



Johor Plantations Group Berhad (“JPG”)

SUSTAINABLE FINANCE FRAMEWORK

12 August 2024

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GLOSSARY

ACMF	ASEAN Capital Markets Forum	SRI	Sustainable and Responsible Investment
ACR	American Carbon Registry Standard	SSC	Sustainability Subcommittee
AMESU	All Malayan Estate Staff Union	SUS	ASEAN Sustainability Bond Standards
APLMA	Asia Pacific Loan Market Association	TCFD	Task Force on Climate-related Financial Disclosures
Bio-CNG	Bio-Compressed Natural Gas	TTS	Traceability Tool-Kit Survey
BOD	Board of Directors	UN SDGs	United Nations Sustainable Development Goals
BSC	Board Sustainability Committee	UNGC	United Nations Global Compact
CAPEX	Capital Expenditure	VCR	Verified Carbon Standard
CAR	Climate Action Reserve		
CCUS	Carbon Capture, Utilisation and Storage		
CO ₂ e	Carbon dioxide equivalent		
CPO	Crude Palm Oil		
EFB	Empty Fruit Bunches		
EMS	Energy Monitoring System		
ESG	Environmental, Social, Governance		
FFB	Fresh Fruit Bunches		
GBP	Green Bond Principles		
GBS	ASEAN Green Bond Standards		
GHG	Greenhouse Gas		
GLP	Green Loan Principles		
GRI	Global Reporting Initiative		
GSS	Green, Social, and Sustainability		
HCV/HCS	High Conservation Value/ High Carbon Stock		
IE	International Efficiency		
ICMA	International Capital Market Association		
IoT	Internet of Things		
IPM	Integrated Pest Management		
ISCC	International Sustainability and Carbon Certification		
ISPOC	Integrated Sustainable Palm Oil Complex		
JPG	Johor Plantations Group Berhad		
JWCP	Johor Wildlife Conservation Project		
KPI	Key Performance Indicator		
LED	Light Emitting Diodes		
LMA	Loan Market Association		
LSTA	Loan Syndications and Trading Association		
MAPA	Malaysian Agricultural Producers Association		
MCGG	Malaysian Code on Corporate Governance		
MEME	Management and Ecology of Malaysian Elephants		
MNS	Malaysia Nature Society		
MPOA	Malaysian Palm Oil Association		
MPOB	Malaysian Palm Oil Board		
MSPO	Malaysian Sustainable Palm Oil		
MTGSL/MTSL	Mini tractor grabber scissor lift/mini tractor scissor lift		
OPEX	Operational expenditures		
PFOE	Palm Fibre Oil Extraction		
PK	Palm Kernel		
PKS	Palm Kernel Shell		
POM	Palm Oil Mill		
POME	Palm Oil Mill Effluent		
RSPO	Roundtable on Sustainable Palm Oil		
SASPO	Singapore Alliance for Sustainable Palm		
SBG	Sustainability Bond Guidelines		
SBP	Social Bond Principles		
SBS	ASEAN Social Bond Standards		
SC	Securities Commission Malaysia		
SFT	Sustainability Finance Transactions		
SFWG	Sustainable Finance Working Group		
SH	Small Holding		
SLB	Sustainability-Linked Bond		
SLBP	Sustainability-Linked Bond Principles		
SLBS	ASEAN Sustainability-Linked Bond Standards		
SLL	Sustainability-Linked Loan		
SLLP	Sustainability-Linked Loan Principles		
SLP	Social Loan Principles		
SPO	Second Party Opinion		
SPT	Sustainability Performance Targets		

1 INTRODUCTION


1.1 About JPG¹

JPG was incorporated in Malaysia under the Companies Act 1965 on 21 March 1978 as a private limited company under the name of Yule Catto Plantations Sdn Bhd and is deemed registered under the Act. It changed its name to Mahamurni Plantations Sdn Bhd on 12 May 1993 and subsequently to Johor Plantations Sdn Bhd on 12 February 2023. In order to facilitate JPG's Listing, JPG converted into a public limited company on 20 February 2023 and changed its name to Johor Plantations Group Berhad on 27 November 2023.

JPG operates 23 plantation estates, consisting of 22 plantation estates in Johor and 1 plantation estate in Pahang, with a total landbank of 59,819 Ha and a total oil palm planted area of 55,941 Ha, representing approximately 93.5% of the total land area. The remaining landbank of 3,874 Ha are unplanted areas used for buildings, roads and area identified as high conservation value area.

JPG oversees the entire palm oil business, from cultivation to processing Fresh Fruit Bunches (“FFB”) into Crude Palm Oil (“CPO”) and Palm Kernel (“PK”).

JPG is a plantation company that utilises technologies and digitalisation for operational improvements. Through JPG’s focuses to continuously produce **Roundtable on Sustainable Palm Oil (“RSPO”) - certified sustainable palm oil while making** efforts in regenerative agriculture, JPG aims to create lasting value for investors, the community, and the planet through responsible growth.



VISION

To become the globally preferred producer of premium sustainable and traceable oils and fats

MISSION

By demonstrating total commitment to integrity, quality, sustainability and innovation, we create an integrated value chain business that maximises stakeholder returns

JPG’s Estates					
Southern Region		Central Region		Northern Region	
01. Tunjuk Laut	RC IC MC	08. Tereh Utara	RC IC MC	15. Mungka	RC IC MC
02. Pasir Logok	RC IC MC	09. Tereh Selatan	RC IC MC	16. UMAC	RC IC MC
03. Pasir Panjang	RC IC MC	10. Selai	RC IC MC	17. Palong	RC IC MC
04. Bukit Kelompok	RC IC MC	11. Sindora	RC IC MC	18. Labis Bahru	RC IC MC
05. Siang	RC IC MC	12. Sungai Tawing	RC IC MC	19. Sepang Loi	RC IC MC
06. Sungai Papan	RC IC MC	13. Mutiara	RC IC MC	20. Basir Ismail	RC IC MC
07. REM	RC IC MC	14. Rengam	RC IC MC	21. Bukit Layang	RC IC MC
				22. Sedenak	RC IC MC
				23. Kuala Kabong	RC IC MC

