



WASCO BERHAD

SECOND PARTY OPINION ON SUSTAINABLE AND TRANSITION FINANCE FRAMEWORK

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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17029:2019 - Conformity Assessment - General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

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

Wasco has developed a Sustainable & Transition Finance Framework (henceforth referred to as "Framework"), dated 12 August 2024, with the aim to raise Sustainable Financing Instruments ("SFIs"), Transition Finance Instruments ("TFIs"), and Sustainability-Linked Financing Instruments ("SLFIs") to finance or refinance new and existing projects as part of its sustainable business strategies and commitment to environmental well-being, as described in the Framework. The Framework is in alignment with the stated standards and principles (collectively the "Principles & Standards"):

The Principles & Standards relates to both Use of Proceeds and Sustainability-Linked guidance documents. Also considered was guidance related to Transition Finance, which concerns both Use of Proceeds and Sustainability-Linked investments.

Use of Proceeds:

- Green Bond Principles ("GBP") issued by the International Capital Markets Association ("ICMA") in June 2021
- Green Loan Principles ("GLP") issued by the Loan Market Association ("LMA") / Asia-Pacific Loan Market Association ("APLMA") / Loan Syndications and Trading Association ("LSTA") in February 2023
- ASEAN Green Bond Standards ("ASEAN GBS") issued by the ASEAN Capital Markets Forum ("ACMF") in October 2018
- Social Bond Principles ("SBP") issued by the ICMA in June 2023
- Social Loan Principles ("SLP") issued by the LMA / APLMA / LSTA in February 2023
- ASEAN Social Bond Standards ("ASEAN SBS") issued by the ACMF in October 2018
- Sustainability Bond Guidelines ("SBG") issued by the ICMA in June 2021
- ASEAN Sustainability Bond Standards ("ASEAN SBS") issued by the ACMF in October 2018
- Sustainable and Responsible Investment Sukuk Framework ("SRI Sukuk") issued by the Securities Commission Malaysia ("SCM") in November 2019

Sustainability-Linked:

- Sustainability-Linked Bond Principles ("SLBP"), issued by the ICMA June 2024
- Sustainability-Linked Loan Principles ("SLLP"), issued by LMA / APLMA / LSTA in April 2023
- Sustainable and Responsible Investment-Linked Sukuk Framework ("SRI-linked Sukuk") issued by the SCM in June 2022

Transition Finance:

- Climate Transition Finance Handbook ("CTFH") issued by ICMA in June 2023

The Framework is also intended to be aligned with the ASEAN Taxonomy for Sustainable Finance ("ASEAN Taxonomy"), published in April 2024 by the ASEAN Taxonomy Board ("ATB").

DNV (Thailand) Co., Ltd. ("DNV") has been commissioned by Wasco to review its Framework and provide a Second Party Opinion on the Framework, based on the Principles & Standards.

Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of instruments issued via Wasco's Framework, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of Wasco and DNV

The management of Wasco has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Wasco's management and other interested stakeholders in the SFIs, TFIs, and SLFIs as to whether these financing instruments are aligned with the stated Principles & Standards. In our work we have relied on the information and the facts presented to us by Wasco. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Wasco's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's Opinion

We have adapted our assessment methodology to create the Wasco-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped accordingly:

Use of Proceeds Financing Protocol includes the following four components:

1. Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond / a borrower of a loan must use the funds raised to finance or refinance or to repay equity of eligible activities. The eligible activities should produce clear environmental and social benefits.

2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond / a borrower of a loan should outline the process it follows when determining eligibility of an investment using Green/Social Bond/Loan proceeds and outline any impact objectives it will consider.

3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond/loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled.

4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Transition Financing Protocol includes the following four components:

1. Issuer's climate transition strategy and governance

The financing purpose should be for enabling an issuer's climate change strategy.

2. Business model environmental materiality

The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model.

3. Transition is science-based including targets and pathways

Issuer's climate strategy should reference science-based targets and transition pathways.

4. Implementation transparency

Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency of the underlying investment program.

Sustainability-Linked Financing Protocol includes the following five components:

1. Principle One: Selection of Key Performance Indicators (KPIs)

The Borrower/Issuer of SLFIs should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed SPTs. The KPI should be reliable, material to the Borrower's core sustainability and business strategy, address relevant ESG challenges of the industry sector and be under management control.

2. Principle Two: Calibration of Sustainability Performance Targets (SPTs)

The SPTs should be ambitious, meaningful, and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.

3. Principle Three: Loan/Bond Characteristics

The loan/bond will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The loan/bond documentation needs to include the definitions of the KPI(s) and SPT(s) and the potential variation of the SLL's/SLB's financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.

4. Principle Four: Reporting

The Borrower/Issuer should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report (see Principle 5) outlining the performance against the SPTs and the related impact and timing of such impact on the Loan's/Bond's financial and/or structural characteristics, with such information to be provided to those institutions participating in this securities/loan or to investors participating in the Loan at least once per annum.

5. Principle Five: Verification (Post-Issuance)

The Borrower/Issuer should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. The verification of the performance against the SPTs should be made publicly available.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Wasco in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the Framework, as described above and in Schedule 3, 4 and 6 to this Report;
- Assessment of documentary evidence provided by Wasco on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of published materials by Wasco and Wasco's website;
- Discussions with Wasco's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion – Use of Proceeds

DNV's findings on the alignment with Principles & Standards are listed below.

1. Use of Proceeds

Wasco intends to use the net proceeds of the green/social financial instruments to finance and/or refinance and/or to repay equity of new and/or existing eligible projects.

The Framework defines the following eligible green and social project categories.

- Renewable Energy
- Energy Efficiency
- Terrestrial and Aquatic Biodiversity Conservation
- Pollution Prevention and Control
- Sustainable water and wastewater management
- Green Building
- Socioeconomic advancement and empowerment

The Framework defines the eligible transition project category.

- Infrastructure for Low-Carbon Alternatives

DNV undertook an analysis of the associated project types to determine the eligibility as Green/Social and in line with the Principles & Standards. DNV concludes that the eligible categories outlined in the Framework are consistent with the categories outlined in the Principles & Standards.

2. Process for Project Evaluation and Selection

Wasco has set up an evaluation and selection process in the form of a Sustainability Steering Committee ("SSC") that will make decisions on the eligibility criteria as well as any financial considerations.

Wasco's SSC consists of various representatives from Group Sustainability ("GS") and key group corporate functions and have various responsibilities as described in the Framework. In addition, it is stated that on a semi-annual basis and before any new finance is raised, the SSC will review the assets/projects included in the Sustainable Portfolio and confirm that they meet the criteria for inclusion.

DNV concludes that Wasco's Framework appropriately describes the process for Project Evaluation and Selection.

3. Management of Proceeds

Wasco describes the process for management of net proceeds under this Framework:

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

Wasco will also specify the amount of proceeds allocated for refinancing and for which eligible projects to be refinanced within the corresponding transaction documents. Any balance of issuance proceeds which is not yet allocated to Eligible Projects will be held in accordance with Wasco's liquidity policy.

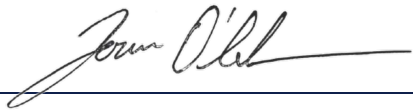
DNV has reviewed the evidence presented and concludes that the Framework appropriately describes the process for Management of Proceeds.

4. Reporting

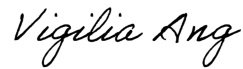
Wasco has stated in their framework that it will disclose information on the use of proceeds on an annual basis, at least until full allocation or in case of material change. Wasco's reporting will include allocation reporting and impact reporting. DNV concludes that Wasco's reporting is also aligned with the relevant principles.

On the basis of the information provided by Wasco and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of Green and Social Financing Instruments within the Principles & Standards.

