

Maybank Group Sustainable Product Framework 2023

Effective Date: 1 August 2023

Humanising Financial Services



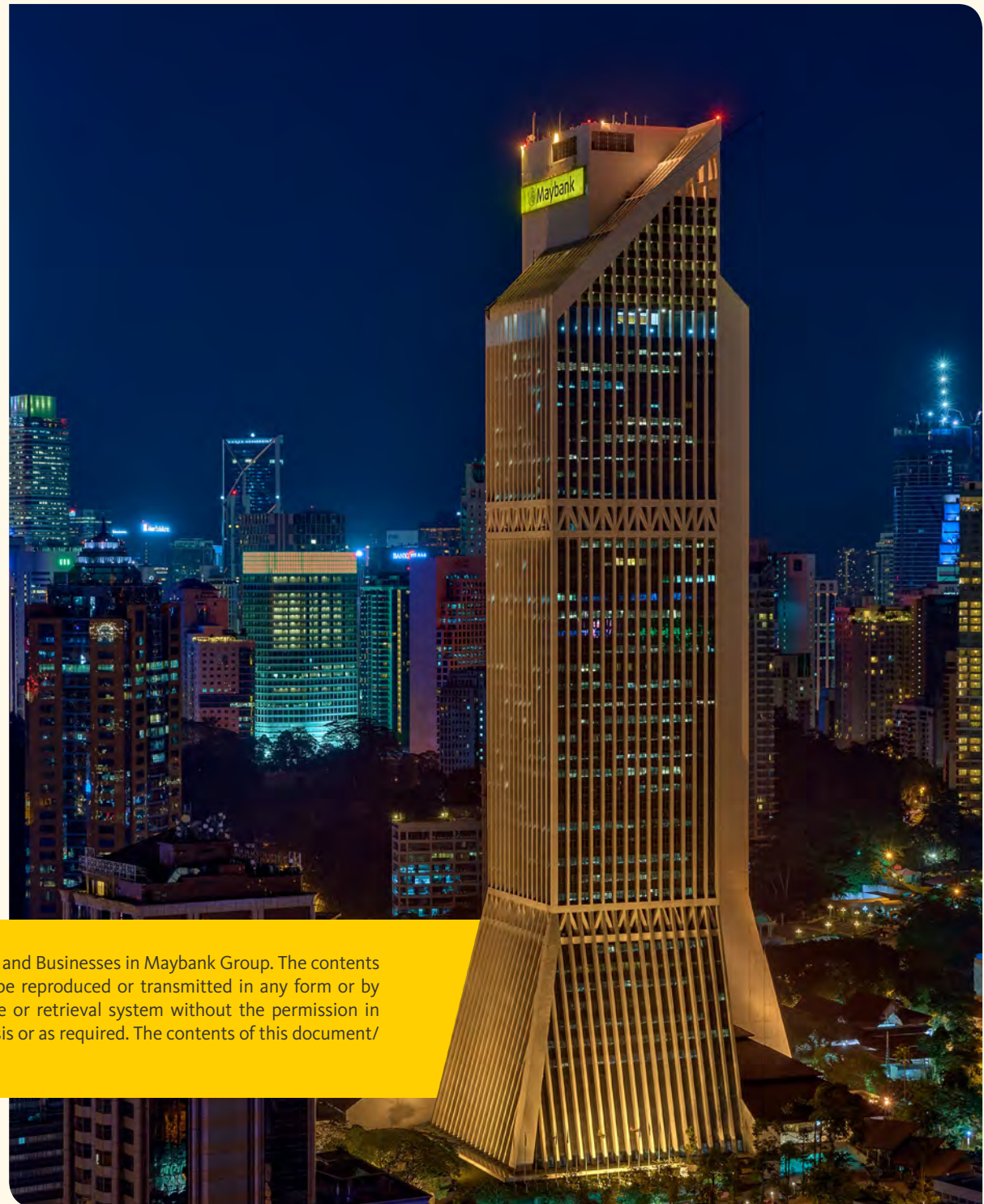
Cover Rationale



The visual combination of clean energy and a thriving cityscape captures the essence of sustainability, progress and responsible growth. It reflects the core message of Maybank Group's framework; to define green, social, sustainable and sustainability-linked activities that empower positive change, and expedite the growth of ESG financing solutions for a greener, more prosperous tomorrow.

Approved by: EXCO Sustainability Committee, Maybank Group

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Our Commitments

OUR INTENTION

Facilitating the movement of capital towards sustainable financing and investments, through direct lending, investments, syndication, fundraising, underwriting and advisory, while integrating ESG criteria to bring about sustainable development outcomes and support the transition to a low-carbon economy.

SUSTAINABLE FINANCE MOBILISED

FY2022

RM20.69 billion

FY2021

RM13.68 billion

**Mobilising
RM80 billion in
Sustainable Finance
by 2025**



**Achieving
a carbon neutral
position of our own
emissions by 2030
and Net Zero Carbon
equivalent position by
2050**



OUR INTENTION

The Carbon Neutral by 2030 commitment refers to the Group's own emissions, while the Net Zero by 2050 commitment refers to maintaining a balance between all direct and indirect CO₂e emissions and removals, encompassing our operations and the business activities we finance across the Group. We will work both internally and with our external suppliers to minimise the environmental impact of our operations across the entire value chain. Additionally, we are committed towards lowering the financed emissions of our business portfolio.

CARBON NEUTRAL POSITION

FY2022

**Reduced 41% of our
Scope 1 and 2 emissions
(against 2019 baseline*)**

Annual Target:

40% reduction in Scope 1 & Scope 2 emissions *2019 baseline of 131,291 tCO₂e will be externally validated.

OUR INTENTION

Leveraging our regional presence and our flagship programmes, we aim to contribute towards the betterment of communities across ASEAN. We aim to create a more equitable society by equipping communities with lifelong financial skills and knowledge, addressing communities' current and situational needs, as well as building their financial resilience.

HOUSEHOLD LIVES IMPROVED

FY2022

368,441 households

FY2021

502,759 households

**Improving
the lives of two million
households across
ASEAN by 2025**



**Achieving
one million hours per
annum on sustainability
and delivering one
thousand significant
UN SDG-related
outcomes by 2025**



OUR INTENTION

Our employees play a pivotal role in ensuring that we embed sustainable actions and thinking across the Group. We are committed to fostering a sustainability culture among Maybankers by strengthening our business ethics, policies and practices, embracing diversity and inclusivity, and scaling up our employee volunteerism programmes.

SUSTAINABILITY HOURS ACHIEVED

FY2022

1,563,720* hours

FY2021

1,636,652 hours

* UN Global Compact Network Malaysia & Brunei has provided an independent Second Party Opinion on the approach and process that Maybank has undertaken in reporting Commitment 2 and Commitment 4.

Our Achievements

CLIMATE CHANGE



First bank in Malaysia and amongst the first in **ASEAN** to establish **Scope 3 Financed Emissions Baseline**



Reduced an equivalent of **53,771 tCO₂e** from FY2019 baseline

DIGITAL & SUSTAINABLE FINANCIAL SOLUTIONS



Largest Sustainability-Linked Loan Amongst S-REITS in Singapore in 2022
SGD978 million (approx. RM3.2 billion)
Mandated Lead Arranger and Bookrunner



First Sustainability Sukuk in Malaysian Utility Sector
RM1.5 billion
Joint Lead Arranger and Manager



First IDR Green Bond by an Indonesian State-Owned Enterprise Bank
IDR5 trillion (approx. RM1.4 billion)
Joint Lead Underwriter



Introduced Malaysia's **first-ever digital home financing solution** **Maybank Home²u**



First-in-Malaysia insurance and takaful coverage for **Electric Vehicle (EV) Home Chargers**



Structured the **first sustainability-linked Islamic profit rate swap** in Malaysia

FRAMEWORK & VALIDATION



First Bank in Malaysia to establish a **Sustainable Product Framework**



Developed **Sustainability-Linked Product Guidelines**



Obtained **external assurance** on sustainability commitments

OUR PEOPLE



Introduced **Maybank Group Self-Led Sustainability and Volunteerism Policy**



Introduced the **Sustainability Circle and Green Labs** platforms



Awarded and recognised in areas relating to **HR excellence and graduate employment**

Key Awards and Partnerships

GROUP/COUNTRIES



MAMG



ETIQA



CLIMATE THOUGHT LEADERSHIP INITIATIVES



- Co lead the Climate Change and Principle-based Taxonomy Implementation Group, focusing on training, enhancing of origination systems & incorporation of climate-related assessment criteria for the banking and insurance industry
- Curated capacity-building programmes on climate change for the industry as part of the SC4's mandate



- Led the working group on Strengthening Demand and Supply for Sustainable Finance with recommendations on how the industry can strengthen Sustainable Finance agenda



- One of the first few banks in Malaysia to be a member of PCAF to establish our financed emissions data based on the GHG Accounting and Reporting Standard for the Financial Industry



- One of 2 banks in Malaysia to participate in a pilot study using Paris Agreement Capital Transition Assessment methodology, an initiative by 2DII and WWF Malaysia, to facilitate climate-related scenario analysis

Breadth of Our Sustainable Solutions

ENABLING ACCESS TO GREENER HOMES



Malaysia Solar Panel Financing Campaign

- Retail finance scheme in partnership with Petronas and selected companies offering solar panel financing specifically for their staff, providing lower rates to those interested
- As at December 2022, Maybank disbursed 21 solar panel accounts under this programme, with RM0.51 million mobilised

Singapore Green Home

- Relunched in July 2022, the enhanced Green Home Loan based on the BCA Green Mark GoldPLUS and above requirements
- To date, more than SGD33.55 million in loan value has been mobilised under this scheme

ENCOURAGING THE USE OF GREENER VEHICLES



Malaysia

- In 2022, we introduced preferential rates for the financing of electric and hybrid vehicles which contributed to the mobilisation of RM302.23 million, an increase of more than 550% in hybrid vehicle financing from 2021 to RM212.50 million, with over 1,800 accounts. For electric vehicles, RM89.73 million was mobilised to 307 accounts

Singapore

- Customers in Singapore can enjoy preferential interest rates for new electric and plug-in hybrid vehicles
- Mobilised SGD247.81 million in financing for electric and plug-in hybrid vehicles combined

Indonesia

- Maybank Indonesia, through its subsidiary Maybank Finance, collaborated with Hyundai Motor Indonesia to offer financing for customers who wish to purchase an electric car, with interest rates starting from 0%
- More than IDR347.37 billion was mobilised for electric and hybrid vehicle financing in 2022

SOLUTIONS FOR OUR NON-RETAIL CLIENTS



World's First Sustainability Sukuk Wakalah issued by an Islamic financial institution

- RM5 billion
- Sole Principal Adviser, Sole Lead Arranger, Sole Lead Manager and Sole Sustainability Structuring Adviser