JPG’s Palm Oil Mills (“POM”)					
Southern Region		Central Region		Northern Region	
01. Pasir Panjang POM	RC MC SC HC IC	02. Tereh POM	RC MC SC HC IC	04. Sedenak POM	RC MC SC HC IC
		03. Sindora POM	RC MC SC HC IC	05. Palong Cocoa POM	RC MC SC HC IC

LEGEND



RSPO Certified



MSPO Certified



MSPO Supply Chain Certification Standard



HALAL Certified



ISCC Certified

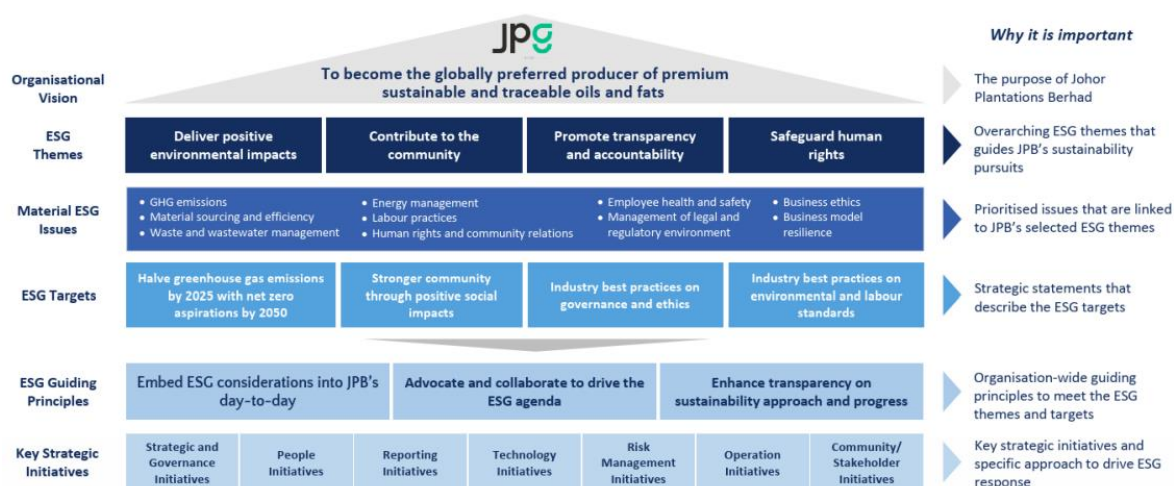
¹ Reference: <https://drive.google.com/file/d/1HkMrdUxeBmI6Idg4dlh30qdzg4PCJ8x/view>

1.2 Sustainability at JPG

JPG is driven by its aspiration to become the globally preferred producer of premium sustainable and traceable oils and fats. This aspiration forms the goal of the company’s Environmental, Social and Governance (“ESG”) framework. Its sustainability strategy is derived from four key ESG themes: deliver positive environmental impacts, contribute to the community, promote transparency and accountability as well as safeguard human rights. Within each of these areas, JPG has a clearly defined approach with targets and key strategic initiatives aimed at driving positive impact within JPG’s operations, supply chains and communities.

JPG 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 JPG’s corporate website <https://johorplantations.com/sustainability/>, and reflected within JPG’s Sustainability Report.

JPG’s ESG Framework²



1.2.1 JPG’s Commitment to Sustainability







JPG has embedded the following guiding principles organisation-wide to meet the ESG themes and targets:

1	Embed ESG considerations into JPG’s day-to-day operations
2	Advocate and collaborate to drive the ESG agenda
3	Enhance transparency on sustainability approach and progress

JPG champions sustainable industry best practices and promotes awareness of sustainability issues throughout its value chain. The company’s approach involves actively engaging stakeholders through participation in various industry and business associations. Below is a list of professional certifications, organisations, and industry associations of which JPG is a proud member.

² Reference: <https://drive.google.com/file/d/1HkMrdUxeBmI6I6dg4dlh30qdzg4PCJ8x/view>

JPG's Responsibility

	<ul style="list-style-type: none"> ▪ Roundtable on Sustainable Palm Oil ("RSPO") 	<ul style="list-style-type: none"> ▪ JPG became a member of RSPO in 2004 under its parent company, Johor Corporation. ▪ Adhere to RSPO Principles and Criteria for Sustainable Palm Oil Production.
	<ul style="list-style-type: none"> ▪ Malaysian Sustainable Palm Oil ("MSPO") 	<ul style="list-style-type: none"> ▪ Produce sustainable palm oil production through MSPO certification. ▪ Dedicated to environmental and social responsibility within the palm oil industry.
	<ul style="list-style-type: none"> ▪ United Nations Global Compact ("UNGC") 	<ul style="list-style-type: none"> ▪ Align operations and strategies with ten universally accepted principles encompassing human rights, labour, environment, and anti-corruption.
	<ul style="list-style-type: none"> ▪ Singapore Alliance for Sustainable Palm Oil ("SASPO") 	<ul style="list-style-type: none"> ▪ Ensure that all the palm oil used is free from deforestation and the conversion of natural ecosystems. ▪ Procuring 100% RSPO-certified sustainable palm oil.
	<ul style="list-style-type: none"> ▪ Global Reporting Initiative ("GRI") 	<ul style="list-style-type: none"> ▪ Being at the forefront of developments in the GRI Standards, knowledge, tools, and inspiration to enhance internal alignment on corporate transparency. ▪ Gain direct insight into the best practices in sustainability reporting. ▪ Promote global innovation through collaboration and improving the quality of disclosure.
	<ul style="list-style-type: none"> ▪ Malaysia Nature Society ("MNS") 	<p>As a member of MNS, JPG is committed to:</p> <ul style="list-style-type: none"> ▪ Engage in activities, events, and workshops organized by MNS. ▪ Network with fellow members and experts in the field. ▪ Support and participate in MNS conservation initiatives and campaigns.

