable basic infrastructure** (cont'd.)	1.3 **Technology and telecommunication**	1. Create access to new technology and telecommunication products for low-income customers, women, minorities, and/or customers with disabilities (which are as defined by Low income B40 and Population as provided by the Vulnerable Segment adopted in BNM's Bancasssurance / Bancatakaful document except for financial consumers who are part of the vulnerable segment due to being overly indebted or having low or no savings[1]) 2. Enable free or low-cost access to products and programmes in the education and health sectors, such as long-distance learning and telemedicine	
2.0 **Affordable education**	2.1 **Education, childcare, and skills development infrastructure**	1. Development of Education and Child Care Facilities and programs from kindergarten, elementary to tertiary. 2. Development of vocational, technical training facilities and institutions * This is made available free or at nominal fees to the low income/vulnerable[1], B40 and vulnerable communities. Nominal fees must be the same if not lower than the National regulated tariff for public facilities	
3.0 **Affordable healthcare**	3.1 **Healthcare facilities and services**	1. Development, expansion or acquisition of any buildings or facilities at any non-profit, public, standalone, or university-affiliated hospital, clinic, or healthcare facility that offers free or subsidised cost healthcare services to all 2. Development of critical medical equipment or provision of diagnostic services (including magnetic resonance imaging (MRI) machines, respirators or services that support diagnostics such as laboratory testing) that is offered free or at subsidised cost to all	
	3.2 **R&D of vaccines**	1. Research and development of essential vaccines (those recommended by a country's Ministry of Health or other or other certified bodies such as the World Health Organisation)	
4.0 **Affordable housing**	4.1 **Loans for low-income individuals**	1. Development of affordable and safe housing for low-income/vulnerable[1] communities and renovation, maintenance and improvement of affordable housing for low-income[1] communities which will also be contributing to urban small-scale farming practices **To be eligible for the use of Proceeds, based on nationally determined definition of affordable or social housing announced by the Malaysian Government as and when available, such houses should target populations with a monthly household income of not more than RM4,360 and have a maximum property price of RM300,000*	

1. *Low-income/vulnerable communities are as defined by Low income B40 and Population as provided by the Vulnerable Segment adopted in BNM's Bancasssurance / Bancatakaful document except for financial consumers who are part of the vulnerable segment due to being overly indebted or having low or no savings*

3.3 Eligible social activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
4.0 **Affordable housing** (cont'd.)	4.2 **Construction of affordable housing projects**	1. Development, renovation, maintenance and improvement of affordable housing projects for low-income individuals	
5.0 **Employment generation**	5.1 **Job training**	1. Development of trade schools, job training or job placement programs for the underemployed, young people, women, and any other vulnerable populations. **This is for the low-income/vulnerable[1] population, unemployed, underserved or disadvantaged groups in areas of high unemployment, underserved and/or deprived areas*	
	5.2 **Financial services**	1. Provide micro-loans or small and medium enterprises ("MSMEs" which are defined as per SME Corp. Malaysia) financing to Majority (>50%) owned or led by women or Low-income/vulnerable[1] entrepreneurs as defined by Low income B40 and Population as provided by the Vulnerable Segment adopted in BNM's Bancasssurance / Bancatakaful document except for financial consumers who are part of the vulnerable segment due to being overly indebted or having low or no savings.	
6.0 **Food security and sustainable food systems**	6.1 **Access to nutrition**	1. Developing access to nutrition (food and potable water) programs that address malnutrition.	
	6.2 **Technical capacity building or training farmers**	1. Provision of technical capacity building or training for small- scale farming operations (threshold of small-scale farmers with a landholding threshold up to 10 hectares, as defined by the Food and Agriculture Organisation of the United Nations or "FAO") or agricultural-related MSMEs to increase nutritional quality of agricultural products.	

1. *Low-income/vulnerable communities are as defined by Low income B40 and Population as provided by the Vulnerable Segment adopted in BNM's Bancasssurance / Bancatakaful document except for financial consumers who are part of the vulnerable segment due to being overly indebted or having low or no savings*