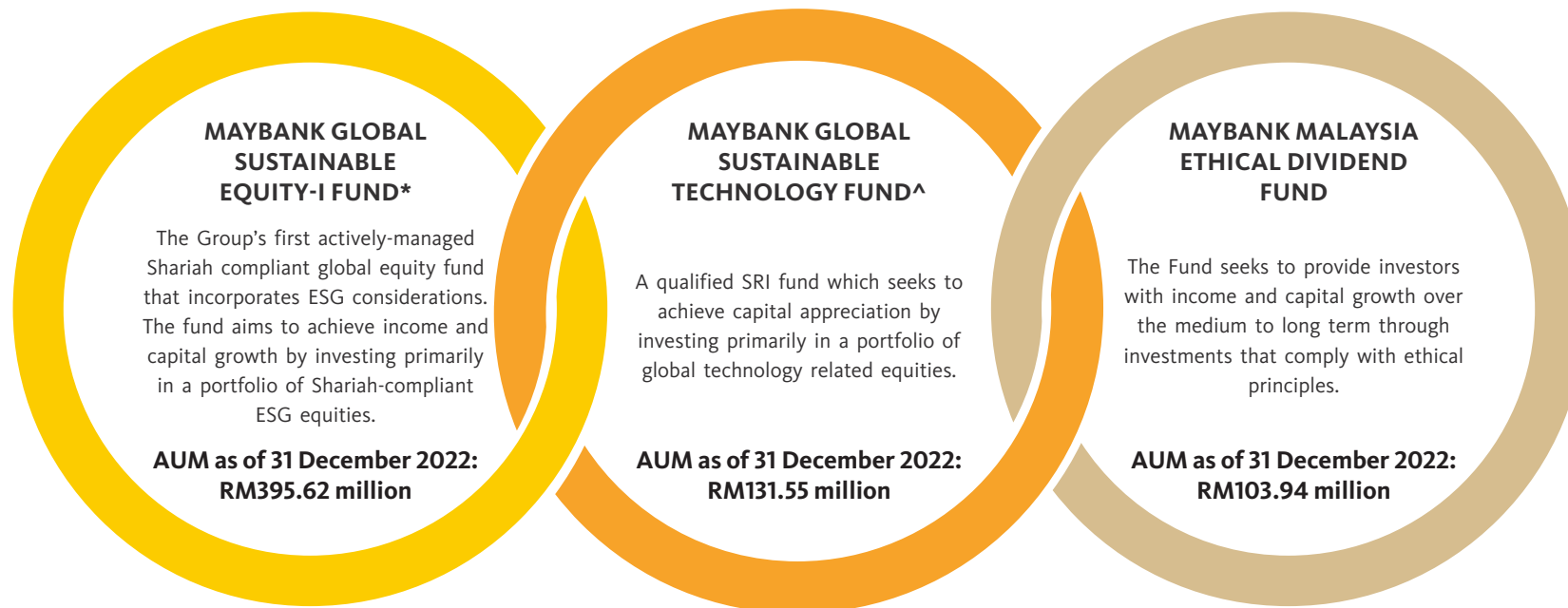
First Sustainability-linked Loan for a company and its subsidiaries in the United Kingdom

- GBP110 million (approx. RM600 million)
- Bilateral Lender

Social Financing to support production of essential vaccines

- IDR850 billion (approx. RM247 million)
- Lender

Sustainable Investing and ESG-Themed Securities



SUSTAINABLE SOLUTIONS IN ETIQA

Premier Global Sustainable Equity Fund

In May 2022, Etiqa launched the Premier Global Sustainable Equity Fund (PGSEF), its first ESG fund tied to its Investment-linked plans, allowing policy holders to make investments in companies whose activities are sustainable. The fund, with a current Net Asset Value of over RM35.6 million, is offered through Maybank and Life Agency and managed by JP Morgan Asset Management.

Electric Vehicle Home Chargers

In October 2022, Etiqa launched the first-in-Malaysia insurance and takaful coverage for Electric Vehicle (EV) Home Chargers. The coverage is available as a complimentary add-on to an Etiqa private comprehensive car policy/certificate for newly registered Battery EV or Plug-In Hybrid EV. Coverage includes fire, theft (forcible and violent entry), lightning and explosion, bursting or overflowing of water tanks, or pipes, typhoons, windstorms, earthquakes and floods.

 For more information on Etiqa's EV Home Chargers, please refer to <https://www.etiqa.com.my/v2/car-ev-insurance-takaful>

Drive Less Save More

In October 2021, Etiqa launched the Drive Less Save More (DLSM) add-on to its motor insurance/takaful. DLSM provides up to 30% yearly rebates for drivers that were on the road less due to lockdowns, with the ultimate intention of reducing the number of private vehicles on the road and their resulting pollution to the environment. In FY2022, more than 238,000 motor insurance policies were sold with the DLSM feature attached with Etiqa reimbursing over RM1.68 million in rebates through this policy.

* • Awarded Most Innovative Islamic ESG Fund Malaysia 2022 by Global Business Review Magazine
• Best ESG Shariah Equity Fund Malaysia 2022 by Global Banking & Finance Awards
• Best Impact Basic Needs (Silver) at The Edge ESG Awards 2022

^ • Awarded Best ESG/Sustainability Fund at Global Brands Awards 2022 by Global Brands Magazine
• Best Low Carbon Award (Gold) at The Edge ESG Awards 2022

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List of Abbreviations

Abbreviation	Meaning
AMP	Alternative Maritime Power System
APLMA	Asia Pacific Loan Market Association
AR	Annual Report
ASC	Aquaculture Stewardship Council
ASEAN	The Association of Southeast Asian Nations
ASHRAE	American Society of Heating, Refrigerating and Air-Conditioning Engineers
AUM	Asset Under Management
BEAM	Building Expertise in Administration & Management
BF-BOF	Blast Furnace – Basic Oxygen Furnace
BREEAM	Building Research Establishment Environmental Assessment Method
BRT	Bus Rapid Transit
CAES	Compressed Air Energy Storage
CBI	Climate Bond Initiative
CCPT	Climate Change Principle-based Taxonomy
CCS	Carbon Capture Storage
CCU	Carbon Capture Utilisation
CFS	Community Financial Services
CHP	Combined Heat and Power
CSP	Concentrated Solar Power
DAC	Direct Air Capture
DRI	Direct Reduced Iron
EAF	Electric Arc Furnace
EDGE	Excellence in Design for Greater Efficiencies
ESG	Environmental, Social, Governance

Abbreviation	Meaning
EV	Electric Vehicle
FEC	Foreign Exchange Contract
FSC	Forest Stewardship Council
GB	Global Banking
GBI	Green Building Index
GHG	Green House Gas
GLP	Green Loan Principles
GS	Group Sustainability
HFO	Heavy Fuel Oil
HVAC	Heating, Ventilation and Air Conditioning
ICMA	International Capital Market Association
ICT	Information and Communications Technology
ISCC	International Sustainability and Carbon Certification
IWPP	Integrated Water and Power Plant
KPI	Key Performance Indicator
LEED	Leadership in Energy and Environmental Design
LMA	Loan Market Association
LNG	Liquefied Natural Gas
LSTA	Loan Syndications & Trading Association
MAMG	Maybank Asset Management Group
MDO	Marine Diesel Oil
MGO	Marine Gas Oil
MIBG	Maybank Investment Banking Group
MSC	Marine Stewardship Council
MSME	Micro, Small and Medium Enterprise

Abbreviation	Meaning
MTCS	Malaysian Timber Certification Scheme
PEFC	Programme for the Endorsement of Forest Certification
PFX	Promissory Foreign Exchange
RAC	Risk Acceptance Criteria
RSB	Roundtable on Sustainable Biomaterials
RSPO	Roundtable on Sustainable Palm Oil
RTRS	Round Table on Responsible Soy Association
SAF	Sustainable Aviation Fuel
SC	Securities Commission Malaysia
SLB	Sustainability-linked Bonds
SLL	Sustainability-linked Loans
SPO	Second Party Opinion
SPT	Sustainability Performance Target
SR	Sustainability Report
SRI	Sustainable and Responsible Investment
ULSD	Ultra Low Sulphur Diesel
UNGC	United Nation Global Compact
UN-SDG	United Nations Sustainability Development Goals
VCS	Verified Carbon Standard
WLTP	Worldwide Harmonised Light Vehicle Test Procedure



CHAPTER 1

Introduction

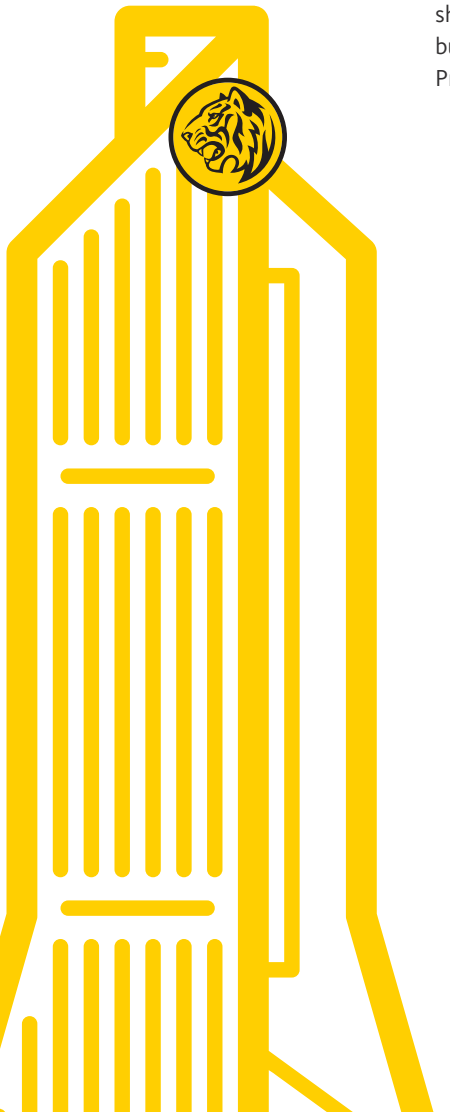
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Introduction

About Maybank

Established in 1960, Maybank is the largest financial services group in Malaysia with an established presence in all 10 ASEAN countries with Malaysia, Singapore & Indonesia being our home markets. In serving our mission, we provide an array of financial products and services through three key business pillars, supported by shared corporate functions across our global network of 18 countries. Guided by our mission to Humanise Financial Services, we fulfil our customers' ambitions by building trusted relationships that last for generations through thick and thin. Our strategic priorities will catapult Maybank to realise our aspirations to be the Preferred ASEAN Bank, a Global Leader in Islamic Finance and a Leading ASEAN Insurer.



Maybank to realise our aspirations to be the Preferred ASEAN Bank, a Global Leader in Islamic Finance, a Leading ASEAN Insurer and a Regional ESG Leader.

Maybank's Sustainability Journey

The ASEAN region has immense potential for long term growth thanks to its young demographics, diverse cultures, strategic location and free trade areas. However, like other developing regions, it too faces challenges such as economic inequalities, climate injustice, and limited access to finance.

At Maybank, we believe that as a responsible ASEAN organisation, our products and services must cater to the diverse economic and social needs of the region, working towards a fair and just transition. We have made it our objective to integrate sustainability practices in all our activities and engage our stakeholders and the communities we serve towards a better future.

Our M25+ strategy builds on the success of the M25 Plan, and takes us on a deeper purpose of becoming a "Values-Driven Platform, Powered by a Bionic Workforce that Humanises Financial Services". This approach reinforces our drive for more meaningful differentiation across five key strategic thrusts and create firmer foundational capabilities for long-term sustainable growth. By remaining agile and responsive to various macro trends and disruptive changes, including heightened focus on sustainable services and business practices, we aim to transition towards Net Zero Carbon emission goals.

As a leading financial institution in ASEAN and in line with our aspiration to be a sustainability leader in Southeast Asia, we want to drive sustainable financing through our regional operations in an impactful manner. In our leadership role in championing sustainability, Maybank introduced the Sustainable Product Framework in 2022, making us the first bank in Malaysia to do so. In keeping with best practices adopted by global peers, this framework defines green, social, sustainable and sustainability-linked activities and outlines methodologies and procedures to classify and report financial products and services as sustainable. By providing our teams with the right tools and clarity on sustainable financing, we hope to expedite the growth of ESG financing solutions.

Maybank's dedication to sustainability is evident in our four sustainability commitments, which strongly guide our initiatives. As we build on our successes in 2021, we are proud to showcase how sustainability has been seamlessly integrated into our daily operations. These commitments have been instrumental in driving significant progress and have been revisited to better align with the sustainable future we envision. As a testament to our progress, Maybank's Board of Directors has approved an upward revision of our first two commitments in December 2022 to a target of mobilising RM80 billion in Sustainable Finance (from RM50 billion previously) and two million households across ASEAN by 2025 (from one million households previously), doubling our initial target.