1.2.2 JPG's Sustainability Ambitions

<p>Halve Scope 1, 2 and 3 Greenhouse Gas ("GHG") emissions by 2025 with net zero aspirations by 2050</p>	<p>Stronger community through positive social impacts</p>	<p>Industry best practices on governance and ethics</p>	<p>Industry best practices on environmental and labour standards</p>
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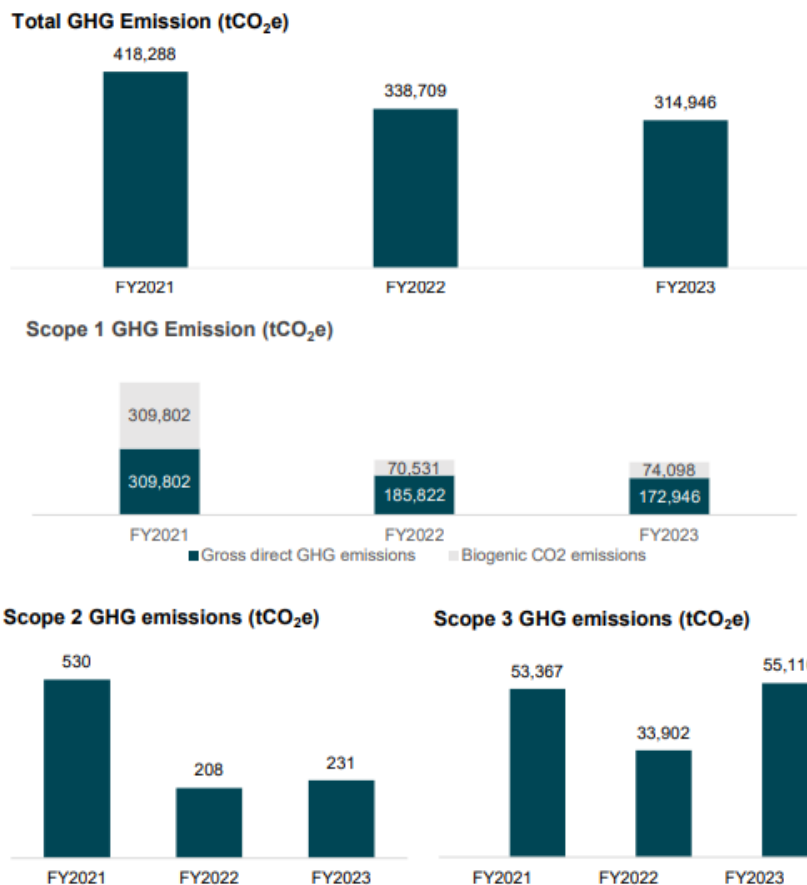
1.2.3 JPG's Net Zero Journey

JPG acknowledges the pressing need to address climate change and its potential effects on its operations and supply chain. In response to the Paris Agreement's 1.5-degree Celsius global temperature rise limit, the company is refining its climate-related disclosures to align with Task Force on Climate-related Financial Disclosures ("TCFD") guidelines and recommendations by conducting its first climate-scenario analysis. By integrating climate considerations into its risk management, JPG aims to develop strategies that protects its assets and operations while mitigating environmental impact achieving net zero emissions by 2050.

JPG refers to the GHG Protocol Corporate Accounting and Reporting Standard as well as the GHG Protocol Agricultural Guidance for reporting its carbon emissions performance data. It has identified its sources of GHG emissions as below:

Scope 1	<ul style="list-style-type: none"> Fertiliser application Field fuel use Palm oil mill effluent (“POME”) Mill fuel use 	Scope 2	<ul style="list-style-type: none"> Grid Emissions
Scope 3	<ul style="list-style-type: none"> Fertiliser production and transportation 	Biogenic Emissions	<ul style="list-style-type: none"> Land clearing Peat oxidation Crop sequestration Conservation credit Palm Kernel Shell (“PKS”) credit

JPG reported its Scope 1, 2, and 3 GHG emissions including biogenic emissions in Scope 1, totalling 314,946 MT CO₂e. This represents a 7% decrease in GHG emissions compared to the previous year, 338,709 MT CO₂e. The decrease in emissions can largely be attributed to the reduction in peatland areas which is a result of decreased land leasing at Kuala Kabong Estate.



1.2.4 JPG’s Alignment with the United Nations Sustainable Development

Beyond its business boundaries, JPG strives to contribute to the global sustainability agenda. Mapping its path with purpose, it has identified **10 United Nations Sustainable Development Goals (“UN SDGs”)** where it can create the most meaningful impact. JPG has aligned its sustainability initiatives with the individual targets set within these goals to maximise contributions.



The table below outlines the alignment of JPG’s commitments and initiatives with prioritised SDGs:

Prioritised UNSDGs	JPG’s Initiatives	Relevant Material Matters
 <p>SDG 3: Good Health and Well-Being</p>	<ul style="list-style-type: none"> ▪ Certified ISO 45001:2018 for Sedenak Mill and Sedenak Estate. ▪ Providing medical benefits to employees to promote their health and well-being while attracting and retaining top talent i.e. counselling, annual medical assessment, clinics, healthcare facilities. ▪ Contributions to the underprivileged through Yayasan Johor Corporation. ▪ Provision of clinics and healthcare facilities for JPG’s workers and local communities at JPG’s plantations. 	<ul style="list-style-type: none"> ▪ Labour Rights, Safe Working Environment and Employee Management. ▪ Stakeholder Collaboration and Community Welfare.
 <p>SDG 4: Quality Education</p>	<ul style="list-style-type: none"> ▪ Provision of school uniforms for employees’ children. ▪ Providing free school buses for employees’ children to commute to school. 	<ul style="list-style-type: none"> ▪ Labour Rights, Safe Working Environment and Employee Management. ▪ Stakeholder Collaboration and Community Welfare.
 <p>SDG 5: Gender Equality</p>	<ul style="list-style-type: none"> ▪ Policies against free discrimination against women throughout JPG’s operation. ▪ Policies against any form of sexual harassment. ▪ Establishment of Women OnWards, previously known as Panel Aduan Wanita, in July 2008 to give women in JPG a stronger voice. 	<ul style="list-style-type: none"> ▪ Labour Rights, Safe Working Environment and Employee Management. ▪ Stakeholder Collaboration and Community Welfare.
 <p>SDG 8: Decent Work and Economic Growth</p>	<ul style="list-style-type: none"> ▪ Adherence to Malaysia’s labour laws and International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. ▪ Adherence to the Principle of Free, Prior and Informed Consent to the right of indigenous peoples to give or withhold their consent for any action that would affect their lands, territories or rights. ▪ Policies against free discrimination based on race, ethnic group, caste, nationality, disability, religion, gender, sexual orientation, gender identity, union membership, political affiliation, or age. ▪ Practice of “equal pay for equal work”. 	<ul style="list-style-type: none"> ▪ Labour Rights, Safe Working Environment and Employee Management. ▪ Stakeholder Collaboration and Community Welfare. ▪ Responsible Sourcing and Traceability. ▪ Good Governance, Compliance and Risk Management.

