

**SENTRAL
REIT**

Sentral REIT (“SENTRAL”)

SUSTAINABLE FINANCE FRAMEWORK

22 January 2025

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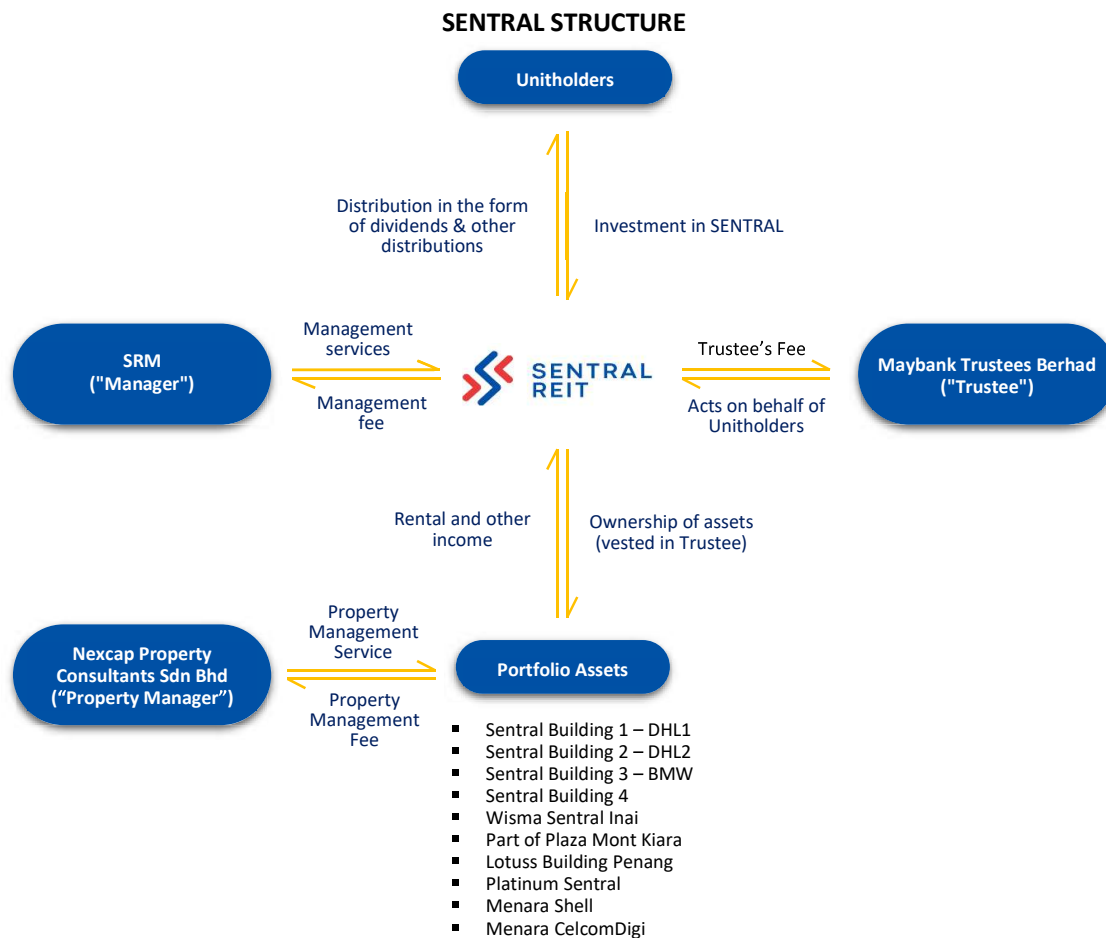
GLOSSARY

ACMF	ASEAN Capital Markets Forum	MARC	MARC Ratings Berhad
ACG	Asset Control Group	MRCB	Malaysian Resources Corporation Bhd
AEIs	asset enhancement initiatives	NAV	Net asset value
APAEC	ASEAN Plan of Action for Energy Cooperation	NLA	Net Lettable Area
APLMA	Asia Pacific Loan Market Association	OPEX	Operational expenditures
BAS	Building Automation Systems	PED	Primary Energy Demand
BCA	Building and Construction Authority	REIT	Real Estate Investment Trust
BEI	Building Energy Intensity	SBG	Sustainability Bond Guidelines
BOD	Board of Directors	SBP	Social Bond Principles
BREEAM	Building Research Establishment Environmental Assessment Method	SBS	ASEAN Social Bond Standards
BSC	Board Sustainability Committee	SC	Securities Commission Malaysia
Bursa Securities	Bursa Malaysia Securities Berhad	SENTRAL	Sentral REIT Berhad
CAPEX	Capital Expenditure	SFT	Sustainability Finance Transactions
CEO	Chief Executive Officer	SLB	Sustainability-Linked Bond
CO ₂ e	Carbon dioxide equivalent	SLBP	Sustainability-Linked Bond Principles
DEFRA	Department for Environment, Food and Rural Affairs	SLBS	ASEAN Sustainability-Linked Bond Standards
EES	Economic, environmental, and social	SLD	Sustainability-Linked Derivatives
EMS	Energy Monitoring System	SLL	Sustainability-Linked Loan
EPC	Energy Performance Certificate	SLLP	Sustainability-Linked Loan Principles
ESG	Environmental, Social, Governance	SLP	Social Loan Principles
ESS	Energy Storage System	SPO	Second Party Opinion
EV	Electric vehicles	SPT	Sustainability Performance Targets
FY	Financial Year Ended December	SPV	Special Purpose Entities
GBC	Green Building Certification	SRI	Sustainable and Responsible Investment
GBI	Green Building Index	SRM	Sentral REIT Management Sdn Bhd
GBP	Green Bond Principles	SUS	ASEAN Sustainability Bond Standards
GBS	ASEAN Green Bond Standards	SWC	Sustainability Working Committee
GHG	Greenhouse Gas	TCFD	Task Force on Climate-related Financial Disclosures
GJSB	Global Jejaka Sdn Bhd	UN SDGs	United Nations Sustainable Development Goals
GLP	Green Loan Principles	UNGC	United Nations Global Compact
GreenRE	Green Real Estate	USEEIO	US Environmentally-Extended Input-Output
GRI	Global Reporting Initiative	WELPS	Water Efficiency Product Labelling Scheme
GSS	Green, Social, and Sustainability		
HVAC	Heating, Ventilation, and Air Conditioning		
IAQ	Indoor Air Quality		
IBS	Industrialised Building System		
ICMA	International Capital Market Association		
IE	International Efficiency		
IoT	Internet of Things		
ISDA	International Swaps and Derivatives Association		
KPI	Key Performance Indicator		
LED	Light Emitting Diodes		
LEED	Leadership in Energy and Environmental Design		
LMA	Loan Market Association		
LSTA	Loan Syndications and Trading Association		
M&A	Mergers and Acquisitions		

1 INTRODUCTION

1.1 About SENTRAL¹

Sentral REIT (“**SENTRAL**”) was incorporated in Malaysia and listed on the main board of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 8 January 2007. SENTRAL is managed by Sentral REIT Management Sdn Bhd (“**SRM**” or the “**Manager**”), which has two shareholders, namely, Malaysian Resources Corporation Bhd (“**MRCB**”) and Global Jejaka Sdn Bhd (“**GJSB**”). SENTRAL’s investment objective is to acquire and invest in commercial properties primarily in Malaysia with a view to generate long-term growth and sustainable distribution of income to its unitholders.



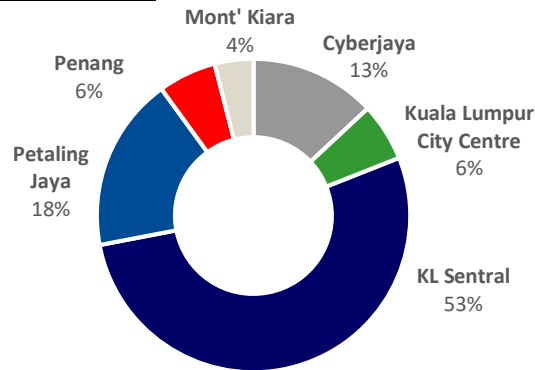
SENTRAL provides its unitholders a unique opportunity to participate in the growth of the commercial property market in Malaysia. SENTRAL owns and invests in quality income-producing commercial assets primarily used for office and/or retail purposes, located predominantly in Klang Valley and Penang.