Introduction

Our commitment reflects our continued investment in our people, policy frameworks, and systems to align with the UN-SDGs and deliver stakeholder objectives that are sustainable and ethical. We are thrilled that our commitment to sustainability has grown steadily over the years, with Maybank truly embodying our mission of Humanising Financial Services. Our targeted financial services and bespoke products cater to the needs of the many, while also providing marginalised communities with access to financial services and skills to drive meaningful change.

Approach to Sustainable Finance

Sustainable finance is defined as the movement/mobilisation of capital towards investments that supports sustainable development outcomes and the decarbonisation pathway to a low carbon economy. These activities include direct lending or investment, syndication, fundraising, underwriting and advisory. It is all encompassing within green finance, social finance, climate finance, impact finance, social and responsible investing.

Our involvement in sustainable finance is not new. For a long time, Maybank has integrated sustainability into our financing, primarily through the integration of Risk Acceptance Criteria (“RAC”) in our financing decisions, complemented with our Group Credit Risk policy. In addition to that, Maybank has committed to not finance or associate ourselves with activities that contradict our objective of responsible transition alongside with a list of Blacklist activities outlined in our Group Credit Risk Policy, as shown in Appendix 3.

Since then, we have come a long way, accumulating awards and issuing/participating in Global and ASEAN first offerings such as “World’s First Islamic Green Financing for a Hospitality Asset in Singapore”, “World’s First Triple-Accredited Carbon Neutrality Themed Green Bonds”, “ASEAN’S Largest Green Loan Refinancing in Singapore”. Our awards are a testament to the strong commitment and emphasis that we place on sustainable finance.

In line with the growing need for a standardised classification system for sustainability activities and to provide transparency and clarity on what is deemed as sustainable from Maybank’s perspective, this Framework serves to define sustainability-focused and positive impact products across the bank’s financing activities, and to set as a basis for Maybank’s green/social/sustainable and sustainability-linked financing so that they are aligned with industry practice in terms of their use of proceeds and independent verification.

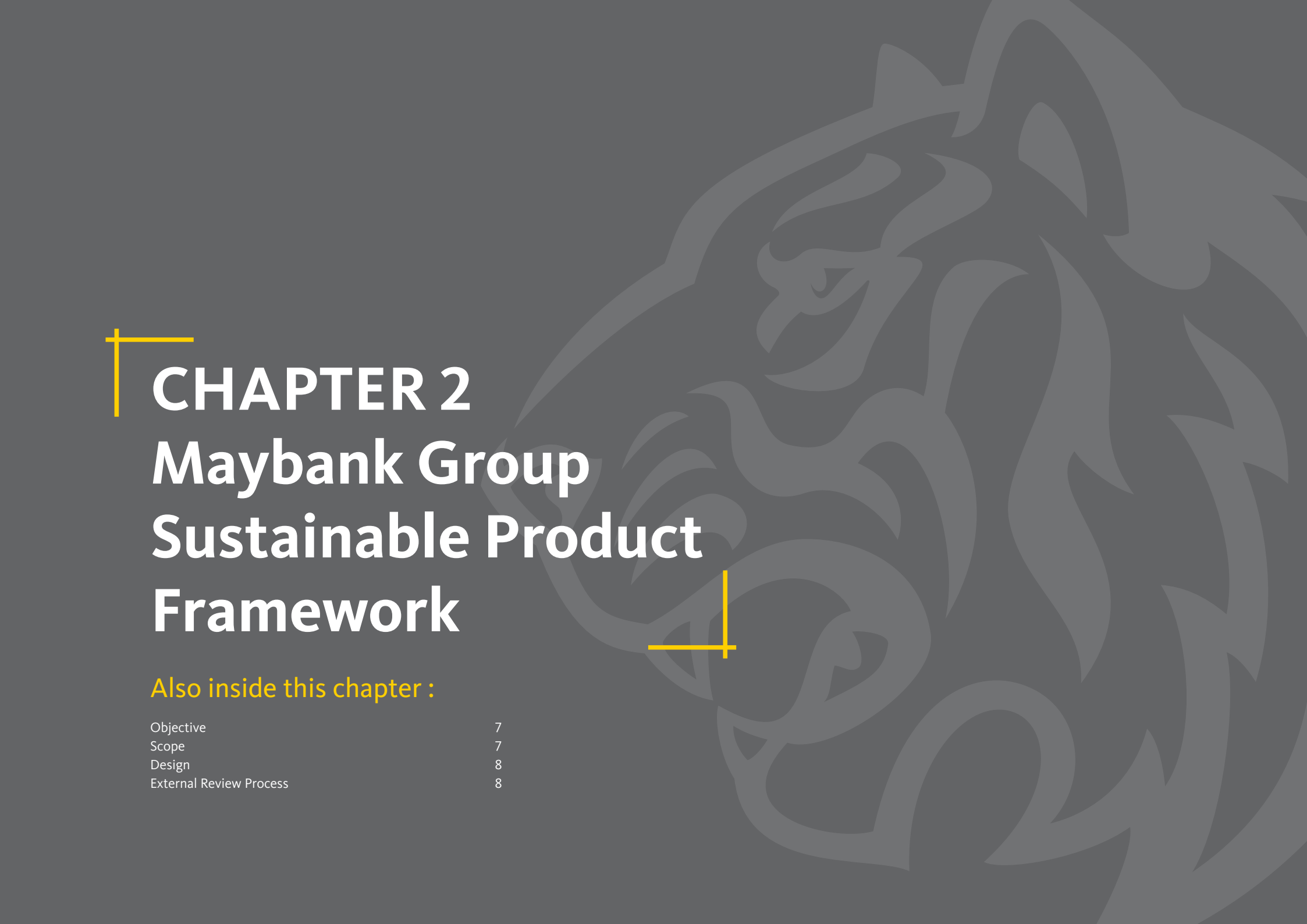
In addition to the Sustainable Product Framework (“SPF” or the “Framework”), Maybank is also working towards developing a standalone Transition Finance Framework (“TFF”), which essentially carves out the eligible transition business activities from the SPF and stretches the definition of transition financing beyond the original eight hard-to-abate sectors in the SPF 2022.

Maybank’s Position Statement

No Deforestation, Peat, and Exploitation (“NDPE”) requirements are fundamental components for all sustainable practices, given the serious adverse effects of such activities have on our customers, communities and the environment.

In the domain of responsible financing practices, Maybank has identified six high risk sectors – Agriculture (including Palm Oil), Forestry & Logging, Construction & Real Estate, Power, Oil & Gas and Mining & Quarrying. For each of these high risk sector, the bank has developed a position paper and a RAC to integrate sustainability considerations in lending decisions to clients who operate in these sectors. All the RACs developed are also in line with the Group’s NDPE stance, which specify non-compliance with NDPE as part of the knockout criteria.





CHAPTER 2

Maybank Group Sustainable Product Framework

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Maybank Group Sustainable Product Framework

Objective

Maybank Group SPF serves 2 objectives:

Primary Objective

To guide the development of themed Green, Social, Sustainable and Sustainability-linked Products that reference specific use of proceeds. Specific product propositions that are intended to have a Green, Social, Sustainable or Sustainability-Linked must then reference the Framework.

Secondary Objective

To outline the methodology and associated procedures to classify and report financial products and services offered by Maybank as sustainable. The Framework shall specify the classification logic, the eligibility criteria, recognisable amount, verification process and exclusion criteria for products to be recognisable as sustainable finance. This will then serve as the basis for tracking, recognising and disclosing our performance against our commitment of mobilising RM80 billion in sustainable finance by 2025.

This framework should be read together with Maybank Group Transition Finance Framework which defines and references specific use of proceeds towards transition financing, which will also be recognised as part of the sustainable finance contribution.

Scope

The Maybank Group SPF have been developed to be comprehensive and far reaching, encompassing all of the organisation's businesses globally¹ and spanning both conventional and Islamic² financial products³.

The SPF exceeds the boundaries of a traditional sustainable finance definition, extending to include classifying sustainable products within insurance and asset management. Recognising the crucial role we play in facilitating sustainable progress, Maybank Group prioritises capital mobilisation towards environmentally conscious and socially beneficial projects. As a result, this Framework applies to all financial products and services that incorporate ESG criteria into business or investment decisions to achieve desirable sustainable development outcomes or contribute positively to the achievement of the Paris Agreement goals and UN-SDG, in particular:

• Corporate lending	• Debt and equity capital markets
• Trade financing ^{4,5}	• Retail financing
• Insurance products and services	• Asset management and investment management products and services

¹ Including Etiqa Insurance & Takaful

² The terms used in this document are meant to be generic and should be customised for Islamic operations prior to adoption at the respective business, where applicable

³ Sustainalytics encourages Maybank to limit financing to just those Islamic instruments under the Framework that ensure investments in green or social activities and align with the criteria noted in Appendix 1.

⁴ Sustainalytics notes that trade financing instruments, including letters of credit or letters of undertaking, guarantees, and event-driven instruments such as insurance-linked securities do not necessarily guarantee allocation of proceeds to eligible activities and hence, are not considered as aligned with the market expectations. Sustainalytics encourages Maybank to prioritise financing through instruments that exclusively finance just those activities that align with the criteria defined in Appendix 1.

⁵ Excludes Promissory Foreign Exchange ("PFX"), Foreign Exchange Contract ("FEC"), and Derivatives, except where the derivatives are sustainability-linked, in which case they can be considered for inclusion.

Maybank Group Sustainable Product Framework



Design

The Framework aims to align with the following principles and standards⁶, among others:

- Green (2021), Social (2021), Sustainability (2021) & Sustainability-linked (2020) Bond Principles, administered by the International Capital Markets Association (“ICMA”)
- ASEAN Green (2018), Social (2018), Sustainability (2018) Bonds, and Sustainability-linked (2023) Bond Standards
- Green (2023), Social (2023), & Sustainability-linked Loan Principles (2023) administered by the Loan Market Association (“LMA”)
- Climate Bonds Standard (2023) administered by the Climate Bonds Initiative (“CBI”)
- Climate Bonds Taxonomy (2021) administered by the CBI
- Guidelines on Sustainable and Responsible Investment Funds (“SRI Guidelines”)

External Review Process


This Framework was developed by Maybank with support from Morningstar Sustainalytics in developing the green and social Eligibility criteria⁷. Morningstar Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies.

With over 25 years of experience, Sustainalytics empowers hundreds of the world’s leading asset managers and pension funds to incorporate ESG and corporate governance information and assessments into their investment processes. Moreover, Sustainalytics aids countless corporations and financial intermediaries to implement sustainability in their policies and practices.

Internally, Maybank’s Group Sustainability (“GS”) spearheads the development and maintenance of the comprehensive Framework, with input and guidance from the business teams. GS ensures that all sustainable finance transactions conform to the latest version of the Framework and reports publicly on sustainable finance activities under the Framework. Furthermore, an external, independent assurance provider assesses Maybank’s achievement in sustainable finance, encompassing retail and non-retail sustainable finance mobilisation, to maintain unbiased accountability.

⁶ The principles and standards applicable should also include the respective taxonomy in the respective jurisdictions where business resides.

⁷ Sustainalytics primarily assessed the alignment of the green and social activities (noted in Appendix 1) with the current market practice. Sustainalytics notes that the other aspects of the Framework, including the qualifying sustainable financing instruments/mechanisms, and the specific examples noted alongside have not been recommended, and in some cases, reviewed by Sustainalytics. Refer to Sustainalytics’ commentaries in the footnotes included in the Framework for more details.