 <p>SDG 9: Industry, Innovation and Infrastructure</p>	<ul style="list-style-type: none"> ▪ Mechanisation in JPG’s estates using mini tractors with scissor lifts/ grabbers, BIN system and manure application using Verion Spreader. ▪ Establishment of Kulim Plantation Management System using Geographic Information System and other digital technologies for more efficient operations. ▪ Installed CPO washing machine (separator) to maintain production oil chloride content. ▪ Expansion of area for mini tractor grabber scissor lift/mini tractor scissor lift (“MTGSL/MTSL”) increased ha from 20,722 to 24,007 ha. 	<ul style="list-style-type: none"> ▪ Labour Rights, Safe Working Environment and Employee Management. ▪ Responsible Sourcing and Traceability.
 <p>SDG 12: Responsible Consumption and Production</p>	<ul style="list-style-type: none"> ▪ Adherence to the principles of sustainability certification to ensure production is environmentally and socially responsible. ▪ Use of Integrated Pest Management (“IPM”) leveraging animals to control weeds and rodents. ▪ Initiatives to reduce the consumption of fuel, water, and materials. ▪ Recycling/re-purposing of almost all bio-waste. ▪ Proper management of hazardous waste. 	<ul style="list-style-type: none"> ▪ Labour Rights, Safe Working Environment and Employee Management. ▪ Responsible Sourcing and Traceability. ▪ Good Governance, Compliance and Risk Management.
 <p>SDG 13: Climate Action</p>	<ul style="list-style-type: none"> ▪ Methane capture from Palm Oil Mill Effluent (“POME”) and conversion into energy through biogas plants set up at JPG’s five Palm Oil Mills (“POMs”). ▪ Bio-Methane Plant Commercial Operation on 1st August 2023. ▪ 70% Completion of Installation Bio-CNG at Tereh & Sindora. ▪ Commissioning with Hexane by Eonmetall Technology Sdn Bhd commenced on 1st September 2023. ▪ Red Palm Oil Extraction as of 17/01/2024: 158.25 MT. 	<ul style="list-style-type: none"> ▪ Climate Change and GHG Emissions. ▪ Resource Management.
 <p>SDG 15: Life on Land</p>	<ul style="list-style-type: none"> ▪ No deforestation, no peat development and no new development in primary forests or HCV areas. ▪ Promotion of optimum land use to ensure long-term sustainability and productivity for agriculture use, including efforts to: <ul style="list-style-type: none"> ○ Reduce water pollution from heavy metal by combining inorganic with organic fertilisers derived from EFB. ○ Minimise soil erosion. ○ Work with the Wildlife Conservation Society and Johor Department of Wildlife to protect wildlife. ○ Work with the Management and Ecology of Malaysian Elephants on human-elephant conflict research. 	<ul style="list-style-type: none"> ▪ Climate Change and GHG Emissions. ▪ Biodiversity, Deforestation and Land Production. ▪ Resource Management. ▪ Good Governance, Compliance and Risk Management.
 <p>SDG 16: Peace, Justice and Strong Institutions</p>	<ul style="list-style-type: none"> ▪ Efforts to build peaceful relations with employees as well as external stakeholders. ▪ Active contribution towards social causes and promotion of employee volunteerism. ▪ Policy against free discrimination and grievance channel for stakeholders to raise concerns. ▪ Compliance with relevant national regulations and adherence to international agreements. 	<ul style="list-style-type: none"> ▪ Labour Rights, Safe Working Environment and Employee Management. ▪ Stakeholder Collaboration and Community Welfare. ▪ Good Governance, Compliance and Risk Management.

	<ul style="list-style-type: none"> ▪ Respect for employees' freedom and fundamental rights. 	
 <p>SDG 17: Partnerships for the Goals</p>	<ul style="list-style-type: none"> ▪ Founding member of the RSPO. ▪ Member of the Malaysian Agricultural Producers Association ("MAPA") and All Malay Estate Staff Union ("AMESU"). ▪ Member of the Malaysian Palm Oil Association ("MPOA"). ▪ Partnership with Johor Wildlife Conservation Project ("JWCP"). ▪ Member of the United Nations Global Compact ("UNGC"). ▪ Member of the Singapore Alliance for Sustainable Palm Oil ("SASPO"). ▪ Member of the Malaysia Nature Society ("MNS"). ▪ Member of the Global Reporting Initiative ("GRI") community. 	<ul style="list-style-type: none"> ▪ Climate Change and GHG Emissions. ▪ Biodiversity, Deforestation and Land Production. ▪ Resource Management. ▪ Labour Rights, Safe Working Environment and Employee Management. ▪ Responsible Sourcing and Traceability.

1.3 JPG's Sustainability Governance

JPG's Sustainability Governance Structure facilitates the development of ESG strategies, policies, alongside the integration and implementation of sustainable procedures and initiatives.

Through a top-down approach, the Board oversees the development of JPG's strategies and performance, ensuring sustainability is embedded throughout the organisation.