3.4 Eligible transition activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
1.0 Iron and steel manufacturing	1.1 **Production of steel using steel scrap**	1. Scrap-based steel manufacturing facilities that use electric arc furnace (EAF) technology (at least 70% of the input for steel production will consist of scrap steel)	
	1.2 **Steel production using renewable energy and hydrogen**	1. Steel production facilities that utilise direct reduced iron (DRI) with EAF powered by renewable energy and hydrogen • Renewable energy sources will adhere to the above-mentioned Renewable Energy category under the framework • Hydrogen used will be produced via electrolysis powered by renewable energy or with low carbon sources (Average carbon intensity of 100 gCO_2e/kWh or below)	
	1.3 **Steel production using other technologies**	1. New steel production facilities that consider the following technologies[1] and to meet one of the following criteria: • Facility's emissions intensity is below 1.32tCO_2/t of steel or the facility adheres to the emissions threshold in accordance with the EU Taxonomy mitigation criteria for the manufacture of iron and steel • Credible decarbonisation pathway and meet one of the following will be considered for financing[2] Technologies • DRI with EAF powered by natural gas • Iron ore electrolysis • Partial hydrogen injection into commercial blast furnaces • Smelting reduction, natural gas-based DRI with CCUS	

1. *Additional expenditure in such facilities may include: electrification of ancillary equipment; the retrofit of blast furnaces.*
2. *Expected lifetime emissions intensity below 0.64 tCO_2e/t of steel or the facility is expected to be in alignment with the Transition Pathway Initiative (TPI) below 2°C scenario decarbonisation pathway for the steel sector throughout its lifetime*

3.4 Eligible transition activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
1.0 **Iron and steel manufacturing** (cont'd.)	1.4 **Existing steel production facilities**	1. The retrofit of existing primary steel production facilities that consider utilising the following technologies[1]: • DRI with EAF powered by natural gas • Iron ore electrolysis • Partial hydrogen injection into commercial blast furnaces • Smelting reduction, natural gas based DRI with CCUS • Electrification of ancillary equipment • The retrofit of blast furnaces	
	1.5 **R&D on low carbon solutions**	1. R&D projects to develop low carbon solution for iron and steel manufacturing: • Hydrogen-based direct reduction iron (H_2DRI) pilot plants • Low-temperature electrochemical ironmaking • Biomass and gas to liquid conversion to be used as fuel in manufacturing • Low carbon electrolysed iron powder deployment	
2.0 **Cement production**	2.1 **Manufacture of cement**	1. Use of alternative materials to replace clinker feedstock such as limestone and calcined clay 2. Fuel switching in existing facilities to natural gas, biomass waste, renewable waste and direct electrification 3. Installation of electric cement kilns 4. Integration of CCUS technologies 5. New facilities have an emissions intensity below 0.507 tCO_2e/t of cementitious product and follow a credible decarbonisation pathway where either: • Expected lifetime emissions intensity is below 0.410 tCO_2e/t of cementitious product or; • To be in alignment with the TPI's below 2°C decarbonisation pathway for the cement sector throughout its lifetime	

1. *Facilities with an emissions intensity of 1.55 tCO_2e/t of steel. Including but not limited to, technologies such as CCUS, thermal efficiency improvement and the utilisation of biochar*

3.4 Eligible transition activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
3.0 Natural gas	3.1 **Retrofit of pipelines to enable T&D of blended fuels**	1. Retrofitting existing pipelines to enable the transportation and distribution of natural gas blended with renewable or low carbon gases[1]: • Renewable gases as those which are produced from renewable feedstocks, including but not limited to biogas, biomethane and renewable hydrogen • Low carbon gases are produced through processes that utilise natural gas combined with carbon capture technology	
	3.2 **New and existing gas-fired power plants**	1. Retrofitting of existing gas-fired power plants with CCS/CCUS technologies: • Direct emissions intensity will be 306 gCO_2/kWh or lower • Methane leakage reduction measures (installation of leakage detection and repair equipment) 2. Construction of new gas-fired power plants with CCS/CCUS and methane reduction technologies • Emissions intensity is expected to meet one of the following (life cycle emissions 100 gCO_2e/kWh or below; or 255 gCO_2/kWh or below • TPI's below 2°c decarbonisation pathway for electric utilities throughout its lifetime • Replacement of high emitting capacity based on fossil fuel or is intended to generate power for peak demand or high temperature heat for industries • Methane leakage detection and repair equipment (construction phase) • Installation of leakage detection and repair equipment to minimise methane leakage (operational phase) • Methane leakage from the supply chain will be measured and reduced where feasible	
4.0 Hydrogen production	4.1 **Production of hydrogen**	1. Hydrogen production facilities through pyrolysis of methane or steam reforming using natural gas with integrated CCUS technologies (hydrogen must meet a carbon intensity threshold of 3 tCO_2e/tH_2 or be certified by a credible organisation such as CertifyH_2)	

1. *Intended retrofit expenditure will focus on identifying and repairing leaks in pipelines, valves, compressors and other related components*