For DNV (Thailand) Co., Ltd., 19 August 2024



Jerus D'Silva
Lead Verifier



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Quality Reviewer

Schedule 1. Description of Categories to be financed or refinanced through Wasco's Green, Social and Transition Financing Instruments

Eligible Project Categories	Eligible Criteria and Description	DNV Findings
Renewable Energy	<p>Construction, development, acquisition, maintenance, and/or operation of bioenergy solutions at Wasco Thermal ("WTSB") and Wasco AgroTech ("WATSB"), and other renewable energy installations, such as:</p> <ul style="list-style-type: none"> • Biomass infrastructure, technology, and/ or solutions which for the avoidance of doubt, intends to use sustainably sourced feedstock, such as feedstock derived from empty fruit bunches ("EFBs"). Examples includes: <ul style="list-style-type: none"> ○ Biomass boilers ○ Biomass steam turbine generators ○ Biomass waste preparation equipment • Renewable infrastructure, such as Front End Engineering Design Production ("FEED") and Engineering Procurement and Construction ("EPC") modularised plants for: <ul style="list-style-type: none"> ○ Solar farm (onshore & offshore) ○ Wind farm (onshore & offshore) ○ CCUS facilities • Green ammonia infrastructure, such as FEED and EPC for green ammonia and green methanol production facilities by electrolysis powered by renewables. • Green hydrogen infrastructure, such as FEED, EPC and pipe coating for pipelines of green hydrogen production by electrolysis powered by renewables. • Energy storage facilities, such as FEED and EPC for Battery Energy Storage Systems ("BESS"). • Development of Solar Power Projects, Solar Rooftops, Solar Building integrated photovoltaics, and Solar Farms. • Development of Concentrated Solar Plants with majority of electricity (>85%) sourced from solar energy. 	<p>DNV considers the criteria listed under this category to be aligned with the criteria for eligible green projects under the Principles & Standards.</p>
Energy Efficiency	<p>Construction, development, acquisition, maintenance, and/or retrofitting of assets, installations, and processes, to increase energy efficiency, such as:</p> <ul style="list-style-type: none"> • Waste Heat Recovery Steam Generation ("HRSG") technology, energy efficient technologies, initiatives, products, or equipment, such as LEDs, smart meters, high efficiency windows, energy-efficient Heating, Ventilation, and Air Conditioning ("HVAC") systems, optimised Building Control System, building management systems etc. • Technologies, products or hardware systems dedicated to reducing energy consumption, including power saving features, machine learning, and artificial intelligence applications 	<p>DNV considers the criteria listed under this category to be aligned with the criteria for eligible green projects under the Principles & Standards.</p>

Terrestrial and Aquatic Biodiversity Conservation	<p>Conservation and restoration of terrestrial ecosystems, including the protection, afforestation, and restoration of natural habitats, such as:</p> <ul style="list-style-type: none"> Wasco Forest Tree Planting programme (e.g. in Maran). <p>Where relevant, prior to undertaking such projects, environmental and social impact assessments will be carried out to understand the feasibility of such measures and if they are required. For avoidance of doubt, animal pest management, as well as synthetic and chemical pesticides and weedicides will be excluded from financing. Only tree species that are well-adapted to the local site conditions shall be planted with approval from state forestry department.</p>	DNV considers the criteria listed under this category to be aligned with the criteria for eligible green projects under the Principles & Standards.
Pollution Prevention and Control	<p>Projects, assets, installations, and technologies relating to the prevention, reduction, or elimination of pollution, including the mitigation of GHG emissions, such as:</p> <ul style="list-style-type: none"> Waste management facilities that improve waste minimization, waste filtering, and waste management. Carbon Capture, Utilisation and Storage ("CCUS") systems. 	DNV considers the criteria listed under this category to be aligned with the criteria for eligible green projects under the Principles & Standards.
Sustainable water and wastewater management	<p>Construction, development, acquisition, research, and maintenance of sustainable infrastructure for efficient water usage, such as:</p> <ul style="list-style-type: none"> Water recycling systems Rainwater harvesting Bore water drilling 	DNV considers the criteria listed under this category to be aligned with the criteria for eligible green projects under the Principles & Standards.
Green Building	<p>Development of existing, ongoing and future construction or acquisition costs of buildings as well as the extension of existing buildings (inclusive of data centers) meeting and maintaining recognized green building certifications or minimum thresholds such as:</p> <ul style="list-style-type: none"> Green Building Index ("GBI") (Gold and above) Leadership in Energy and Environmental Design ("LEED") (Gold and above) Building Research Establishment Environmental Assessment Method ("BREEAM") (Excellent and above) GreenRE (Gold and above) EDGE (certified or above) Energy Performance Certificate ("EPC") A or B rating 20% improvement in energy efficiency and/or 20% reduction in Greenhouse Gas ("GHG") over initial performance for refurbishment/retrofitting of buildings 	DNV considers the criteria listed under this category to be aligned with the criteria for eligible green projects under the Principles & Standards.

Eligible Social Categories	Eligible Criteria and Description	DNV Findings
Socioeconomic advancement and empowerment	<p>Support programs and projects that improve livelihoods and income-generating opportunities for target populations, through (but not limited to) the Yayasan Wasco such as:</p> <ul style="list-style-type: none"> • Community development programmes, such as for social welfare, sustainable infrastructure, sustainable development, healthcare. • Programmes targeting access to education, such as through scholarships and educational courses. 	DNV considers the criteria listed under this category to be aligned with the criteria for eligible social projects under the Principles & Standards.

Exclusion Criteria for Green and Social Projects

Wasco's financing proceeds shall not be utilized towards the following activities:

- Luxury sectors (precious metals / precious minerals / artworks and antiques wholesale or brokerage)
- Child labour or forced labour
- Gambling
- Adult entertainment
- Weapons and military contracting
- Alcohol
- Tobacco
- Fossil-fuel generation related activities (including extraction, exploration, production, power generation or transport of fossil fuels)
- Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans

Alignment with the Technical Screening Criteria of the ASEAN Taxonomy for Sustainable Finance Version 3

The Table below highlights the alignment of Transition Project Categories with the Amber Tiers (i.e. Tier 2 ("T2") and Tier 3 ("T3")) of the ASEAN Taxonomy for Sustainable Finance Version 3, published in April 2024.

Eligible Transition Project Category	Alignment with Technical Screening Criteria in the ASEAN Taxonomy for Sustainable Finance
Infrastructure for Low-Carbon Alternatives	<p><u>EO1 Climate Change Mitigation</u></p> <p>352[010] Transmission and distribution networks for renewable and low carbon gases:</p> <ul style="list-style-type: none"> Wasco has stated that its transmission and distribution networks utilized for at least 50% volume of hydrogen (produced under steam reforming process using natural gas/biogas with carbon capture and storage) and its derivatives, such as ammonia and methanol, whereby: <ul style="list-style-type: none"> New networks transporting gases with lifecycle GHG intensity of <65gCO₂e/MJ; OR Networks converted or re-purposed for gases with lifecycle GHG intensity of <65gCO₂e/MJ. <p>351[012] Electricity generation from renewable non-fossil gaseous and liquid fuels, including co-firing with fossil fuels</p> <p>351[014] Electricity generation for bioenergy, including co-firing with fossil fuels</p> <ul style="list-style-type: none"> Wasco has stated that new or existing power generation infrastructure which come under activities 351[012] and 351[014] will fulfil the following criteria: <ul style="list-style-type: none"> Lifecycle GHG emissions from the generation of electricity by the entire facility will be ≥ 100 and <510 gCO₂e/kWh; AND For avoidance of doubt, the power generation facilities will: <ul style="list-style-type: none"> Have intent to switch away from coal/oil power, OR intent to deliver services for seasonal peaks, storage, or high-temperature heat for industries; Include methane leakage measurement/estimates from their supply chain, where applicable; AND Meet CCUS criteria specified 000[010] and 000[020], where applicable. <p>352[030] Storage of renewable and low-carbon gases</p> <p>Amongst the above activities, Wasco has stated that it includes related infrastructure for storage facilities utilized for at least 50% volume of hydrogen (produced under steam reforming process using natural gas/biogas with carbon capture and storage) and its derivatives, such as ammonia and methanol, whereby:</p> <ul style="list-style-type: none"> The facilities are new storage facilities for gases; OR existing underground gas storage facilities converted for dedicated gases; AND The stored gases, including hydrogen and fossil gases, within the facility meets lifecycle GHG intensity of <65gCO₂e/MJ. <p>DNV considers Wasco's transition project category to be aligned with the Amber T2 and T3 classifications under the ASEAN Taxonomy as follows:</p> <ul style="list-style-type: none"> 352[010]: Amber Tier 2 351[012] and 351[014]:

- Amber Tier 2 if lifecycle emissions <425 gCO₂e/kWh;
- Amber Tier 3 if lifecycle emissions ≥425 and <510 gCO₂e/kWh
- 352[030]: Amber Tier 2

The criteria listed are acceptable, assuming Wasco provides justification after the allocation of proceeds, to (re)financing the listed types of infrastructure for low-carbon alternatives.

