Maybank Group Transition Finance Framework 2025

Humanising
Financial Services

Maybank

Effective Date: 1 January 2025

Cover Rationale

This cover visually encapsulates the essence of transition finance by illustrating the urgent yet hopeful shift from a carbon-intensive economy to a sustainable, renewable-energy-driven future. The hourglass signifies the passage of time and the need for immediate action, while the emerging plant symbolizes growth and resilience through responsible financing. The contrast between the industrial past and a cleaner, greener future aligns with Maybank's commitment to enabling a just and sustainable economic transformation

Approved by: EXCO Sustainability Committee, Maybank Group

Our Commitments

COMMITMENT 1	**Mobilising RM80 billion in Sustainable Finance by 2025** By providing financing solutions that promote sustainable practices, we help our clients transition to a low-carbon economy while supporting socio-economic development. This commitment not only strengthens our business but also meets the expectations of our stakeholders. **Cumulative: RM115.17 billion // FY2024: RM46.69 billion // Annual Target: RM34.2 billion**	• Conducted the second annual SPF review in 2024 with Sustainalytics, reflecting transparency and adherence to market best practices. Updates include revised eligibility criteria for Green and Social products and expanded coverage of insurance, asset, and wealth management. • The review of TFF strengthened Maybank's classification logic and expanded the list of Eligible Transition Activities to align with evolving international standards and best practices, balancing these with on-ground practical realities. • Introduced cross-functional sprints to accelerate the creation and execution of sustainability-driven solutions across Maybank's business units. This approach fosters collaboration and innovation, ensuring impactful outcomes for clients and communities.
COMMITMENT 2	**Improving the lives of two million households across ASEAN by 2025** We believe that empowering households with financial skills and knowledge enhances socio-economic well-being. With our strong regional presence, we have the ability and reach to contribute to inclusive growth and resilience in the communities we serve. **Cumulative: 2,118,214 households* // FY2024: 748,485 households // Annual Target: 423,512 households**	• Supported 125,286 lower-income households across Malaysia, Indonesia, the Philippines, and Cambodia by providing affordable mortgage and auto financing. For many, this included financing vehicles to participate in the gig economy, such as delivery and ride-hailing services, enabling them to generate income and improve their livelihoods. • Supported 11,090 SMEs and individuals across Malaysia, Indonesia, Cambodia, and the Philippines with financial and repayment assistance, helping them navigate economic hardships and sustain livelihoods. • Provided affordable coverage to 302,868 B40 households across MY, ID, SG, and PH, offering a crucial safety net against unforeseen financial shocks.
COMMITMENT 3	**Achieving A Carbon Neutral Position of Our Own Emissions By 2030 And Net Zero Carbon Equivalent Position By 2050** Achieving carbon neutrality reflects our commitment to mitigating climate change and reducing our environmental footprint. This commitment demonstrates our leadership in sustainability and aligns with the expectations of our stakeholders for responsible environmental stewardship. **FY2024: 53% reduction in Scope 1 and 2 emissions against 2019 baseline // Annual Target: 52.5% reduction**	• Achieved 53% initiatives-based reduction of Operational Emissions Scope 1 and 2 against 2019 baseline, advancing towards our carbon neutrality by 2030 target. • Recorded Financed Emissions at 32.6 million tCO_2e (including LULUCF), a 6.2% reduction from 2023 performance, with overall emissions intensity of 40.1 tCO_2e/RM million, supporting our transition to Net Zero by 2050. • Purchased 6,760 tonnes of carbon credits issued from the Kuamut Rainforest Conservation Project in Sabah through the Bursa Carbon Exchange (BCX). • Launched the enhanced Net Zero Dashboard and Calculator (NZCC), enabling Relationship Managers to estimate projected emissions based on total loan amounts. With improved data availability, the tool supports more informed loan decisions and has since extended to Singapore and Indonesia.
COMMITMENT 4	**Achieving One Million Hours Per Annum On Sustainability and Delivering One Thousand Significant UN SDG-Related Outcomes by 2025** Maybankers play a key role in driving our long-term impact. By investing in sustainability capacity building and fostering a sustainability culture among our employees, we ensure that our workforce is equipped to contribute to our sustainability goals. **FY2024: 2,005,719 hours* // FY2023: 1,937,632 hours**	• Delivered 86,023 hours of training to 33,286 unique learners, fostering a culture of sustainability and equipping stakeholders with the knowledge to drive meaningful change. • Launched Maybank Group Dignity Policy to promote ethical and inclusive practices across operations, extending Maybank's commitment to diversity, equity, inclusion, and belonging policy. • Established the Watchlist Supplier Committee to oversee and drive identification, improvement and mitigation efforts for suppliers failing to meet ESG standards, supporting our goal of 100% ESG-compliant suppliers by 2030. • Delivered Maybank's proprietary certification initiative, Maybank Sustainability Practitioner Certification Programme to build capacity and provide credibility for sustainability practitioners, involving 19 senior leaders including the Chairman of the Board Sustainability Committee and Group EXCO members.

* 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.

Milestones & Industry Firsts in 2024

Exceeded our RM80 billion sustainable finance target one year ahead of schedule, reaching a cumulative total of RM115.17 billion in 2024

A total of RM46.69 billion of sustainable finance was mobilised in FY2024 alone, comprising of RM40.10 billion for non-retail segment and RM6.59 billion for retail segment.

Surpassed our target to improve the lives of 2 million households across ASEAN a year in advance, supporting over 2.1 million households to date

Over 167,000 diverse and affordable insurance policies issued to underprivileged communities.

Acted as the sole Sustainability Framework Adviser for the development of the inaugural Tenaga Nasional Berhad Transition Finance Framework. The framework is the first to be established by an electricity utility player in ASEAN and has obtained a Second-Party Opinion by Morningstar Sustainalytics.

Delivered Maybank's proprietary certification initiative to build capacity and provide credibility for sustainability practitioners, the Maybank Sustainability Practitioner Certification Programme, engaging over 200 participants, including senior leaders, across four certification levels.

Ranked at 102 among 1000 companies in the TIME's World's Best Companies 2024, placing as the #1 ASEAN financial institution for Sustainability Transparency.

Implemented the Group Human Rights Policy, including undergoing a comprehensive Human Rights Due Diligence process, beginning with a Human Rights Salience Assessment identifying priority areas across our operations to be addressed.

Key Awards and Recognition

TIME'S WORLD'S BEST COMPANIES 2024 AWARD

- Ranked no. 102 among 1000 companies worldwide
- Ranked no. 151 for Sustainability Transparency
- Ranked no. 183 for Employee Satisfaction

GLOBAL FINANCE SUSTAINABLE FINANCE AWARDS 2025

- Best Bank for Sustainable Financing in Emerging Markets (Global)
- Best Bank for Sustainable Financing in Emerging Markets (Asia Pacific)
- Best Bank for Sustainability Transparency (Asia Pacific)
- Best Bank for Sustainable Finance (Malaysia)
- Best Bank for Sustainable Finance (Indonesia)

THE STAR ESG POSITIVE IMPACT AWARDS

Social Category

- Gold rank – Relations with Local Communities
- Silver rank - Diversity, Equity & Inclusion
- Silver rank – Good Health and Well-being

Governance Category

- Gold rank – Governance, Reporting & Transparency

WORKPLACE EXCELLENCE

HR Excellence Awards Indonesia

FINANCIAL AND BANKING EXCELLENCE

Euromoney Awards

TECHNOLOGY AND INNOVATION

TIME Innovation Award

Memberships & Signatories

Net Zero Banking Alliance (NZBA)

As one of the first Malaysian banks to join the NZBA, Maybank has committed to achieving net zero emissions by 2050. This UN-convened alliance enables us to mobilise sustainable finance, support clients in their decarbonisation journeys, and align our targets with global best practices, ensuring our financial activities contribute positively to climate action. In 2024, Maybank's leadership in sustainability was further recognised with its appointment as a Steering Group Member of the NZBA. This role allows us to shape global decarbonisation strategies, advocate for regional priorities, and drive meaningful change on a broader platform.

United Nation Global Compact (UNGC)

Our participation in UNGC underscores our commitment to the 10 Principles related to human rights, labour, environment, and anti-corruption. In 2023, we advanced this commitment by signing an MoU with UNGC Malaysia and Brunei to launch the Maybank Sustainability Practitioner Certification Programme, providing a structured path to certifying sustainability professionals across industries. In 2024, the programme was successfully rolled out, with senior leaders completing the Black Belt certification and subsequent cohorts progressing through various levels. Maybank Singapore is also a member of the UN Global Compact Network Singapore (GCNS), the Singapore chapter of the United Nations Global Compact.

Joint Committee on Climate Change (JC3)

Maybank is actively represented across all five JC3 sub-committees (SCs), demonstrating our commitment to strengthening climate resilience in Malaysia's financial sector. As deputy chair and lead secretariat of SC4 on Engagement and Capacity Building, we co-curated the inaugural JC3-GFANZ CEO Roundtable Luncheon in 2024, fostering dialogue on climate transition between financial institutions and the real economy. Additionally, we launched the first Transition Planning Clinic under the JUST Series 2024 to enhance industry capacity-building. Additional clinics are scheduled to take place in 2025.

United Nations Principles for Sustainable Insurance(PSI)

Etiqa, our insurance arm, became the first insurer in Malaysia to adopt the PSI under UNEP FI, integrating ESG factors into the insurance industry's risk management and decision-making processes. As a leader in sustainable insurance, Etiqa sets benchmarks for ethical practices, transparency, and ESG integration. Our first-year PSI disclosure for 2024 has been published in Etiqa's Sustainability Progress Report, available at www.etiqa.com.my.

Singapore Sustainable Finance Association (SSFA)

Maybank Singapore has been a General Member of SSFA since 19 June 2024, in which we actively contribute to three sub-groups: real estate, power, and transition planning. SSFA was established by the Monetary Authority of Singapore (MAS) and the financial industry in January 2024 to build on the work of the Green Finance Industry Taskforce (GFIT). It collaborates across financial and real economy sectors to position Singapore as a trusted, vibrant, and inclusive sustainable finance centre.

SSFA's Objectives

- Galvanise the development of a sustainable finance ecosystem and promote best sustainable finance practices in Singapore
- Facilitate collaboration between the financial and non-financial sectors for sustainable finance to support the low-carbon transition and sustainable economic growth of Singapore and the region
- Bolster Singapore as an international thought leader in sustainable finance
- Support the deepening of sustainable finance capabilities for the industry in Singapore

Partnership for Carbon Accounting Financials (PCAF)

Since 2022, Maybank has been a member of PCAF, adopting standardised methodologies to measure and disclose our financed emissions. This partnership enables us to account for the climate impact of our financing activities, providing transparency and aligning with global expectations for transparent carbon reporting.

Sustainable Energy Association of Singapore (SEAS)

Maybank Singapore is an affiliate member of the SEAS since 10 October 2024. SEAS provides a common platform for companies in the Sustainable Energy sector to meet, discuss, collaborate, and undertake viable projects together. This presents Maybank Singapore with opportunities to access and provide sustainable financing to these companies.