3.4 Eligible transition activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
5.0 **Aviation**	5.1 **Low carbon aviation**	1. Manufacture or acquisition of aircrafts with a propulsion system that utilises SAF: • Utilising 100% SAF • Conventional propulsion systems with known fuel efficiency over reference technology or the baseline fleet with a commitment to increasing SAF utilisation in accordance with credible science-based reference scenario[1] 2. Manufacture or acquisition of aircrafts with low carbon propulsion systems such as hybrid-electric, battery and fuel-cell powered systems	• Entity in the aviation sector without a credible transition strategy or decarbonisation plan in place • Military and combat aircraft, as well as related aviation activities in the framework
6.0 **Shipping**	6.1 **Low carbon shipping**	1. Energy efficiency measures including wind-assistant technology[2] 2. Manufacturing, acquisition or retrofit of ships limited to the following low carbon fuel: • Liquefied natural gas (LNG) • Biodiesel • Methanol • Hydrogen • Ammonia • Battery/fuel cell 3. Ships operating on LNG, mandated to provide a transition plan including strategic outline and supporting contractual agreements with low carbon fuel suppliers; the ship must comply with the Energy Efficiency Existing Ship Index and maintain annual Carbon Intensity Indicator ratings in accordance with the recommendations from the International Marine Organisation (IMO) and the IEA. 4. Cargo ships, the primary purpose will not be for the transportation of fossil fuel freight (no more than 25% share of fossil fuel freight in mass transported)	• Entities in the shipping sector that do not have a credible transition strategy or decarbonisation plan in place • Nuclear-powered ships • Military vessels • Conventional ships powered by heavy fuels/ heavy fuels and oil and distillate products (marine diesel, gas oil or ultra-low sulfur diesel) • Crude oil tankers • Ships dedicated to supporting fossil fuel exploration/production • Ships running on methanol using natural gas

1. *Required to provide evidence supporting their decarbonisation plan and strategy to increase use of SAF, though one of the following i) decarbonisation roadmap outlining interim steps and targets; ii) contracts or partnership with SAF producers; iii) evidence of capital allocation for the increase in SAF usage; iv) independent verification through third party assurance. Targets must be aligned with science backed pathway to net zero (SBTi or TPI). Must have credible transition strategy, i) verified by SBTi or other credible target-setting standards to be aligned to well below 2°c at a minimum or ii) aligned with a science backed pathways, that include time-bound targets through 2030 and demonstrates clear internal governance*
2. *Wind assisted technologies may include rotor sails, rigid wing sails, soft sail systems, kite sail system, telescopic wing challenger sails and automated control sensor network*

3.4 Eligible transition activities

Eligible category	Sub-categories	Eligibility criteria	Exclusions
7.0 **Airports and ports**	7.1 **Airports**	1. Infrastructure-related development and retrofits of existing production and refueling facilities for low carbon fuels limited to SAF	
	7.2 **Ports**	1. Infrastructure development and retrofits of existing production and refueling facilities for low carbon fuels (biodiesel, methanol, hydrogen, ammonia, fuel-cell powered battery systems) • Production and refueling stations of methanol will be limited to methanol made through hydrogen • Fuel production facilities will meet the low carbon alternative fuels requirements noted in the Renewable Energy category under the Framework	• LNG production and refueling facilities
8.0 **Energy transition minerals**	8.1 **Electrification of mining sites using renewable energy**	1. Deployment of renewable energy as per the Renewable Energy criteria under the Framework to support the mining of critical minerals (Nickel, Cobalt, Lithium, and Rare Earth elements)[1].	• The extraction of fossil fuels and radioactive materials like uranium • Expenditure related to mine reclamation and closure • Companies and operation that are associated with significant negative environmental and social impacts and controversies

1. *Mandates comprehensive environmental and social impacts assessments for mining operations*

Reporting

In this chapter:

4.0 Reporting

4.1 Reporting and validation

Sustainability reporting
RHB will promote transparency by annually reporting the amount of Sustainable and Transition Financial Services in the Sustainability Report. Where relevant, this includes impacts generated and the use of proceeds for green, social and transition projects, along with qualitative performance indicators, subject to feasibility and data availability.

Additional details, such as case studies or financed project examples, may be provided, subject to confidentiality and competition constraints. The report will be reviewed and approved by RHB's Board Sustainability Committee.

Tracking and management
RHB will maintain a centralised tracker, updated monthly, to monitor the amount of Sustainable and Transition Financial Services through the Sustainable Business Council.

Verification
RHB will engage an external party for independent verification or assurance of its reporting.

Update of Framework
This Framework shall be updated as and when necessary to ensure the latest market and regulatory developments are reflected.