¹ Reference: [Sentral REIT Annual Report 2023](#)

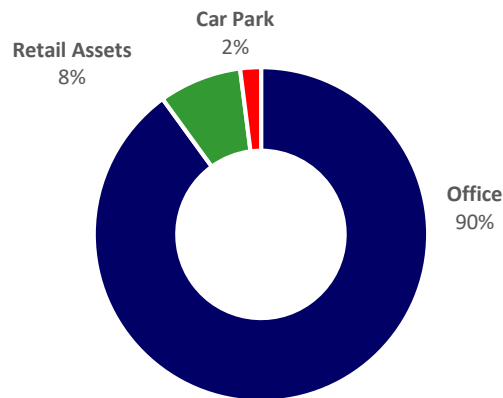
SENTRAL Properties²

Geographical Diversification³ by Valuation

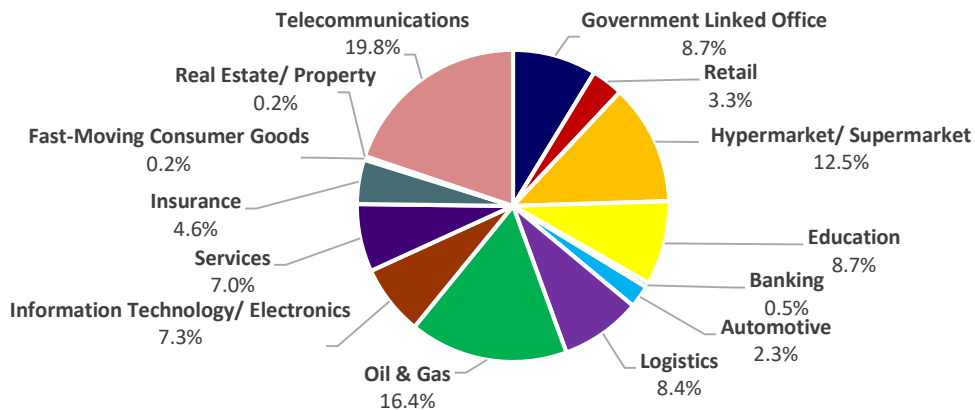
Klang Valley	82%
Cyberjaya	13%
Penang	6%



Segmental Contributions by Valuation



Tenancy Mix by Net Lettable Area ("NLA")



² Based on SENTRAL REIT presentation as at January 2024 available at <https://sentralreit.com/portfolio-highlights/>

³ Klang Valley refers to Kuala Lumpur and Selangor State excluding Kuala Selangor, Sepang and Sabak Bernam.

1.2 Sustainability at SENTRAL

As a Real Estate Investment Trust (“REIT”), SENTRAL is committed to ensuring business resilience through the sustainable management of SENTRAL’s property portfolio while embracing environmental, social, and governance (“ESG”) considerations. SENTRAL believes that this approach not only positively impacts local communities in which SENTRAL operates in, but also minimises impact towards the environment while maintaining SENTRAL’s long-term financial well-being.

In building sustainable resilience, SENTRAL’s portfolio management strategies will continue to focus on the following:

1. **Capitalising on opportunities** through prudent investment deals and opportunistic divestments to ensure a healthy portfolio mix of commercial properties.
2. Environmental sustainability by progressively **increasing the percentage of green buildings** in SENTRAL’s existing portfolio.
3. **Periodic assessments of environmental indicators** such as energy, water, and waste to improve SENTRAL’s environment management approach.
4. SENTRAL will strive to adopt a proactive approach towards **improving SENTRAL’s climate-related disclosures** with reference to the recommendations of Taskforce on Climate-Related Financial Disclosure (“TCFD”) and Bursa Securities, where practicable.
5. **Enhanced governance processes** by ensuring commitment to SENTRAL’s ESG matters internally and across their value chain.

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

Taskforce on Climate-Related Financial Disclosure (“TCFD”)

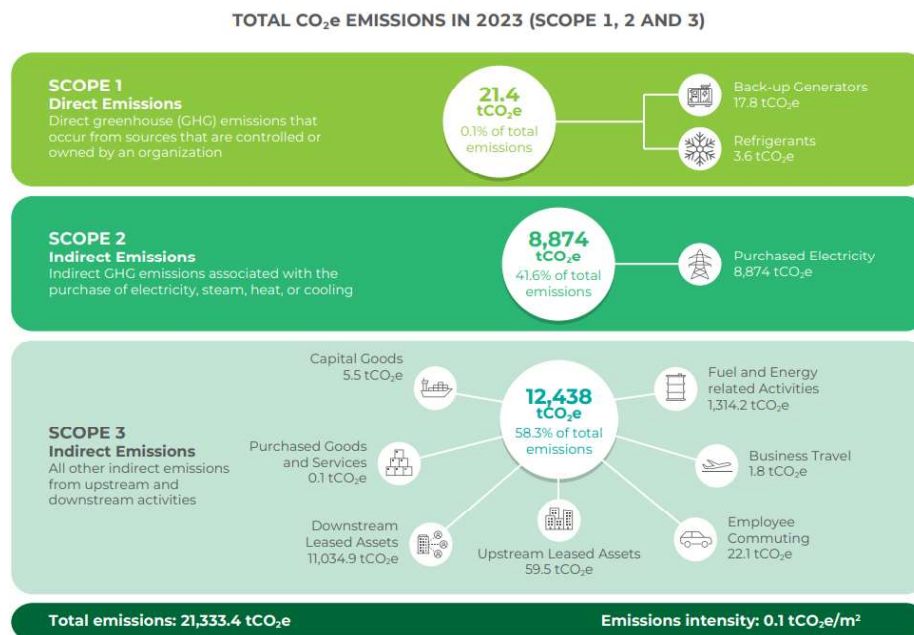


In 2023, SENTRAL embarked on its first TCFD reporting, underscoring SENTRAL’s commitment towards reducing climate impact, by communicating SENTRAL’s climate change efforts with reference to the four TCFD pillars such as Governance, Strategy, Risk Management, and Metrics & Targets.

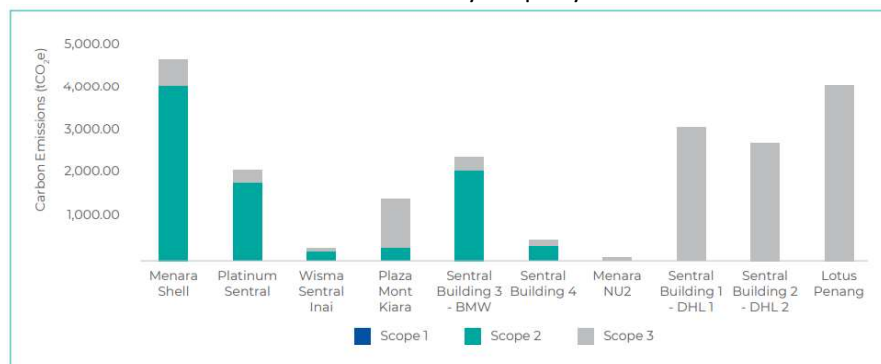
Emissions at SENTRAL

SENTRAL's commitment to climate change has reached a significant milestone as SENTRAL embarks on a comprehensive approach to carbon emissions reporting. SENTRAL has adopted the Greenhouse Gas ("GHG") Protocol to guide its carbon emissions calculation, utilising the operational control approach to determine SENTRAL's organizational and operational boundaries.