Do No Significant Harm (DNSH)

EO2 Climate Change Adaptation

As per the Framework, Wasco's intended alignment of this project with the criteria under the ASEAN Taxonomy is also indicative of the fact that Wasco will complete a Climate Risk and Vulnerability Assessment (CRVA) as per the guidance under Annex 2 of the ASEAN Taxonomy.

DNV noted that this will be assessed post-issuance.

EO3 Protection of Healthy Ecosystems and Biodiversity

As per the Framework, Wasco's intended alignment of this project with the criteria under the ASEAN Taxonomy is also indicative of the fact that Wasco will, where material, complete an Environmental (and Social) Impact Assessment (EIA / ESIA) as per the guidance under Annex 2 of the ASEAN Taxonomy.

It is also indicative of the fact that Wasco will comply with all Social Aspects as necessary under the assessment.

DNV noted that this will be assessed post-issuance.

EO4 Resource Resilience and the Transition to a Circular Economy

As per the Framework, Wasco's intended alignment of this project with the criteria under the ASEAN Taxonomy is also indicative of the fact that Wasco will complete a simplified Lifecycle Assessment (LCA) as per the guidance under Annex 2 of the ASEAN Taxonomy.

DNV noted that this will be assessed post-issuance.

Schedule 2. Contributions to UN SDGs

Eligible Project Categories	UN SDGs	DNV Findings
Renewable Energy	SDG 7: Affordable and Clean Energy SDG 11: Sustainable Cities and Communities SDG 13: Climate Action	DNV is of the opinion that the eligible categories outlined in the Framework contributes to the achievement of the listed UN SDGs.
Energy Efficiency	SDG 7: Affordable and Clean Energy SDG 13: Climate Action	
Terrestrial and Aquatic Biodiversity Conservation	SDG 13: Climate Action	
Pollution Prevention and Control	SDG 13: Climate Action	
Sustainable water and wastewater management	SDG 11: Sustainable Cities and Communities	
Green Building	SDG 7: Affordable and Clean Energy	
Socioeconomic advancement and empowerment	SDG 8: Decent Work and Economic Growth SDG 10: Reduced Inequalities	
Infrastructure for Low-Carbon Alternatives	SDG 7: Affordable and Clean Energy SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities	

Schedule 3. Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of Bond/Loan	<p>The Bond/Loan must fall in one of the following categories, as defined by the Principles & Standards:</p> <ul style="list-style-type: none"> • Green/Social/Transition Use of Proceeds Bond • Green/Social/Transition Use of Proceeds Revenue Bond • Green/Social/Transition Project Bond • Green/Social/Transition Securitized Bond • Loan instrument made available for Green/Social/Transition project (Green/ Social use of loan proceeds) 	<p>The Framework states that the proceeds of each transaction will be used exclusively for financing and/or refinancing projects, assets, or activities that meet the eligibility criteria set out under Schedule 1 to this Report.</p> <p>The proceeds can be used by Wasco for working capital requirements relating to an eligible project, refinancing of existing debt relating to an eligible project, fees and expenses in relation to each eligible project and/or inter-company advances to Wasco and its subsidiaries in relation to each eligible project; so long as the proceeds are not used to fund new or existing assets, businesses, projects and/or products falling outside the eligible projects identified.</p> <p>DNV can confirm this process to be well aligned with the Principles & Standards.</p>
1b	Green/Social Project Categories	<p>The cornerstones of Green/Social/Transition Bonds and Loans are the utilization of the proceeds of the bonds or the loans which should be appropriately described in the legal documentation for the security.</p>	<p>Eligible project categories presented by Wasco under their Framework are as follows:</p> <p>Green, Social and Transition Project Categories</p> <ul style="list-style-type: none"> • Renewable Energy • Energy Efficiency • Terrestrial and Aquatic Biodiversity Conservation • Pollution Prevention and Control • Sustainable Water and Wastewater Management • Green Building • Socioeconomic Advancement and Empowerment • Infrastructure for Low-Carbon Alternatives <p>The above-mentioned project categories meet the requirements for Eligible Green, Social and Transition Project Categories, as defined under the Principles & Standards. DNV can confirm that Wasco's</p>

			selection of eligible project categories is well aligned with the Principles & Standards.
1c	Environmental and Social Benefits	All designated Green, Social and Transition Project categories should provide clear environmentally and socially sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.	<p>The Framework provides comprehensive details of the intended environmental and social benefits from each project category. This is show as follows:</p> <p>For environmental benefits:</p> <ul style="list-style-type: none"> • Achieve net-zero Scope 1 and Scope 2 emissions by 2026 through ongoing initiatives such as solar power installation at manufacturing facilities and new initiatives including installing additional solar panels in Kuantan and Batam; as well as through the pilot tree planting program at Wasco Forest, whereby CO₂ sequestering plants are planted. <ul style="list-style-type: none"> ◦ Through the implementation of energy-efficient practices and adoption of cleaner technologies, Wasco actively reduces its carbon footprint. ◦ In phase 2 of the Wasco's tree planting program, Wasco aim to cultivate a diverse range of CO₂-seuestering plants across 670,000 hectares, totalling an estimated 1 million trees. This is expected to contribute to Wasco's emission reduction through creating a carbon pool from Wasco Forest. • Wasco aims to increase biomass and biogas power generation capacity to 1.4 GW and increase biorefinery capacity to 3.5 billion litres by 2050. This will allow Wasco to provide clean renewable energy. • Reduction and prevention of future GHG emissions by Wasco through implementation of CCUS and waste management facilities that improve waste minimization, waste filtering and waste management. Wasco also aims to maintain zero non-compliance on local regulation for waste disposal. • Reduce water consumption by increasing % of water used from recycled and harvested sources. Wasco plans on developing infrastructure such as water recycling systems, rainwater harvesting and bore water drilling to achieve this environmental ambition.