Notable Sustainability-related Deals in 2024

Tenaga Nasional Berhad (TNB)'s Transition Finance Framework

Maybank acted as Sustainability Framework Adviser for the development of the Framework, which has obtained a Second-Party Opinion by Morningstar Sustainalytics. The establishment of TNB's inaugural Transition Finance Framework, marks a significant milestone in its energy transition journey, as the first electricity utility player in ASEAN to do so. This Framework serves as a guide for TNB's investments in emission-reduction activities and is a proactive measure in our energy transition journey. Guided by our Reimagining TNB strategy and Energy Transition Plan, this milestone further underscores our commitment to transition towards a more sustainable and resilient energy future in alignment with the objectives of Malaysia's National Energy Transition Roadmap (NETR).

RM1.3 billion Sustainability-Linked Sukuk for Johor Plantations Group (JPG) Berhad

Maybank acted as the Sole Sustainability Structuring Adviser, Sole Principal Adviser, Joint Lead Arranger, Joint Lead Manager, and Sole Shariah Adviser for JPG's inaugural issuance, marking it as the World's First Sustainability-Linked Sukuk for the Plantation Sector. The Sukuk, as the first rated SRI-Linked Sukuk issuance since publication of the Securities Commission Malaysia's SRI-Linked Sukuk Framework in June 2022, promotes growth of sustainable debt in the Malaysian capital. The funding is linked to JPG's sustainability ambitions across core, relevant, and material sustainability performance targets for (i) greenhouse gas emission reduction; (ii) traceability to fresh fruit bunch suppliers; and (iii) water management, championing the Palm Oil industry's ESG practices from seed to Crude Palm Oil and Palm Kernel.

RM1.5 billion SDG Sukuk for Malaysia Rail Link

Maybank acted as the Sole Sustainability Structuring Advisor, Joint Lead Arranger, Joint Lead Manager, Facility Agent, and Sole Shariah Adviser for this Sukuk – the first Government-Guaranteed SDG Sukuk in Malaysia's transport sector. This funding supports the East Coast Rail Link (ECRL) project, enhancing the connectivity while embedding sustainability into infrastructure development.

RM400 Million Sunway Healthcare Sukuk

Maybank acted as the Sole Sustainability Structuring Adviser, Sole Principal Adviser, Sole Lead Arranger, Joint Lead Manager, Facility Agent, and Shariah Adviser of the transaction, which will largely be used to fund Sunway Healthcare's hospital expansions in Malaysia, aligned with Sunway Healthcare's aims for green building accreditation and a capacity of up to 3,000 beds by 2030. The new hospitals intend to push the boundaries of clinical excellence, medical innovation and patient outcomes, augmented by the excellent hospitality services for patients.

USD 225 million Syndicated Green Term Loan for PT IMG Sejahtera Langgeng

Maybank acted as Mandated Lead Arranger, Bookrunner, and Joint Green Loan Coordinator for a syndicated green term loan to IMGSL. The proceeds of this green financing tranche will support the transition to a green economy by strengthening the development of the electric vehicle ecosystem and infrastructure in Indonesia.

USD100 million Islamic Sustainability-Linked Financing for AET

Maybank acted as the Sole Sustainability Structuring Advisor and Financier for this sustainability -linked Islamic revolving credit facility to AET. This landmark transaction marks the first of such a facility in the shipping industry in Southeast Asia, and will support AET's strategic initiatives to reduce its fleet's GHG emissions intensity by 40 per cent by 2030 (against 2008 baseline) and achieve its long-term commitment of net-zero GHG emissions by 2050.

USD38.2 million Trade Facility for Sinohydro Corporation

Maybank acted as Financier to Sinohydro Corporation, for an export bill discounting under letters of credit facility. The financing is for an engineering, procurement, and construction project to construct offshore wind power farms of Ca Mau 1 Wind Power Project in the southernmost province of Vietnam, with installed capacity expected to be 350MW. Upon completion, it will be the largest offshore wind power farm in ASEAN.

IDR2.0 Trillion for PT Sarana Multigriya Finansial (Persero)

Maybank acted as Joint Lead Underwriter for this social bond. The proceeds of the bond will be utilised to finance housing and settlement activities in Indonesia to increase home ownership and the availability of affordable housing projects for low-income earners.

Sustainable Investing

We offer customers a range of investment-linked funds designed to support environmentally and socially responsible growth. These funds enable customers to contribute to sustainable development goals while potentially generating financial returns.

Existing Funds

Premier Global Sustainable Equity Fund

Etiqa's first ESG fund tied to its investment-linked insurance products, focusing on sustainable global equities. Available through bancassurance and agency channels, this fund supports customers seeking responsible investment options.

AUM as of 31 Dec 2024 RM299.52 million

Maybank Global Sustainable Technology Fund

A qualified SRI fund that seeks capital appreciation by investing in a portfolio of global technology-related equities with a focus on innovation-driven sustainability.

AUM as of 31 Dec 2024 RM111.53 million

Maybank Malaysia Ethical Dividend Fund

This fund provides investors with income and capital growth over the medium to long term by adhering to ethical investment principles.

AUM as of 31 Dec 2024 RM126.13 million

MAMG Global Environment Fund

A sustainability-themed feeder fund that invests in the BNP Paribas Global Environment Fund, which supports sectors such as renewable energy, sustainable food systems, water management, circular economy initiatives, and clean transportation.

AUM as of 31 Dec 2024 RM13.34 million

MAMG Green Tigers Fund

A qualified Sustainable and Responsible Investment (SRI) fund under the Securities Commission's Guidelines on Sustainable and Responsible Investment Funds. This feeder fund invests in the BNP Paribas Funds Green Tigers, focusing on fast-growing Asia-Pacific companies offering innovative environmental solutions.

AUM as of 31 Dec 2024 RM1.29 million

New Funds

Etiqa Singapore Sustainable Funds

Etiqa Singapore introduced three new ESG-focused funds, expanding its suite of responsible investment options tied to insurance products. The BNP Paribas Aqua Fund, Eastspring Asian Low Volatility Fund, and Fidelity Global Technology Fund provides policyholders with diversified ESG-aligned investment choices, catering to a growing market for ethical and sustainable portfolios.

AUM as of 31 Dec 2024
These three new funds, along with seven existing ESG funds, have collectively reached a fund size of SGD7.6 million

MAMG Premium Brands Fund

A qualified Sustainable and Responsible Investment (SRI) fund under the Securities Commission's Guidelines on Sustainable and Responsible Investment Funds. This feeder fund invests in the BNP Paribas Funds Green Tigers, focusing on fast-growing Asia-Pacific companies offering innovative environmental solutions.

AUM as of 31 Dec 2024 RM13.34 million

Key Ratings

FTSE4Good

For the 12th consecutive year, we have been included in multiple FTSE4Good indices, recognising our strong corporate governance and sound ESG practices. Key indices include:

- FTSE4Good Bursa Malaysia Index
- FTSE4Good ASEAN 5 Index
- FTSE4Good Emerging Indexes
- FTSE All-World Green Revenues Index
- FTSE Asia Pacific Green Revenues Index
- FTSE Emerging ESG Index
- FTSE Emerging Green Revenues Index

In 2024, Maybank achieved a 4-star rating, placing it in the top 25% by ESG rating among Public Listed Companies (PLCs) in the FBM Emas Index.

RAM Sustainability Rating

We received a Very Low Risk Rating (2) from RAM Sustainability across Environmental, Social, and Governance pillars. This demonstrates its strong resilience to ESG risks, with minimal likelihood of adverse reputational, business, or financial impact.

MSCI ESG Ratings

In 2024, we secured an AA rating (on a CCC-AAA scale) in the MSCI ESG Ratings assessment, reflecting our robust ESG practices and leadership.

CDP Rating

We remain the only Malaysian bank to achieve a B rating in 2024, surpassing both the Asia regional and global averages of C. This reflects Maybank's enhanced climate transparency and risk management practices.

Ranking Performance

Our performance across key sustainability indices and ratings reflects its consistent commitment to ESG practices.

Year	2019	2020	2021	2022	2023	2024
FTSE4Good	Included	Included	Included	Included	Included	Included
MSCI ESG Ratings	A	AA	AA	AA	AA	AA
CDP	D	D	D	C	B	B

What You'll Find in This Framework

List of Abbreviations

Abbreviation	Meaning
AMP	Alternative Maritime Power System
ASEAN	The Association of Southeast Asian Nations
BF-BOF	Blast Furnace – Basic Oxygen Furnace
CBI	Climate Bond Initiative
CCS	Carbon Capture Storage
CCU	Carbon Capture Utilisation
CHP	Combined Heat and Power
DRI	Direct Reduced Iron
EAF	Electric Arc Furnace
FSC	Forest Stewardship Council
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Green House Gas
GLP	Green Loan Principles
GS	Group Sustainability
HFO	Heavy Fuel Oil
ICMA	International Capital Market Association
KPI	Key Performance Indicator

Abbreviation	Meaning
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MDO	Marine Diesel Oil
MGO	Marine Gas Oil
MSC	Marine Stewardship Council
NDC	Nationally Determined Contribution
PEFC	Programme for the Endorsement of Forest Certification
RMI	Rocky Mountain Institute
SAF	Sustainable Aviation Fuel
SLB	Sustainability-linked Bonds
SLL	Sustainability-linked Loans
SMR	Steam Methane Reforming
SPF	Sustainable Product Framework
SPO	Second Party Opinion
SPT	Sustainability Performance Target
ULSD	Ultra Low Sulphur Diesel

CHAPTER 1
Introduction

Also inside this chapter:

- Maybank's Sustainability Journey
- Understanding Transition Finance and its Challenges
- Approach to Transition Finance

Introduction

Maybank's dedication to sustainability is evident in our four sustainability commitments, which strongly guide our initiatives. As we build on our successes since 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.

Maybank's Sustainability Journey

BEING A LEADING FINANCIAL INSTITUTION IN ASEAN

Maybank has been a strong advocate of sustainable finance with the aspiration of becoming the sustainability leader in Southeast Asia by 2025.

In 2022, Maybank became the first bank in Malaysia to introduce a Sustainable Product Framework ("SPF")

that is strongly aligned to global and international standards and market best practices. The framework aimed to provide guidance on the development of themed green, social, sustainable and sustainability-linked products while clearly outlining the methodology and associated procedures to classify and report financial products and services offered by Maybank as sustainable finance. This then served as the true north for Maybank's efforts to mobilising RM80 billion in sustainable finance by 2025. The framework, which is updated annually was also updated in 2023 and 2024.

In the spirit of demonstrating transparency on how and what we recognise as sustainable finance, Maybank has also published an abridged version of the framework on our sustainability website, with the hope that this will further inspire more banks within the region and globally to do the same.

The appreciation and emphasis on the importance of decarbonising carbon-intensive sectors are still rather nascent. While green, social, sustainable, and sustainability-linked products have grown to solidify the sustainable finance space, Maybank acknowledges that to truly achieve net zero, and allow countries to meet their NDCs and align the world to a 1.5°C or well below 2°C pathway, authentic and credible pursuit of transition finance is equally vital. Green and climate finance alone will be insufficient to get us onto a 1.5°C or well below 2°C world, as required by the Paris Agreement. In approaching this, we believe that it is important to develop a robust framework to provide clear guidance to businesses and investors on our approach to transition finance.