SENTRAL has also updated the relevant emission factors to calculate Scope 1, 2 and 3 emissions by utilizing emission factor values from Suruhanjaya Tenaga, Department for Environment, Food and Rural Affairs ("DEFRA"), GHG Protocol's Cross-Sector Emission Factor Tools, and the US Environmentally-Extended Input-Output ("USEEIO") Model. The figure below depicts information on Scopes 1, 2, and 3 carbon emissions using the operational control approach, and total carbon emissions by property for Financial Year Ended December ("FY") 2023:



Total Carbon Emissions by Property for FY2023⁴



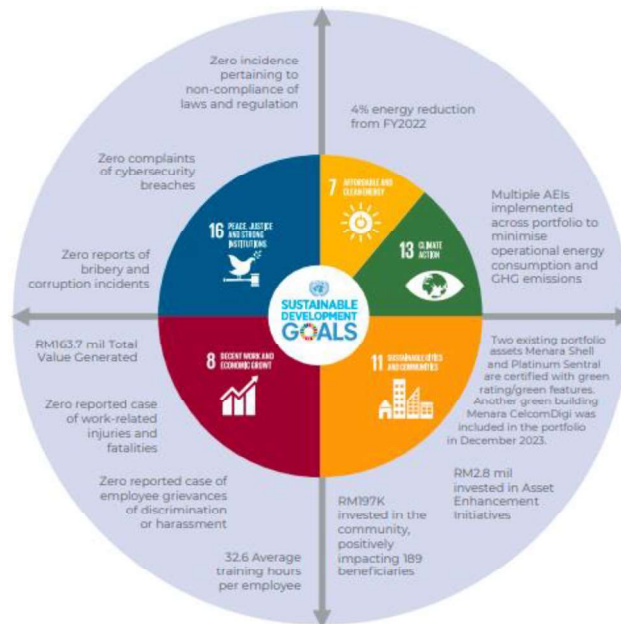
⁴ Due to data unavailability, electricity consumption data from Menara NU2 and Lotuss Penang are estimated by using the average Building Energy Intensity ("BEI") of a typical office building in Malaysia which is 210kWh/m² per year, stated by Suruhanjaya Tenaga. Low emissions from Menara NU2 stem from SENTRAL vacating the premises in September 2023. Due to data unavailability, the scope 3 data and information provided utilised data assumptions and emission factors from third-party databases. SENTRAL will look to improve its data collection process to further improve the accuracy of emissions value reported.

SENTRAL's Alignment with the United Nations Sustainable Development Goals ("UN SDGs")

SENTRAL is committed to consistently making meaningful contributions towards advancing the national and global sustainability agenda through its business activities. SENTRAL believes that contributions to the UN SDGs will also benefit the good of society, the environment, and lead to sustainable economic growth. SENTRAL's sustainability initiatives and material matters contribute to the five (5) UN SDGs where SENTRAL believes it has the most impact in empowering business and societies, connecting to stakeholders, as well as combating climate change.



To keep track of SENTRAL's commitments against the UN SDGs, SENTRAL incorporates UN SDG scorecards to keep track of the performance of its initiatives against the UN SDGs. SENTRAL's FY2023 UN SDG scorecard⁵ is as below:



⁵ Reference: [Sentral REIT Annual Report 2023](#)

1.3 SENTRAL's Sustainability Governance

SRM's Board ("the **Board**") stands as the highest decision-making authority, carrying the primary responsibility for integrating sustainability into SENTRAL's day-to-day business operations, ensuring the foundation for long-term growth. This pivotal role encompasses the vigilant oversight of economic, environmental, and social ("**EES**") risks and opportunities, affirming SENTRAL's commitment to responsible and forward-thinking business practices.

To keep abreast of the latest development and to continue upskilling in the field of sustainability, the Board attends several trainings and seminars throughout the year. During the quarterly Board meetings, the management will update the Board on the operations of the REIT on the organisation's impact. This covers all aspects of the business from leasing, asset enhancement initiatives ("**AEIs**"), financing, risks, investment, stakeholder engagement, and management.

The Board delegates the responsibility of managing the organisation's impacts on sustainability to SRM's Chief Executive Officer ("**CEO**") and the CEO in turn delegates the work based on function. The CEO is responsible for implementing the sustainability agenda, formulating a sustainability strategy, and updating the Board on the status of SENTRAL's sustainability initiatives.

The Sustainability Working Committee ("**SWC**") oversees and monitors the implementation of SENTRAL's sustainability initiatives, sets management goals, and provides updates on SENTRAL's sustainability performance to the CEO. Executives from various departments assist the SWC, which allows for improved administration of sustainability efforts. The SWC will prepare a report on the management of impacts on economy, environment, and people on an annual basis for the CEO's review, and subsequently submits the report to the Board.

SENTRAL Sustainability Governance Structure

<p>SRM</p> <p>Board of Directors</p>	<ul style="list-style-type: none"> Review and approve the overall strategic plans and direction of the company and Sentral REIT to ensure that they support long-term value creation and take into account economic, environment, and social considerations underpinning sustainability and climate change. Assumes the ultimate responsibility in approving sustainability strategy. Ensures business strategy considers sustainability. Evaluates overall sustainability risks and opportunities including climate change.
<p>SRM</p> <p>CEO</p>	<ul style="list-style-type: none"> Develops sustainability strategy and reports initiatives and performance to the Board. Provides leadership over implementation of sustainability agenda. Oversees stakeholder engagements. Approves targets and disclosures on sustainability matters.
<p>SWC</p> <ul style="list-style-type: none"> Investor Relations Legal Asset Management Leasing Finance Investment 	<ul style="list-style-type: none"> Oversees and monitors the execution of SENTRAL's sustainability strategies. Monitors EES risks associated with the business operations and properties. Conduct stakeholder engagements and materiality assessment. Ensures processes and controls are in place within its departments. Reports on sustainability performance and sets management targets.

2 SUSTAINABLE FINANCE AT SENTRAL

In support of SENTRAL's sustainability strategies and implementation, this Sustainable Finance Framework (the "**Framework**") has been established to demonstrate how SENTRAL and the SENTRAL special purpose entities ("**SPV**") (collectively "**SENTRAL**", or "**the Group**") intend to enter into Sustainability Finance Transactions ("**SFTs**") to fund projects, which will deliver most positive societal and environmental impacts. The SFTs will support SENTRAL's investment objective of acquiring and investing in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders to achieve long-term growth in the net asset value ("**NAV**") per unit.

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

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

Under this Framework, SENTRAL will be able to undertake different types of SFTs and/or any other financing instruments in different formats and currencies as follows:

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

This Framework adopts the principles and/or guidelines set by the International Capital Market Association⁶ ("**ICMA**"), ASEAN Capital Markets Forum⁷ ("**ACMF**"), Securities Commission Malaysia⁸ ("**SC**"), Loan Market Association⁹ ("**LMA**")/ Asia Pacific Loan Market Association ("**APLMA**")/ Loan Syndications & Trading Association ("**LSTA**"), International Swaps and Derivatives Association¹⁰ ("**ISDA**") as specified below. These documents provide a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the sustainable finance market by clarifying the approach for raising Sustainable Finance.

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

⁶ Reference: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁷ Reference: <https://www.theacmf.org/initiatives/sustainable-finance>

⁸ Reference: <https://www.sc.com.my/api/documentms/download.ashx?id=49df5207-f32f-4095-a0c6-1aab5f3c2038>

⁹ Reference: https://www.lsta.org/content/?industry_sector=guidelines-memos-primary-market&asset_type=publication

¹⁰ Reference: <https://www.isda.org/category/asset-classes/esg/>

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

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

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

Derivatives will be aligned with the following guideline developed by ISDA or as they may be subsequently amended from time to time:

- Sustainability-linked Derivatives (“**SLD**”) KPI Guidelines 2021.

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

3 SENTRAL'S FRAMEWORK FOR USE OF PROCEEDS

Use of Proceeds instruments, are any type of financial instruments where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Eligible Projects as defined in [Section 3.1](#).

This Framework for Use of Proceeds financing instruments adopts the principles and/or guidelines (as may be amended from time to time) as follows:

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

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

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

3.1 Use of Proceeds

SENTRAL is committed that the proceeds of each transaction will be used exclusively for financing and/or refinancing¹¹ projects, assets, or activities (“**Eligible Projects**”) that meet the eligibility criteria for the eligible green and social categories (“**Eligible Categories**”) set out below.