The Board is supported by the Board Sustainability Committee ("BSC"). Responsibilities of the BSC primarily concern the conducting of quarterly reviews as well as overseeing all sustainability-related matters across the Group. To ensure that the Group's strategic plan supports long-term value creation, the BSC focuses on sustainability-related strategies covering economic, environmental, and social considerations, as well as addressing human rights and climate-related risks and opportunities. This includes actively reviewing the impact of JPG's business on the environment, society, employees, third parties, and communities, as well as on the reputation of the Group.

Concurrently, the Sustainability Subcommittee ("SSC"), chaired by the Group Managing Director, oversees Environmental, Social, and Governance ("ESG") scorecard matters and meets on a quarterly basis. Day-to-day management and monitoring of sustainability matters are handled by the SSC. JPG has further established a Sustainability Department, led by the Head of the Commercial & Sustainability Division where it is responsible for sustainability matters for the organisation. The SSC, in coordination with this department, monitors the sustainability progress across the organisation and consolidates information for the Board's review, ensuring prompt attention and consideration by the Board of Directors when required.

To ensure JPG's governance structure remains robust and relevant, JPG continuously enhances its governance structure through best practices and emerging requirements, such as adhering to the Malaysian Code on Corporate Governance ("MCCG").

JPG's Sustainability Governance Structure



The Group has integrated climate considerations into its decision-making procedures, with the responsibility for ensuring ethical management resting with the Group's Board of Directors. The climate-related strategy is overseen by the Board of Directors, supported by the BSC, and executed by the TCFD Taskforce Committee.

Climate-related Roles and Responsibilities	
Board of Directors ("the Board")	<ul style="list-style-type: none"> ▪ The Board provides strategic oversight of JPG's systems of internal control and risk management, ensuring their effectiveness. ▪ The Board oversees corporate governance policies and initiatives, including the Group Sustainability Policy. ▪ The Board provides strategic oversight of specific risks and internal control procedures as reported by the Audit Committee.
BSC Committee	<ul style="list-style-type: none"> ▪ The BSC Committee meets quarterly and advises the Managing Director on sustainability matters, including climate-related matters. ▪ The BSC ensures the Group's strategic plan supports long-term value creation and includes strategies on sustainability and climate-related risks and opportunities.
TCFD Committee	<ul style="list-style-type: none"> ▪ The TCFD Committee is tasked with identifying and assessing sustainability risks and opportunities, including climate risks. ▪ The TCFD Committee implements, reviews, and formulates sustainability-related initiatives, ensuring compliance with environmental and social management systems.

2 SUSTAINABLE FINANCE AT JPG

In support of JPG’s sustainability strategies and implementation, this Sustainable Finance Framework (the “**Framework**”) has been established to demonstrate how JPG and its subsidiaries (“**the Group**”) intend to enter into Sustainability Finance Transactions (“**SFTs**”) to fund projects, which will deliver most positive societal and environmental impacts that support JPG’s aspiration to become the globally preferred producer of premium sustainable and traceable oils and fats.

JPG has developed this integrated Sustainable Finance 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, JPG 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 and GSS Loans/Financing 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 and any other financial instrument for which the financial and/or structural characteristics will vary depending on whether JPG 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 Association³ (“**ICMA**”), ASEAN Capital Markets Forum⁴ (“**ACMF**”), Securities Commission Malaysia⁵ (“**SC**”), Loan Market Association⁶ (“**LMA**”)/ Asia Pacific Loan Market Association (“**APLMA**”)/ Loan Syndications & Trading Association (“**LSTA**”) 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:

- 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;

³ Reference: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁴ Reference: <https://www.theacmf.org/initiatives/sustainable-finance>

⁵ Reference: <https://www.sc.com.my/api/documentms/download.ashx?id=49df5207-f32f-4095-a0c6-1aab5f3c2038>

⁶ Reference: https://www.lsta.org/content/?_industry_sector=guidelines-memos-primary-market&_asset_type=publication

- ASEAN Green Bond Standards (“**ASEAN GBS**”) 2018, ASEAN Social Bond Standards (“**ASEAN SBS**”) 2018, ASEAN Sustainability Bond Standards (“**ASEAN SUS**”) 2018, and ASEAN Sustainability-linked Bond Standards (“**ASEAN 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 2023 (“**SLLP**”).

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

3 JPG'S FRAMEWORK FOR USE OF PROCEEDS FINANCING

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 2014 issued by SC; and
- Green Loan Principles (“**GLP**”) and Social Loan Principles (“**SLP**”) 2023 issued by LMA, APLMA, and LSTA

JPG’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

JPG is committed that the proceeds of each transaction will be used exclusively for financing and/or refinancing⁷ projects, assets, or activities that meet the eligibility criteria 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. Lookback⁸ 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 JPG 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 JPG 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.

⁷ Where relevant, JPG will specify the amount of proceeds being allocated for refinancing and for which Eligible Projects to be refinanced within the corresponding transaction documentations.

⁸ “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
Renewable Energy	<i>Climate change mitigation</i>	<p>Construction, development, acquisition, maintenance, and/or operation of renewable energy installations or renewable energy powered infrastructure, such as:</p> <ul style="list-style-type: none"> ▪ Infrastructure powered by renewable energy (including but not limited to sources such as solar, biomass, and biogas), such as Integrated Sustainable Palm Oil Complex (“ISPOC”) ▪ 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 ▪ Biomass and biomass derivative powered energy plants which are not derived from palm, peat and non-sustainably produced crops ▪ Biogas and biogas derivative powered plants from POME Treatment which are not derived from palm, peat and non-sustainably produced crops 	 <p>JPG’s increased usage of renewable energy sources contributes towards UNSDG target 13.2, by:</p> <ol style="list-style-type: none"> i. Integration of climate change measures in operations
Environmentally Sustainable Natural Resources Use	<i>Climate change mitigation and protection of biodiversity ecosystems</i>	<p>Investments and expenditures relating to sustainable agriculture such as:</p> <ul style="list-style-type: none"> ▪ Integrated Pest Management (“IPM”) such as, by utilizing beneficial plants that providing shelter and food for predators, leveraging animals (such as barn owls) to control weeds and rodents; eco-friendly chemical fertilisers/pesticides; beneficial microbes (such as mycorrhiza) ▪ Regenerative agricultural practices such as cover crops, cattle rearing, land irrigation using POME slurry, drip irrigation, incorporation of empty fruit bunches (“EFB”) and EFB-compost into the annual manuring programme, planting of legume crops in replanting areas to mitigate soil erosion and enrich the soil with organic matter ▪ Procurement costs for third party certification of products for supply chain traceability under the following schemes: <ul style="list-style-type: none"> ○ RSPO ○ ISCC ○ MSPO ▪ Carbon sequestration projects, such as habitat restoration, conservation of habitats, and afforestation or reforestation. 	  <p>JPG’s sustainable agriculture practices contribute towards UNSDG target 12.2 and 13.1 by:</p> <ol style="list-style-type: none"> i. Ensuring sustainable management and efficient use of natural resources ii. Strengthening resilience and adaptive capacity to climate-related hazards and natural disasters