In 2024, as part of our journey to advance our transition efforts, we have established interim 2030 targets for 4 high ESG risk sectors, namely Power, Palm Oil, Steel & Aluminium, with white papers published. We focus on proactive client engagement by emphasising advisory services that assist clients in transitioning responsibly.

Maybank stands committed to playing a leading role in the transition to a low carbon economy. Our efforts in sustainability and transition finance is a testament to its commitment to responsible banking.

Understanding Transition Finance and its Challenges

Achieving net zero will require the global collective effort of every nation and a plurality of decarbonisation approaches to create meaningful and ambitious emission reduction. Significant abatement of greenhouse gas emissions across all sectors of the economy is required over the next few years if the goal of the Paris Agreement is to be kept alive.

While there is no doubt that all sectors eventually need to transition towards net zero, the transitioning of hard-to-abate sectors[1] are deemed more critical today given their current emissions trajectory and consequence to the remaining global carbon budget if left unsupervised.

Transition finance therefore refers to financing provided to real economy companies operating in hard-to-abate sectors with the intention of transitioning their business and/or operations to be aligned to the goals of the Paris Agreement. This predominantly involves the provision of finance to support the development and scaling of climate solutions, and decarbonisation of entities that currently do not have short term low- or zero-emission alternatives available that are economically viable or scalable. Unlike green finance which is the financing of activities that are natively low or zero emissions, transition finance involves the financing of "brown"/ emission intensive activities with the intention of transitioning them to becoming "less brown" by aligning the activity/asset to a credible science-based pathway.

Transition finance however is complex and dynamic because of:

Client Nuances - Different clients have different starting positions and are at different stages of transition maturity. Getting some clients aligned to a 1.5°C or well below 2°C pathway may be more challenging than others, especially given that there is still limited understanding of what constitutes as "science-based" and that it is not yet a common practice for clients to develop science based net zero strategies and action plans.

Sectoral Nuances - All hard-to-abate sectors have different science-based decarbonisation pathways depending on the current and forward-looking scale and commercial viability of technological advancements within the sector. In some cases, the technologies needed to deliver the deep decarbonisation and align these sectors to a Paris aligned pathway are either in nascent stages of development or have yet to reach commercial viability and scalability.

National Nuances – The lack of localised national and sectoral pathways that are aligned with the temperature outcome of the Paris Agreement means that real economy companies and financial institutions will still need to rely on regional or international science-based pathways.

Regional and Jurisdictional Nuances – While transition is fundamentally defined by progress, it is highly context specific and market perspectives can differ on what this means for the required or expected speed of entities' decarbonisation across different regions. Transition finance considerations vary across ASEAN due to different socio-economic considerations and dependencies, as reflected by the differing Nationally Determined Contributions ("NDCs") and Long-term Low Emission Development Strategies. These differences translate to some economic activities and technologies being further deployed or retained in certain jurisdictions while being phased out in others. Political will and barriers in some countries further exacerbates this challenge. This is why attempting to create one single threshold or a one-size fits all approach for a given activity across jurisdictions may hamper instead of habilitate the speed and progress of transition.

Market Nuances – Transition financing has always been presumed to have higher risk than conventional financing, as it involves financing companies that are in the process of transitioning and decarbonising their brown assets, making it difficult to attract investors, in fear of being saddled with stranded assets. Priority is therefore often given to green assets that have proven business models and with simpler credit assessments. The low investor confidence/appetite for transitioning assets restricts capital supply and availability for these hard to abate sectors, creating market disincentives.

The challenges above highlight that there is no one-size-fits-all solution to achieving net zero. It highlights the importance of having to engage and work closely with clients to curate a progressive, aspirational and realistic path to net zero, while giving due consideration to the unique nuances at client, sector, national and regional level. The journey to net zero is not one that only financial institutions and corporations need to wade through. Transition finance is a long and complex process which will require large-scale investments and innovation to provide technologically-viable and economically competitive alternatives to fossil-fuel-intensive technologies. Achieving this will require governments, policymakers, academics and researchers, businesses, and financial institutions to come together.

Notwithstanding the challenges above, most regions including ASEAN have demonstrated broad ambition to deliver emissions reductions and tackle climate change, spurring a slow but steady momentum growth transition finance transactions. On the academic front, there also appears to be a growing consensus over the last 2 years on the minimally acceptable requirements for a given financing to be deemed as credible transition finance. Governments within the region are also increasingly developing their own taxonomies, transition roadmaps and sector strategies. The market for transition finance is therefore ripe for investment opportunities. We are already seeing a few transition finance deals materialise within the region through the early retirement of coal fired power plants. This is a sign of progress and a reflection that ASEAN is cognisant of its responsibilities as a member of the global climate community. Once a few more transition finance deals are completed, we expect a snowball of transition finance deals within the region - built on increased investor confidence and capital readiness across the ASEAN region.

[1] Hard-to-abate sectors include Oil & Gas, Power, Mining & Quarrying, Heavy Industries (i.e. Steel, Cement, Aluminium etc), Heavy Duty Transportation (i.e Aviation, Shipping etc.), Port and Chemicals.

Approach to Transition Finance

Given the challenges surrounding transition finance that is relatively more prevalent for the ASEAN region, we have taken a principled-pragmatic approach when defining our approach to and considerations for transition finance. The approach and standards we set for transition finance is predicated on extensive benchmarks and alignment to internationally developed frameworks, handbooks, guidelines and best practices, taking into account ASEAN's unique starting point, dependencies, and other barriers. Therefore, this framework is not designed with the intention of setting the highest bar that will strongly disincentivise progress and consequently capital supply towards transition finance, but instead is designed to have parameters that are high enough to ensure credibility and sufficient action by companies that is by no means Business as Usual – a behaviour that is critical in order for any transition to be deemed as credible.

We have also developed a set of guiding principles that underpins our approach to developing transition finance products and credibly recognising transition finance transactions as part of our sustainable finance commitment. These principles are:

Science Based

Credible and meaningful transition finance is only achievable when an activity/asset financed results in significant decarbonisation that leads the activity/asset to be aligned/aligning to a 1.5°C or well below 2°C pathway. These activities will only qualify for the "transition" label if they represent a key decarbonisation lever established under a 1.5°C or well below 2°C scenario referenced by globally published pathways (e.g. IEA, NZE, MPP, CRREM), taxonomies, technological roadmap or technology lists.

No Carbon Lock-In

Carbon lock-in is defined as any financing of fossil fuel-intensive activities that can perpetuate, delay, prevent or "lock out" the transition to low-carbon alternatives. Essentially, because funds are being channelled towards these emission intensive activities/assets, they detract funds away from otherwise being spent on commercially viable and already scalable low-carbon alternatives. By investing in assets prone to lock-in, planners and investors restrict future flexibility and increase the costs of achieving agreed climate protection goals.

Avoiding carbon lock-in is critical to ensuring that the goals of the Paris Agreement can still be met. Infrastructures built today for any hard-to-abate sector will likely have a lifespan that extends beyond 2050 – a critical milestone in the climate agenda. These infrastructures, once built, will take a significantly long time before they are considered for replacement, retrofits or even phase-down. The "committed emissions" from these infrastructures will therefore continue to emit and compound over time, further jeopardising the climate goals.

As such, it is critical that any infrastructure built for the hard-to-abate sector today is already aligned or has concrete and transparent plans to align to a 1.5°C or well below 2°C pathway. Examples include infrastructures being built with the intention and flexibility to cater to a low-carbon future as soon as technology becomes commercially viable.

We will therefore ensure that all new assets financed within the hard-to-abate sector that aim to qualify for the "transition" label will be assessed to prevent any carbon lock-in and not hamper the deployment/development of low-carbon alternatives. We will do this by leveraging on publicly available guidelines and toolkits and a series of exclusion lists for selected eligible activities.

Approach to Transition Finance

Just Transition

A Just Transition ensures that the shift toward a low-carbon and sustainable economy aligned with the 1.5°C or well below 2°C pathway is inclusive, equitable, and fair, balancing the considerations on the environment, social and economic impacts. While it is important for economies to transition to a Paris-aligned scenario, just transition emphasises the need to address environment and social aspects that could be negatively affected by the transformation.

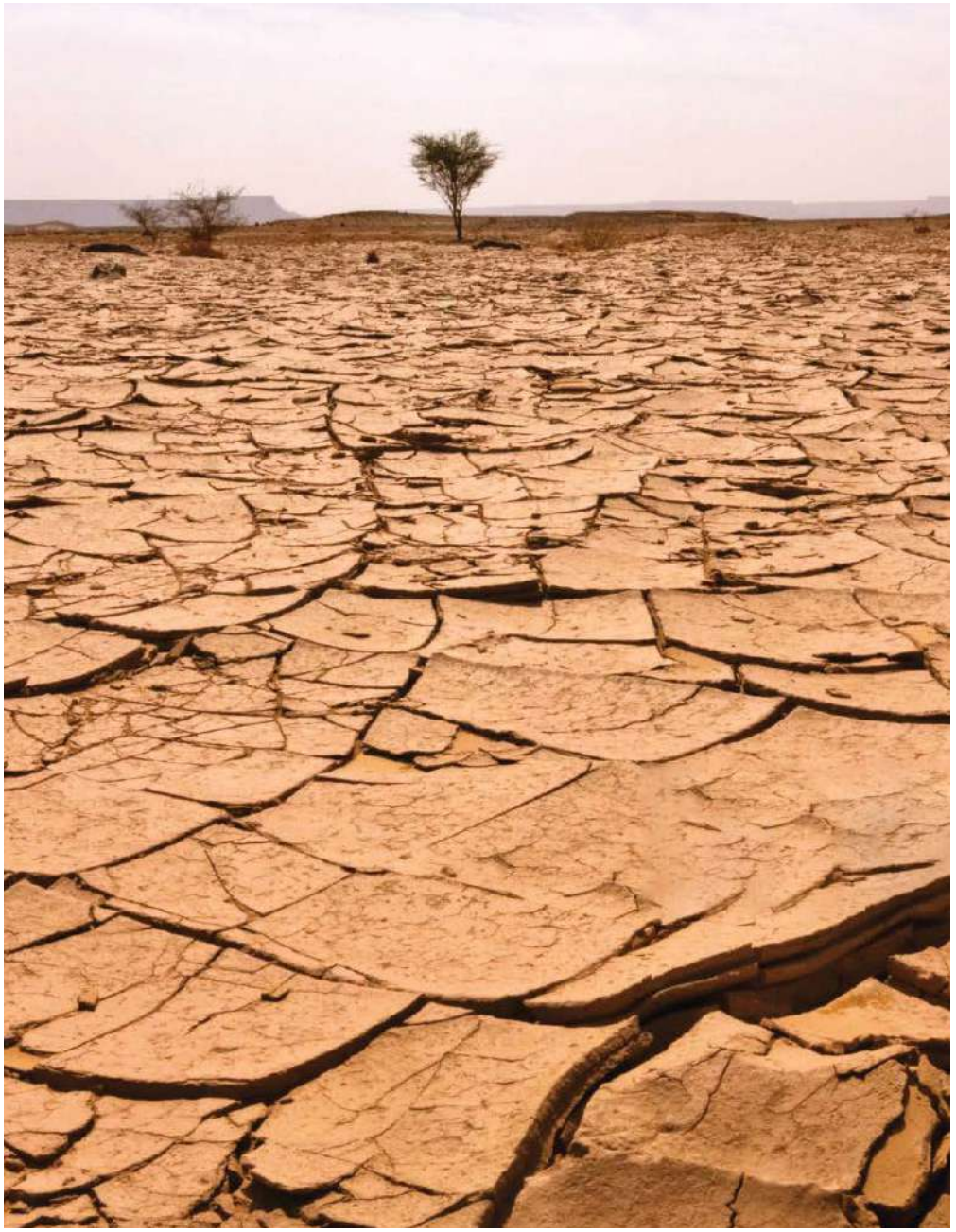
The considerations on the environmental aspect of just transition is in ensuring that the financing extended will not cause significant harm to any environmental objectives such as climate change mitigation, climate change adaptation and the protection and restoration of biodiversity and ecosystems. As for the social aspect, it emphasises the need for protecting jobs, providing reskilling opportunities, and ensuring that vulnerable groups are not left behind during the transition process. These considerations are vital to ensure that financing activities contribute to environmental goals without exacerbating social inequalities.