- i. **Eligible Types of Investments**
 - Eligible Projects can include investments and capital expenditures (“**CAPEX**”) and operational expenditures (“**OPEX**”) meeting the eligibility criteria outlined below
- ii. **Lookback¹² Period for OPEX**
 - Any refinancing of OPEX in relation the Eligible Projects, will be subject to a maximum look-back period of up to **36 months** from the time of issuance





For the avoidance of doubt, the proceeds can be used by SENTRAL 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 SENTRAL and its SPVs 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.

¹¹ Where relevant, SENTRAL will specify the amount of proceeds being allocated for refinancing and for which Eligible Projects to be refinanced within the corresponding transaction documentations.



¹² “Look-back period” refers to a maximum period in the past that an Issuer will look back to identify assets/earlier disbursements to such Eligible Projects that will be included in the allocation and impact reporting.

3.1.1 Eligible Green Projects

Eligible Green Category	Sustainability Benefits	Eligible Criteria	Alignment with UN SDGs
Green Buildings	<i>Natural Resource Conservation</i> <i>Climate Change Mitigation</i>	Acquisition, development, extension, or retrofit of existing, ongoing, and future buildings, maintaining recognized green building certifications at the minimum thresholds such as: <ul style="list-style-type: none"> Green Building Index (“GBI”) (Gold and above) Leadership in Energy and Environmental Design (“LEED”) (Gold and above) Building Research Establishment Environmental Assessment Method (“BREEAM”) (Excellent and above) Green Real Estate (“GreenRE”) (Gold and above) Building and Construction Authority (“BCA”) Green Mark (Gold Plus) Any other green building certifications equivalent to the above standards Refurbishment/retrofit of buildings to achieve a minimum of 30% improvement in energy efficiency or primary energy demand (“PED”) over initial performance OR has an Energy Performance Certificate (“EPC”) of at least A Buildings that are or are expected to be within the top 15% best performing buildings in the local market based on absolute emissions or PED 	  <p>SENTRAL’s aspiration to achieve green buildings contribute towards UN SDG target 9.4 and 11.c by:</p> <ol style="list-style-type: none"> Encouraging increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes Promoting the building of sustainable and resilient buildings
Energy Efficiency	<i>Climate Change Mitigation</i>	Asset Enhancement Initiatives (“AEIs”) dedicated to reducing energy consumption, including application of technology capabilities and solutions such as machine learning and artificial intelligence for the management and installation of power saving features, such as: <ul style="list-style-type: none"> Energy efficient equipment, technologies, products, such as items rated at a minimum of 4 stars by the Energy Commission Equipment, technologies, products that are non motorised or powered by electricity (not by fossil fuels), such as Light Emitting Diode (“LED”) light fixtures, smart meters, high efficiency windows, energy efficient Heating, Ventilation, and Air Conditioning (“HVAC”) systems, building automation systems (“BAS”) Motors with International Efficiency (“IE”) rated at a minimum of IE3 (Premium Efficiency) 	  <p>SENTRAL’s increased energy efficiency contribute towards UN SDG target 7.a and 9.4 by:</p> <ol style="list-style-type: none"> Promoting investment in energy efficient infrastructure and clean energy technology Increasing resource-use efficiency and clean/ environmentally sound technologies
Pollution Prevention and Control	<i>Climate Change Mitigation</i>	<ul style="list-style-type: none"> Investments, acquisitions, and expenditures relating to sustainable waste management that is aligned to SENTRAL’s Waste Management Policy, such as: <ul style="list-style-type: none"> Waste segregation, collection, reuse, recycle and proper treatment of waste projects/amenities Food composting Projects, assets, installations, and technologies relating to the reduction of pollution, such as Indoor Air Quality (“IAQ”) assessments for improvement in air quality 	 <p>SENTRAL’s pollution prevention and control activities contribute towards UN SDG targets 12.4 and 12.5 by:</p> <ol style="list-style-type: none"> Promoting environmentally sound management of wastes throughout their life cycle

			<p>ii. Reducing waste generation through prevention, reduction, recycling and reuse</p>
Sustainable water and waste water management	<p><i>Natural Resource Conservation</i></p> <p><i>Pollution Prevention and Control</i></p>	<p>Sustainable infrastructure for clean and/or drinking water, and wastewater treatment, such as:</p> <ul style="list-style-type: none"> ▪ Rainwater harvesting ▪ Water efficient fittings, such as fittings which have a 3-star Water Efficiency Product Labelling Scheme ("WEPLS") by Suruhanjaya Perkhidmatan Air Negara ▪ Wastewater disposal systems i.e. sewerage grease trap system 	<div>   </div> <p>SENTRAL's sustainable water and wastewater management projects contribute towards UN SDG targets 6.4 and 12.2 by:</p> <ul style="list-style-type: none"> i. Increasing water-use efficiency ii. Increasing sustainable management and efficient use of natural resources
Renewable Energy	<i>Climate Change Mitigation</i>	<p>Renewable energy infrastructures powered by solar, and other renewable energy related infrastructure, such as:</p> <ul style="list-style-type: none"> ▪ Solar powered projects, such as solar rooftops and solar building integrated photovoltaics ▪ Installation of external solar lightings ▪ Energy Storage System ("ESS") for renewable energy storage ▪ Renewable energy investments, including but not limited to purchasing Renewable Energy Certificates recognized by national and international standards/ organisations 	<div>  </div> <p>SENTRAL's increased usage of renewable energy sources contributes towards UN SDG target 7.2, by:</p> <ul style="list-style-type: none"> i. Supporting an increase in share of renewable energy in the energy mix
Clean Transportation	<p><i>Climate Change Mitigation</i></p> <p><i>Pollution Prevention and Control</i></p>	<p>Green and smart mobility related infrastructures, such as:</p> <ul style="list-style-type: none"> ▪ Installation of charging facilities for electric vehicles ("EV") ▪ Developments that increase public transport access, such as public transport walkways/ connection, cycling routes/ infrastructure 	<div>  </div> <p>SENTRAL's clean transportation initiatives contribute towards UN SDG targets 11.2 by:</p> <ul style="list-style-type: none"> i. Enabling access to sustainable transport systems

3.1.2 Eligible Social Projects

Eligible Social Category	Target Population	Eligible Criteria	Alignment with UN SDGs
Socioeconomic advancement and empowerment	<i>Marginalised/ underprivileged communities/lower -income families</i>	<p>Programs and projects that improve livelihoods and wellbeing for target populations, including through SENTRAL's Community Partnership programs such as:</p> <ul style="list-style-type: none"> Education related initiatives (including education funds and literacy programs), such as through welfare organizations and children's homes Initiatives that promote employment generation, such as projects which foster technical skills, and inculcate competitive spirit Other initiatives that contribute to the target population's community well-being and growth 	  <p>SENTRAL's projects for socioeconomic advancement and empowerment contribute towards UN SDG targets 4.1 and 10.2 by:</p> <ul style="list-style-type: none"> ii. Ensuring that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes iii. Empowering and promote the social, economic and political inclusion of target populations

3.1.3 Exclusion List for Green and Social Projects

SENTRAL's Utilisation of Proceeds for Green and Social Projects shall be excluded from financing projects or activities related to the following industries below ("**Green and Social Project Exclusion List**"), and as aligned with the ACMF's ASEAN GBS (e.g. fossil fuel generations projects), and ACMF's ASEAN SBS (e.g., activities that pose a negative social impact related to alcohol, gambling tobacco and weaponry):

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

3.2 Project Evaluation and Selection

SENTRAL has established processes and procedures to ensure that projects are properly identified and assessed in compliance with this Framework. SRM's SWC will support the CEO to review, evaluate, and advise on sustainability initiatives in alignment with SENTRAL's broader strategy, and with guidance from the Board. The SWC consists of representatives from Investor Relations, Legal, Asset Management, Leasing, Finance, and Investment. In respect to this Framework, the responsibilities are as follows:

- Overseeing the Framework implementation and allocation process including reviewing and approving allocation;
- Reviewing, selecting, validating, and monitoring the pool of Eligible Projects, based on the categories and criteria as specified in the Framework, which is in alignment with SENTRAL's sustainability strategy;
- Identifying eligible sustainable financing KPIs and reviewing and monitoring the related SPTs;
- Reviewing and approving any proposed updates to this Framework, including expansion to the list of Eligible Categories and KPIs, to reflect any changes on SENTRAL's sustainability strategies and initiatives and in the event that projects no longer meet the eligibility criteria¹³;
- Reviewing and validating the relevant reports, including the Allocation and Impact Reports (as described in Section 3.4 below) as well as Progress Report on SPTs (as defined in Section 4.4 below) for the annual reporting;
- Monitoring the ongoing evolution related to the sustainable finance markets in terms of disclosure and reporting to be in line with market best practices e.g., appointment of an independent auditor to provide an annual assurance report, to extent where feasible; and
- Monitoring ESG controversies¹⁴ associated to the projects.