		<ul style="list-style-type: none"> ▪ Verification costs related to the sale and trading of carbon credit for carbon sequestration projects, under the following schemes: <ul style="list-style-type: none"> ○ Verified Carbon Standard (“VCS”) ○ Gold Standard for the Global Goals ○ American Carbon Registry Standard (“ACR”) ○ Climate Action Reserve (“CAR”) Standard ○ Plan Vivo 	
Terrestrial and Aquatic Biodiversity Conservation	<p><i>Natural resource conservation</i></p> <p><i>Protection and restoration of biodiversity ecosystems</i></p>	<p>Investments and expenditures relating to biodiversity conservation encompassing a range of activities aimed at the preservation of biodiversity, protection of habitats, afforestation and restoration of degraded environments, such as:</p> <ul style="list-style-type: none"> ▪ Initiatives for habitat protection and restoration, such as safeguarding natural assets through non-productive agricultural land into other ecological reserves, reforestation and rehabilitation to enhance biodiversity and carbon sequestration ▪ Species conservation such as protection of endangered and threatened species and sustaining populations of native flora and fauna (e.g. breeding programs and habitat improvements) ▪ Projects to promote wildlife connectivity such as ecological corridors and landscape management ▪ Other JPG conservation efforts and projects (e.g. but not limited to, "One Million Roots for the Future" program, which aims to plant one million trees in 10 years which is by 2033) 	 <p>JPG’s conservation projects contribute towards UNSDG targets 15.2 and 15.5 by:</p> <ol style="list-style-type: none"> i. Contributing to sustainable management of all types of forests, halt deforestation ii. Taking action to reduce the degradation of natural habitats, halt the loss of biodiversity and, protect and prevent the extinction of threatened species
Sustainable water and wastewater management	<p><i>Natural resource conservation</i></p> <p><i>Pollution prevention and control</i></p>	<p>Investments and expenditures relating to the production, construction, development, research, and maintenance of sustainable infrastructure for clean and/or drinking water, and wastewater treatment, with focus on ensuring water availability, quality, and efficient use such as:</p> <ul style="list-style-type: none"> ▪ Water recycling and reuse, such as from mill operations, or from alternative and renewable water source (e.g. rainwater harvesting) ▪ Water conservation through upgrading of infrastructure to incorporate water-saving features and systems and potential water-saving technologies 	  <p>JPG’s sustainable water and wastewater management projects contribute towards UNSDG targets 12.2 and 15.1 by:</p> <ol style="list-style-type: none"> i. Increasing sustainable management and efficient use of natural resources ii. Contributing to the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems, forests, and wetlands

Pollution Prevention and Control	<i>Climate change mitigation</i>	<p>Investments, acquisitions, and expenditures relating to the prevention, reduction, or elimination of pollution, including the mitigation of GHG emissions, such as:</p> <ul style="list-style-type: none"> ▪ Recycling, re-purposing and conversion of biomass waste such as biocompost, biogas, biomethane and palm-fibre oil extraction plant ▪ Proper management of hazardous waste ▪ Technologies for emission reduction through implementation of advance technologies and upgrade of equipment and process 	 <p>JPG’s pollution prevention and control activities contribute towards UNSDG targets 12.4, 12.5, and 13.2 by:</p> <ol style="list-style-type: none"> i. Promoting environmentally sound management of chemicals and all wastes throughout their life cycle ii. Reducing waste generation through prevention, reduction, recycling and reuse iii. Integrating climate change measures in operations
Energy Efficiency	<i>Climate Change Mitigation</i>	<p>Technologies/products or hardware systems dedicated to reducing energy consumption, including power saving features, machine learning and artificial intelligence applications for automation of plantation processes, such as:</p> <ul style="list-style-type: none"> ▪ Replacement of fluorescent lights to LED lights ▪ Usage of electrical items rated at a minimum of 4 stars by the Energy Commission ▪ Upgrade the motor with International Efficiency (“IE”) rated at a minimum of IE3 (Premium Efficiency) ▪ Energy Monitoring System (“EMS”) implementation, such as through use of smart meters and Internet of Things (“IoT”) devices to monitor energy use in real time and automated load shedding 	 <p>JPG’s increased energy efficiency contribute towards UNSDG target 9.4 by:</p> <ol style="list-style-type: none"> i. Increasing resource-use efficiency and clean/environmentally sound technologies
Clean Transportation	<i>Climate Change Mitigation; Pollution Prevention and Control</i>	<p>Investments and expenditures relating to the development, procurement, acquisition, maintenance, and/or retrofitting of vehicles for clean transportation throughout the plantation supply chain, such as:</p> <ul style="list-style-type: none"> ▪ Electric vehicles ▪ Hybrid vehicles ▪ Infrastructure related to the charging facilities for electric vehicles 	 <p>JPG’s clean transportation initiatives contribute towards UNSDG targets 12.2 by:</p> <ol style="list-style-type: none"> i. Promoting the sustainable management and efficient use of natural resources