To enforce this principle, the framework incorporates an exclusion list in Appendix 1 that screens out activities or companies that fail to demonstrate alignment to the just transition principle. Additionally, the Net Zero Strategies approach will also require an assessment on Do No Significant Harm ("DNSH") and Social Impact of the proposed business activity.

Material, Core & Continuous Emission Reduction

Meaningful and credible transition finance can only be achieved when the emissions reductions resulting from a given financing is material and core to the client's operating activity. Core activities refers to activities that are the primary drivers of a client's current and future environmental impacts.

In view that a large part of transition finance involves the decarbonisation of emission-intensive assets of clients operating in the hard-to-abate sector, it is critical that these assets have provisions in place to ensure continuous emission reduction, be it by absolute emissions or emissions intensity. Unlike green finance, transition finance viewed solely from a point in time is not a credible transition. It is insufficient for an asset or client to be transition-aligned at a point in time. Clients will need to transparently demonstrate how their assessed activity or asset will be decarbonised and provide clear forward plans on how the asset/company aims to remain transition-aligned through to its net zero year.



Approach to Transition Finance

Minimise Moral Hazard and Emissions Leakage

Transition finance, unlike green finance involves a duality of approach – where both the activity being financed and the client seeking finance will need to be assessed. Both elements are equally important to ensure that the financing provided is credible.

Core to this is a company's ability to demonstrate its intention to transition and ability to robustly deliver on its net zero commitments over time. This can be done by means of establishing clear science based pathways with interim milestones and action plans, establishing proper climate governance, developing capital expenditure plans, amongst others.

Given the nascence of transition planning assessments and disclosures amongst corporates in ASEAN, we will endeavour that clients who aim to qualify for transition finance are minimally engaged through a series of client engagement(s) to understand their net zero/ transition strategy, action plans, governance, capital allocation plans and disclosure commitments and the extent to which these are presently available. This is essential to minimise possibilities of emission leakage[2] or moral hazard[3].

Regional, Jurisdictional & National Nuances

The ability for an issuer to successfully transition is partially dependent on the country it operates within. Nations across ASEAN predominantly have varying socio-economic landscapes, state of technological advancements, as well as political and industrial barriers, amongst others. Investors and issuers have come to recognise that different parts of the world will transition at different times and pace. These regional differences are consistent with a global move to net zero emissions, evidenced by the different Nationally Determined Contributions (NDCs), Long-term Low Emission Development Strategies, Taxonomies, and Roadmaps that these ASEAN countries have published.

To ensure a meaningful and pragmatic transition finance transaction, where national/ regional pathways/taxonomies are present and are aligned to the temperature outcome of the Paris Agreement, we may choose to reference them in determining if an activity can qualify for transition finance.

This however must be done keeping in mind the other principles listed above. In other words, it is insufficient for an economic activity to be labelled as "transition" merely because it conforms to a national/regional pathway/taxonomy, without first being assessed for carbon lock-in, just transition considerations and alignment to climate science.

In view of the above, this Transition Finance Framework ("TFF" or "the Framework") strongly embodies Maybank's vision/missions of humanising financial services as it allows us to take the approach of engagement and collaboration rather than divestment, in our pursuit of a just transition.

[2] Emission Leakage refers to the situation where emissions are not reduced overall but are instead shifted to other regions, sectors, or activities. This can undermine the intended impact of transition finance as the overall emissions from a sector/client perspective remains the same, if not increase. This happens when a client receives financing for a 'transition' project/asset in a given sector/region, but continues to develop and build new high emitting assets elsewhere.

[3] Moral Hazard refers to the risk that companies may take advantage of financial support for transition finance without making genuine efforts to transition. It gives clients the impression that they can continue to build new brown emitting assets today, and still qualify for transition finance because they are not required to have a transition plan in place.

CHAPTER 2
Maybank Group Transition Finance Framework

Also inside this chapter:

- Objectives
- Scope
- Design
- Governance

Maybank Group Transition Finance Framework

Objectives

Primary Objective

To outline Maybank's approach of classification and recognition of financing solutions offered as credible transition finance.

This framework clearly specifies the governance structure, due diligence processes, methodology and associated procedures to classify and report financial products and services offered by Maybank as transition finance. The framework aims to provide transparency with regards to Maybank's approach to transition finance.

Secondary Objective

To guide the development of credible transition finance solutions within the bank based on internationally accepted guidelines and principles.

The framework is a living document and will be reviewed and updated periodically to reflect the evolving nature of transition finance with regard to new and innovative solutions, development of new policies and taxonomies, as well as technological advancements. Taking this into consideration, the framework is not designed to limit the list of economic/eligible activities that can be classified as transition finance, but instead aims to provide a pragmatic yet credible approach for innovative financing solutions to be labelled as transition finance.

This Framework complements the Maybank Group SPF, and as such allows for transactions that are labelled as transition finance to contribute to the bank's overall sustainable finance commitment.

Scope

The Maybank Group TFF has been developed to be the overarching building block to provide comprehensive guidance to what can be classified as transition finance. The Framework encompasses both conventional and Islamic[4] financial products and services across all countries where Maybank operates in, including but not limited to:

- Corporate lending
- Debt and equity capital markets, including investments made
- Trade financing
- Advisory

[4] 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.

Maybank Group Transition Finance Framework

Design

The Framework aims to align with the following principles, standards[5], and guidelines among others:

- Climate Bonds Initiative (2020) Financing Credible Transition
- Climate Bonds Taxonomy (2021) administered by the CBI
- Climate Bonds Initiative (2021) Transition Finance for Transforming Companies
- Climate Bonds Standards Checklist for Entity Certification (2023)
- EU Taxonomy for Sustainable Activities (2022)
- Net-Zero Banking Alliance, NZBA Transition Finance Guide (2022)
- Rocky Mountain Institute ("RMI"), How to Retire Early – Making Accelerated Coal Phase-out Feasible and Just (2022)
- ASEAN Taxonomy for Sustainable Finance (2021, 2023, 2024)
- Singapore-Asia Taxonomy for Sustainable Finance (2023)
- Glasgow Financial Alliance for Net Zero ("GFANZ"), Financing the Managed Phase-out of Coal-Fired Power Plants ("CFPP") in Asia Pacific (2023)
- GFANZ, Financial Institution Net-zero Transition Plans (2022)
- Climate Bonds Standard (2023) administered by the Climate Bonds Initiative ("CBI")
- ICMA Climate Transition Finance Handbook (2023)
- ASEAN Capital Markets Forum ("ACMF") ASEAN Transition Finance Guidance Version 1 (2023) & Version 2 (2024)
- Asia Transition Finance Guidelines (2022)
- UK Transition Plan Taskforce ("TPT") Disclosure Framework (2023)

Governance

Maybank's Group Sustainability ("GS") spearheads the development and maintenance of the Framework, with input and guidance from the business teams. A thorough review of existing transition finance taxonomies, guidelines, frameworks and white papers from the central banks, industry networks and associations, certification bodies as well as climate change think tanks and stakeholders was conducted to understand the prescribed guidance and approach taken with regards to transition finance. This then helped ensure that the Framework was aligned to market best practices and reflects industry standards.

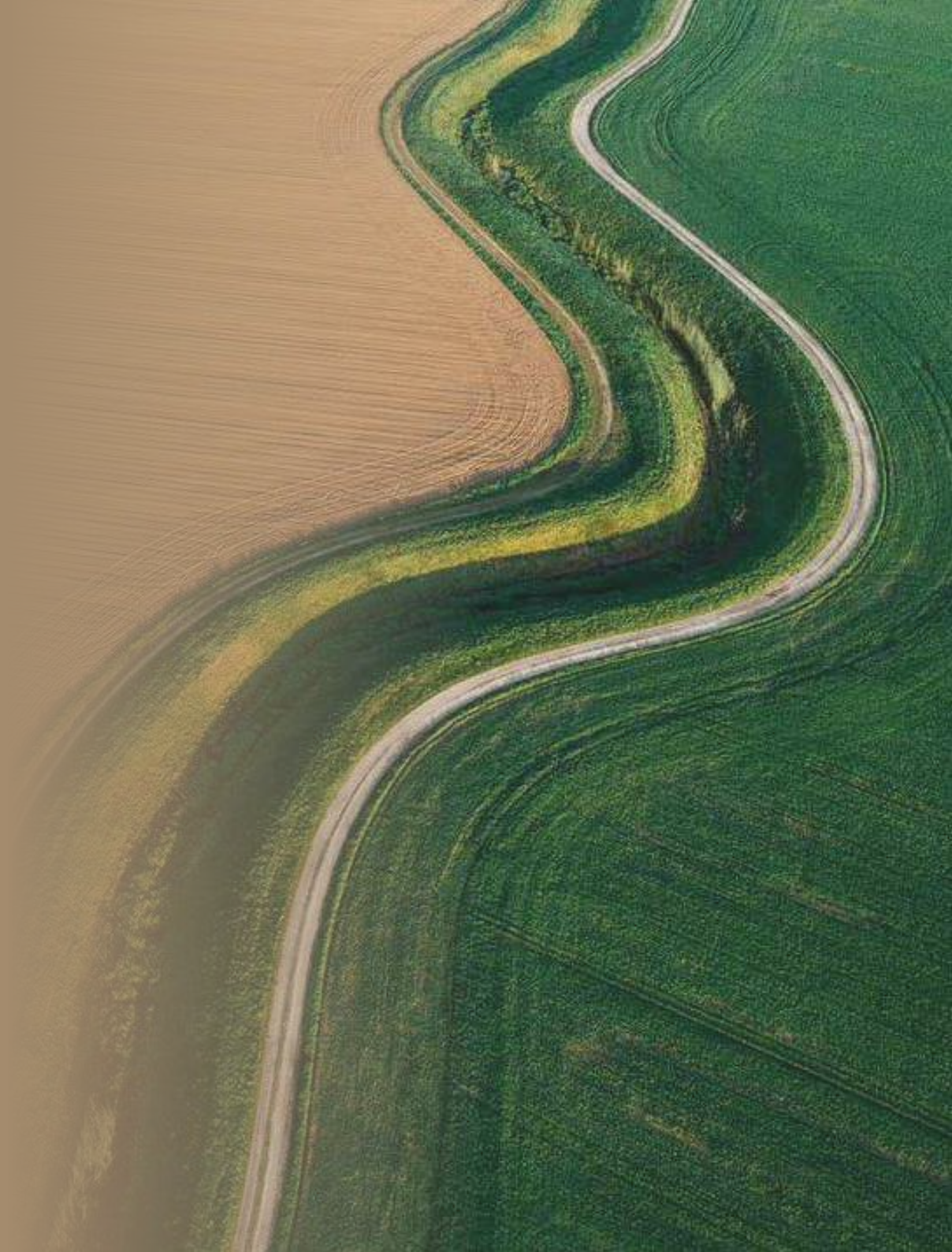
The Framework will be reviewed and updated by GS on a periodic basis, and subsequently approved by the Group's EXCO Sustainability Committee ("ESC"). The various lines of business, supported by GS, bear the responsibility of ensuring that all transition finance transactions conform to the latest version of the Framework which then feeds into the public disclosure of our broader sustainable finance numbers. An independent external assurance provider will also be commissioned to assess all transition finance labelled financing against this Framework.