CHAPTER 3

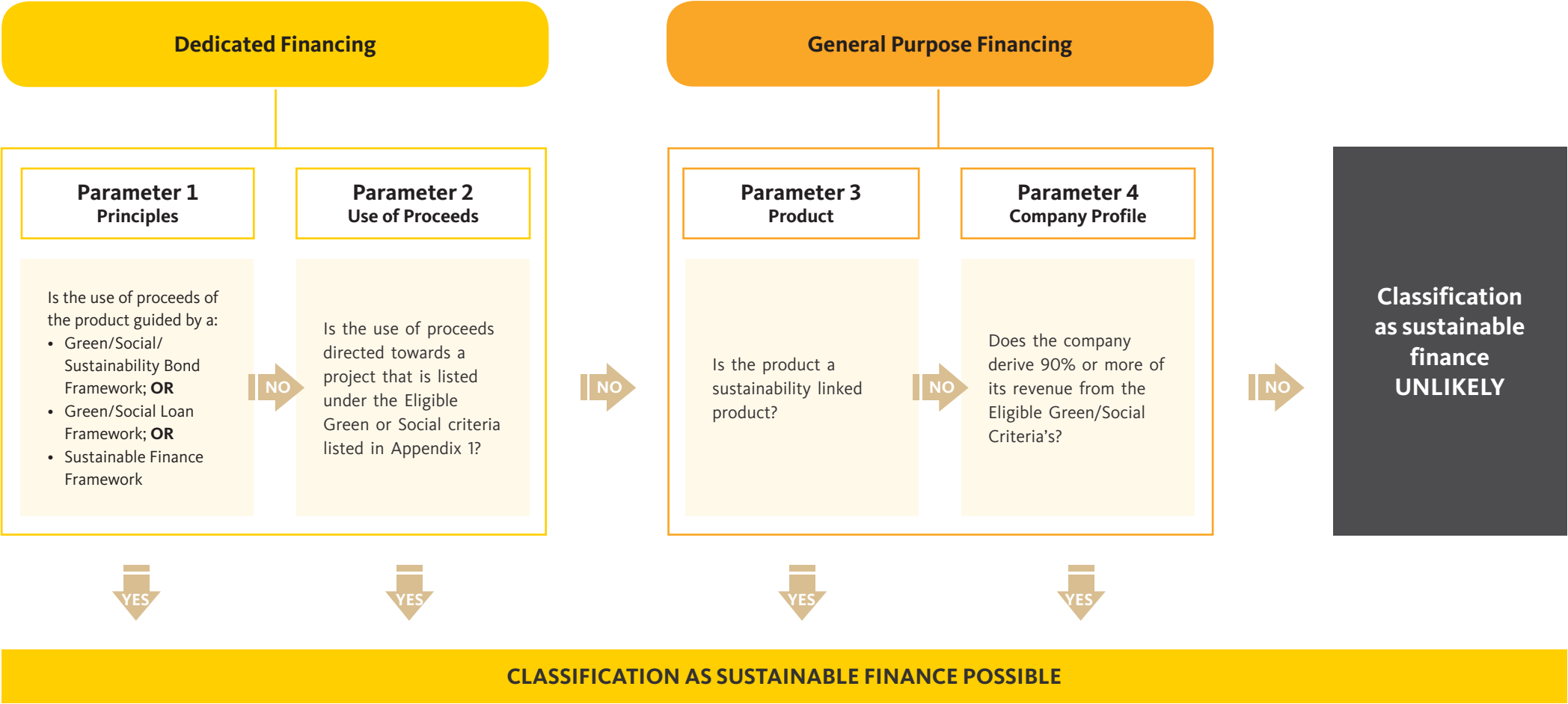
Sustainability Approach

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Sustainability Approach

Classification Logic⁸



⁸ Previously, the Transition criteria was part of the classification logic as Parameter 5. However, with the development of the Transition Finance Framework, all financing under Transition will be recognised separately from the Sustainable Product Framework.

Sustainability Approach

Dedicated Financing

Parameter 1: Principles – ICMA & APLMA/LMA/LSTA^{9,10}

Green, Social, Sustainable and Other Labeled (“GSS+”) Bonds automatically qualify for inclusion if they meet either of the following criteria:

- A clear bond framework is present that is aligned to the ICMA Green/Social Bond Principles or the Sustainability Bond Guidelines AND a Second Party Opinion (“SPO”)¹¹ has been obtained or been reviewed and assessed by a reputable external review provider that has concluded that the green/social benefits of the framework are in compliance with the ICMA Green/Social Bond Principles or the Sustainability Bond Guidelines; OR
- The bond has been certified under the CBI and Climate Bonds Standard.

Green and Social Loans¹² automatically qualify for inclusion if they meet the following criteria:

- A clear framework¹³ is present that is aligned with the APLMA/LMA/LSTA Green/Social Loan Principles; AND
- Has obtained an SPO¹⁴ or been reviewed and assessed by a reputable external review provider that has concluded that the green/social benefits of the framework are clear and that the loan is in compliance with the APLMA/LMA/LSTA Green/Social Loan Principles.

Amount Recognisable

Bonds (Underwriting)¹⁵	The amount to be recognised as sustainable finance is the apportioned value of Maybank’s participation in underwriting the issuance which should correspond to the accredited amount by Bloomberg under the League table.
Bonds (Investment – for banking book only)	The amount to be recognised is the incremental increase (or decrease) of Maybank’s holding of Green, Social, Sustainability Bonds. [Formula for incremental increase: Holding at end of Financial Year – Holding at end of preceding Financial Year + sum of matured bond (if applicable)]
Loans	The amount to be recognised as sustainable finance is the apportioned value of Maybank’s committed amount.

⁹ The Framework recognises the rapid transformation and proliferation of principles emerging in the sustainable finance space, and hence will not limit the recognition to ICMA, GLP or LMA. Other principles such as Hong Kong Green Bond Framework, which aligns with ICMA’s Green Bond Principles should be recognised too even though not listed in the Framework.

¹⁰ Sustainalytics recognises Maybank’s approach for selecting green, social, or sustainability (“GSS”) bonds and loans that are aligned with credible use-of-proceeds principles, including the ICMA principles or the APLMA/LMA/LSTA principles and have additionally obtained a second-party opinion on the financed instruments. Sustainalytics, however, notes that this approach, along with the sole reliance on the league tables, does not necessarily ensure financing to eligible activities and encourages Maybank to prioritise investments in instruments that exclusively finance activities per the criteria defined in Appendix 1.

¹¹ External reviewers recognised for SPO include Sustainalytics, ISS ESG, Cicero, DNV-GL, Vigeo Eiris, JCR, Sitawi, Kerstrel, S&P Global, HKQAA, ERM, Bureau Veritas, R&I, Resultante, UNDP, RAM and MARC

¹² Loans may include Repurchase Agreements (Repos) that will be restricted to UoP repos, where the proceeds from the repo will be spent on eligible activities in line with the criteria included in Appendix 1. Repos that are relying solely on eligible assets as collaterals will not be included under this Eligibility Guide.

¹³ Including Sustainable Finance Framework developed at a company level.

¹⁴ External reviewers recognised for SPO include Sustainalytics, ISS ESG, Cicero, DNV-GL, Vigeo Eiris, JCR, Sitawi, Kerstrel, S&P Global, HKQAA, ERM, Bureau Veritas, R&I, Resultante, UNDP, RAM and MARC

¹⁵ Sustainalytics notes that for GSS instruments issued by an issuer other than Maybank and where Maybank plays the role of an underwriter, there is possibility of double accounting in terms of allocation and impact reporting. Sustainalytics, therefore, encourages Maybank to separately report on the proportion of such financing as part of its periodic reporting to stakeholders.

Sustainability Approach

Parameter 2: Use of Proceeds: Eligible Green/Social Activities

When Maybank provides financing and/or refinancing¹⁶, or makes an investment, for a specific purpose or project, we conduct a thorough assessment to determine if the funds will be utilised for activities that align with our commitment to sustainability. This involves careful evaluation to determine compliance with our Eligible Green and/or Social criteria, which includes a range of environmentally and socially responsible activities. Our comprehensive list of eligibility criteria is outlined in Appendix 1, and only projects that meet these criteria will be deemed eligible for inclusion:

- Funds from the financing transaction are directed towards an activity that is listed under the Eligible Green or Social criteria (either in whole or partially) listed under Appendix 1.
- In the case of bond investment, use of proceeds of the bond are channeled towards Eligible Green or Social activities listed under Appendix 1.

Amount Recognisable

Bonds (Underwriting)¹⁷	The amount to be recognised as sustainable finance is the apportioned value of Maybank’s participation in underwriting the issuance, and the apportioned value of the issuance that meets eligible Green or Social criteria as listed in Appendix 1.
Bonds (Investment – for banking book only)	The amount to be recognised is the incremental increase of Maybank’s holding of bonds in which use of proceeds are channeled towards activities that meet the eligible Green or Social criteria as listed in Appendix 1. [Formula for incremental increase: Holding at end of Financial Year – Holding at end of preceding Financial Year + sum of matured bond (if applicable)]
Loans	The amount to be recognised as sustainable finance is the apportioned value of Maybank’s committed amount, specifically towards the activity that meets eligible Green or Social criteria as listed in Appendix 1.
Other Financing	The amount to be recognised as sustainable finance is the apportioned value of Maybank’s committed/allocated amount, and the apportioned value of the issuance that meets eligible Green or Social criteria as listed in Appendix 1.



¹⁶ A lookback period of 3-year period is imposed on refinancing project for it to be eligible to be included for sustainable finance.

¹⁷ Sustainalytics notes that for GSS instruments issued by an issuer other than Maybank and where Maybank plays the role of an underwriter, there is possibility of double accounting in terms of allocation and impact reporting. Sustainalytics, therefore, encourages Maybank to separately report on the proportion of such financing as part of its periodic reporting to stakeholders.

Sustainability Approach

General Purpose Financing

Parameter 3: Product – Sustainability-linked Product¹⁸

Maybank recognises its role as a significant player in the facilitation of capital and credit, and the crucial role financial institutions play in driving decarbonisation efforts towards a low carbon and climate resilient economy in the region. We understand that many organisations in the region are still in the early stages of comprehending and integrating climate risk, and this often results in hesitance to take bold measures towards adopting sustainable operations. In response, Maybank advocates for innovation to encourage sustainable decarbonisation, promoting development of tailored sustainable finance solutions that incentivise clients to commit to environmental and social sustainability.

One such exemplary solution is Sustainability-Linked Products, which can be in the form of bonds, loans or other contingent facilities (such as bonding lines, guarantee lines or letters of credit). These instruments are designed to incentivise the borrower’s achievement of ambitious, predetermined sustainability performance objectives, measured against predefined Sustainability Performance Targets (“SPTs”) that use predefined key performance indicators (“KPIs”). Sustainability-linked loans (“SLL”) and bonds integrate sustainability factors into a broader set of products and offer an additional means of engaging clients to consider sustainability practices. As such, sustainability-linked products look to improve the borrower’s sustainability profile by aligning financing terms to the borrower’s performance against the relevant predetermined SPTs. In most cases, achievement of SPTs/improvement in sustainability performance triggers a discount to the margin, whereas poor performance triggers a premium.

Maybank emphasises the importance of setting meaningful and material KPIs that are integral to the issuer’s business strategy and sustainability goals. These KPIs must address relevant environmental, social and/or governance challenges in the industry sector and be under management’s control to ensure they can be implemented effectively. To guide relationship managers on how to go about identifying material sustainable KPIs and SPTs for SLPs, a Sustainability-Linked Product Guidelines have been developed to provide them with the necessary tools and resources. The Guidelines should be read and followed when structuring an SLP.