Sustainability Sukuk and Bond Framework (SSBF)
For sustainability sukuk or bond issued by RHB, kindly refer to the SSBF for more details at www.rhbgroup.com

4.2 Example of impact indicators

Eligible green categories	Impact indicators
Renewable energy	• Renewable energy produced per year in MWh • Annual energy savings in MWh • Annual expected GHG emissions reduced / avoided in tonnes of CO_2 equivalent
Energy efficiency	• Annual energy savings in MWh • Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent
Pollution prevention and control	• Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent
Environmentally sustainable management of living natural resources and land use	• Area conserved or protected in m^2 • Area covered by sustainable agricultural management practices (hectares)
Clean transportation	• Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent • Number of electric / fuel cell / hybrid vehicles financed
Sustainable water and waste management	• Amount of waste avoided/reduced in kg or m^3 per year • Amount of wastewater treated in m^3 per year • Amount of recycled waste in tonnes per year
Climate change adaptation	• Number and nature of projects that support climate change adaptation/resilience
Eco-efficient and/or circular economy adapted products, production technologies, and processes	• Material reused, recycled, refurbished, manufactured per year (tonnes)
Green buildings	• Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent • Annual energy savings in MWh • Building assets by type and green building certification level

This list is non-exhaustive. RHB may consider other relevant/suitable indicators for inclusion in its sustainability-linked products and/or reporting.

4.2 Example of impact indicators

Eligible social categories	Impact indicators
Affordable basic infrastructure	• Number of people with access to community centers, recreational centers, cultural centers, museums, or libraries and facilities • Number of people with access to sustainable transportation • Number of water and waste management infrastructure projects for clean drinking water and sanitation
Access to essential services	• Number of people with access to new technology and telecommunication • Number of students supported • Number of hospitals and other healthcare facilities financed • Number of residents benefitting from healthcare which is otherwise not accessible
Affordable housing	• Number of people with access to affordable and safe housing • Special housing or government schemes • Number of properties purchased with SPA prices at RM250,000 and below (west Malaysia) and RM300,000 and below (east Malaysia) • Refinancing of affordable properties with no OMV at RM250,000 and below (west Malaysia) and RM300,000 and below (east Malaysia)
Employment generation	• Number of people supported in trade schools, job training, or job placement programs • Amount of financing approved for women-led MSMEs • Amount of financing approved for low-income entrepreneurs
Food security and sustainable food systems	• Number of people with affordable access to nutritious food and clean water • Number of people supported in technical capacity building or training for small-scale farming operations
Occupational health & safety	• ISO 45001 / DOSH compliance assessment / hazard identification, risk assessment and risk control (HIRARC) report • Emergency preparedness plan • Safety training
Social impact and community health	• ISO 26001 / social impact assessment • Internal social engagement policy
Labour laws, welfare and working conditions	• Hiring policy • Certificate of worker accommodation

This list is non-exhaustive. RHB may consider other relevant/suitable indicators for inclusion in its sustainability-linked products and/or reporting.

4.2 Example of impact indicators

Eligible transition categories	Impact indicators
Oil & gas	• Carbon Emissions avoided: Tonnes of CO_2e emissions avoided through carbon capture, utilisation, and storage (CCUS) technologies. • Methane reduction: Percentage reduction in methane emissions per year. • Renewable energy generation: Megawatts (MW) of renewable energy capacity added. • Employee transition: Number of oil and gas employees reskilled and employed in the renewable energy sector
Iron and steel manufacturing	• Emission intensity Reduction: Reduction in tonnes of CO_2e per tonne of steel produced. • Energy efficiency: Megawatt-hours (MWh) of energy savings due to process improvements. • Material efficiency: Tonnes of scrap-based steel production. • R&D outputs: Number of patents or innovative solutions developed for low-carbon steel production.
Cement production	• Clinker substitution rate: Percentage reduction of clinker content in cement. • Fuel substitution: Percentage of coal replaced by gas, biomass, or other renewable fuels. • Carbon sequestration: Tonnes of CO_2 captured and stored through CCUS technologies. • Electric cement kilns: Percentage of energy supplied by renewable electricity.
Coal-fired power plants (cfpps)	• Emissions reduction: Tonnes of CO_2e captured through retrofits. • Co-firing impact: Percentage of power generated from ammonia, biofuels, or hydrogen. • Renewable transition: Megawatts of renewable energy replacing decommissioned coal capacity. • Lifecycle emissions savings: Net GHG emissions reduction due to early CFPP closure.
Natural gas (transmission and generation)	• Methane leakage reduction: Tonnes of methane emissions avoided per year. • CCUS utilisation: Tonnes of CO_2 captured per year in retrofitted gas plants. • Emission intensity: Tonnes of CO_2e emissions per MWh of electricity produced by gas plants.
Hydrogen production	• Hydrogen output: Tonnes of hydrogen produced using low-carbon methods. • Carbon intensity of Hydrogen: Reduction in tonnes of CO_2e per tonne of hydrogen produced. • Carbon captured: Tonnes of CO_2 captured through CCUS during hydrogen production.