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

To address the relevant environmental and social risks associated with the Eligible Categories, the Group has developed comprehensive policies, such as its TCFD climate change policy and waste management policy, and will undertake necessary processes to identify and manage any potential risks. In relation to the Eligible Projects, SENTRAL has complied and will comply with the relevant environmental, social and governance standards or recognised best practices.

The **step-by-step process** for evaluation and selection of Eligible Projects uses internal expertise as follows:

1. The SWC will assess and identify projects that satisfy the Eligible Green and Social Projects criteria set forth in the **"Use of Proceeds"** section and in accordance with SENTRAL's sustainability objectives and strategies including assessment of the project's environmental and social risks.
2. The SWC members include representatives from across SENTRAL's related business functions, such as (where applicable):
 - Investor Relations
 - Legal
 - Asset Management

¹³ Following divestment, liquidation, technology switch, concerns regarding alignment of underlying activity with eligibility criteria etc.

¹⁴ Examples include data privacy and security, product governance and business ethics.

- Leasing
 - Finance
 - Investment
3. On an annual basis, and before any new financing and/or refinancing is raised, the SWC will review the assets/projects and confirm that they meet the criteria for inclusion.
 4. In case of divestment or if an Eligible Project no longer meets the eligibility criteria, the proceeds will be allocated to other Eligible Projects as soon as practicable.

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

3.3 Management of Proceeds

The proceeds from each SFTs will be deposited in the general funding account and be earmarked to Eligible Projects. To ensure that net proceeds from SFTs are appropriately tracked and allocated, SENTRAL will maintain a register of Eligible Projects which will outline the following information:

i. Type of Funding Transaction

- Key information including, issuer/borrower entity, transaction date, tranche(s) information, principal amount of proceeds, repayment or amortisation profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number)

ii. Allocation of Use of Proceeds Information

- 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

SENTRAL's internal records will show the allocation of the net proceeds of the relevant offering to Eligible Projects as long as the offering remains outstanding. Any balance of issuance proceeds which is not yet allocated to Eligible Projects will be held in accordance with SENTRAL's liquidity management processes. Payment of principal and interest on any SFTs may be made from general funds and will not be directly linked to the performance of any Eligible Projects.

In case of asset divestment or cancellation of a project, SENTRAL will reallocate proceeds to finance other Eligible Projects, compliant with the current Framework. SENTRAL will aim to fully allocate the proceeds of any Use of Proceeds Financing instruments issuance within 36 months.

The process for management of proceeds for Use of Proceeds Financing instruments will also be disclosed to investors within the issuance documentation.

3.4 Reporting

On an annual basis, at least until full allocation or in case of material changes, SENTRAL will provide the following allocation and impact reporting on its SFT(s) to the extent feasible, within its website at <https://sentralreit.com/>:

In the **Allocation Report**, SENTRAL will include:

- i. The amount issued and outstanding for the SFTs;
- ii. The total value of Eligible Projects;
- iii. A description of the portfolio of Eligible Projects including a breakdown of the allocated amounts by ICMA / LMA categories where appropriate;
- iv. The amount and/or percentage of new and existing projects (share of financing and refinancing); and
- v. Any further information on how unallocated proceeds have been held.

The **Impact Report** will provide qualitative and quantitative performance measures and examples associated with each category of Eligible Projects. Impact reporting may include, but are not limited to:

Eligible Green Project Type	Example of Impact Metrics
Green Buildings	<ul style="list-style-type: none">Number of Green Buildings (per certification system) and the level/rating achievedCarbon intensity (in kgCO₂e/sqm/year)Energy intensity (in kWh/sqm/year)
Energy Efficiency	<ul style="list-style-type: none">Annual energy savings (MWh/year)Annual GHG emissions reduced/avoided (tCO₂e)
Pollution Prevention and Control	<ul style="list-style-type: none">Volume of hazardous waste generated and treated as a result of the project in tonnes or any other relevant unitAnnual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in % of total waste)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none">Volume of water consumed per Green Building guidelineAnnual water savings in m³/and/or in %
Renewable Energy	<ul style="list-style-type: none">Annual GHG emissions reduced/avoidedAnnual renewable energy generation (MWh/GWh)
Clean Transportation	<ul style="list-style-type: none">Number of electric vehicles / charging stations built / procuredAnnual GHG emissions reduced/avoided (tonnes of CO₂e)

Eligible Social Project Type	Example of Impact Metrics
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none">Number of beneficiaries

Alongside the allocation reporting, the impact reporting will be disclosed annually, with the methodology of the indicators above where relevant and feasible.

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

3.5 External Review

To allow investors to follow the information related to transactions, SENTRAL's GSS instruments are supported by external reviews, depending on the type of instruments.

3.5.1 Pre-Issuance Review

SENTRAL has obtained an independent SPO from MARC Ratings Berhad ("MARC") on the Framework indicating alignment to the components of the ICMA's GBP, SBP, and SBG, LMA's GLP and SLP, ACMF's GSS Bond Standards and SC's SRI Sukuk Framework as well as to the alignment with SENTRAL's overall sustainability strategy. This opinion is available on SENTRAL's website: <https://sentralreit.com/>.

3.5.2 Post-Issuance Review

External verification of the tracking of the SFT proceeds may be provided by an independent third party appointed by SENTRAL. The verification will include an opinion on all Allocation and Impact Reports produced in line with [Section 3.4](#), and management of proceeds to verify SENTRAL's internal tracking method. This review, if undertaken, will be made available on SENTRAL's website: <https://sentralreit.com/>.

4 SENTRAL'S FRAMEWORK FOR SUSTAINABILITY-LINKED FINANCING

Sustainability-linked Instruments are forward-looking performance-based instruments. The proceeds are intended to be used for general purposes; hence, the use of proceeds is not a determinant in their categorization.

This Framework for Sustainability-linked Financing adopts the principles and/or guidelines (as may be amended from time to time) as follows:

- Sustainability-Linked Bond Principles¹⁵ (“**SLBP**”) 2024 issued by ICMA;
- ASEAN Sustainability-Linked Bond Standards¹⁶ (“**SLBS**”) 2022 issued by ACMF;
- SRI-linked Sukuk Framework 2022¹⁷ issued by SC;
- Sustainability-Linked Loan Principles¹⁸ (“**SLLP**”) 2023 issued by LMA, LSTA and APLMA; and
- Sustainability-linked Derivatives (“**SLD**”) KPI Guidelines¹⁹ 2021 issued by ISDA.