			<ul style="list-style-type: none"> • Achieve carbon neutrality in Wasco's operation, through the implementation of energy-efficient practices and adoption of cleaner technologies. • New infrastructure and modifications to existing infrastructure will facilitate the use of low-emission fuels and play a key role in the transmission and distribution of clean energy <p>For social benefits:</p> <ul style="list-style-type: none"> • The community development programs improve livelihoods and increase income-generating opportunities for women and children, marginalised/underprivileged communities, people with disabilities and indigenous people. Programs targeting access to education for previously underserved children yield significant social benefits, including improved economic opportunities and better health outcomes, thereby contributing to reduced inequality and enhanced overall societal well-being. <p>DNV can confirm that the proposed Use of Proceeds for eligible project categories listed under Schedule 1, will be expected to deliver meaningful environmental and social benefits.</p>
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>The Framework states that proceeds will be used exclusively for financing and/or refinancing eligible projects, assets or activities. The eligible types of projects include investments and capital expenditure (CAPEX) and operational expenditures (OPEX). Any refinancing of OPEX will be subjected to a maximum look-back period of up to 36 months from the time of issuance.</p> <p>Wasco will specify the amount of proceeds allocated for refinancing and for which eligible projects to be refinanced within the corresponding transaction documents.</p> <p>The proposed management of net proceeds issued from the Framework is confirmed by DNV to be expected to meet the criteria under the Principles & Standards.</p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-Decision Process	<p>The Issuer of a Green/Social/Transition Bond and Loan should outline the decision-making process it follows to determine the eligibility of projects using Green/Social Bond and Loan proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • The environmental and social objectives of the eligible Green/Social/Transition Projects; • The process by which the issuer determines how the projects fit within the eligible Green/Social/Transition Projects categories; and • Complementary information on processes by which the issuer identifies and manages perceived environmental and social risks associated with the relevant project(s). 	<p>Wasco has set up a Sustainability Steering Committee ("SSC") that will review, evaluate and advise on sustainability initiatives in alignment to Wasco's broader strategy. The SSC have various responsibilities in the investment-decision process. The SSC is chaired by the Managing Director/Group Chief Executive Office and consists of representatives from Group Sustainability ("GS") and key group corporate functions.</p> <div> <p>From the Framework</p> <p><i>In respect to this Framework, the SSC is responsible for:</i></p> <ul style="list-style-type: none"> • <i>Overseeing the Framework implementation and allocation process including reviewing and approving allocation</i> • <i>Reviewing, selecting, validating and monitoring the pool of Eligible GSS and Transition Projects, based on the categories and criteria as specified in Framework, which is in alignment with Wasco's sustainability strategy</i> • <i>Identifying eligible sustainable financing Key Performance Indicators ("KPIs") and reviewing and monitoring the related Sustainability Performance Targets ("SPTs")</i> • <i>Reviewing and approving any proposed updates to this Framework, including expansion to the list of Eligible Categories and KPIs, to reflect any changes on Wasco's sustainability strategies and initiatives and in the event that projects no longer meet the eligibility criteria</i> • <i>Reviewing and validating the relevant reports, including the Allocation and Impact Reports as well as Progress Report on SPTs for the annual reporting</i> • <i>Monitoring the ongoing evolution related to the Sustainable Capital Markets in terms of disclosure and reporting to be in line with market best practices e.g., appointment of an independent auditor to provide an annual assurance report, to extent where feasible; and</i> • <i>Monitoring ESG controversies associated to the projects.</i> </div> <p>DNV can confirm this process for Project Selection and Evaluation is well aligned with the Principles & Standards.</p>

2b	Issuer/Borrower's Environmental and Governance Framework	<p>Issuers are also encouraged to:</p> <ul style="list-style-type: none"> • Position the relevant information within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability. • Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria • Have a process in place to identify mitigants to known material risks of negative environmental and/or social impacts from the relevant project(s). 	<p>Wasco's vision is to deliver reliable and competitive solutions to the energy industry with net zero carbon emissions by the year 2026. Wasco's mission is to accelerate the global energy transition while enhancing value for all their stakeholders.</p> <p>Wasco's commitment to sustainability includes:</p> <ul style="list-style-type: none"> • Carbon-Neutral Operations • Environmental Stewardship • Safety and Operational Excellence • Sustainable Community Partnership • Ethical Conduct and Transparency <p>Wasco has also set ambitious sustainability ambition across environmental, social and governance (ESG) aspects. The framework describes a governance structure for the implementation of sustainability strategies and initiatives across its organisation, whereby roles and responsibility will be regularly reviewed and enhance, to support a Wasco's sustainability performance and credibility of its programme and activities. A step-by-step process for the evaluation and selection of eligible projects has been laid out in the framework.</p> <p>Materiality assessments have also been conducted every 2 years to evaluate the ESG issues that affect Wasco's business and stakeholders. This allows Wasco to identify opportunities and mitigate risks posed by each material matter. Wasco has also developed comprehensive policies, such as its HSE Policy, Sustainability Policy and Human Rights Policy, to address relevant environmental and social risks associated with the relevant projects.</p> <p>DNV confirms that Wasco's ESG strategies and grouping of projects with eligibility criteria, are well aligned with the Principles & Standards.</p>
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3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
3a	Tracking Procedure	<ul style="list-style-type: none"> (Bond) The net proceeds of Green/Social/Transition Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Green/Social/Transition Projects. (Loan) The proceeds of Green/Social/Transition Loans should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product. Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner. 	<p>The Framework states how Wasco plans to manage the net proceeds from the Sustainable Financing Instruments, in accordance with the evaluation and selection process in the Principles & Standards.</p> <p>From the Framework</p> <p><i>The proceeds from each SFTs will be deposited in the general funding account and be earmarked to Eligible Projects. To ensure that net proceeds from SFTs are appropriately tracked and allocated, Wasco will maintain a register of Eligible Projects managed by Wasco's Finance & Treasury Team which will outline the following information:</i></p> <ul style="list-style-type: none"> i. <i>Type of Funding Transaction – Key information including, issuer/borrower entity, transaction date, tranche(s) information, principal amount of proceeds, repayment or amortisation profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number)</i> ii. <i>Allocation of Use of Proceeds Information – including Name and description of Eligible Projects to which the proceeds of the SFTs have been allocated in accordance with this Framework, Amount of SFT proceeds allocated to each project, The remaining balance of unallocated proceeds, Other relevant information such as information of temporary investment for unallocated proceeds</i> <p>DNV confirms that the tracking procedure and process for management of proceeds is well aligned with the Principles & Standards.</p>
3b	Tracking Procedure	So long as the Green/Social/Transition Bonds or Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	<p>The related tracking process is covered in the Framework as follows:</p> <p>From the Framework</p> <p><i>Wasco's internal records will show the allocation of the net proceeds of the relevant offering to Eligible Projects as long as the offering remains outstanding. Payment of principal and interest on any SFTs may be made from general funds and will not be directly linked to the performance of any Eligible Projects.</i></p>

			<p><i>In case of asset divestment or cancellation of a project, Wasco will reallocate proceeds to finance other Eligible Projects, compliant with the current Framework. Wasco will aim to fully allocate the proceeds of any Use of Proceeds Financing instruments issuance within 36 months.</i></p> <p>DNV confirms that the Framework outlines processes to track proceeds and allocations to the nominated projects, that are aligned with the Principles & Standards.</p>
3c	Temporary Holdings	Pending such investments or disbursements to eligible Green/Social/Transition Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>The Framework explains the treatment of unallocated funds as follows:</p> <p>Any balance of issuance proceeds which is not yet allocated to Eligible Projects will be held in accordance with Wasco's liquidity policy.</p> <p>DNV confirms that the Framework outlines instruments to which unallocated proceeds will be invested, that are well aligned with the Principles & Standards.</p>

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical Reporting	<ul style="list-style-type: none"> • Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. • The annual report should include a list of the projects to which Green/Social/Transition Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. • Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories). 	<p>Wasco has stated in their framework that it will disclose information on the use of proceeds on an annual basis, at least until full allocation or in case of material change.</p> <p>Wasco will provide the following information through its reporting:</p> <ol style="list-style-type: none"> 1. Allocation Report <ol style="list-style-type: none"> i. The amount issued and outstanding for the Sustainability Finance Transactions. ii. The total value of eligible projects. iii. A description of the portfolio of eligible projects including a breakdown of the allocated amounts by ICMA/LMA categories where appropriate. iv. The amount and/or percentage of new and existing projects (share of financing and refinancing). v. Any further information on how unallocated proceeds have been held. 2. Impact Report <ol style="list-style-type: none"> i. Qualitative and quantitative performance measures and examples associated with each category of eligible projects. <p>The framework explains the metrics and key information that is to be included in the annual allocation and impact reports. Methodologies of the indicators will be provided, where relevant and feasible, articulated on the corporate sustainability website.</p> <p>DNV confirms that the proposed reporting is consistent with the criteria set out in the Principles & Standards.</p>

Findings and DNV's Opinion – Transition Finance

DNV's findings on the alignment with Principles & Standards are listed below.