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

CHAPTER 3
Approach To Transition Finance

Also inside this chapter:

- Classification Logic
- Principles-based Approach
- Eligible Activities Approach
- Pure-play Approach
- Net Zero Strategies & Essential Criteria



Approach To Transition Finance

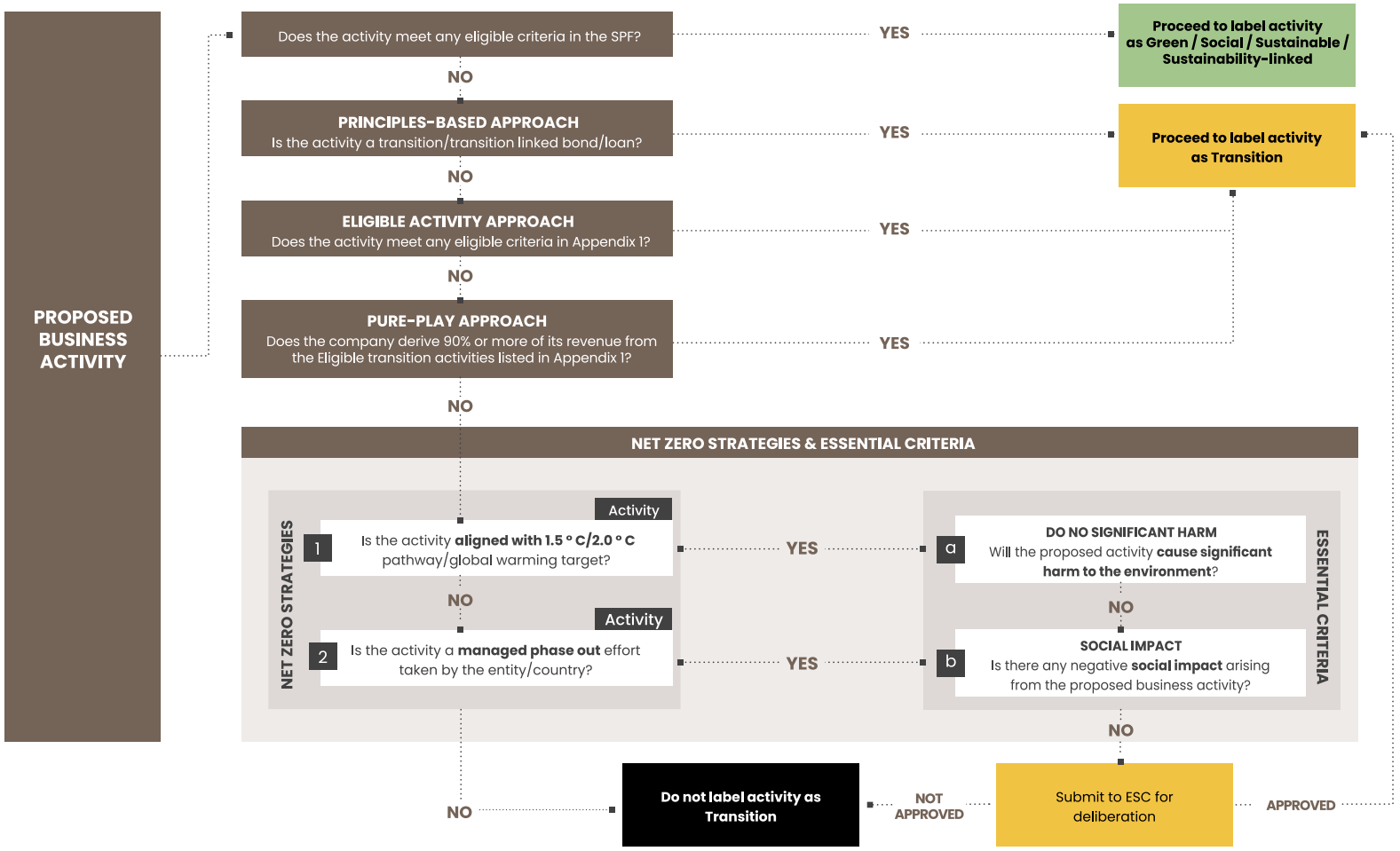
Classification Logic

Maybank recognises the mobilisation of transition finance via four approaches:

a) Principles-based Approach
b) Eligible Activity Approach
c) Pure-Play Approach
d) Net Zero Strategies & Essential Criteria Approach

Principles-based Approach related to financing of transition activities with external verification whilst the Eligible Activity Approach involves transition financing via mobilisation of use of proceeds towards activities that are predominantly aligned to a science-based pathway as prescribed under Appendix 1. The Pure-play approach seeks to recognise transition finance for financing mobilised towards clients who derive >90% of their revenue from eligible science-based transition activities as prescribed under Appendix 1. We view these entities as "transition enablers" to some extent.

The Net Zero Strategies & Essential Criteria Approach, expands the definition of transition finance to allow for (i) financing of activities that are aligned with 1.5°C, well below 2.0°C or NDC-aligned pathway/temperature outcome and (ii) financing managed phase-out of carbon-intensive assets. Any financing that takes this route will be subjected to ESC's deliberation and approval for recognition as transition finance.



*Maybank notes that in many ASEAN countries, issuers are aligning their decarbonisation efforts to that of their country's Nationally Determined Contributions ("NDC") or in-country sector specific pathway. This currently represents a grey area in transition finance. Scientists agree that globally, NDCs lack sufficient ambition to achieve objectives consistent with the Paris Agreement and that pathways that align with NDCs cannot automatically be taken to represent credible transitions to 1.5°C / Below 2°C goal, at least at this time. In dealing with transition financing towards activities that are NDC-aligned, any financing that goes via this route will be subjected to ESC deliberation and approval for recognition as transition finance.

Approach To Transition Finance

Principles-based Approach

Transition bonds are a new form of asset class used to finance companies operating in the hard-to-abate sector, to allow for meaningful reduction in their greenhouse gas emissions ("GHG").
A financing will automatically qualify for transition finance if they meet the following criteria:

- A clear bond/loan framework is present that is aligned to international principles and guidelines, including but not limited to ICMA Climate Transition Finance Handbook, Green Bond/Loan Principle, Sustainability Bond Guidelines[6] or Sustainability-linked Bond/Loan Principles[7]; AND

- Has obtained a Second Party Opinion ("SPO") or been reviewed and assessed by a reputable external review provider[8] who has concluded that the issuer's progress against its own transition pathway is in compliance with the relevant principles and/or guidelines.

  OR

  The bond/loan has been certified by Climate Bond Standard under CBI. This essentially validates the existence of credible transition plan by the issuer/borrower, which includes identification of sources of emissions, setting of science-based performance targets, and/or development of business plans to drive transition. Issuers/borrowers that are ideally aligned with 1.5°C or well below 2°C pathway will be eligible for certification.

Additional Note

In addition to the above, sufficient credible evidence must be provided to prove that at entity level, the Issuer/borrower is aligned to the following four elements:

i. Establishment of a clear climate transition strategy and governance;
ii. Materiality with regards to use of proceeds;
iii. Science-based targets, pathways and strategy; and
iv. Implementation transparency.

Issuer/borrower should clearly communicate within its framework what climate transition means and their commitment to align their transition strategies to meet the goals of the Paris Agreement.

In the case the transition instrument is structured as a 'linked' instrument, one or more of its KPIs must consist of GHG emission reduction metrics or supportive proxies (i.e. metrics that act as levers to advance GHG emission reduction targets) that address the most material areas of an issuer's activities from an emissions perspective.

Eligible Activities Approach

Transitioning hard-to-abate sectors is a complex challenge, primarily because many of these sectors suffer from the absence of commercially viable and scalable alternatives to decarbonise existing operations. In some cases, the technologies needed to deliver the deep decarbonisation and align these sectors to a 1.5°C or well below 2°C pathway are also in nascent stages of development. Nevertheless, decarbonising these sectors is essential to meet the goals of the Paris Agreement.

The eligible activities approach lists out sector specific transition activities, that are aligned to climate science in support of the transition to a low carbon economy. These transition activities vary in their level of specificity, depending on the respective sectors' decarbonisation pathways and targets that are built on climate models.

Under this approach, a given financing can be labeled as transition finance if:
The use of proceeds is strictly directed towards the list transition activities listed out in Appendix 1.
In addition to the use of proceeds being strictly directed towards the list of transition activities listed in Appendix 1, we will engage our clients to understand their net zero/transition strategy, action plans, governance, capital allocation plans and disclosure commitments and the extent to which these are presently available.

Note: The list of eligible activities listed under Appendix 1 is not exhaustive. Where a given activity is not listed under Appendix 1, financing towards that activity can still qualify for transition finance, subject to the requirements under Section 4.1.

[6] Green Bond/Loan Principles (GBP) or Sustainability Bond/Loan Guidelines (SBG) aligned instruments, where the use of proceeds intends to make a meaningful contribution to an issuer's GHG emissions reduction strategy. This can include green projects that will make a direct contribution to an issuer's own GHG emissions trajectory, and/or projects (including social) tied to a "just transition".
[7] Sustainability-Linked Bond Principles (SLBP) aligned instruments, where one or more of the KPIs are monitoring GHG emission reduction metrics – either direct results (i.e., absolute/intensity GHG emission metrics) or supportive proxies (i.e., metrics that act as levers to advance GHG emission reduction targets).
[8] 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 and other reputable bodies recognised by ICMA.

Approach To Transition Finance

Pure-play Approach

Globally as the transition towards net zero accelerates, a growing body of real economy companies will aim to provide ancillary transition services. As more companies respond to the growing demand for transition-oriented solutions, it is crucial that we support their efforts with our financing solutions and services. Some of these corporations can be deemed as transition enablers. To this end, all financing including general purpose financing provided to the following companies can be recognised as transition finance:

- If a company generates at least 90% of its revenue from eligible transition activities listed under Appendix 1; OR
- Where the company is still at pre-revenue stage, the company dedicates at least 90% of its Capex / R&D expenditure to activities eligible as transition activities pursuant to Appendix 1.