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

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

¹⁵ Reference: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf>

¹⁶ Reference: <https://www.theacmf.org/images/downloads/pdf/ASEAN%20Sustainability-linked%20Bond%20Standards.pdf>







¹⁷ Reference: <https://www.sc.com.my/api/documentms/download.ashx?id=49df5207-f32f-4095-a0c6-1aab5f3c2038>

¹⁸ Reference: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

¹⁹ Reference: <https://www.isda.org/a/xvTgE/Sustainability-linked-Derivatives-KPI-Guidelines-Sept-2021.pdf>

4.1 Selection of Key Performance Indicators (“KPIs”)

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

KPIs	Baseline	SPTs	UN SDG Linkage
Green Building Portfolio	22% by number of buildings with active management 2023	<ul style="list-style-type: none"> ■ Increase portfolio of green buildings to 40% by 2025, 50% by 2028, and 55% by 2030 compared to 2023 baseline 	  SENTRAL’s Green Building Portfolio target contributes towards UN SDG targets 9.4 and 11.c, by: <ol style="list-style-type: none"> Encouraging increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes Promoting the building of sustainable and resilient buildings
Energy Consumption	113 kWh/m ² 2023	<ul style="list-style-type: none"> ■ Reduce energy intensity by 2% annually from 2023 baseline 	  SENTRAL’s Energy Consumption target contributes towards UN SDG targets 7.a and 9.4 by: <ol style="list-style-type: none"> Promoting investment in energy efficient infrastructure and clean energy technology Encouraging increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
Water Consumption	0.78 m ³ /m ² 2023	<ul style="list-style-type: none"> ■ Reduce water intensity by 2% annually from 2023 baseline 	  SENTRAL’s Water Consumption target contributes towards UN SDG targets 6.4 and 12.2 by: <ol style="list-style-type: none"> Increasing water-use efficiency Increasing sustainable management and efficient use of natural resources

KPI 1: Green Building Portfolio

KPI 1: Green Building Portfolio																				
Definition		Green Buildings shall refer to buildings which have obtained Green Building Certification (“GBC”), issued by: <ul style="list-style-type: none">Green Building IndexLeadership in Energy and Environmental DesignBuilding Research Establishment Environmental Assessment MethodGreen Real EstateBuilding and Construction Authority Green MarkAny alternative GBC programs that can demonstrate consistent requirements with the above-mentioned programs <p>For the avoidance of doubt buildings awarded with a provisional GBC, shall also be deemed as a Green Building, subject to the SENTRAL providing the corresponding final certification (proving the actual achievement) within a timely manner, once available.</p>																		
Scope		SENTRAL’s building portfolio shall refer to all buildings owned by SENTRAL with active management (whereby SENTRAL has direct operational control).																		
Rationale and Materiality		<p>Materiality:</p> <ul style="list-style-type: none">Quality of Assets and Services as well as Climate Change and GHG Emissions is identified as part of the twelve material matters for SENTRAL.GBC is identified as a material KPI within the ICMA KPI Registry for the Real Estate sector.International Energy Agency reports in the Roadmap for Energy-Efficient Buildings and Construction in ASEAN²⁰ that in 2020, energy consumption in buildings accounted for 23% of total final energy consumption in ASEAN.The ASEAN Plan of Action for Energy Cooperation (“APAEC”) Phase II: 2021-2025²¹ considers buildings as a key sector to support the transition. <p>Rationale:</p> <ul style="list-style-type: none">SENTRAL aims to further augment its green footprint by progressively increasing its composition of green buildings in its portfolio.SENTRAL’s green buildings will contribute to reducing SENTRAL’s environmental footprint as they are built with better ventilation and natural lighting, resulting in lower energy consumption and water consumption.There is growing sentiment on incorporating green features into asset enhancement strategies as tenants are increasingly conscious of their environmental impact.Transitioning to a net zero-carbon buildings sector in ASEAN offers multiple benefits beyond energy savings and emissions reductions.																		
Calculation Methodology		For green building portfolio, the following calculation will apply: Green Building Portfolio (%) = $\frac{\text{Number of Green Buildings}}{\text{Number of Buildings in Portfolio (with active management)}} \times 100$																		
Historical Performance		<table><tr><th>Year</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>Building Portfolio</td><td>8 buildings</td><td>8 buildings</td><td>9 buildings</td></tr><tr><td>Green Buildings</td><td><ul style="list-style-type: none">Menara Shell</td><td><ul style="list-style-type: none">Menara Shell</td><td><ul style="list-style-type: none">Menara ShellMenara CelcomDigi</td></tr><tr><td>Green Building Portfolio</td><td>12.5%</td><td>12.5%</td><td>22%</td></tr></table>			Year	2021	2022	2023	Building Portfolio	8 buildings	8 buildings	9 buildings	Green Buildings	<ul style="list-style-type: none">Menara Shell	<ul style="list-style-type: none">Menara Shell	<ul style="list-style-type: none">Menara ShellMenara CelcomDigi	Green Building Portfolio	12.5%	12.5%	22%
Year	2021	2022	2023																	
Building Portfolio	8 buildings	8 buildings	9 buildings																	
Green Buildings	<ul style="list-style-type: none">Menara Shell	<ul style="list-style-type: none">Menara Shell	<ul style="list-style-type: none">Menara ShellMenara CelcomDigi																	
Green Building Portfolio	12.5%	12.5%	22%																	

²⁰ Reference: <https://iea.blob.core.windows.net/assets/5255ea58-1fa7-4fb4-bca0-b32923e9184a/RoadmapforEnergy-EfficientBuildingsandConstructioninASEAN.pdf>

²¹ Reference: <https://aseanenergy.org/asean-plan-of-action-and-energy-cooperation-apaec-phase-ii-2021-2025/>

	Note: The 2023 historical performance differs from the value reported within SENTRAL's Annual Report 2023. As stated within SENTRAL's Sustainability Statement 2023, it excludes Menara Celcom Digi as the acquisition was completed on 11 December 2023.
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KPI 2: Energy Consumption

KPI 2: Energy Consumption												
Definition	<ul style="list-style-type: none">Energy consumption is defined as the total energy consumption across SENTRAL’s buildings, including electricity, fuel and other sources of energy.Each building’s energy performances are monitored and reported monthly by the property managers to SRM through the Asset Control Group (“ACG”) report.Energy Intensity: The total energy consumption per committed net lettable area.											
Scope	<ul style="list-style-type: none">Energy consumption at SENTRAL shall refer to energy consumed for committed net lettable area at all properties owned by SENTRAL.											
Rationale and Materiality	<p>Materiality:</p> <ul style="list-style-type: none">Climate Change and GHG Emissions is identified as one of the twelve material matters for SENTRAL.Climate change (GHG emissions and energy) are identified as a material KPI within the ICMA KPI Registry for the Real Estate sector.International Energy Agency reports in the Roadmap for Energy-Efficient Buildings and Construction in the Association of Southeast Asian Nations²² that in 2020, energy consumption in buildings accounted for 23% of total final energy consumption in ASEAN. <p>Rationale:</p> <ul style="list-style-type: none">Electricity remains the main source of energy for SENTRAL’s buildings, powering vital equipment and ensuring the well-being of its tenants and occupants.SENTRAL’s buildings prioritize dual power sources (where applicable), backup generators, and energy-efficient systems to mitigate the impact of potential power outages on essential equipment and occupant comfort.SENTRAL continues to explore practical and affordable energy conservation opportunities to reduce its impact on the environment.The KPI for energy consumption is in line with SENTRAL’s existing goals for a 2% decrease in energy consumption for its portfolio buildings, as reported in SENTRAL’s Annual Report 2023.Improvements to Energy Consumption will also ready SENTRAL for the Energy Efficiency and Conservation Act which was passed by the Dewan Rakyat Malaysia in October 2023 and is expected to come into effect by the year 2025, and which will target purpose built offices in its first phase.											
Calculation Methodology	For energy intensity, the following calculation will apply: $\text{Energy Intensity (kWh/m}^2\text{)} = \frac{\text{Total Energy Consumption}}{\text{Committed Net Lettable Area}}$											
Historical Performance	<table><tr><th>Year</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>Energy Intensity (kWh/m²)</td><td>118</td><td>131</td><td>113</td></tr></table> <p>*Note: Historical performance of Energy Intensity as reported within SENTRAL’s Annual Report is based on total net lettable area, while the data above, is based on the committed net lettable area, which is more reflective of the actual usage across SENTRAL’s properties.</p>				Year	2021	2022	2023	Energy Intensity (kWh/m ²)	118	131	113
Year	2021	2022	2023									
Energy Intensity (kWh/m ²)	118	131	113									