1. Issuer's climate transition strategy and governance

DNV found that Wasco's Framework is well aligned with Wasco's energy and climate transition strategy, which is set out to consider and manage impacts and interactions with the environment and the community. Wasco has a mid-term target of net zero GHG emissions (Scope 1 and Scope 2) by 2026, and a longer-term target of net zero GHG emissions (Scope 1, 2 and 3) by 2050. This is aligned with targets and strategy set nationally by Malaysia and also intended to be aligned with the trajectories set by the International Energy Agency ("IEA").

DNV found Wasco's transition plan aligned to national targets and the IEA Net Zero Scenario ("NZE") to be credible, ambitious and achievable.

2. Business model environmental materiality

DNV found that the energy and climate transition focus of Wasco's business was central to its core operations delivering both environmental and social outcomes as well as supporting the commercial drivers of the business. Wasco's strategy revolves around energy transition levers, as an enabler to Malaysia's National Energy Transition Roadmap by supporting the shift to renewables; especially for hydrogen, bioenergy, as well as abatement with carbon capture, utilization and storage.

3. Transition is science-based including targets and pathways

DNV confirmed that the energy and climate transition strategy is quantified and aligned to national targets and the IEA Net Zero Scenario, and in line with a 1.5°C trajectory.

4. Implementation transparency

DNV has considered the investment and deployment plans associated with Wasco's transition strategy including investment made to date and commitments for investment and expenditures into the future. Wasco has also publicly outlined its commitments towards sustainability and will continue to review its sustainability strategy from time to time in order to reflect evolving issues and interests.

DNV has also concluded that Wasco's sustainability and transition strategy is well aligned with the guidance provided in the CTFH and DNV considers instruments issued under the Framework to be aligned with the Climate Transition Finance Handbook. Wasco has in place a quantified, ambitious and achievable plan to transition to a low carbon future that has been benchmarked according to a credible 1.5°C scenario.

For DNV (Thailand) Co., Ltd., 19 August 2024



Jerus D'Silva
Lead Verifier



Vigilia Ang
Verifier



Thomas Leonard
Quality Reviewer

Schedule 4. Climate Transition Finance Handbook Eligibility Assessment Protocol

Climate Transition Handbook Alignment

Ref.	Criteria	Requirements	DNV Findings
1	Issuer's climate transition strategy and governance	The financing purpose should be for enabling an issuer's climate change strategy. A 'transition' label applied to a debt financing instrument should serve to communicate the implementation of an issuer's corporate strategy to transform the business model in a way which effectively addresses climate-related risks and contributes to alignment with the goals of the Paris Agreement.	<p>Wasco has in place a Sustainable & Transition Finance Framework and a broader organization energy transition agenda with various plans and initiatives to manage and enhance Wasco's environmental sustainability and related performance.</p> <p>Wasco has committed to achieve mid-term net zero emissions (Scope 1 and Scope 2) by 2026 and longer-term net zero emissions (Scope 1,2 and 3) by 2050. Wasco routinely updates its GHG emissions reduction targets to be consistent with a credible 1.5°C pathway. This is reviewed and aligned with the International Energy Agency ("IEA")'s Net Zero by 2050 ("NZE") Scenario: A Roadmap for the Global Energy Sector (2021) and Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach (2023 update).</p> <p>DNV found that the proposed Framework and instruments were well aligned with Wasco's Sustainability strategy, which is benchmarked to a credible 1.5°C performance trajectory. DNV found the transition plan to be credible, ambitious and achievable.</p>
2	Business model environmental materiality	The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model, taking into account potential future scenarios which may impact on current determinations concerning materiality.	<p>DNV considered the primary operations associated with Wasco's business activities (Pipeline Services, Engineering and Fabrication Services and Bioenergy Services) and their impact upon the natural environment and assessed Wasco's transition strategy in this context.</p> <p>Wasco's shift towards lower carbon activities is evident across all of its core services. The IEA's NZE report outlines essential actions for achieving net zero, including CCUS, hydrogen and hydrogen-based fuels, and sustainable bioenergy — areas that will be central to Wasco's strategic focus moving forward.</p> <p>The IEA also highlights and acknowledges that pipelines continue to play a key role in the transmission and distribution of energy in the NZE scenario. One of the key scenarios is the mentioning of CO₂ pipeline infrastructure expanding from around 9,500km today to between 30,000-50,000km by 2030.</p> <p>DNV found that the climate transition focus of Wasco's business was central to its core operations, delivering environmental and social</p>

Ref.	Criteria	Requirements	DNV Findings
			outcomes, as well as supporting the commercial drivers of the business.
3	Transition is science-based including targets and pathway	<p>Issuer's climate strategy should reference science-based targets and transition pathways. The planned transition trajectory should:</p> <ul style="list-style-type: none"> • be quantitatively measurable (based on a measurement methodology which is consistent over time); • be aligned with, benchmarked or otherwise referenced to recognized, science-based trajectories where such trajectories exist; • be publicly disclosed (ideally in mainstream financing filings), include interim milestones, and; • be supported by independent assurance or verification. 	<p>Wasco has in place a commitment for net zero Scope 1 and Scope 2 Emissions by 2026. This commitment is in line with the 1.5°C aligned transition plan and trajectory and is also aligned with the targets and strategy set nationally by Malaysia.</p> <p>Wasco has in place a series of key targets across the energy transition lever within Malaysia's National Energy Transition Roadmap ("NETR"). This plan has been quantified and calculated with defined projects and initiatives to set out an achievable and realistic pathway to reducing GHG emissions – both in the mid-term and longer-term.</p>
4	Implementation transparency	Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency to the extent practicable, of the underlying investment program including capital and operational expenditure.	<p>Wasco's Framework states that Wasco prioritises transparency, collaboration, and open communication with its shareholders - integrity, transparency, and accountability form the bedrock of Wasco's governance framework.</p> <p>DNV has considered the investment and deployment plans associated with Wasco's transition strategy, including investment and expenditure into the future.</p> <p>DNV has also reviewed Wasco's Framework commitments to reporting associated with allocation and impact reporting, as well as their broader sustainability strategy. DNV can confirmed that a high degree of implementation transparency has been demonstrated and committed by Wasco.</p>

Findings and DNV's Opinion – Sustainability-Linked Financing

DNV's findings on the alignment with the Principles & Standards are listed below:

1. **Principle One: Selection of Key Performance Indicators (KPIs).** DNV confirms that Wasco's KPIs are considered to be material to the activities of Wasco and are core to the sustainability strategy of the organization, as well as being relevant, material, and consistent with the company's overarching vision and goals. The KPIs are also intended to be aligned with Malaysia's Sustainability Commitments and the IEA's Net Zero Scenario. The KPIs are measurable to international commitments towards a low-carbon economy and net-zero, and are listed as follows:

KPI 1: Greenhouse Gas ("GHG") Emission Reduction

KPI 2: Renewable Energy Reliance

KPI 3: Occupational Health & Safety
2. **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** DNV concludes Wasco's SPTs are ambitious and deemed to go beyond what is considered 'business-as-usual'. DNV has also reviewed the credibility of Wasco's approach to achieve the SPTs and considers them to be achievable within the timing set. The STPs are listed as follows:

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

SPT 2a: Achieve 30% reliance on renewable energy by 2024 from 2023 baseline

SPT 2b: Achieve 40% reliance on renewable energy by 2035 from 2023 baseline.