Net Zero Strategies & Essential Criteria

Transition Financing is a growing field, and is an essential solution to the climate problem. In order for activities outside the Principles-based Approach or Eligible Activity Approach to qualify for labelling as transition, a given financing must meet the following criteria:

- AT LEAST one of the Net Zero Strategies; AND
- Both Essential Criteria

before the transaction is submitted to ESC for deliberation.

CHAPTER 4
Net Zero Strategies

Also inside this chapter:

- Alignment with 1.5 / Below 2.0°C / NDC pathway (Business Activity)
- Managed Phase-out

Net Zero Strategies

Alignment with 1.5/Below 2.0°C/NDC[9] pathway (Business Activity)

Given the dynamic and evolving nature of transition finance internationally and regionally, it is crucial to recognise that in the time period between one periodic update of this Transition Finance Framework and the next, technological advancements and market developments could render a growing list of activities that are aligned to climate-science and therefore suitable for recognition as transition finance. These are activities that are aligned to a 1.5°C, well below 2.0°C pathway or a country's NDC, and are critical to help countries and companies reduce their emission in-line with the goals of the Paris Agreement.

These additional list of qualifying transition activities can originate from any of (but not limited to) the following sources:

- Science-Based Taxonomies;
- Technology Roadmaps[10]; OR
- Technology Lists[11]

To supplement the list of additional transition activities above, we may leverage on the following additional tool(s) to assess alignment of an activity to a 1.5°C or well below 2.0°C pathway[12]:

- The Science Based Targets initiative ("SBTi"): https://science-basedtargets.org/sectors
- Transition Pathway Initiative ("TPI"): Tool - Transition Pathway Initiative
- International Energy Agency ("IEA") Net Zero Emissions by 2050: IEA NZE
- Network for Greening the Financial Services ("NGFS"): https://www.ngfs.net/ngfs-scenarios-portal/explore/
- The Intergovernmental Panel on Climate Change ("IPCC"): https://www.ipcc.ch/
- Mission Possible Partnership https://www.missionpossiblepartnership.org/sector-transition-strategies/
- Carbon Risk Real Estate Monitor ("CRREM")
- Japan Ministry of Economy, Trade and Industry ("METI"): Transition Finance / METI Ministry of Economy, Trade and Industry
- Economic Research Institute for ASEAN and East Asia ("ERIA") - Technology List and Perspectives for Transition Finance in Asia

Under this approach, a given financing can be labelled as transition finance if:

- The use of proceeds is strictly directed towards a transition activity that is science-based;
- Satisfies the Essential Criteria requirements; AND
- Has obtained approval from the Group's ESC

In addition to complying with the requirements listed above, we will engage our clients to understand their net zero/transition strategy, action plans, governance, capital allocation plans and disclosure commitments and the extent to which these are presently available.

Note: Where a given activity has been tabled and approved by the ESC, it will be deemed as an eligible transition activity and be considered for inclusion under Appendix 1 under the next round of framework review. In the interim however, all financing of the same activity will thereafter be assessed under the Eligible Activities Approach.

Managed Phase-out

Financial institutions play a vital role in the managed phase-out of carbon intensive assets while investing in new technologies. Managed phase-out is defined by the GFANZ as efforts to reduce GHG emissions through the accelerated retirement of high-emitting physical assets (or retrofit to improve efficiency in line with net-zero goals). This strategy can significantly reduce emissions by identifying and retiring assets early while ensuring that critical services are maintained and community interests are protected. By ensuring that the managed phase-out is within a defined science-aligned time horizon, an orderly transition could be achieved, and the phase-out of the stranded assets and build-up of new assets would be synchronised within a region or community.

To ensure that the managed phase-out is successful, it is important that guardrails are set. This is to promote a just transition, as well as to avoid these carbon intensive assets from becoming stranded assets. Some key guardrails for managed phase-out include:

- **A clear timeline for the phase-out:** The timeline for phase-out should be clear and transparent, so that all stakeholders know when assets will be retired.
- **Strong quantifiable metrics of success** covering each element of E, S & G (e.g. No. of Years retired early, amount of carbon emissions reduced, no. of new jobs created, lower cost of electricity to end users)
- **Support for workers and communities:** There should be support for workers and communities who are affected by the phase-out, such as job training and economic development programmes.
- **A commitment to transparency:** The phase-out should be transparent, so that progress could be tracked and reported. Client/entity should also have short, medium, and long term emission commitments that are aligned with its decarbonisation plan.

To ensure credibility of the phaseout activities undertaken and continued alignment with Maybank's existing long term sustainability commitment including net zero commitments, Maybank Group has developed a set of guardrails specific for the power sector. The guardrails for other phase-out activities will be introduced in stages in the near future. This will enable the Group to withstand scrutiny and minimise reputational risk.

[9] Maybank notes that in many ASEAN countries, issuers are aligning their decarbonisation efforts to that of their country's Nationally Determined Contributions ("NDC") or in-country sector specific pathway. This currently represents a grey area in transition finance. Scientists agree that globally, NDCs lack sufficient ambition to achieve objectives consistent with the Paris Agreement and that pathways that align with NDCs cannot automatically be taken to represent credible transitions to 1.5°C / Below 2°C goal, at least at this time. In dealing with transition financing towards activities that are NDC-aligned, any financing that goes via this route will be subjected to ESC deliberation and approval for recognition as transition finance.

[10] Technology roadmaps outline the technologies that will be necessary to get specific industry sectors aligned with the Paris Agreement, showing which technology should be ready for use in what year. This includes expected future innovations alongside tried-and-tested low-carbon technologies available today. By leveraging on a technology roadmap, financial institutions can (i) assess whether a particular technology that is being financed will bring about material and core emissions reduction and (ii) decide whether a company's net zero strategies and efforts toward decarbonisation are suitable for transition finance.

[11] A technology list provides a reference point when assessing potential transition technologies until technology roadmaps or taxonomies with thresholds and eligible activity lists are developed.

[12] List provided is non-exhaustive. For clarity, only the science-based robust pathways that have a temperature outcome aligned with the objectives of the Paris Agreement will be considered.

CHAPTER 5
Essential Criteria

Also inside this chapter:

- Do No Significant Harm ("DNSH")
- Social Impact

Essential Criteria

Do No Significant Harm ("DNSH")

Originally introduced as one of the fundamental principles of the EU Taxonomy, DNSH is used to assess the environmental impacts of economic activities. In the transition finance context, DNSH principle needs to be applied to ensure that the proposed transition activities do not cause significant harm to the environment, taking into account the best available scientific knowledge.

Per Article 17 of the EU Taxonomy, an economic activity is considered to cause significant harm to an environmental objective if it meets any of the above. There should also be assessment performed to ensure that the economic activity does not contribute to carbon lock-in. Carbon lock-in[13] is defined as an action that perpetuates, delays or prevents the transition to low-carbon alternatives. It is important that if any harm is identified, there should be proper and sufficient mitigating measures being taken.

There are various means and/or tools to assess if the DNSH essential criteria is met. They include:

Environmental Impact Assessments ("EIAs")

EIAs are used to assess the environmental impacts of proposed projects or activities. This allows the Group to take a cautious approach towards environmental protection, even in absence of full scientific certainty.

Considerations on potential significant harm:

- Characteristics of the transition activity (including size, waste, pollution, use of natural resources)
- Location of the transition activity (land use, forest, HCS/HCV areas, peatland, wetland etc.)
- Potential impact (community, magnitude of biodiversity loss etc.)

Independent assessment or verification

An assessment/verification by an independent consultant can also be performed to confirm that the project/activity does not have significant negative consequences on its surrounding and the broader environment. Where some negative findings result from these assessments, the DNSH assessment should also include mitigation plans to alleviate all of these negative impacts.

Certifications

DNSH can also be assessed by virtue of the entity having a certification provided by a credible body (e.g. FSC, PEFC, MSC). While having a certification may indicate that certain risks have been assessed and mitigated, they should not be relied upon solely to prove that the DNSH criteria has been met. Due diligence on the certification needs to be done to understand the rigor of assessment applied especially on matters involving climate change.

EU Taxonomy Compass

The EU Taxonomy Compass provides a visual representation of the list of economic activities contained within the EU Taxonomy. It enables users to check which activities are included in the EU Taxonomy (Taxonomy-eligible activities), to which objectives they substantially contribute and what criteria have to be met for activities to be considered Taxonomy-aligned. Criteria for DNSH are also listed within the compass.

[13] World Resources Institute. What to Know About Carbon Lock-in and How to Avoid It | World Resources Institute (wri.org).

Essential Criteria

Social Impact

Maybank recognises that a massive divestment from carbon-intensive sectors may cause significant economic and social dislocations. These sectors provide fundamental products and services in many economies and therefore a disorderly transition could severely disrupt social economics.

In alignment with ASEAN Taxonomy (2023), the Framework takes into consideration social aspects whereby in pursuit of achieving an environmental objective, the activity should be mindful of the implications towards parties such as the workforce employed by the company, the community and wider society, taking into account the entire lifecycle of the activity.

Social aspects to be considered include, but are not limited to:

- Promotion and Protection of Human Rights
- Prevention of Forced Labour and Protection of Children's Rights
- Impact on People Living Close to Investments
- Reduction of poverty
- Creation of job opportunities
- Development of human capital

CHAPTER 6
Data Collection, Management, and Verification

Also inside this chapter:

- Management and Verification

Data Collection, Management & Verification

Management and Verification

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

Step 1	Step 2a	Step 2b	Step 3	Step 4
Relationship Manager/Business Teams/Countries to nominate deals for recognition as transition finance based on criteria listed in this Framework depending on the nature of transaction.	In the event the activity abides by the Principle based Approach or Taxonomy Based Approach, business representatives, with the support from GS will verify the deals against the Framework and ensure completeness of supporting documents provided, before labelling the transaction as transition finance.	In the event the activity takes the Net Zero Strategies route, the deal team will submit all details regarding the transaction to ESC for deliberation. If approved, the deal will be tagged as transition finance internally.	Internal audit team will evaluate the process of nomination of the deal as well as the merit of the nominated deals against the Framework and perform verification on an interim basis.	External Assurance provider to provide limited assurance on Maybank's Sustainable Finance figures (which encapsulates the transition finance achievement) on an annual basis.