3.1.2 Eligible Social Projects

Eligible Social Category	Target Population	Potential Utilisation of Funds	Alignment with UN SDGs
Socioeconomic advancement and empowerment	<p><i>Marginalised/ underprivileged communities (such as smallholders, and local outgrowers)</i></p> <p><i>Indigenous people</i></p>	<ul style="list-style-type: none"> ▪ Support programs and projects that improve livelihoods and income-generating opportunities, for target populations, such as programmes supporting local smallholders through Smallholder Inclusion Programmes, Outreach programmes, Women OnWards programme, collaborations with the Earthworm Foundation ▪ Support programs and projects that improve holistic development and well-being of target population, including smallholder employees, such as: <ul style="list-style-type: none"> ○ Education related initiatives (including provision of school uniforms, education necessities for children of smallholders, and corporate sponsorships) ○ Affordable housing and living facilities 	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">   </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <p>JPG's projects for socioeconomic advancement and empowerment contribute towards UNSDG targets 3.8, 4.5, 5.5, and 8.3 by:</p> <ol style="list-style-type: none"> i. Increasing access to safe, effective, quality and affordable healthcare ii. Increasing access to all levels of education and vocational training for the vulnerable iii. Promoting women's full and effective participation and equal opportunities for leadership iv. Supporting productive activities, decent job creation, and entrepreneurship, for growth of micro-, small- and medium-sized enterprises, including smallholders
Food Security and Sustainable Food Systems	<p><i>Small scale farmers, smallholders</i></p>	<p>Financing of food security projects, such as but not limited to JPG's Smallholder Inclusion Programmes, for small-scale farming operations in regions with need to tackle food security or food loss, in particular:</p> <ul style="list-style-type: none"> ▪ Investment in infrastructure and facilities such as warehouses to provide adequate storage, and improve food conservation ▪ Projects or programs for smallholder farmers that enhance agriculture productivity or nutritional value of agriculture in countries and regions with food security issues 	<div style="text-align: center;">  </div> <p>JPG's initiatives for food security contribute towards UNSDG targets 12.3 by:</p> <ol style="list-style-type: none"> i. Reducing food losses along production and supply chains, including post-harvest losses

3.1.3 Exclusion List for Green and Social Projects

JPG'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):

- (a) Luxury sectors (precious metals / precious minerals / artworks and antiques wholesale or brokerage);
- (b) Child labour or forced labour;
- (c) Gambling;
- (d) Adult entertainment;
- (e) Weapons and military contracting;
- (f) Alcohol;
- (g) Tobacco;
- (h) Fossil-fuel generation related activities (including extraction, exploration, production, power generation or transport of fossil fuels); and
- (i) 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

JPG has established processes and procedures to ensure that projects are properly identified and assessed in compliance with this Framework. JPG's BSC with support of the SSC will review, evaluate, and advise on sustainability initiatives in alignment with JPG's broader strategy. In respect to this Framework, the responsibilities of the SSC and BSC are as follows:

SSC is responsible for:

- Reviewing, selecting, validating and monitoring the pool of Eligible GSS Projects, based on the categories and criteria as specified in Framework, which is in alignment with JPG's sustainability strategy;
- Identifying eligible sustainable financing Key Performance Indicators ("KPIs")
- Reviewing and validating the relevant reports, including the Allocation and Impact Reports as well as Progress Report on SPTs for the annual reporting;
- Monitoring the ongoing evolution across 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 controversies⁹ associated to the projects.

BSC is responsible for:

- Overseeing the Framework implementation and allocation process including reviewing and approving allocation;
- Reviewing the pool of Eligible GSS Projects, based on the categories and criteria as specified in Framework, which is in alignment with JPG's sustainability strategy;
- Reviewing and approving eligible sustainable financing Key Performance Indicators ("KPIs") and reviewing and monitoring the related Sustainability Performance Targets ("SPTs"); and
- Reviewing and approving any proposed updates to this Framework, including expansion to the list of Eligible Categories and KPIs, to reflect any changes on JPG's sustainability strategies and initiatives and in the event that projects no longer meet the eligibility criteria¹⁰. Any changes to the Framework will be published on JPG's website: <https://johorplantations.com/>

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 policies¹¹ and will undertake necessary processes to identify and manage any potential risks. In relation to the Eligible Projects, JPG 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 project uses internal expertise as follows:

1. SSC 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 JPG's sustainability objectives and strategies including assessment of the project's environmental and social risks.

⁹ Examples include Data Privacy and Security, Product Governance and Business Ethics

¹⁰ Examples include Data Privacy and Security, Product Governance and Business Ethics

¹¹ Reference: <https://johorplantations.com/corporate-governance/>

2. The SSC members include representatives from across JPG's related business functions.
3. On a semi-annual basis, and before any new finance is raised, the BSC will review the assets/projects and confirm that they meet the criteria for inclusion.
4. In case of divestment or an Eligible Project no longer meets the eligibility criteria, the proceeds will be allocated to other Eligible Projects as soon as practicable.

In addition to the above, JPG's BSC will be ensuring that the Group's strategic plan supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability, human rights, as well as climate-related risks and opportunities.

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, JPG will maintain a register of Eligible Projects managed by JPG's Finance Team 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 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

JPG'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 JPG's Group Financial Policy. 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, JPG will reallocate proceeds to finance other Eligible Projects, compliant with the current Framework. JPG will aim to fully allocate the proceeds of any Use of Proceeds Financing instruments issuance within 36 months.