SPT 3: Maintain an annual rate of Zero Lost Time Incident Rate and Fatalities.
3. **Principle Three: Financial Characteristics.** DNV reviewed the disclosures related to Sustainability-Linked Financing Instrument ("SLFI") characteristics issued under Wasco's Framework and, in our opinion, the financial characteristics of the SLFIs to be issued that could be impacted based on KPI performance under SPTs, are in line with the Principles & Standards. This impact includes changes to the financial and/or structural characteristics which may follow the occurrence of a 'Trigger Event' – one in which adjustments will be defined via the form of a step-up and/or step-down coupon, a premium payable on the redemption price, margin adjustments, or other potential forms of economic impact on the Issuer/Borrower.
4. **Principle Four: Reporting.** DNV concludes that the Framework includes the required information on annual reporting of Wasco's annual performance; including measurement, monitoring, and reporting of metrics (including chosen formats for reporting) and meets the requirement as outlined in the Principles & Standards. Wasco confirms that dedicated reporting will be provided to lenders/investors on an annual basis and be made publicly available.
5. **Principle Five: Verification.** DNV confirms that the Framework requires Wasco to have its performance against the SPTs independently verified annually by an independent third party.

On the basis of the information provided by Wasco and the work undertaken, it is DNV's opinion that the Framework proposed meets the criteria established in the Protocol and is aligned with the Principles & Standards. The SPTs are material and relevant to Wasco's business strategy, operational environment and are considered to be ambitious and meaningful in the context of their operational environment.

For DNV (Thailand) Co., Ltd., 19 August 2024



Jerus D'Silva
Lead Verifier



Vigilia Ang
Verifier



Thomas Leonard
Quality Reviewer

Schedule 5. Wasco's Sustainability Performance Targets

KPI / SPT	2021	2022	2023 (Baseline)	2026
KPI 1: Greenhouse Gas ("GHG") Emission Reduction (tCO ₂ e)				
SPT 1: Net Zero GHG Emissions (Scope 1 and 2) by 2026.	13,599	25,225	29,512	0

KPI / SPT	2021	2022	2023 (Baseline)	2024	2035
KPI 2: Renewable Energy Reliance (%)					
SPT 2a: Achieve 30% reliance on renewable energy by 2024 from 2023 baseline. SPT 2b: Achieve 40% reliance on renewable energy by 2035 from 2023 baseline.	0	23.6	24.7	30.0	40.0

KPIs	2023 (Baseline)	Annual Target
KPI 3: Occupational Health & Safety		
SPT 3: Maintain an annual rate of Zero Lost Time Incident Rate and Fatalities.	0.2	0

Notes on Wasco's proposed KPIs and SPTs:

For KPI 1, Wasco is in the process to develop a baseline for Scope 3 GHG emissions reduction which contributes to Wasco's sustainability strategy and overall net-zero by 2050 trajectory. This will be developed in 2024 through an undertaking of a Group-wide exercise, including all indirect emissions (not included in Scope 2) that occur in Wasco's value chain, including both upstream and downstream emissions.

DNV notes that Wasco's main initiatives for carbon emissions reduction is via its Wasco Forest program for carbon sequestration. Wasco is also experiencing unprecedented business growth currently which is causing its emissions to increase. As a result of maintaining its 2026 target, Wasco is only resorting to the use of carbon credits / renewable energy certificates as a short-term measure to bridge the gap between sequestration and reduction initiatives.

For KPI 3, the financial characteristics are assumed for the length of the term of the SLFI (i.e., to be calculated annually until the SLFI's end date).

Schedule 6. Sustainability-Linked Financing Eligibility Assessment Protocol

1. Selection of Key Performance Indicators (KPIs)

Ref	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The Borrower/Issuer's sustainability performance is measured using sustainability KPIs that can be external or internal.</p> <p>The KPIs should be material to the Borrower/Issuer's core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management's control.</p> <p>The KPI should be of high strategic significance to the Borrower/Issuer's current and/or future operations.</p> <p>It is recommended that Borrower/Issuer communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>Review of:</p> <ul style="list-style-type: none"> Wasco's Sustainable & Transition Finance Framework Wasco's KPIs and SPTs Wasco Annual Report Wasco Management Feedback on Framework Review 	<p>DNV has reviewed Wasco's proposed KPIs for the prospective SLFIs including:</p> <ul style="list-style-type: none"> KPI 1: Greenhouse Gas ("GHG") Emission Reduction KPI 2: Renewable Energy Reliance KPI 3: Occupational Health & Safety <p>and can confirm that the chosen KPIs are material and relevant to Wasco's core sustainability strategy.</p> <p>Regarding KPI 1: GHG emission is core material matter for Wasco and its operations. In the Annual Report 2022, Wasco has stated their commitment to net zero by 2026 (Scope 1 and 2). This target is also calculated to be aligned with a 1.5°C pathway, as per the IEA NZE Scenario. Wasco recognises the importance of considering climate-related impacts and opportunities on its business, as well as the importance of decarbonisation; and this is in line with Wasco's key strategy of transitioning to a low-emissions energy sector.</p> <p>Regarding KPI 2: Through Wasco's materiality assessment, energy management has been identified as one of material matter. In line with Wasco's environmental commitment to "Promote waste minimization, energy management and greenhouse gas emissions within Wasco's day-to-day operations", this KPI also contributes to the reduction of Wasco's overall carbon footprint. This KPI is aligned with Wasco's key strategy of transitioning to a low-emissions energy sector.</p> <p>Regarding KPI 3: This directly addresses Wasco's social ambition of maintaining zero fatalities and lost time incident rates at their operations. Safety has been identified as key under Wasco's materiality assessment and alongside its environmental ambitions, Wasco also prioritizes a safe and healthy workplace for employees, contractors and other stakeholders.</p> <p>Wasco has also shared its broader sustainability commitments, ambitions and strategies. As an integrated energy group, Wasco is actively promoting sustainability and aiding others in expediting their</p>

				<p>energy transition agendas. Increasingly, Wasco leverages on its expertise to contribute to the advancement of other industries such as carbon capture and storage pipelines, wind-offshore, data centers and renewable energy. Wasco's key strategy is the transition to lower carbon activities, and this is demonstrated across all of Wasco's key services.</p> <p>DNV notes that the Framework is relevant to Wasco's initiatives and commitments to sustainability, and that the KPIs are material and core to its sustainable business strategies.</p>
1b	KPI – Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e., as much as possible using an external reference or definitions to facilitate the assessment of the SPT's level of ambition.</p> <p>Borrowers/Issuers are encouraged, when possible, to select KPI(s) that they have already been included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected. In situations where the KPIs have not been previously disclosed, Borrowers/Issuers should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.</p>	<p>Review of:</p> <ul style="list-style-type: none"> Wasco's Sustainable & Transition Finance Framework Wasco's KPIs and SPTs Wasco Annual Report Wasco Management Feedback on Framework Review 	<p>DNV concludes that the KPIs are measurable using quantifiable performance data and established benchmarks as follows:</p> <ul style="list-style-type: none"> <p>KPI 1: Greenhouse Gas ("GHG") Emission Reduction (Measured in tCO2e and %)</p> <ul style="list-style-type: none"> Consolidation method in carbon footprint calculation will be operational, and Wasco's independent verification of operational GHG data is guided and verified by the Malaysian Green Technology and Climate Change Corporation ("MGTC"). In addition, it was also reported to DNV that Wasco's historical GHG emissions have been verified by independent third parties in 2012 and 2021, in accordance to ISO 14064-1 Standards. All metrics are reported under Wasco's Annual Report over the past years. <p>KPI 2: Renewable Energy Reliance (Measured in %)</p> <ul style="list-style-type: none"> <p>Calculation Methodology:</p> $\text{Renewable Energy Reliance} = \frac{\text{Renewable Energy Consumption (MWh)}}{\text{Total Electricity Consumption (MWh)}}$ <p>KPI 3: Occupational Health & Safety (Measured through Lost Time Incident ("LTI") rate and Fatalities)</p> <ul style="list-style-type: none"> Fatalities is recorded based on the total number of fatalities which have occurred over the annual period Lost Time Incident Rate is calculated based on Lost Time Incidents per number of employees, per 1,000 hours worked. <p>All three KPIs are material, measurable, and externally verifiable and are based on quantifiable evidence that may be recorded and recalled for the purposes of verification.</p>