The KPIs should be:

- Relevant, core and material to the issuer’s overall business, and of high strategic significance to the issuer’s current and/or future operations;
- Measurable or quantifiable with a consistent methodological basis;
- Externally verifiable; and
- Able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPT’s level of ambition.

The sustainability-linked facility needs to meet the criteria of the LMA/APLMA/LSTA Sustainability Linked Loan Principles or the ICMA Sustainability Linked Bond Principles, as referred under Section 2.3.

The final approval of the SPTs structured for Sustainability Linked Products will be provided by Maybank’s Chief Sustainability Officer, taking into consideration the materiality of the KPIs and market standards. However, there may be cases where Maybank may not have the authority to set the KPIs or SPTs for the client. In such cases, reference is to be made to the internally developed Sustainability-linked Product Guidelines to understand the necessary approvals required.

Amount Recognisable

Sustainability-linked Products	The amount to be recognised as sustainable finance is the committed amount towards the facility.
Sustainability-linked Products – Bond Investment	The amount to be recognised is the incremental increase of Maybank’s holding of bonds [Formula for incremental increase: Holding at end of Financial Year – Holding at end of preceding Financial Year + sum of matured bond (if applicable)]

¹⁸ Sustainability recognises the potential of investments in sustainability-linked products to create positive environmental and/or social impact and notes that Maybank intends to ensure the instruments’ alignment with credible sustainability-linked principles (such as ICMA/LSTA’s Sustainability-Linked Bond/Loan Principles). However, given the range of variables and benchmarking involved in such issuances (including the sectoral considerations, strength of key performance indicator(s) and sustainability performance target(s), historical data, peer performance, etc.), the applicability, strength and ambitiousness of these variables are usually evaluated on a case-by-case basis. Given this context, Sustainability has not reviewed the criteria defined for financing sustainability-linked instruments and the specific examples delineated under Parameter 3 of the Framework.

Sustainability Approach

Parameter 4: Company Profile – Pure Play

In order to ensure that financing aligns with sustainability goals and contributes towards creating a greener and socially just future, it is important for companies to clearly specify how proceeds will be used and whether they will meet eligible green/social criteria. However, in cases where this information is not provided, eligibility for sustainable finance can still be determined on the basis of the company's core business and activities. As more and more companies respond to the growing demand for sustainability-oriented solutions, it is crucial that we support their efforts with our financing solutions and services. To this end, if the company generates at least 90% of its revenue from eligible activities listed under the Green/Social criteria in Appendix 1, financing provided to that company can be considered as sustainable finance.

Amount Recognisable

Loans

The amount to be recognised as sustainable finance is **the apportioned value of Maybank's commitment towards the facility/facilities provided.**

Acquisition Financing for Pureplay Companies

The cost of acquiring pureplay companies: The amount to be recognised as sustainable finance is **Net Asset Value of the acquired pureplay company.** In the event where the net asset value is negative, the committed financing amount would be recognised as sustainable finance.

Bonds (Investment – for banking book only)

The amount to be recognised is the **incremental increase** of Maybank's holding of bonds
[Formula for incremental increase: Holding at end of Financial Year – Holding at end of preceding Financial Year]



CHAPTER 4

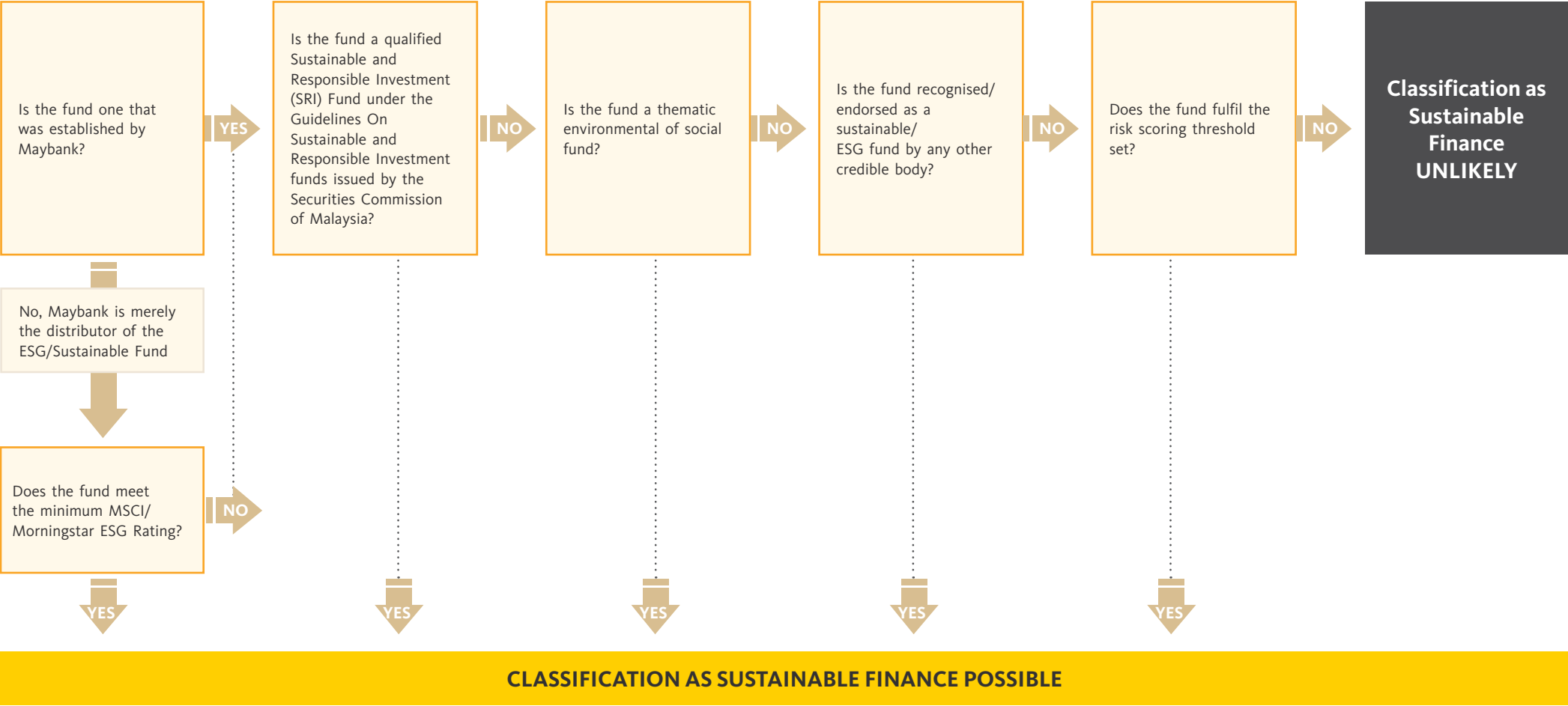
Asset Management & Wealth Management

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Asset Management & Wealth Management¹⁹

Classification Logic



¹⁹ Sustainalytics recognises the potential of Maybank’s approach for selecting sustainable funds based on aligned with the SRI Guidelines by the Securities Commission Malaysia, and other specified funds to create positive environmental and social impact. Sustainalytics, however, notes that this approach does not necessarily guarantee investments in eligible activities (per the criteria defined in Appendix 1) and encourages Maybank to prioritise investments in just those sustainability funds for which there is reasonable assurance of the alignment of financed assets with the eligible criteria (in Appendix 1). For other sustainability funds, Sustainalytics encourages Maybank to separately report on the proportion of such investments as part of its periodic reporting to stakeholders.

Asset Management & Wealth Management

Qualification as Sustainable Fund

Sustainable investing is the process of incorporating ESG factors into investment decisions. Sustainable funds on the other hand are funds whose underlying asset under management consists of companies and organisations with strong ESG practices. Sustainable funds provide an avenue for investors to invest in such companies with the purpose of generating measurable social and environmental impact alongside a financial return. Such an avenue can come about through two ways. The first is where Maybank establishes its own ESG/Sustainable fund and the second is where Maybank acts as a third party distributor to ESG/Sustainable funds established by other Financial Institutions. Maybank believes that facilitating both avenues to investors will lead to an overall positive impact on the environment and to communities.

As such, we will recognise our mobilisation towards sustainable funds as sustainable finance provided that such funds meet the criteria listed below.

Qualified SRI Funds

The SRI Guidelines is issued by the Securities Commission Malaysia (“SC”) pursuant to section 377 of the Capital Markets and Services Act 2007 set out the additional requirements to be complied with by any new or existing funds seeking to qualify as an SRI fund. It draws upon and adopts best international practices and is not intended to define or create a standard on sustainable and responsible investment products.

Among others, the guidelines mandates that an SRI fund’s policy and investment strategies, including the selection, retention and realisation of its investments, must adopt one or more sustainability considerations such as the United Nation Global Compact (“UNGC”) Principles, one or more SDGs or any other ESG factors.

As such, the qualified SRI Funds under the SRI Guidelines issued by the SC are eligible for recognition as sustainable funds.

Thematic Funds

Thematic funds allow investors to address ESG issues by investing in specific solutions that they feel more strongly about, such as renewable energy, waste and water management, sustainable forestry and agriculture, health products and inclusive finance. As a subset of sustainable funds, thematic funds also have a long term positive impact to the environment and communities and are thus recognisable as sustainable finance.

Examples of thematic funds are:

- Clean Energy Fund: Fund that only invests in companies pursuing renewable energy or other clean energy solutions
- Global Water Fund: Fund that invest in companies trying to solve the Global water crisis.
- Global Social Fund: Fund that invest in companies that have outstanding social achievements (e.g.: Human rights practices, Diversity & Inclusion, etc)

Funds Recognised/Endorsed by Credible Bodies

In addition to SRI qualified funds and thematic funds, Maybank recognises the funds endorsed by other credible bodies from the respective jurisdiction, including but not limited to:

- Central Banks
- Regulatory/Statutory bodies

Reputable ESG Ratings

Maybank also recognises reputable ESG ratings like MSCI and Morningstar’s Sustainability Rating as a possible means to determine if a fund is sustainable. Morningstar Sustainability Rating takes into account corporate and sovereign risk weighted contribution into the portfolio and values are shown in rating icon of globes. Unit trust or Discretionary Portfolio Management (“DPM”) that are MSCI rated Leader and above, or four (4) ESG Globes and above by Morningstar will be deemed as a sustainable fund and thus eligible for recognition as sustainable finance. In most cases, these funds are third-party fund and are mobilised by Maybank’s retail Wealth Management team.

Asset Management & Wealth Management

Amount Recognisable

SRI or Thematic Funds - For funds established prior to 2021

The amount recognisable as sustainable finance is **the incremental amount of Asset Under Management (“AUM”) of the fund at each year, starting from 2021 onwards.**

SRI or Thematic Funds - For fund established between 2021-2025

The amount to be recognised as sustainable finance is **the incremental amount of Asset Under Management of the fund at the end of each year, starting from the year it was issued.**

Low Risk Scoring

The Maybank ESG score is jointly developed by Etiqa, Maybank Investment Banking Group (“MIBG”) and Maybank Asset Management Group (“MAMG”). The ESG Score is quantitative and uses a composite score calculated from the scores available from the following 3rd party ESG providers: Sustainalytics, MSCI and S&P Capital IQ. MAMG follows a Fallback Scoring Rule, where if there are no scores available, the Maybank ESG score will use the corresponding securities country Sector score as a proxy and if that is also not available the Asia pacific sector score will be used. The fund/securities should also adopt a robust negative/best-in-class/positive screening investment methodology. From this scoring, funds and securities scoring under 22.5 would be recognised as sustainable and can be counted towards sustainable finance based on year-to-year incremental increase of Asset Under Management.

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CHAPTER 5

Insurance

Also inside this chapter :

Classification Logic

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Insurance²⁰

Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues. Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability.