²² Reference: <https://iea.blob.core.windows.net/assets/5255ea58-1fa7-4fb4-bca0-b32923e9184a/RoadmapforEnergy-EfficientBuildingsandConstructioninASEAN.pdf>

KPI 3: Water Consumption

KPI 3: Water Consumption												
Definition	<ul style="list-style-type: none">Water consumption is defined as the total water consumption across SENTRAL’s buildingsWater Intensity: The total water consumption per committed net lettable area											
Scope	<ul style="list-style-type: none">Water consumption at SENTRAL shall refer to water usage for committed net lettable area at all building assets owned by SENTRAL.											
Rationale and Materiality	<p>Materiality:</p> <ul style="list-style-type: none">Water Management is identified as one of the twelve material matters for SENTRAL.Water is identified as a material KPI within the ICMA KPI Registry for the Real Estate sector. <p>Rationale:</p> <ul style="list-style-type: none">A consistent and adequate supply of high-quality water is crucial for all of SENTRAL’s buildings and business operations.Any interruptions in water supply would directly affect SENTRAL’s daily activities, leading to inconveniences and dissatisfaction among tenants and stakeholders.These disruptions can arise from unforeseen factors beyond SENTRAL’s control as a service subscriber, including pollution of raw water sources or service downtime. The current water supply challenges have had a significant impact at the state level in Malaysia.The KPI for water consumption is in line with SENTRAL’s existing goals for a 2% decrease in water consumption for its portfolio buildings, as reported in SENTRAL’s Annual Report 2023.											
Calculation Methodology	For water intensity, the following calculation will apply: $\text{Water Intensity (m}^3/\text{m}^2) = \frac{\text{Total Water Consumption}}{\text{Committed Net Lettable Area}}$											
Historical Performance	<table><tr><th>Year</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>Water Intensity (m³/m²)</td><td>0.75</td><td>1.06</td><td>0.78</td></tr></table> <p>*Note: Historical performance of Water Intensity as reported within SENTRAL’s Annual Report is based on total net lettable area, while the data above, is based on the committed net lettable area, which is more reflective of the actual usage across SENTRAL’s properties.</p>				Year	2021	2022	2023	Water Intensity (m³/m²)	0.75	1.06	0.78
Year	2021	2022	2023									
Water Intensity (m³/m²)	0.75	1.06	0.78									

4.2 Calibration of Sustainability Performance Targets

SPT for KPI 1: Increase Portfolio of Green Buildings

SPT 1: Increase Portfolio of Green Buildings																									
Target and Baseline	<div>Target</div> <ul style="list-style-type: none">Increase portfolio of green buildings to 40% by 2025, 50% by 2028, and 55% by 2030 compared to 2023 baseline. <div>Baseline</div> <ul style="list-style-type: none">Green Building Portfolio in FY2023 of 22%.The baseline of FY2023 has been selected by SENTRAL, as its latest available sustainability performance at point of SPT setting.SENTRAL’s Green Building Portfolio as at the baseline year, includes: <table><tr><th>SENTRAL’s Building Portfolio (with active management)</th><th>Green Building status as at FY2023</th></tr><tr><td>1. Sentral Building 1 – DHL1</td><td>-</td></tr><tr><td>2. Sentral Building 2 – DHL2</td><td>-</td></tr><tr><td>3. Sentral Building 3 – BMW</td><td>-</td></tr><tr><td>4. Sentral Building 4</td><td>-</td></tr><tr><td>5. Wisma Sentral Inai</td><td>-</td></tr><tr><td>6. Part of Plaza Mont Kiara</td><td>-</td></tr><tr><td>7. Platinum Sentral</td><td>-</td></tr><tr><td>8. Menara Shell</td><td>Yes</td></tr><tr><td>9. Menara CelcomDigi</td><td>Yes</td></tr></table> <div>Note:</div> <div><div>1) Lotuss Penang is excluded from the above portfolio, as it is fully self-managed by the tenant.</div><div>2) Platinum Sentral was accorded the GBI – certified, and BCA Green Mark Platinum full certificate on 9th March 2012 and 1 October 2014 respectively. SENTRAL is undergoing sustainable asset enhancement initiatives to recertify Platinum Sentral since the lapse in certification (3-year validity of GBC for Platinum Sentral’s previous GBCs each).</div></div>					SENTRAL’s Building Portfolio (with active management)	Green Building status as at FY2023	1. Sentral Building 1 – DHL1	-	2. Sentral Building 2 – DHL2	-	3. Sentral Building 3 – BMW	-	4. Sentral Building 4	-	5. Wisma Sentral Inai	-	6. Part of Plaza Mont Kiara	-	7. Platinum Sentral	-	8. Menara Shell	Yes	9. Menara CelcomDigi	Yes
SENTRAL’s Building Portfolio (with active management)	Green Building status as at FY2023																								
1. Sentral Building 1 – DHL1	-																								
2. Sentral Building 2 – DHL2	-																								
3. Sentral Building 3 – BMW	-																								
4. Sentral Building 4	-																								
5. Wisma Sentral Inai	-																								
6. Part of Plaza Mont Kiara	-																								
7. Platinum Sentral	-																								
8. Menara Shell	Yes																								
9. Menara CelcomDigi	Yes																								
Ambition of the Target	SENTRAL has performed benchmarking against its three-year historical performance, the best-in class performance of its peers, and embarked on a green building accreditation gap analysis, to set the following targets for its green building portfolio:																								
	Metrics/ Observation Date	2023 (Baseline)	2025	2028	2030																				
	SPT for KPI 1	22%	40%	50%	55%																				
Strategy to achieve the SPTs	<ul style="list-style-type: none">SENTRAL is further augmenting its green footprint by progressively increasing its composition green buildings in its portfolio.In 2023, SENTRAL has embarked on a green building accreditation gap analysis for some of its existing buildings (such as Platinum Sentral and Sentral Building 3 – BMW) to ascertain the criteria to reach the desired green accreditation. This is intended to help SENTRAL to determine the green enhancements that is feasible and applicable for the buildings in planning for its future planned enhancements.SENTRAL’s investment mandate also provides added emphasis on the requirement of green accredited assets and assessment of the asset’s carbon footprint and climate-related risks and opportunities.Additionally, SENTRAL is collaborating with its tenants to deliver sustainable AEIs to meet their operational requirements.SENTRAL will also conduct periodic asset portfolio rebalancing to divest buildings that have reached their maximum potential and to redeploy capital for investment in new green buildings that meet SENTRAL’s investment criteria.																								