				DNV concludes that the measurement methodology is robust and a reliable set of metrics to measure the KPIs has been selected.
1c	KPI – Clear definition	A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology	<p>Review of:</p> <p>Wasco's Sustainable & Transition Finance Framework</p> <p>Wasco's KPIs and SPTs</p> <p>Wasco Annual Report</p> <p>Wasco Management Feedback on Framework Review</p>	<p>DNV confirms that the KPIs have been clearly defined and are readily understood in the correct context:</p> <ul style="list-style-type: none"> • KPI 1: Greenhouse Gas ("GHG") Emission Reduction (Measured in tCO₂e and %) <ul style="list-style-type: none"> ◦ Scope 1 emissions is defined as CO₂e emissions from the consumption of fuel derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories. ◦ Scope 2 emissions is defined as CO₂e emissions from electricity use, whereby emissions are derived from specific emissions factor published by the relevant national government bodies. ◦ The organisational boundary in carbon footprint calculation will account for 100% of GHG emissions, where Wasco has the authority to implement operational policies. • KPI 2: Renewable Energy Reliance (Measured in %) <ul style="list-style-type: none"> ◦ Defined as the total electricity generated from renewable sources (including but not limited to rooftop solar PV, and Green Electricity Purchased via Green Electricity Tariff), in proportion to Wasco's total electricity consumption. • KPI 3: Occupational Health & Safety (Measured through Lost Time Incident ("LTI") rate and Fatalities) <ul style="list-style-type: none"> ◦ Lost Time Incident ("LTI") defined as an injury sustained on the job by an employee that results in the loss of productive work time. ◦ Fatalities is defined as work-related fatalities for employees and contractors. <p>DNV concludes that the KPIs proposed by Wasco are clearly defined and are applicable for the scope proposed.</p>

2. Calibration of Sustainability Performance Targets (SPTs)

Ref	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting – Meaningful	The SPTs should be ambitious, realistic and meaningful to the Borrower's business and be consistent with the Borrowers' overall strategic sustainability/ESG strategy	<p>Review of:</p> <ul style="list-style-type: none"> Wasco's Sustainable & Transition Finance Framework Wasco's KPIs and SPTs Wasco Annual Report Wasco Management Feedback on Framework Review 	<p>DNV confirms that the SPTs are consistent with Wasco's overall strategic sustainability and aligned with the company's core ESG policy goals and ambitions.</p> <p>The targets are ambitious in the context of Wasco's business:</p> <p>KPI 1: Greenhouse Gas ("GHG") Emission Reduction</p> <ul style="list-style-type: none"> SPT 1: Net Zero GHG Emissions (Scope 1 and 2) by 2026. <p>Wasco has completed a materiality assessment and GHG emissions was ranked as 2nd in terms of materiality. SPT 1 is part of Wasco's vision and sustainability ambition to deliver reliable and competitive solutions to the energy industry with net-zero carbon emissions (Scope 1 and 2) by 2026. Ambition was considered through Wasco's historical emissions and performance data, where it was determined that this commitment is in line with the 1.5°C trajectory for its business sector. Wasco has also set sustainability commitments of achieving net-zero emissions (for all, Scope 1, 2 and 3) by 2050. The company is actively engaging in exercises to determine its baseline for Scope 3 emissions as well as engaging with stakeholders to implement strategies to address reductions in Scope 3 emissions. Wasco has a list of ongoing and upcoming initiatives that will address the reduction of GHG emissions and facilitates the transition to a low-emissions energy sector. Wasco's SPT is also aligned with targets and strategies set nationally by Malaysia as well as the IEA.</p> <p>This is deemed by DNV to represent an ambitious target and is considered to be a meaningful and realistic pathway for reducing GHG emissions.</p> <p>KPI 2: Renewable Energy Reliance</p> <ul style="list-style-type: none"> SPT 2a: Achieve 30% reliance on renewable energy by 2024 from 2023 baseline.

				<ul style="list-style-type: none"> SPT 2b: Achieve 40% reliance on renewable energy by 2035 from 2023 baseline. <p>The ambition of this SPT is reflected through the alignment of the renewable energy growth pathway with the Malaysia Renewable Energy Roadmap ("MyRER"), as outlined in Malaysia's National Energy Transition Roadmap ("NETR"). Ambitiousness in this context was determined through rapid growth from a nil (i.e., 0%) value in 2021 and a realistic and meaningful target was determined by reflecting Wasco's ability to support the shift to renewables, as an enabler to the NETR energy transition levers. DNV also considered the SPTs as meaningful in supporting Wasco's transition towards net-zero and reducing overall GHG emissions from business operations.</p> <p>KPI 3: Occupational Health & Safety</p> <ul style="list-style-type: none"> SPT 3: Maintain an annual rate of Zero Lost Time Incident Rate and Fatalities. <p>The SPT criteria for Wasco underscore its steadfast dedication to consistently upholding the highest Occupational Health and Safety standards across its operations, particularly in high-risk construction activities. Ambition in this context was determined through Wasco's commitment to maintaining an annual target of '0' LTIRs and Fatalities for the indefinite future, as part of its operations. The SPT is also deemed to be realistic and meaningful as it strongly supports the social wellbeing and upkeep of Wasco's employees, contractors, and other stakeholders; in ensuring a safe working environment given the nature of work in this business sector. DNV considers this to represent an ambitious, realistic, and meaningful target.</p>
2b	Target Setting – Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the Bond/Loan.	<p>Review of:</p> <p>Wasco's Sustainable & Transition Finance Framework</p> <p>Wasco's KPIs and SPTs</p>	<p>DNV confirms that the chosen SPTs represent a material improvement of the KPIs, being substantial improvements over the baseline condition and through the SLFIs term:</p> <p>KPI 1: Greenhouse Gas ("GHG") Emission Reduction</p> <ul style="list-style-type: none"> SPT 1: Net Zero GHG Emissions (Scope 1 and 2) by 2026. <p>Wasco's baseline (2023) GHG emissions data was reported as 29,512 tCO₂e, and this is expected to increase and peak in 2024 to 56,815 tCO₂e. The Framework indicates Wasco's significant efforts to invest</p>