This list is non-exhaustive. RHB may consider other relevant/suitable indicators for inclusion in its sustainability-linked products and/or reporting.

4.2 Example of impact indicators

Eligible transition categories	Impact indicators
Aviation	• SAF utilisation: Percentage of total fuel used by aircraft that is SAF. • GHG emissions reduction: Tonnes of CO_2e emissions avoided per flight or per passenger-kilometer. • Fleet electrification: Percentage of aircraft fleet powered by low-carbon propulsion systems. • Energy efficiency: Improvement in fuel efficiency (liters per 100 passenger-kilometers).
Shipping	• Fuel efficiency gains: Percentage reduction in fuel consumption per ton-kilometer. • Low-carbon fuels utilisation: Percentage of total fuel used by ships that is low-carbon. • Retrofit impact: Reduction in CO_2e emissions from retrofitted ships.
Airports and ports	• Low-carbon refueling infrastructure: Number of low-carbon fuel refueling stations developed. • Renewable energy utilisation: Percentage of energy used at ports/airports from renewable sources. • GHG emissions reduction: Tonnes of CO_2e emissions avoided from low-carbon fuel adoption
Energy transition minerals	• Mineral output: Tonnes of energy transition minerals produced. • Environmental impact: Area of land rehabilitated after mining operations. • Sustainable mining practices: Number of projects employing sustainable mining technologies or practices. • Lifecycle emissions impact: Reduction in GHG emissions from energy transition minerals usage in renewable energy technologies.
Aviation	• SAF utilisation: Percentage of total fuel used by aircraft that is SAF. • GHG emissions reduction: Tonnes of CO_2e emissions avoided per flight or per passenger-kilometer. • Fleet electrification: Percentage of aircraft fleet powered by low-carbon propulsion systems. • Energy efficiency: Improvement in fuel efficiency (liters per 100 passenger-kilometers).
Shipping	• Fuel efficiency gains: Percentage reduction in fuel consumption per ton-kilometer. • Low-carbon fuels utilisation: Percentage of total fuel used by ships that is low-carbon. • Retrofit impact: Reduction in CO_2e emissions from retrofitted ships.

This list is non-exhaustive. RHB may consider other relevant/suitable indicators for inclusion in its sustainability-linked products and/or reporting.

Disclaimer

For the avoidance of doubt, the classification of financial services and financial products as "sustainable," "transition-aligned," or otherwise contributing to environmental or social objectives is not presently governed by a single universally accepted standard, whether within Malaysia or internationally. In the absence of such a harmonised regime, different market participants may apply divergent methodologies or interpretative criteria when determining whether a product or activity advances sustainability or supports a transition pathway. The regulatory framework governing ESG, sustainable finance and transition finance remains subject to ongoing development. Consequently, it is possible that financial products assessed or designated under this Framework may not satisfy future statutory, regulatory, supervisory or market-driven requirements once promulgated.

The transformation toward a sustainable and low-carbon economy is inherently progressive and dependent on the availability of accurate and comprehensive data. At this juncture, certain environmental, emissions-related or transition-related data may be incomplete, estimated, modelled, or otherwise based on assumptions necessitated by current market limitations. RHB reasonably anticipates that data quality and disclosure practices will improve as forthcoming reporting obligations and regulatory instruments enter into force.

The metrics, indicators and methodologies referenced in this Framework may involve inherent uncertainties arising from the limitations of underlying data, the application of alternative accepted measurement techniques, or the exercise of professional judgement. Use of different models, boundary assumptions, baselines or analytical methods may give rise to materially different outcomes. RHB expressly reserves the right to revise, amend, update or replace any methodology, data source or assessment technique in response to regulatory changes, industry guidance, technological developments or improved information. To the fullest extent permissible by law, RHB makes no representation or warranty, whether express or implied, as to the accuracy, adequacy, completeness or reliability of the information contained herein, nor shall any reliance be placed upon it for any purpose.

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This Framework may contain statements that are, or may be deemed to be, forward-looking in nature. Such statements are not statements of historical fact and are based on current expectations, assumptions and projections available to RHB as at the date of issuance. Forward-looking statements inherently involve risks, uncertainties and contingencies, many of which are beyond RHB's control, and actual results may differ materially from those contemplated. RHB assumes no obligation to publicly update or revise any forward-looking statement, except where required under applicable law or regulation.

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