SPT for KPI 2: Reduce Energy Intensity

SPT 2: Reduce Energy Intensity																				
Target and Baseline	<p>Target</p> <ul style="list-style-type: none">Reduce energy intensity by 2% annually from 2023 baseline. <p>Baseline</p> <ul style="list-style-type: none">Energy intensity in FY2023 of 113 kWh/m².The baseline of FY2023 has been selected by SENTRAL, as its latest available sustainability performance at point of SPT setting.																			
Ambition of the Target	<p>SENTRAL has performed benchmarking against national benchmarks and the best-in class performance of its peers, to set the following targets for its energy intensity:</p> <table><tr><th>Metrics/ Observation Date</th><th>2023 (Baseline)</th><th>2025</th><th>2027</th><th>2030</th></tr><tr><td>SPT for KPI 2</td><td>113</td><td>109</td><td>104</td><td>97</td></tr><tr><td>Reduction from 2023</td><td>N/A</td><td>4%</td><td>8%</td><td>14%</td></tr></table> <p>SENTRAL’s SPT for KPI 2 demonstrates its ambition towards improving its energy consumption. By 2030, Sentral REIT’s energy intensity will meet the threshold for a 5-star building energy label of ≤100 kwh/m²/year (eligible to promoted as an energy efficient building), as suggested by the National Building Energy Intensity Project’s available example for Malaysian government office buildings²³.</p>					Metrics/ Observation Date	2023 (Baseline)	2025	2027	2030	SPT for KPI 2	113	109	104	97	Reduction from 2023	N/A	4%	8%	14%
Metrics/ Observation Date	2023 (Baseline)	2025	2027	2030																
SPT for KPI 2	113	109	104	97																
Reduction from 2023	N/A	4%	8%	14%																
Strategy to achieve the SPTs	<ul style="list-style-type: none">SENTRAL’s approach in energy management include:<ul style="list-style-type: none">Installation or replacement of conventional lighting with energy saving lighting (e.g. LED lighting).Installation or replacement of solar power systems.Regular inspection of existing equipment to ensure they remain in good condition.Installation or upgrade to energy efficient air conditioning systems.Installation and improvement of Building Automation Systems (“BAS”).GBC as part of future investment criteria.Since 2019, SENTRAL has introduced multiple initiatives across its portfolio to minimise operational energy consumption and carbon emissions. These include carbon reduction and avoidance approaches consisting of energy efficiency measures and use of renewables such as solar energy respectively. SENTRAL’s green buildings/buildings with green features, Menara Shell, Menara CelcomDigi and Platinum Sentral, also contribute to reducing SENTRAL’s environmental footprint with better ventilation and natural lighting, resulting in lower energy consumption and water consumption.SENTRAL continues to increase its decarbonisation efforts, and are in process of developing SENTRAL’s Climate Change Policy in line with TCFD which will serve as a formal guidance for SENTRAL’s energy conservation and management activities across SENTRAL’s portfolio and operations.																			

²³ Reference: <https://my-bei.com.my/resources-center/#collection>. The National Building Energy Intensity Benchmarking Project is funded by the Akaun Amanah Industri Bekalan Elektrik under the Kementerian Peralihan Tenaga Dan Transformasi Air, and implemented by Suruhanjaya Tenaga, Universiti Teknologi Malaysia, and the Malaysian Association of Energy Services Companies.

SPT for KPI 3: Reduce Water Intensity

SPT 3: Reduce Water Intensity																				
Target and Baseline	<div><div>Target</div><ul style="list-style-type: none">Reduce water intensity by 2% annually from 2023 baseline.<div>Baseline</div><ul style="list-style-type: none">Water intensity in FY2023 of 0.78 m³/m².The baseline of FY2023 has been selected by SENTRAL, as its latest available sustainability performance at point of SPT setting.</div>																			
Ambition of the Target	SENTRAL has performed benchmarking against its three-year historical performance (excluding its FY2022 data which showed an atypical spike due to the relaxation of COVID-19 restrictions, and the return of tenants to offices), and the best-in class performance of its peers, to set the following targets for its water intensity:																			
	<table><tr><td>Metrics/ Observation Date</td><td>2023 (Baseline)</td><td>2025</td><td>2027</td><td>2030</td></tr><tr><td>SPT for KPI 3</td><td>0.78</td><td>0.75</td><td>0.72</td><td>0.67</td></tr><tr><td>Reduction from 2023</td><td>N/A</td><td>4%</td><td>8%</td><td>14%</td></tr></table>					Metrics/ Observation Date	2023 (Baseline)	2025	2027	2030	SPT for KPI 3	0.78	0.75	0.72	0.67	Reduction from 2023	N/A	4%	8%	14%
Metrics/ Observation Date	2023 (Baseline)	2025	2027	2030																
SPT for KPI 3	0.78	0.75	0.72	0.67																
Reduction from 2023	N/A	4%	8%	14%																
Strategy to achieve the SPTs	<ul style="list-style-type: none">SENTRAL recognises its responsibility in ensuring efficient water consumption and conservation.SENTRAL has implemented measures to monitor and enhance the intensity of water usage in its buildings, following the guidelines outlined in its Water Management Policy 2020. This commitment contributes to sustainable water management practices.SENTRAL’s Water Management Policy underscores its dedication to optimizing water usage through meaningful goal-setting and collaborative solutions with stakeholders to ensure compliance and fair utilization.SENTRAL’s approach in water management include:<ul style="list-style-type: none">Installation of rainwater harvesting systems.Regular inspection of piping systems and fittings to ensure functionality and efficiency is maintained.Repair and replacement of old pipes, fittings and other equipment where necessary.Regular inspection of air-conditioning systems to ensure they are operating at optimum levels (largest source of water consumption).Installation or replacement of conventional water fittings with water efficient fittings including sensor taps.																			

4.3 Financial Characteristics

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

4.3.1 Trigger Events

The occurrence of any of the following events (the Trigger Events) will trigger a change in the financial characteristics of the relevant Sustainability-Linked Financial Instrument as described in [Section 4.3.2](#), and may differ depending on the nature of the instrument:

- i. Achievement or non-achievement of corresponding SPT(s) for selected KPI(s) on the Target Observation Date, or
- ii. Failure to verify corresponding SPT(s) for selected KPI(s) at the Target Observation Date

The Target Observation Date is defined as the date on which KPI performance is to be observed and if applicable, measured against a relevant SPT. For avoidance of doubt, details relating to the specific Trigger Events and Target Observation Dates will be specified in the relevant transaction documentation.

4.3.2 Changes in Instrument Characteristics

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

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

The nature of the adjustments will depend and may differ based on the nature of the instrument. In addition, the relevant documentation for the Sustainability-Linked Financial Instruments might provide for a fallback mechanism in case the SPTs cannot be calculated or observed in a satisfactory manner, and/or language that takes into consideration potential exceptional or extreme events (including but not limited to pandemics, regulatory changes and force majeure events), outside SENTRAL's direct control, resulting in the step-up not being triggered, subject to agreement from the relevant lenders, bondholders or sukukholders.

4.3.3 Recalculation Policy

In the event where any SPT cannot be calculated or observed in a satisfactory manner taking into consideration any changes (i) to the calculation methodology of any SPT(s), or (ii) in data due to better data accessibility, or (iii) in the Group's perimeter, which, individually or in aggregate, has a significant change on the levels of the SPT(s), then the level of the KPI used as a baseline, the baseline date and/or the SPT(s) may be recalculated in good faith by SENTRAL to reflect such change.

In such instance, a "Sustainability Review Event" is deemed to have occurred.

Significant changes are defined as changes that lead to an increase or decrease in value of the KPIs of at least 5% or greater. SENTRAL may also choose to amend, adjust, and/or recalculate the relevant SPT, baseline and/or intermediate target in the event of a non-significant change (less than 5%), especially when structural changes occur.

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

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

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

After the occurrence of the Sustainability Review Event, if no amendment is effective and reflected in the relevant documentation to be delivered to the holders of bonds/Sukuk or loans within the relevant submission period, it shall be deemed that such relevant SPT is not achieved and the financial characteristics of the instrument shall be adjusted in accordance with the relevant terms and conditions.

4.4 Reporting

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

Where relevant, such reporting shall be made publicly available on an annual basis in the Progress Report ("**Progress Report**"), which shall either be published within SENTRAL's Annual Report, or on a standalone basis in relation to the previous calendar year, and the Progress Report shall be published on SENTRAL's web page until after the last SPT trigger event, and no later than the deadline for delivery.

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

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

Information may also include when reasonably feasible and available:

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

4.5 Verification

4.5.1 Pre-Issuance

A SPO has been provided by MARC to ensure that this Framework is in alignment with the SLBP 2024, SLBS 2022, SRI-linked Sukuk Framework 2022, and SLLP 2023. It will be made publicly available on the Group's website: <https://sentralreit.com/>

4.5.2 Post-Issuance

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

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

For issuance of Sustainability-Linked Bonds/Sukuk, the verification shall be made public together with SENTRAL's annual reporting on Sustainability-Linked Financial Instruments on SENTRAL's website <https://sentralreit.com/>, no later than the deadline for delivery, until after the last SPT trigger event, as specified within the transaction documents.

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

5 Update and Amendment of the Framework

SENTRAL may review this Framework from time to time, including its alignment to updated versions of the relevant Principles as and when available in the market. Any major update will be subject to the prior approval of MARC or any such other qualified provider of a SPO.