			<p>Wasco Annual Report</p> <p>Wasco Management Feedback on Framework Review</p>	<p>funds into aspects such as renewable power systems at manufacturing facilities, subscription to Tenaga Nasional Berhad ("TNB")'s Green Electricity Tariff Programme and phasing out of combustion sources to diverge from a BAU trajectory in order to achieve net-zero GHG emissions (Scope 1 and Scope 2) by 2026. This is deemed as meaningful in terms of going beyond a BAU trajectory, as Wasco intends to achieve net-zero prior to 2030 which is the interim target for many industries and companies on the pathway to net-zero by 2050. In addition, Wasco's climate transition strategy also includes investment in new technologies such as CCUS, Hydrogen and Bioenergy, to support Malaysia's National Energy Transition Roadmap by supporting the shift to renewables, aligning themselves with Malaysia's national targets and going beyond industry standards.</p> <p>KPI 2: Renewable Energy Reliance</p> <ul style="list-style-type: none"> • SPT 2a: Achieve 30% reliance on renewable energy by 2024 from 2023 baseline. • SPT 2b: Achieve 40% reliance on renewable energy by 2035 from 2023 baseline. <p>Wasco's baseline (2023) renewable energy reliance was reported as 24.7% and intends to reach targets of 30% in 2024 and 40% in 2035. Wasco's pathway for renewable energy reliance is aligned with the Malaysia Renewable Energy Roadmap ("MyRER") which is outlined in the National Energy Transition Roadmap. The MyRER was commissioned to support further decarbonization of the electricity sector in Malaysia through a 2035 milestone. The BAU scenario considers the implementation of existing policies and programs with limited to no further extension (nor any introduction) of new programs. Under the BAU scenario, Malaysia anticipated a roughly 35% renewable energy share nationwide by 2035. As a result, DNV considers Wasco's targets to be ambitious and meaningful in meeting the national strategies for Malaysia in reducing GHG emissions.</p> <p>KPI 3: Occupational Health & Safety</p> <ol style="list-style-type: none"> 1. SPT 3: Maintain an annual rate of Zero Lost Time Incident Rate and Fatalities. <p>Wasco's annual target of zero Lost Time Incident (LTI) rate and fatalities is an improvement from 0.2 in 2023 (baseline) and is the highest possible level of occupational health and safety standards that</p>
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				can be achieved. Based on annual figures and reports from the Department of Occupational Safety and Health in Malaysia, Wasco's proposed LTI rates and fatalities show a meaningful and beneficial target to be achieved annually.
2c	Target Setting – Benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> 1. The Borrower/Issuer's own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI 2. The SPTs relative positioning versus the Borrower's peers where comparable or available, or versus industry or sector standards 3. Systematic reference to science-based scenarios, or absolute levels (e.g., carbon budgets) or official country / regional / international targets or to recognised Best-Available-Technologies or other proxies 	<p>Review of:</p> <ul style="list-style-type: none"> Wasco's Sustainable & Transition Finance Framework Wasco's KPIs and SPTs Wasco Annual Report Wasco Management Feedback on Framework Review 	<p>Based on discussions and review of Wasco's documents, DNV confirms that the SPT target setting exercise has been based on an appropriate combination of methodologies including benchmarking approaches:</p> <ol style="list-style-type: none"> 1. DNV confirms that the Framework provides KPI descriptions and SPT performance as relevant. DNV was provided with the Framework and relevant information to measure targets against a baseline performance level, to assess the level of performance for all KPIs up to 2026 (KPI 1), 2035 (KPI 2) and annually for as long as the term of the SLFIs (KPI 3). 2. DNV concludes that the SPTs outlined go beyond that of the industry standard as considered by DNV on a regional basis. Refer to Clause 2d above on Target Setting and benchmarks. 3. DNV concludes that the SPTs are appropriate in the context of sustainability efforts for Wasco. The basis for KPI 1 is based on robust sustainability related methodologies for calculating/estimating GHG emissions reductions, in line with MGTC and international standards such as the IEA NZE Scenario. KPI 2 is based on actual renewable energy consumption and in line with Malaysia's National Energy Transition Roadmap, through following an ambitious trajectory developed under the MyRER. Lastly, KPI 3 is based on occupational health and safety and in line with internationally recognised HSE Management Systems, namely ISO 45001:2018 for Health & Safety and ISO 14001:2015 for the environment. <p>At the time of writing, Wasco was not verified with SBTi. However, Wasco's targets are aligned with targets and strategies set nationally by Malaysia and the IEA.</p>
2d	Target setting – Disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 1. the timelines for the target achievement, including the target observation date(s)/ period(s), the trigger event(s) and the frequency of review of the SPTs 	<p>Review of:</p> <ul style="list-style-type: none"> Wasco's Sustainable & Transition Finance Framework 	<p>DNV confirms that the relevant disclosures on target setting are appropriately referenced:</p> <ol style="list-style-type: none"> 1. The timelines for the target achievement are stated clearly. For KPI 1, the target should be achieved by 2026 (SPT 1) For KPI 2, the target should be achieved by 2024 (SPT 2a) and 2035 (SPT 2b). For KPI 3, the target should be achieved annually from 2024.

		<p>2. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used</p> <p>3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place</p> <p>4. Where possible and taking into account competition and confidentiality considerations, how the Borrower intends to reach such SPTs</p>	<p>Wasco's KPIs and SPTs</p> <p>Wasco Annual Report</p> <p>Wasco Management Feedback on Framework Review</p>	<p>2. The reference point for the SPTs is a baseline of 2023. This is a reasonable consideration for all KPIs, as Wasco re-evaluated its ESG material issues following the consolidation of Business Units under Wasco Berhad in 2023.</p> <p>3. Based on the review of Wasco's Framework and supporting documentation, DNV is of the opinion that Wasco has considered any situations that could lead to a recalculation of the KPI baseline / trajectory. This is noted to be completed in accordance with their Annual Sustainability Reporting, should it be required in the case of readjusting KPIs and SPTs.</p> <p>4. The Terms of the SLFIs and background information provided offer sufficient information on how the SPTs will be achieved and the likely measures to be implemented in order to meet the SPTs of KPI 1, KPI 2 and KPI 3. Based on the documents reviewed, the method by which each SPT is to be achieved is considered to be well explained and logical in context.</p> <p>After review of Wasco's overall policy strategy and management approach, DNV concludes that the disclosures on target setting are appropriately defined, realistic, and contextually relevant for Wasco's reporting on SPTs.</p>
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3. Financial Characteristics

Ref	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Loan/Bond Characteristics – SPT Financial / structural impact	The SFI will need to include a financial and/or structural impact based on whether the KPI(s) reach the predefined SPT(s).	<p>Review of:</p> <ul style="list-style-type: none"> Wasco's Sustainable & Transition Finance Framework Wasco's KPIs and SPTs Wasco Annual Report Wasco Management Feedback on Framework Review 	<p>Wasco has communicated to DNV, through its Framework, the financial and structural characteristics of any Sustainability-Linked Financial Instrument ("SLFI") issued under the framework. It is reported that the SLFIs will be specified in the legal documentation, including changes to the financial and/or structural characteristics which may follow the occurrence of a Trigger Event.</p> <p>Adjustments to the SLFIs issued under this Framework will consist of a one-way or two-way adjustment, and will take the form of a step-up and/or step-down coupon, a premium payable on the redemption price, margin adjustments, or other potential forms of economic impact on the Issuer/Borrower (such as donations towards environmental and/or social projects) according to the achievement or non-achievement of the selected KPIs and applicable SPTs at the Target Observation Dates.</p> <p>DNV concludes that this is in line with the requirements outlined under the Principles & Standards and is good practice in the market. DNV also notes that there is no neutral level of performance, only adjustments based on performance, which effectively makes non-achievement of the target threshold more consequential for the Issuer / Borrower.</p>

4. Reporting

Ref	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	<p>Borrowers of SFIs should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> 1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant 2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the Loan's financial and/or structural characteristics 3. Any information enabling investors to monitor the level of ambition of the SPTs <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SFI's financial and/or structural characteristics.</p>	<p>Review of:</p> <ul style="list-style-type: none"> Wasco's Sustainable & Transition Finance Framework Wasco's KPIs and SPTs Wasco Annual Report Wasco Management Feedback on Framework Review 	<p>Wasco will report relevant information on the progress made with respect to the KPIs and the achievement or non-achievement, of the SPTs set out in the documentation relating to the relevant SLFI annually.</p> <p>This will be done through the "Progress Report" published within Wasco's Integrated Annual Report.</p> <p>Information that will be reported includes:</p> <ul style="list-style-type: none"> • Performance of the selected KPI and SPTs, and the related impact and timing of such impact on the respective SLFI's performance • Any relevant information enabling investors to monitor the progress of the SPT • Verification assurance report relative to the reporting <p>In addition, when reasonably feasible and available:</p> <ul style="list-style-type: none"> • Qualitative or quantitative explanation of the contribution of the main factors behind the evolution of the performance • Illustration of the positive sustainability impacts of the performance improvements • Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant.

5. Verification

Ref	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	Borrowers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year.	<p>Review of:</p> <p>Wasco's Sustainable & Transition Finance Framework</p> <p>Wasco's KPIs and SPTs</p> <p>Wasco Annual Report</p> <p>Wasco Management Feedback on Framework Review</p>	<p>Wasco has stated in their framework that it will obtain external verification and independent verification of its actual KPI performance level against the relevant SPTs in the target trajectory to provide transparency to stakeholders on an annual basis.</p> <p>This will be reported in the Sustainability-Linked Financing Progress Report and on a "Limited Assurance" standard.</p> <p>Wasco has committed to obtaining the relevant external verifications on both pre-issuance and post-issuance, in order to provide transparency to its investors, lenders, and other stakeholders on its alignment with the relevant Principles & Standards.</p>



WHEN TRUST MATTERS

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener group. All rights reserved.