Classification Logic

For Fixed Income/Equity Investments:


 Refer to investment recognition criteria under Section 3.

For Fund Establishments:

 Refer to [4.2 Qualification as Sustainable Fund](#)



²⁰ Sustainability notes that insurance-linked securities and financing insurance costs for eligible green and social asset portfolio do not align with the current market expectations for sustainable financing and encourages Maybank to separately report on the proportion of such financing as part of its periodic reporting to stakeholders.



CHAPTER 6

Data Collection, Management & Verification

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Data Collection, Management & Verification

Data Collection & Timing of Recognition

In recognising the Sustainable Finance mobilisation, the guidelines have been set by various Lines of Businesses in particular the Community Financial Services (“CFS”) and Global Banking (“GB”) to determine at which point an eligible transaction is considered reportable.

Data collection will be done on a periodic basis via an internally built sustainable finance tracker. The frequency of data collection is dependent on the products offered.

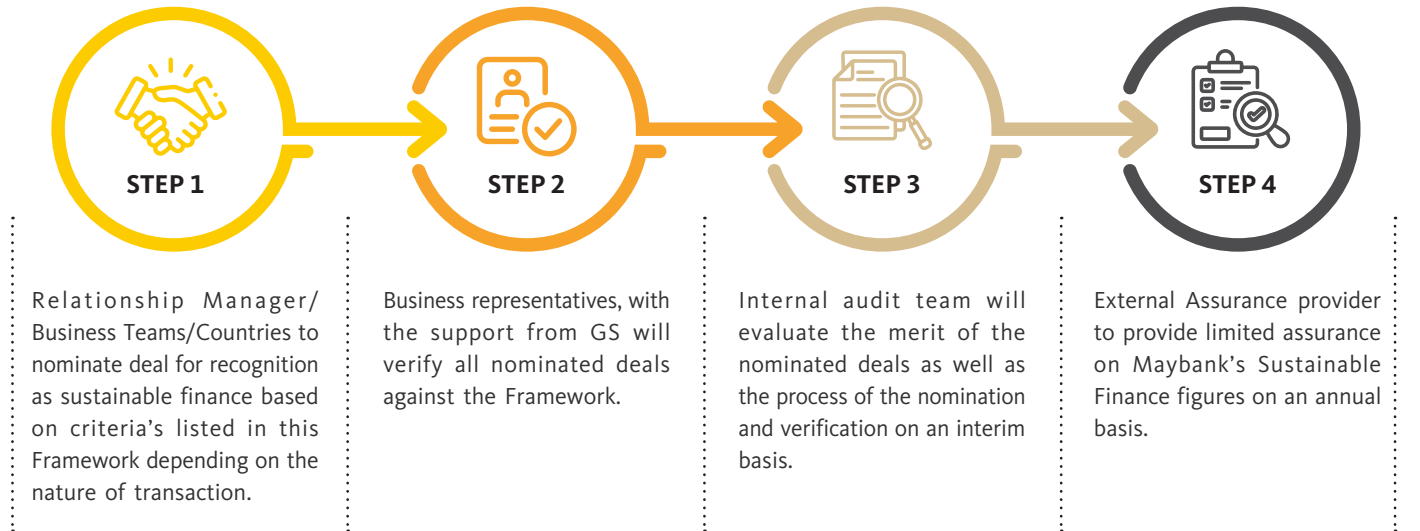
Documentary Evidence

To ensure that all transactions are truly classifiable as sustainable finance, Relationship Managers/Business Teams/Countries are required to provide GS with the relevant supporting documents.

Management and Verification

GS will establish and manage a centralised tracker for all transactions deemed to be recognisable as sustainable finance. The tracker will be updated on a monthly basis.

To ensure authenticity of our sustainable finance achievements, deals deemed eligible for recognition as sustainable finance under this Framework will be reviewed and verified via a 4-step process, as shown below:



Conversely, if there are any disputes with regards to the classification of a particular transaction for recognition as sustainable finance, the transaction will be brought up for review between Maybank's GS team and other internal sustainable finance and/or sector experts. If the eligibility criteria is not met, then it should not be recognised or derecognised as sustainable finance. In the case of the latter, the process and governance are to be established by the respective LOB, and its risk counterpart, in consultation with GS.

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CHAPTER 7

Reporting

Also inside this chapter :

Reporting

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Reporting

This Framework provides the basis and guidelines in identifying eligible green/social/sustainable/sustainability-linked activities that can be classified and recognised towards Maybank's commitment of mobilising RM80 billion in sustainable finance by 2025. Beyond this, a Transition Finance Framework is also being developed to support clients' transition efforts to a low carbon economy. As some of these sustainable products and services extend beyond financing, it is important to delineate what will be recognised and reported as sustainable finance and what will not.

At the minimum, Maybank will report our sustainable finance achievements annually via our AR and SR. Where possible, a granular breakdown of our achievements will be provided, subject to internal approval.





CHAPTER 8

Update

Also inside this chapter :

Update

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Update

This Framework will be updated on an annual basis together with Sustainalytics to ensure that the latest market developments are captured.





Appendix



Also inside this chapter :

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Appendix 1

Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Renewable Energy	Energy Generation	<ul style="list-style-type: none"> • Acquisition, development, operation, maintenance of renewable energy projects/assets: <ul style="list-style-type: none"> o Solar (onshore & offshore) o Wind (onshore & offshore) o Ocean and tidal power o Geothermal (subject to a direct emissions threshold of <100g CO₂e/kWh) o Hydropower satisfying one of the following criteria:²¹ <ul style="list-style-type: none"> ▶ Facilities that became, or will become operational after 2019: <ul style="list-style-type: none"> • Life-cycle emissions below 50g CO₂e/kWh, or • Power density is greater than 10 W/m², or • Run-of-river without artificial reservoir or low storage capacity ▶ Facilities that became operational before 2019: <ul style="list-style-type: none"> • Life-cycle emissions below 100g CO₂e/kWh, or • Power density is greater than 5 W/m², or • Run-of-river without artificial reservoir or low storage capacity <p>(All hydropower projects to have an environmental and social impact assessment conducted by a credible third-party with no significant risk, controversies or expected negative impact identified.)</p> <ul style="list-style-type: none"> • Biomass²² energy from waste feedstock including forestry and agriculture residues such as wood chips, sawdust straw, cane trash, palm kernel shells or palm oil mill effluent (“POME”), from RSB- or RSPO-certified palm oil operations, wastewater and sewage sludge, and sustainably sourced used cooking oil • Bioenergy from non-waste biomass satisfying the following criteria: <ul style="list-style-type: none"> o Feedstock used is certified by the credible schemes: The Roundtable on Sustainable Biomaterials (“RSB”), ISCC Plus, Bonsucro (for sugarcane), RTRS (for soy), and o For electricity production: life-cycle GHG emission intensity below 100g CO₂e/kWh • Waste to energy: Incineration of mixed residual waste, in particular, Municipal Solid Waste where majority of recyclables are segregated before energy conversion • Green Hydrogen production by electrolysis powered by renewables 	<ul style="list-style-type: none"> • Application of technology in the fossil fuel industry • CSP/solar thermal plants with non-renewable energy backup more than 15% of the facility’s electricity production • Ocean thermal projects with fossil fuel backup (not limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures/restart capabilities) • Offshore wind projects supported by fossil fuel-based auxiliary power • Wastewater from fossil fuel operations • Bioenergy production that competes with food production or decreases forestation, biodiversity, or carbon pools in soil • Bioenergy production from peat as a feedstock • Production of hydrogen through steam reforming process using natural gas (known as “brown hydrogen”) and production of hydrogen (and other gases) using oil or coal (“grey/black hydrogen”) • Plastics/Rubber/Tyre-Derived Fuels (“TDF”) to energy/fuel conversion

²¹ Sustainalytics notes that Maybank has defined the lifecycle emissions intensity threshold of less than 100g CO₂e/kWh and power density greater than 5W/m². However, considering the longevity of hydropower assets, newly constructed facilities effectively lock in energy generation for a much extended period and it’s desirable to have a lower threshold for new facilities. Sustainalytics encourages Maybank to favour projects with emissions intensity below the 50g CO₂e/kWh threshold.

²² Including the collection of waste feedstock dedicated for bioenergy production as outlined in the criteria below.

Appendix 1

Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Renewable Energy	Transmission and Distribution	<ul style="list-style-type: none"> Electrical grid which is 1) dedicated to renewables to the power grid or 2) supports the integration of at least 90% renewable electricity; or 3) if the percentage of renewables is less than 90% but is expected to increase, a pro-rata approach will be used to determine green allocation to grid development/maintenance 	Transmission and distribution infrastructure dedicated to connecting fossil fuel power plants or nuclear power plants
	Alternative fuels	<ul style="list-style-type: none"> Production of green ammonia and green methanol by electrolysis powered by renewables Biofuel production according to the following criteria: <ul style="list-style-type: none"> Post 2021 installations with lifecycle emissions that are at least 65% lower than fossil fuel baseline²³ Pre-2021 installations: 60% reduction below baseline Pre-2015 installations: 50% reduction below baseline; <p style="text-align: center;">And</p> <ul style="list-style-type: none"> Feedstock used is certified by the following credible schemes: the RSB, ISCC Plus, Bonsucro (for sugarcane), RTRS (for soy) 	<ul style="list-style-type: none"> Production of specified gases where CO₂ is sourced from fossil fuel operations, and where the production uses oil or coal Biomass or biogas from palm, peat and non-sustainably produced crops Bioenergy production that competes with food production or decreases forestation, biodiversity, or carbon pools in soil
	Energy storage technologies	<ul style="list-style-type: none"> Energy storage technologies/equipment 1) connected to renewables or 2) grid infrastructure²⁴, including: <ul style="list-style-type: none"> Electrochemical, such as battery storage, hydrogen storage (such as hydrogen storage tanks), supercapacitors or ultracapacitors Mechanical, such as pumped hydro, flywheels, compressed air energy storage (“CAES”) Thermal, such as molten salt storage system Power-to-gas (such as power-to-hydrogen, or power-to-synthetic gas, ‘syngas’) <ul style="list-style-type: none"> Power-to-hydrogen through electrolysis powered by renewables 	<ul style="list-style-type: none"> Power-to-gas project where hydrogen is produced using steam reforming (which relies on natural gas, hydrocarbons, or coal) Power-to-gas projects where CO₂ is sourced from fossil fuel operations

²³ Fossil fuel baselines for all biofuel production facilities: (1) Biofuels (for transportation) - 94g CO₂e/MJ; (2) Bioliquids (production of electricity) - 183 CO₂e/MJ; and (3) Bioliquids (production of heat) - 80 CO₂e/MJ.

²⁴ Grid infrastructure as per the definition outlined under this Framework.