APPENDIX 1

Also inside this chapter:

- Eligible Transition Activities

Appendix 1

Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS
Steel Manufacturing	• Crude steel manufacturing depending on production route: Criteria for new production facilities: 1. The facility must meet one of the following criteria[14]: ◦ Current emissions intensity below 1.36 tCO_2e/t[15] of steel; or ◦ Emissions intensity below the Mission Possible Partnership (MPP) Tech Moratorium (TM) SEA – 1.5°C reference scenario[16]; or ◦ Steel production with GHG intensities of process step(s) in EU Taxonomy. AND ◦ Meets either of the criteria: a. the average emissions intensity over the entire lifetime of the facility is below 0.71 tCO_2e/t of steel for 2039[17], OR b. the facility follows TPI's 2- degree or Mission Possible Partnership (MPP) Tech Moratorium (TM) SEA's – 1.5°C scenario decarbonisation pathway throughout its lifetime[18]; OR 2. Electric Arc Furnace (EAF) + scrap using 70% of iron content from scrap OR 3. Direct Reduced Iron (DRI)+ Electric Arc Furnace (DRI + EAF), using renewable biogas/green hydrogen and renewable energy, or a. DRI using natural gas with EAF, or b. DRI using biogas/hydrogen/ biochar) with EAF OR 4. Production of green ferro-manganese (FeMn) and silicon manganese (SiMn) via energy-efficient submerged EAF, such that the facility follows TPI's 2- degree or Mission Possible Partnership (MPP) Tech Moratorium (TM) SEA's – 1.5°C scenario decarbonisation pathway throughout its lifetime Criteria for retrofits of existing facilities: Retrofit of existing facilities that result in an emissions intensity lower than 1.36 tCO_2e/t[19] (scope 1+2) or the emissions intensity below the Mission Possible Partnership (MPP) Tech Moratorium (TM) SEA – 1.5°C reference scenario through the following measures, including but not limited to: ◦ increasing thermal efficiency ◦ using low-carbon-feedstock ◦ use of biochar ◦ integrating CC(U)S	• Projects located in water stress areas without water use or conservation management plan in place • Operations and companies associated with significant environmental and social controversies

[14] In the absence of a facility-level commitment, a portfolio-level commitment from the borrower shall be considered acceptable.

[15] Aligned with the Transition Pathway Initiatives' 2027 Below 2-degree benchmark scenario (2DS) benchmark for the steel sector. It is assumed that funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance. Note: This is a dynamic value and will always represent the benchmark that is 3 years from bond issuance on the TPI 2DS steel decarbonisation pathway, assuming that the funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance.

[16] Aligned to the reference scenario listed under Maybank Group's Net Zero Whitepaper: "Banking on a Better Tomorrow: Our Commitment to Net Zero".

[17] Transition Pathway Initiative's Below 2-degree Scenario benchmark value in the year 2039, for the steel sectors. In the case where the Mission Possible Partnership (MPP) Tech Moratorium (TM) SEA – 1.5°C reference scenario is used, the corresponding emission intensity will apply.

Note: A steel production facility must demonstrate it falls under the pathway by meeting the threshold at the halfway point of lifetime of the facility. The average emission intensity represents the mid-point of the average lifetime of a new blast furnace, which is assumed to be 30 years. This is a dynamic value and will always represent the benchmark that is 15 years from bond issuance on the TPI 2DS steel decarbonisation pathway. The average emission intensity in tCO_2e/t for the years 2037, 2038 and 2039 are 0.84, 0.76 and 0.71, respectively, for the steel sector. Additionally, if the average emissions intensity is below the benchmark value at the mid-point of the facility's lifetime, then the facility does not exceed its 'carbon budget' and is always below the decarbonisation curve.

[18] TPI, "Steel", at: https://www.transitionpathwayinitiative.org/sectors/steel

[19] Aligned with the Transition Pathway Initiatives' 2027 Below 2-degree benchmark scenario (2DS) benchmark for the steel sector. It is assumed that funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance.
Note: This is a dynamic value and will always represent the benchmark that is 3 years from bond issuance on the TPI 2DS steel decarbonisation pathway, assuming that the funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance.

Appendix 1

Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS
Natural Gas (Upstream)[20]	• Electrification of existing upstream assets, (including at LNG liquefaction plants) subject to: ◦ Presence of transition plan for incorporating full[21] renewable power source and/or CCUS implementation; OR ◦ Presence of clear decommissioning plans of the well(s) with clear time horizon; AND ◦ The gas field approved before 1 Jan 2025 • Retrofits to install CCUS • Installation of CCUS on LNG hubs	• CC(U)S where the captured, transported, or stored CO2 is used for Enhanced Oil Recovery

[20] The entity or the parent entity must have commitment to not extend the life of the brown asset(s) and have a credible transition strategy/decarbonisation pathway in place.

[21] Given the importance of ensuring continuous, reliable source of energy to maintain operations and ensure safety, usage of batteries, hybrid systems or retention of existing power sources purely for back-up power is acceptable.

Appendix 1

Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS
Natural Gas (midstream and downstream)	• Power or heat generation ◦ Criteria for retrofits to existing Gas-fired power or heat facilities including CHP, that - results in expected direct emissions intensity of 332 gCO_2/kWh[22] or the GHG emission intensity below Maybank's Power Sector Net Zero Pathway (if applicable) (using CCUS or co-firing with low-carbon fuels), and - has methane leakage measurement and reduction through installation of leakage detection and repair equipment, and - Estimates from the supply chain, where feasible ◦ Construction and operation of new Gas-fired power or heat facilities including CHP, that: 1. Meets one of the following criteria ▪ Lifecycle emissions reduction over unabated gas-fired power below 100 gCO_2e/kWh, OR ▪ GHG intensity below 332 gCO_2e/kWh[23]; OR ▪ GHG emission intensity below Maybank's Power Sector Net Zero Pathway[24] AND 2. Meets all the following Criteria ▪ The facility is expected to follow TPI's 2- degree or scenario decarbonisation pathway for power plants or Maybank's Power Sector Net Zero Pathway over the course of its lifetime AND ▪ The development of the new facility is to replace existing higher-emitting fossil fuel capacity or to meet demand that would otherwise be met by higher-emitting fossil fuel , OR is intended to generate power for peak demand or high temperature heat for industries, AND ▪ Methane leakage detection and repair for projects both in construction and operation phase, AND ▪ Methane leakage from the supply chain should be measured and reduced, where feasible	• Significant environmental and social controversy (or non-compliance) associated with power plant operations • New or existing gas-fired projects with no carbon capture or blending with low-carbon gases (or with lifecycle emissions intensity more than 410 gCO_2e/kWh)

[22] Aligned with the Transition Pathway Initiatives' 2027 Below 2-degree benchmark scenario (2DS) benchmark for the global electrical utility sector. It is assumed that funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance. Note: This is a dynamic value and will always represent the benchmark that is 3 years from bond issuance on the TPI 2DS global electrical utility decarbonization pathway, assuming that the funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance.

[23] Ibid.

[24] Disclosed under our Maybank Group's Net Zero Whitepaper: "Banking on a Better Tomorrow: Our Commitment to Net Zero.

Appendix 1

Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS

Transmission And Distribution Networks For Renewable And Low-carbon Gases	• Transmission and distribution:
	  ◦ Retrofit of existing Gas transmission and distribution pipelines:
	  - reduce methane leakage, and
	  - enable transmission of low-carbon gases such as biogas, bio methane, ammonia or hydrogen
	• Construction or operation of new transmission and distribution networks dedicated to hydrogen or other low-carbon gases
	• Methane leak detection and other network elements to reduce methane leakage should be part of the project
		• Significant environmental and social controversy (or non-compliance) associated with power plant operations

Retrofitting Activities	• Retrofit[25,26], of existing coal-fired power plants to allow for:
	  ◦ Adoption of Carbon Capture, utilisation and/ or Storage ("CCUS") technology
	  ◦ Co-firing with ammonia (Coal-fired power plants)
	  ◦ Co-firing with solid biofuels (Coal-fired power plants)
	  ◦ Co-firing with hydrogen (Coal-fired power plants)	

Oil & Gas[27]	• Decarbonising technologies which include any of the following:
	  ◦ Procurement / leasing of vehicles which use higher fuel blending ratios or use low- carbon fuels
	  ◦ All abatement technologies including those that reduce methane emissions
	  ◦ Installation of CC(U)S on oil refineries
	  ◦ Development of infrastructure dedicated to transportation or storage of captured CO2, subject to presence of appropriate leakage detection systems to prevent release during operation
	  ◦ Decarbonisation of Liquefied Petroleum Gas ("LPG") using bio-sourced butane and propane (bioLPG)
	  ◦ Eliminating flaring
	  ◦ Use of green hydrogen in refineries
	• Installation/Construction of CCUS hubs
	• Acquisition, development, operation, maintenance of renewable energy projects/assets including but not limited to solar, wind, geothermal
	• Development, expansion, upgrade or maintenance of recycling and/or reuse facilities
	• Electrification of existing upstream assets subject to:
	  ◦ Presence of transition plan for incorporating full[28] renewable power source and/or CCUS implementation; OR
	  ◦ Presence of clear decommissioning plans of the well(s) with clear time horizon; AND
	  ◦ The oilfield approved before 1 Jan 2025
		• CC(U)S or other infrastructure where the captured, transported, or stored CO2 is used for Enhanced Oil Recovery

[25] Retrofitting activity must not result in extension of Power Purchase Agreement beyond its original contract.

[26] Retrofitting activities must follow guardrails set out for CFPP retrofitting in Appendix 2.

[27] The entity or the parent entity must have commitment to not extend the life of the brown asset(s) and have a credible transition strategy/decarbonisation pathway in place.

[28] Given the importance of ensuring continuous, reliable source of energy to maintain operations and ensure safety, usage of batteries, hybrid systems or retention of existing power sources purely for back-up power is acceptable.

Appendix 1

Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS
International Shipping	• Development, manufacture, purchase, financing of sea and coastal freight and passenger water transport and vessels, provided that: ◦ until 31 December 2025, hybrid and dual fuel vessels derive at least 25% of their energy from zero direct (tailpipe) CO2 emission fuels or plug-in power for their normal operation at sea and in ports; OR ◦ from 1 January 2026, in addition to an attained Energy Efficiency Existing Ship Index (EEXI) value equivalent to reducing the EEDI reference line by at least 10 percentage points below the EEXI requirements applicable on 1 January 2023. • Retrofitting of sea and coastal freight and passenger water transport and vessels, provided that: ◦ the retrofitting activity reduces fuel consumption of the vessel by at least 15 % expressed in grams of fuel per deadweight tons per nautical mile for freight vessels, or per gross tonnage per nautical mile for passenger vessels; OR ◦ enables the vessels to attain Energy Efficiency Existing Ships Index (EEXI) value at least 10 % below the EEXI requirements applicable on 1 January 2023 and if the vessels are able to run on zero direct (tailpipe) emission fuels or on fuels from renewable sources, and have the ability to plug-in at berth and are equipped with plug-in power technology	• Vessels dedicated to the transport of fossil fuels.
Ports	• Bunkering Infrastructure supporting low-carbon fuels such as LNG, biofuels, hydrogen, ammonia, and methanol • Alternative maritime power systems ("AMP", "cold ironing" or ""shore power""), including high voltage grid, transformers, power distribution system, control panel, outlets, industrial stations/ substations, and electrical distribution, frequency converter and control system • Construction of ports dedicated to transportation and storage of captured CO2, subject to presence of appropriate leakage detection systems to prevent release during operation	• Alternate maritime power system powered by diesel or coal • Bunkering Infrastructure dedicated for heavy fuel oil and distillate products (HFO / MDO / MGO / ULSD) • Infrastructure investments (including mitigation technologies) for ineligible ships outlined in the criteria • Infrastructure where the transported or stored CO2 will be used for Enhanced Oil Recovery

Appendix 1

Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS
International Aviation	• Manufacturing, acquisition or leasing[29] of aircrafts according to the following criteria: ◦ Low-Carbon Propulsion System: - hybrid-and turbo-electric, OR ◦ State-of-the-art Conventional Propulsion System: - with known fuel efficiency over reference technology or baseline fleet; AND - with concrete plans to increase the use of Sustainable Aviation Fuels ("SAF") through long-term purchase agreements for SAFs[30], aligned with a recognised decarbonisation trajectory for the financed portfolio or company's fleet-wide level[31] • Retrofits or improvements to engines, materials and aerodynamics that meets the following: ◦ Current emissions intensity below 813 gCO_2/RTK[32] ; AND ◦ meet one of the following: a. the average emissions intensity over the entire lifetime of the aircraft is below 574 gCO_2/RTK[33], OR b. the facility follows TPI's Below 2-degree scenario decarbonisation pathway throughout its lifetime[34] • Procurement of Sustainable Aviation Fuels for own use ("SAF"): ◦ demonstrated through long-term purchase agreements; OR ◦ with public commitment to increase the use of SAF	• Military aviation or combat aircrafts
Airport Infrastructure	• Ground support infrastructure and ground power units such as electric, battery, and renewable powered ground power units and electric taxing systems • Programs for enhanced air traffic management • Infrastructure for the storage and transport of SAF production facilities (excluding operational expenditures) • Construction and development of SAF production facilities (excluding operational expenditures)	• Procurement of ground support hybrid vehicles exceeding the emission thresholds as under: ◦ Hybrid passenger vehicles with emissions higher than 100gCO_2/km[35] ◦ Hybrid freight trucks with emissions higher than 25 gCO_2/t-km

[29] Where the lessee provides long-term commitment (>5 years) to comply with the transition finance criteria outlined in the TFF.