Appendix 1

Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Renewable Energy	Carbon capture	<ul style="list-style-type: none"> Expenditures related to carbon capture, utilisation and/or storage (“CCU”/“CCS”), including bioenergy and carbon capture and storage (“BECCS”) and direct air capture (“DAC”)²⁵ 	<ul style="list-style-type: none"> CCU/CCS applied to “hard-to-abate” industrial activities that are inherently carbon-intensive CCU where captured carbon is intended for enhanced oil recovery
	Production of technologies/ equipment that support the above	<ul style="list-style-type: none"> Development, procurement and manufacturing of equipment or components wholly dedicated to components for the renewable energy or energy storage technologies including: <ul style="list-style-type: none"> Solar panels Wind turbines Tidal generators 	
Energy Efficiency	End-user energy efficiency	<ul style="list-style-type: none"> Development, manufacture, distribution and/or installation of energy efficient technologies/products or equipment that are non-motorised or powered by electricity (not by fossil fuels), such as LEDs, smart meters, high efficiency windows, energy-efficient HVAC systems, building management systems etc. Technologies/products or hardware systems dedicated to reducing energy consumption, including power saving features, machine learning and artificial intelligence applications Mobile network upgrades to latest technologies including 4G and 5G technology from older technologies such as 2G and 3G 	<ul style="list-style-type: none"> Financing projects intended for processes that are inherently carbon-intensive, such as production processes within heavy industries like coal related production or distribution, steel, cement, aluminium or are powered by fossil fuels Manufacturing of household appliances Spectrum acquisition and license renewal
	Efficiency of electricity Transmission & Distribution (T&D) infrastructure	<ul style="list-style-type: none"> The development, manufacture, installation of technologies/components that enable more efficient T&D and/or end-user demand management, in particular, smart grid – smart meters, Wide Area Monitoring System, and monitoring and control automation devices 	Energy efficiency application to transmission lines directly connected to a dedicated to fossil fuel power

²⁵ Sustainability encourages Maybank to restrict financing to R&D projects due to some of the uncertainties associated with the technologies.

²⁶ Exclusionary criteria does not apply to secondary aluminium production facilities.

Appendix 1

Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Resource Efficiency & Pollution Prevention and Control	Waste management	<ul style="list-style-type: none"> Development, expansion, upgrade, operations or maintenance of recycling and/or reuse facilities, technologies and/or programs in particular <ul style="list-style-type: none"> Product reuse projects where products are put back to their original use with very minimal or without any further pre-processing required Material recovery facilities that sort mixed recyclable into separate glass, metal, plastic, paper etc Mechanical biological treatment facilities that combine sorting with anaerobic composting of food and/or green/garden/yard waste to produce compost for agricultural, municipal or consumer applications Waste collection projects that supports source segregation of waste and waste collection vehicles follow the criteria noted under the Clean Transportation category Processing of recyclable waste fractions into secondary raw materials including steel, aluminium, glass, paper, plastic and fabric Development, upgrade or maintenance of landfill gas capture for energy generation from decommissioned landfill.²⁷ 	<ul style="list-style-type: none"> For product reuse projects: Refurbishment, reconditioning and/or repair of products specialised for use in the extraction of fossil fuels or that inherently rely on fossil fuels. Chemical recycling of plastic E-waste recycling without robust waste management processes to mitigate associated risks. Landfill gas capture for flaring Gas capture projects based on active landfills Fossil fuel and coal fire related projects
Environmentally Sustainable Management of Living Natural Resources and Land Use	Forestry	<ul style="list-style-type: none"> Forestry management and/or the purchase of sustainably produced forestry products certified under one of the following schemes: <ul style="list-style-type: none"> Forest Stewardship Council (“FSC”) Programme for the Endorsement of Forest Certification (“PEFC”) Malaysian Timber Certification Scheme (“MTCS”) Preservation and/or restoration of native and high-conservation value or high-carbon stock forests with tree species that are well-adapted to site conditions and have a sustainable forestry management plan in place certified to FSC/PEFC certification Certified projects that support the development of carbon offsets that would otherwise be eligible under this Framework such as biological sequestration projects 	<ul style="list-style-type: none"> Manufacture/purchase/application of inorganic/synthetic fertilisers/pesticides/herbicides Financing of equipment running on fossil fuels. Livestock management projects for large/ industrial scale meat processors/producers (e.g., ruminants) Genetically modified crops

²⁷ Sustainalytics considers it good practice to limit landfill gas capture projects in decommissioned landfills to have high (>75%) gas capture efficiency.

Appendix 1

Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Environmentally Sustainable Management of Living Natural Resources and Land Use	Agriculture	<ul style="list-style-type: none"> • Agricultural production and/or the purchase of sustainably produced agricultural products certified under one of the following schemes: <ul style="list-style-type: none"> o UTZ Certified o Rainforest Alliance o China National Organic Standard o Roundtable on Responsible Soy o Better Cotton Initiative²⁸ o Fairtrade International²⁹ o The Common Code for Coffee Community o US Soy Sustainability Assurance Protocol³⁰ o RSPO³¹ • Production of cultured meat powered by renewables • Production of plant-based meat alternatives according to the following eligibility criteria <ul style="list-style-type: none"> o Evidence of life-cycle GHG emissions being substantially lower than meat counterparts o Procurement of raw materials certified under the aforementioned schemes • R&D towards plant-based meat alternatives or cultured meat • Low-carbon agricultural technologies³² including: <ul style="list-style-type: none"> o Vertical farming o Hydroponics and aeroponics 	
	Land Conservation	<ul style="list-style-type: none"> • Preservation, conservation and/or restoration of biodiversity and valuable natural habitats (e.g. peatland, wetlands, mangrove swamps, etc.) • Preservation and/or restoration of biodiversity in urban areas • Soil remediation projects that are not related to the contamination or designed to mitigate negative environmental impacts from borrowers' own activities 	

²⁸ Sustainalytics notes that while BCI focuses on encouraging the attainment of improved performance over time, it does not require adherence to specific performance standards. Sustainalytics also notes that BCI allows for the use of genetically modified organisms. Notwithstanding these drawbacks, and noting the positive ambition of the BCI scheme, Sustainalytics does not consider the use of BCI as an eligibility criterion that detracts from generating positive impacts.

²⁹ Fairtrade International should be limited as an eligibility criterion for social financing

³⁰ Sustainalytics notes that US Soy does not explicitly ban the use of synthetic or inorganic fertilisers and that the application of synthetic fertilisers to crops is associated with significant GHG emissions, air and water pollution, and impact on biodiversity. Nevertheless, US Soy has implemented mitigation measures to minimise the impact and reduce the use of synthetic fertilisers, and encourages certified operations to promote the phase out of synthetic fertilisers.

³¹ Sustainalytics notes that the palm oil industry is associated with a wide range of environmental and social challenges including deforestation, biodiversity loss, land and water pollution and labour rights. Sustainalytics recognises RSPO as a credible international standard that addresses key environmental and social issues associated with the industry while noting potential risks in relation to RSPO certification audits and grievances.

³² Sustainalytics recognises the potential of these technologies to reduce water and resource inputs but notes that such farming methods may be energy intensive. Thus, Sustainalytics encourages Maybank to favour projects with strong energy efficiency measures and renewable energy procurement.

Appendix 1

Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Terrestrial and Aquatic Biodiversity	Sustainable Fisheries and Aquaculture	<ul style="list-style-type: none"> • Products/operations certified by the Marine Stewardship Council (“MSC”) or Aquaculture Stewardship Council (“ASC”) 	<ul style="list-style-type: none"> • Financing of equipment running on fossil fuels.
	Aquatic Conservation	<ul style="list-style-type: none"> • Preservation and/or restoration of aquatic biodiversity and valuable aquatic natural habitats, with a sustainable management plan in place 	
Clean Transportation	Sustainable Transportation and Infrastructure for Passenger and Freight	<ul style="list-style-type: none"> • Development, manufacture, purchase, financing of: <ul style="list-style-type: none"> o Electric vehicles o Alternative fuel vehicles including hydrogen fuel cells vehicles, or biofuel- or hydrogen-powered ships. o Hybrid passenger vehicles and freight trucks at or below the threshold of 100g CO₂/km³³ and 25g CO₂/t-km respectively o Low-to-zero carbon public transportation vehicles with zero direct emissions (<1g CO₂/km) o Buses, including those that are part of bus rapid transit (“BRT”) systems, that meet direct emissions threshold (WLTP) of <50g CO₂e/p-km o Infrastructure to support low-to-zero carbon public transportation such as rail infrastructure, BRT infrastructure and Smart logistics and fleet management, electric vehicle charge points, and biofuels and hydrogen fueling stations • Production of technologies/equipment that support the above, in particular, <ul style="list-style-type: none"> o EV batteries o Information and Communications Technology (“ICT”) systems, such as microcontrollers, wireless communication infrastructure, smart mobility devices that are more energy efficient than conventional counterparts based on documented evidence 	<ul style="list-style-type: none"> • Hybrid engines and technologies operating >100g CO₂/km • Development and improvement of transport links to airports • Fossil fuel-based transportation, supporting infrastructure and transportation dedicated to fossil fuel transport • Construction of roads, bridges and parking facilities (except for BRT systems) • Fossil fuel filling stations • The primary purpose of cargo ships should not be the transportation of more than 50% share of fossil fuel (including coal, oil, and petrochemicals) freight (by mass) • Ships that run on conventional heavy fuel oil, bunker fuel, low-sulphur heavy fuel oil, or marine diesel oil • Tank containers which transport fossil fuels or fossil fuels blended with alternative fuels

³³ Sustainalytics notes that vehicles at or higher than the threshold of 75g CO₂/km are not expected to contribute to the goals of the Paris Agreement

Appendix 1

Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Sustainable Water and Wastewater Management	Water efficiency/conservation	<ul style="list-style-type: none"> Services and projects that attempt to resolve water scarcity and water quality issues Technologies and products that reduce, reuse or recycle water as a means of conservation. Examples: Smart metering devices, low-flow equipment or rainwater harvesting systems 	<ul style="list-style-type: none"> Treatment of wastewater from fossil fuel operations Integrated Water and Power Plant with fossil fuel power Projects without assurance of appropriate waste management plan for brine disposal
	Wastewater treatment	<ul style="list-style-type: none"> Development, expansion, upgrade or maintenance of wastewater treatment and management infrastructure: <ul style="list-style-type: none"> Desalination plants i) powered by renewables or ii) that have average carbon intensity below 100g CO₂e/kWh 	
Climate Change Adaptation/Mitigation		<ul style="list-style-type: none"> Development, expansion, upgrade or maintenance of infrastructure related to adaptation or mitigation of climate change such as <ul style="list-style-type: none"> protection against flooding, including flood barriers, floor warning systems, drain enlargements, drainage improvements Wildfire safety infrastructure and equipment (high-definition cameras, weather stations, covered conductors in case of utilities in order to support grid resiliency) 	<ul style="list-style-type: none"> Projects without Vulnerability Assessment and Adaptation Plan in place
Eco-efficient and/or circular economy adapted products, production technologies and processes		<ul style="list-style-type: none"> Research and development of products designed for circularity and/or adaptive re-use Production of resource-efficient or low-carbon products that are RSB-certified Procurement of recycled waste and resource-efficient material as an input Production of aluminium-based consumer products with 90% recycled/scrap aluminium as input 	<ul style="list-style-type: none"> Any form of new plastic products Manufacturing of household appliances Refurbishment, reconditioning and repair of products specifically for use in the extraction of fossil fuels or that inherently rely on fossil fuels Commercial-scale manufacturing/production of resource-efficient/low-carbon of products without details on manufacturing process, assurance of sustainable sourcing, and/or reasonable basis for substantial reduction of life-cycle emissions

Appendix 1

Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Green buildings		<ul style="list-style-type: none"> • Acquisition or construction, or retrofit of commercial and residential buildings that meet these recognised green building certifications at the minimum: <ul style="list-style-type: none"> ○ BREEAM – Excellent ○ LEED – Gold ○ BEAM Plus – Gold ○ Green Mark – Gold Plus ○ EDGE – certified ○ Green Star – 5 stars ○ IGBC – Gold ○ China ‘Three Star System’ – Two stars ○ Green Building Index – Gold ○ GreenRE – Gold ○ GREENSHIP – Gold ○ Philippine Green Building BERDE certification – 4 star ○ Philippine Green Building Initiative (“PGBI”) – GREEN certifications • Building built to achieve a level of regional building code approved by Climate Bonds Initiative • Buildings that fall within the top 15% energy-performing buildings in the relevant area based on emissions intensity performance or primary energy demand (“PED”) • Refurbishment/retrofit of building to achieve a 20% improvement in energy efficiency, emissions savings or PED over initial performance.^{34, 35} 	

³⁴ While noting that retrofits that result in performance improvements of 20% will result in some environmental benefit, Sustainalytics considers good practice to ensure that retrofits will achieve emissions or energy performance improvements of at least 30%.