[30] In absence of long-term (>5 years) SAF Purchase Agreement, public commitment to increasing the procurement of SAF on a long-term basis may be considered acceptable Retrofitting activities must follow guardrails set out for CFPP retrofitting in Appendix 2.

[31] IEA recommends increasing SAF use in aviation to 10% by 2030. See: https://www.iea.org/energy-system/transport/aviation.

[32] Aligned with the Transition Pathway Initiatives' 2027 Below 2-degree benchmark scenario (2DS) benchmark for the airlines sector.

[33] Transition Pathway Initiative's Below 2-degree Scenario benchmark value in the year 2039, for the airlines sector. Note: An aircraft must demonstrate it falls under the pathway by meeting the threshold at the halfway point of its lifespan. The average emission intensity represents the mid-point of the average lifetime of a new passenger or freight aircraft, which is assumed to be 30 years. This is a dynamic value and will always represent the benchmark that is 15 years from bond issuance on the TPI 2DS airlines decarbonisation pathway.

[34] TPI, "Airlines", at: https://www.transitionpathwayinitiative.org/sectors/airlines.

[35] It is noted that vehicles at or higher than the threshold of 75gCO2/km are not expected to contribute to the goals of the Paris Agreement.

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Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS
Cement Manufacturing	• Production facilities using conventional cement making process meeting the following criteria[36]: ◦ Current emissions intensity less than 0.514 tCO_2e/t[37] of cementitious product; AND meets either of the criteria: - the average emissions intensity over the entire lifetime of the facility should be below 0.423 tCO_2e/t[38] for 2036 of cementitious product, OR - The facility should follow TPI's 2-degree scenario decarbonisation pathway throughout its lifetime[39] • Retrofit of cement manufacturing plants including but not limited to the following measures that must result in an emissions intensity[40] lower than 0.514 tCO_2e/t[41] of cementitious product (scope 1 emissions): ◦ Improvements in thermal and electric efficiency ◦ Reduction of clinker-cement materials through blending supplementary cementitious materials[42] into cement to reduce cement clinker ◦ Switch to alternative fuels (e.g. coal to natural gas, or natural gas to Refuse-derived fuels ("RDFs") / biomass) ◦ Installation of electric kilns ◦ Integration of Carbon capture and sequestration technology into cement production • Clinker production– ◦ Grey cement clinker where the GHG emissions are lower than 0.722 tCO_2e/t of grey cement clinker[43], AND ◦ the facility is expected to be on a decarbonisation pathway throughout its lifetime.	

[36] In the absence of a facility-level commitment, a portfolio-level commitment from the borrower shall be considered acceptable.

[37] Aligned with the Transition Pathway Initiatives' 2027 Below 2-degree benchmark scenario (2DS) benchmark for the cement sector. It is assumed that funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance. Note: This is a dynamic value and will always represent the benchmark that is 3 years from bond issuance on the TPI's Below 2DS cement decarbonisation pathway.

[38] TPI's Below 2-degree scenario benchmark value in the year 2036, for the cement sector.
Note: A cement production facility must demonstrate it falls under the pathway by meeting the threshold at the halfway point of lifetime of the facility. The average emission intensity represents the mid-point of the average lifetime of a new blast furnace, which is assumed to be 25 years. This is a dynamic value and will always represent the benchmark that is 12 years from bond issuance on the TPI's Below 2DS cement decarbonisation pathway. The average emission intensity in tCO2e/t for the years 2034, 2035 and 2036 are 0.449, 0.437 and 0.423, respectively, for the cement sector. Additionally, if the average emissions intensity is below the benchmark value at the mid-point of the facility's lifetime, then the facility does not exceed its 'carbon budget' and is always below the decarbonisation curve.

[39] TPI, "Cement", at: https://www.transitionpathwayinitiative.org/sectors/cement.

[40] The most widely used industry standard for calculating emissions intensity of cement is Net CO2 emissions kg/ton of cementitious product, which includes Scope 1 emissions from cement production only. This is also the metric used by TPI and SBTi, and in line with the GCCA guidelines.

[41] Aligned with the Transition Pathway Initiatives' 2027 Below 2-degree benchmark scenario (2DS) benchmark for the cement sector.
Note: This is a dynamic value and will always represent the benchmark that is 3 years from bond issuance on the TPI's Below 2DS cement decarbonisation pathway, assuming that the funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance.

[42] Supplementary cementitious materials are finely powdered minerals such as limestone, gypsum, fly ash, or other by-products of other industries that are used to replace part of the clinker. https://gccassociation.org/our-story- cement-and-concrete/.

[43] This metric is what the EU uses in its EU-ETS benchmarks and assumes a clinker to cement ratio of 0.65.

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Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS
Hydrogen Production	• Manufacture of hydrogen using: ◦ SMR + CCS ("Blue Hydrogen") with GHG emissions at least 60% lower than SMR route. ◦ Pyrolysis of methane ("Turquoise Hydrogen")	• Steam Methane Reforming ("SMR") without CCS • Using solid fossil-fuels such as coal
Aluminium Manufacturing	• Production of primary aluminium meeting one of the following criteria[44]: ◦ current emissions intensity be below 6.06tCO_2e/t[45] of aluminium; OR ◦ emissions intensity below the Mission Possible Partnership (MPP) Global – 1.5°C reference scenario[46]; OR ◦ aluminum production that meets all three EU Taxonomy criteria AND ◦ meeting either one of the two conditions below: (a) the average emissions intensity over the entire lifetime of the facility is below 2.95[47] tCO_2e/t of aluminium, OR (b) The facility follows TPI's 2- degree or Mission Possible Partnership (MPP) Global – 1.5°C scenario decarbonisation pathway[48] • Retrofit of existing facilities that result in an emissions intensity lower than 6.06tCO_2e/t[49] or below the Mission Possible Partnership (MPP) Global – 1.5°C reference scenario (if relevant / applicable) through the following measures, including but not limited to: ◦ improvement in the thermal efficiency ◦ novel anode technologies ◦ use of renewable energy for smelting ◦ retrofitting of old smelters • Production of secondary aluminium • Production of end consumer aluminium products subject to following requirements: ◦ Input consists of 90% or more scrap of recycled aluminium; OR • Scrap of recycled aluminium consists of 75% to 90% and carbon intensity is less than 2.5tCO_2e/t	• For Production of Secondary Aluminium or end consumer aluminium products: ▪ Commercial-scale manufacturing / production of resource-efficient / low-carbon products without details on manufacturing process, assurance of sustainable sourcing, and/or reasonable basis for substantial reduction of life-cycle emissions (where feasible).

[44] In the absence of a facility-level commitment, a portfolio-level commitment from the borrower shall be considered acceptable.

[45] Aligned with the Transition Pathway Initiatives' 2027 Below 2-degree benchmark scenario (2DS) benchmark for the aluminium sector. It is assumed that funds will be disbursed within 3 years of issuance and expects a facility to achieve this level of performance. Note: This is a dynamic value and will always represent the benchmark that is 3 years from bond issuance on the TPI's Below 2DS aluminium decarbonisation pathway.

[46] Aligned to the reference scenario listed under Maybank Group's Net Zero Whitepaper: "Banking on a Better Tomorrow: Our Commitment to Net Zero".

[47] Transition Pathway Initiative's Below 2-degree scenario benchmark value in the year 2039, for the aluminium sector. In the case where the Mission Possible Partnership (MPP) Global – 1.5 reference scenario is used, the corresponding emission intensity will apply. Note: An aluminium production facility must demonstrate it falls under the pathway by meeting the threshold at the halfway point of lifetime of the facility. The average emission intensity represents the mid-point of the average lifetime of an aluminium plant, which is assumed to have a lifetime of 30 years. This is a dynamic value and will always represent the benchmark that is 15 years from bond issuance on the TPI's Below 2DS aluminium decarbonization pathway. The average emission intensity in tCO2e/t for the years 2037, 2038 and 2039 are 3.51, 3.23 and 2.95, respectively for the aluminium sector. Additionally, if the average emissions intensity is below the benchmark value at the mid-point of the facility's lifetime, then the facility does not exceed its 'carbon budget' and is always below the decarbonisation curve.

[48] TPI, "Aluminium", at: https://www.transitionpathwayinitiative.org/sectors/aluminium

[49] Aligned with the Transition Pathway Initiatives' 2027 Below 2-degree benchmark scenario (2DS) benchmark for the aluminium sector.

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Eligible Transition Activities

CATEGORIES	ELIGIBLE ACTIVITIES	EXCLUSIONS
Agriculture	• Production of advanced-bioenergy crop on marginal lands and pasture land • Agricultural machinery that reduces emissions but is not at zero emissions today • Processes and technologies that reduce methane from livestock farming (e.g., technologies to reduce livestock methane via diet supplements and additives, selective breeding for lower GHG emitting livestock, etc.)	
Additional Activities	• Chemical recycling of plastics, where: ◦ The facility is not fully powered by fossil fuel with increasing commitment to adopt renewable energy; AND ◦ The facility is built in a country that has committed to reducing plastic consumption • Retrofitting of petrochemical or agri-chemical facilities or process improvement resulting in alternative feedstock (e.g. natural gas, biofuels and other unconventional feedstock) that results in reduction in emission intensity • Construction of new petrochemicals plant that: ◦ Rely on non-fossil fuel derived feedstock for production; AND ◦ is not powered by 100% coal/coal derivatives as an energy source with commitment to increase use of low carbon electricity	• Petrochemical plants that utilise feedstocks that compete with food production or feedstocks sourced from non-marginal lands • Petrochemical plants dedicated to producing any form of non-recyclable plastic products

Humanising

Financial Services

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