³⁵ Expenditures associated with retrofits and the asset value of the building can be financed if they result in the achievement of certification level/s considered eligible under the Framework. If the building has already achieved a credible level of certification, then the retrofit expenditures that result in improvement of energy efficiency may be considered eligible.

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Qualifying/Eligible Green Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Cross themes³⁶		<ul style="list-style-type: none"> • Financing carbon sequestration projects in accordance with international agreements³⁷, including: <ul style="list-style-type: none"> o Development of projects that naturally sequester carbon, such as habitat restoration and conservation of coastal and marine habitats, and afforestation or reforestation o Addition of Biochar (charcoal produced from biomass) to soils to increase carbon content in soil • Financing, trading and enabling carbon credit purchases of projects that are otherwise eligible within this Framework and that will meet the following criteria: <ul style="list-style-type: none"> o Verified Carbon Standard (“VCS”) o Gold Standard for the Global Goals o American Carbon Registry Standard (“ACR”) o Climate Action Reserve (“CAR”) Standard, and o Plan Vivo 	<ul style="list-style-type: none"> • Purchase of carbon credits to offset Scope 1 emissions from core operations • Carbon offsets originating from fossil fuel activities • Generated GHG emissions primarily from fossil fuel related operations, such as from coal mining • Generated GHG emissions for the purpose of subsequent emission reduction, removal or destruction such as landfill gas flaring and industrial gas destruction (e.g. HCFC-22 facility for HFC-23 destruction)

³⁶ While Sustainalytics believes that (natural) carbon sequestration and offsets could potentially lead to significant environmental benefits, carbon mitigation from own operations and supply chain are preferred options.

³⁷ UNFCCC, “Internationally transferred mitigation outcomes: Article 6 of the Paris Agreement”, at: <https://unfccc.int/sites/default/files/resource/Art.%206%20presentation%20Non-GHG-ITED.pdf>

Appendix 1

Qualifying/Eligible Social Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Affordable Basic Services/ Infrastructure	Water & Sanitation	<ul style="list-style-type: none"> • Development of infrastructure/services in the ASEAN countries that: <ul style="list-style-type: none"> o Improve free-of-cost access to potable water (either residential or at public-access facilities) o Improve sewage treatment and sanitation in rural and sub-urban areas³⁸ 	<ul style="list-style-type: none"> • Provision of potable water for industrial purposes • Integrated Water and Power Plant (“IWPP”) with fossil fuel power • Desalination plants with dedicated on-site fossil fuel power and no waste management plan for brine disposal

³⁸ As defined by a credible source (preferably the government) in the region of financing.

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Qualifying/Eligible Social Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Affordable Basic Services/ Infrastructure	Healthcare ³⁹	<ul style="list-style-type: none"> Construction, development or maintenance of public healthcare facilities (such as hospitals, clinics, health care centres, pharmacies, etc.) that provide free-of-cost⁴⁰ access to all in the ASEAN countries, regardless of ability to pay. Provision of free-of-cost elder care services and development/maintenance of eldercare facilities in the ASEAN countries that: <ul style="list-style-type: none"> Are publicly owned or private not-for-profit that ensures affordability to all regardless of ability to pay Provision of community-based healthcare, mental health care or social services in underserved/deprived areas⁴¹ or to socially and/or economically marginalised populations in the ASEAN countries, ensuring free-of-cost access to all, regardless of ability to pay Provision/distribution of healthcare equipment for free-of-cost public services during pandemic Provision of training for healthcare professionals during pandemic, ensuring free-of-cost access, regardless of ability to pay Procurement of raw materials, and manufacturing and/or distribution of pandemic-related healthcare supplies and vaccines Procurement and distribution of pharmaceuticals and equipment that are offered free-of-cost to all in the ASEAN countries, regardless of ability to pay, which include: <ul style="list-style-type: none"> Essential vaccines⁴² Generic drugs in developing countries⁴³ Medicines on the WHO essential medicines list⁴⁴ in developing countries R&D and manufacturing of equipment for the provision of emergency medical response such as MRI Financing women's health projects/programmes in the ASEAN countries such as outreach or awareness programmes related to women's health issues where access to these programmes are free and affordable to all regardless of ability to pay 	<ul style="list-style-type: none"> Financing of private hospitals, clinics or healthcare centres Financing of chiropractic and acupuncture facilities Financing of cosmetic, aesthetic or slimming facilities Financing of gene engineering and genetic modification related activities Financing of healthcare, mental health care or social services provided for commercial purposes

³⁹ Sustainalytics notes that while the public healthcare system in many ASEAN countries is largely affordable to the residents/citizens, the affordability is not necessarily guaranteed in certain regions and for certain populations. Sustainalytics encourages Maybank to prioritise financing to specific programs that provide free healthcare services to such populations.

⁴⁰ Financing of public healthcare facilities in countries, such as Malaysia, where universal services are made available to all through minimal charges (less than RM10) is acceptable.

⁴¹ Underserved or deprived areas are defined areas located in municipalities with a Human Development Index ranking that is below the national average.

⁴² Essential vaccines are those recommended by a country's Ministry of Health or other or other certified bodies such as the World Health Organisation.

⁴³ The Framework follows the World Economic Situation and Prospects 2019 report, which classifies developing countries as those listed under developing economies by region. <https://www.un.org/development/desa/dpad/wpcontent/uploads/sites/45/WESP2019-BOOK-ANNEX-en.pdf>

⁴⁴ WHO essential medicines list can be referred here: <https://www.who.int/groups/expert-committee-on-selection-and-use-of-essential-medicines/essential-medicines-lists> <https://www.who.int/groups/expert-committee-on-selection-and-use-of-essential-medicines/essential-medicines-lists>

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Qualifying/Eligible Social Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Affordable Basic Services/ Infrastructure	Education	<ul style="list-style-type: none"> Construction of public kindergartens, schools, colleges and/or universities in the ASEAN countries that guarantee free access to education to all, regardless of ability to pay Financing of educational services that are offered free-of-cost to all, regardless of ability to pay, such as: <ul style="list-style-type: none"> Development or operation of free-of-cost public education/education programs in the ASEAN countries Development free or public libraries accessible to all regardless of ability to pay 	
	Affordable Housing	<ul style="list-style-type: none"> The development and/or provision of affordable and low-income housing, shelters, halfway homes, community housing, student housing in the ASEAN countries that: <ul style="list-style-type: none"> Are accessible and affordable to a credible target population, such as (students from) low-income individuals (households)⁴⁵ AND Demonstrate reasonable assurance of affordability through capped rents⁴⁶ 	
	Transportation/ Infrastructure	<ul style="list-style-type: none"> Public transportation Infrastructure like roads/bridges that enhance connectivity in underdeveloped rural areas or where road connectivity does not exist or is substantially inadequate (in the ASEAN countries) Development/upgrade of green open spaces and sidewalks for the public 	<ul style="list-style-type: none"> Development of highways in urban areas Upgrade of highways and major roads Privatisation of highways Construction of toll booths
	Electricity	<ul style="list-style-type: none"> Development of transmission and distribution infrastructure that improves access to electricity in those regions of ASEAN countries where there is no access or access is substantially inadequate 	<ul style="list-style-type: none"> Transmission grid connected to a dedicated fossil fuel power plant (coal/oil/natural gas)

⁴⁵ Low-income population is defined as: (i) those with 80% of median income, or (ii) those classified as such according to the regional government definitions.

⁴⁶ Sustainalytics notes that some of the loans may be extended to affordable housing projects that lack a strong rent control mechanism and hence, encourages Maybank to prioritise financing to those projects in which rents are reasonably capped (preferably, at < 30% of the monthly household income) for the target populations.

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Qualifying/Eligible Social Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Affordable Basic Services/ Infrastructure	Telecommunication	<ul style="list-style-type: none"> Development of telecommunication infrastructure and services in areas with no or substantially inadequate access to such services to increase telecommunication connectivity for underserved communities in the ASEAN countries.⁴⁷ 	
Socioeconomic Advancement and Empowerment & Employment Generation		<ul style="list-style-type: none"> Micro (“MSME”) and Small and Medium Enterprise (“SME”)⁴⁸ financing: <ul style="list-style-type: none"> Under-developed or developing economies that are not considered high income:⁴⁹ Developed economies:⁵⁰ <ul style="list-style-type: none"> Financing majority (>50%) women-owned or led-MSMEs and SMEs Financing MSMEs and SMEs owned/operated by members of historically disadvantaged groups⁵¹ Provision or financing of free-of-cost development programs or trainings in the ASEAN countries that are specifically designed to enhance access to opportunities and/or foster inclusion and diversity for underserved or disadvantaged groups⁵² Financing of employment creation projects/programs, in particular: <ul style="list-style-type: none"> Provision of training that are specifically designed to be accessible and affordable to the underserved or disadvantaged groups⁵³. Development/refurbishment/maintenance of museum, cultural/recreational or other community infrastructure and facilities that are free or subsidised for low-income population⁵⁴, unemployed, underserved or disadvantaged groups⁵⁵ Microfinance and mortgages provided to; and micro insurance to low to middle income individuals⁵⁶ with interest rates that are relatively low (bottom quartile of lending market for credit insecure borrowers) and responsible lending practices are in place. Student loan provided to low-income students and students from vulnerable populations offering financial advantage such as through income contingent loans and responsible lending practices are in place. 	<ul style="list-style-type: none"> MSMEs and SMEs that have any association with carbon-intensive or controversial activities, including child labour and poor working conditions; tobacco, firearms/ weapons, palm oil, fossil fuel operations, etc.

⁴⁷ As defined by a credible source (preferably the government) in the region of financing.

⁴⁸ MSME and SME definition may vary per region. Maybank will use credible sources (preferably government documents/websites) to inform the thresholds for defining MSMEs in the region of financing.

⁴⁹ <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2023/>

⁵⁰ Ibid.

⁵¹ As defined by a credible source (preferably the government) in the region of financing.

⁵² Ibid.

⁵³ As defined by a credible source (preferably the government) in the region of financing.

⁵⁴ Low-income population is defined as: (i) those with 80% of median income, or (ii) those classified according to government definitions.

⁵⁵ Ibid.

⁵⁶ Ibid.

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Qualifying/Eligible Social Activities

Categories	Sub Categories	Eligible Activities	Exclusions
Food Security & Sustainable Food Systems		<ul style="list-style-type: none"> Financing of food security projects for small-scale⁵⁷ farming operations in countries and regions with need to tackle food security or food loss, in particular: <ul style="list-style-type: none"> Investment in infrastructure and facilities such as warehouses to provide adequate storage, and improve food conservation Projects or programs for smallholder farmers that enhance agriculture productivity or nutritional value of agriculture in countries and regions with food security issues⁵⁸ 	<ul style="list-style-type: none"> Fossil fuel-based equipment Agricultural methods involving Genetically Modified Organisms
Natural disaster		<ul style="list-style-type: none"> Development of natural disaster-resilient infrastructure improvements⁵⁹ (e.g., earthquakes) 	

⁵⁷ As defined by FAO, farmers with a landholding threshold in range of 2-10 hectares. More information is available at: <https://www.fao.org/3/ar588e/ar588e.pdf>

⁵⁸ For additional information on countries that face food security issues and rankings please see: https://impact.economist.com/sustainability/project/food-security-index/reports/Economist_Impact_GFSI_2022_Global_Report_Sep_2022.pdf

⁵⁹ The disaster resilient infrastructure will be identified in accordance with the region's specific requirement for such infrastructure as defined by credible sources.



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