3.4 Reporting

On an annual basis, at least until full allocation or in case of material changes, JPG will provide the following reporting on its SFT(s) to the extent feasible:

In the **Allocation Report**, JPG 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
Renewable Energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided • Annual renewable energy generation (MWh/GWh)
Environmentally Sustainable Natural Resources Use	<ul style="list-style-type: none"> • Number of hectares under sustainable forest management, agroforestry, or other sustainable land use management practices • Volume or number of certified products
Terrestrial and Aquatic Biodiversity Conservation	<ul style="list-style-type: none"> • Net change in area of habitat protected or restored, in hectares
Sustainable Water & Wastewater Management	<ul style="list-style-type: none"> • Volume of reduced water usage
Pollution Prevention and Control	<ul style="list-style-type: none"> • Volume of byproducts recycled • Volume of hazardous waste generated and treated
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings (MWh) • Annual GHG emissions reduced/avoided (tCO₂e)
Clean Transportation	<ul style="list-style-type: none"> • Annual reduction in transport-related GHG emissions in tonnes of CO₂ equivalent • Annual reduction in fuel consumption in litres or other relevant units

Eligible Social Project Type	Example of Impact Metrics
Socioeconomic advancement	<ul style="list-style-type: none"> • Number of beneficiaries
Food Security and Sustainable Food Systems	<ul style="list-style-type: none"> • Number of people benefitting from agricultural projects and using improved farming technology • Farmers provided with access to agricultural inputs

The impact reporting will be disclosed annually, with the methodology of the indicators above where relevant and feasible, articulated on the corporate sustainability website at <https://johorplantations.com/sustainability/>.

Any material developments, such as modification of the Framework, will also be reported in a timely manner on JPG'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, JPG's GSS instruments are supported by external reviews, depending on the type of instruments.

3.5.1 Pre-Issuance Review

JPG has obtained an independent SPO from MARC on the Sustainable Finance 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 also to the alignment with JPG's overall sustainability strategy. This opinion is available on JPG's website: <https://johorplantations.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 JPG. 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 the company's internal tracking method. The review will be included in the Allocation Report.

4 JPG'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 Principles¹² (“**SLBP**”) 2024 issued by ICMA;
- ASEAN Sustainability-Linked Bond Standards¹³ (“**SLBS**”) 2022 issued by ACMF;
- SRI-linked Sukuk Framework 2022¹⁴ issued by SC; and
- Sustainability-Linked Loan Principles¹⁵ (“**SLLP**”) 2023 issued by LMA, LSTA and APLMA.

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

¹² Reference: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf>




¹³ Reference: <https://www.theacmf.org/images/downloads/pdf/ASEAN%20Sustainability-linked%20Bond%20Standards.pdf>

¹⁴ Reference: <https://www.sc.com.my/api/documentms/download.ashx?id=49df5207-f32f-4095-a0c6-1aab5f3c2038>

¹⁵ Reference: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

4.1 Selection of Key Performance Indicators (“KPIs”)

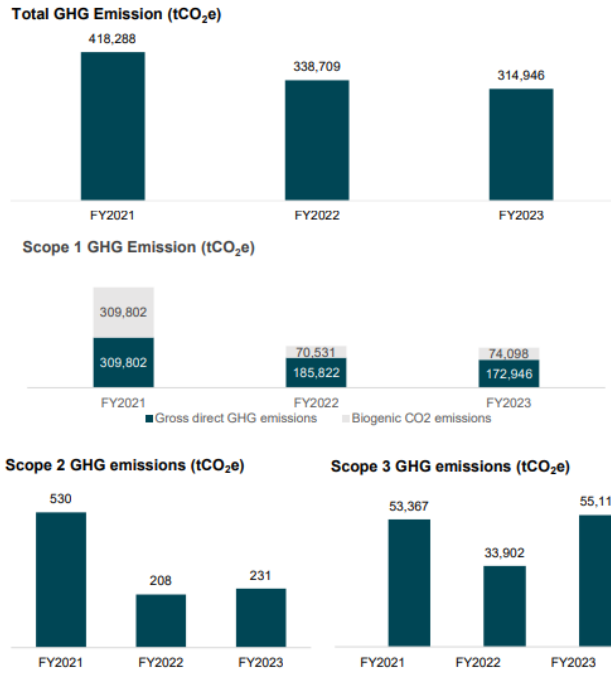
JPG has selected the following KPIs, which are core, relevant, and material to their business and measures the sustainability improvements of the Group.

Key Performance Indicators (“KPIs”)	Baseline	Sustainability Performance Targets (“SPTs”)	UN SDG Linkage
GHG Emission Reduction	<p>1.76 MT CO₂e per MT CPO and PK 2012</p> <p><i>*based on RSPO PalmGHG calculation</i></p>	<ul style="list-style-type: none"> 50% carbon intensity reduction (Scope 1 and Scope 2) by 2025 (against 2012 baseline) Achieving net zero carbon emissions by 2050 	 <p>JPG’s GHG Emission Reduction target contributes towards UNSDG targets 13.2, by:</p> <ol style="list-style-type: none"> Integrating climate change measures in JPG’s planning
Traceability to FFB Suppliers	<p>98.85% 2023</p>	<ul style="list-style-type: none"> Achieve 100% Traceability to FFB Suppliers by 2025 	 <p>JPG’s Supply Chain Traceability target contributes towards UNSDG targets 8.7, 9.3, 12.2, and 17.16, by:</p> <ol style="list-style-type: none"> Preventing forced labour, ending modern slavery, and prohibition of child labour Increasing integration of small-scale industrial and other enterprises into value chains and markets Promoting sustainable management and efficient use of natural resources Participating in partnerships to support achievement of national sustainable development goal
Water Management	<p>1.2 m³/MT FFB 2013</p>	<ul style="list-style-type: none"> Maintain mill water consumption of 1.2 m³ /MT FFB and below 	 <p>JPG’s Water Management target contributes towards UNSDG targets 12.2 and 15.1, by:</p> <ol style="list-style-type: none"> Practicing sustainable management and efficient use of natural resources Ensuring sustainable use of terrestrial and inland freshwater ecosystems

KPI 1: Greenhouse Gas (“GHG”) Emission Reduction

KPI 1: Greenhouse Gas (“GHG”) Emission Reduction	
Definition	<p><u>GHG Emission Definitions</u></p> <ul style="list-style-type: none"> ▪ Scope 1: <ul style="list-style-type: none"> ○ Fertiliser application ○ Field fuel use ○ Palm oil mill effluent (“POME”) ○ Mill fuel use ▪ Scope 2: Grid Emissions ▪ Scope 3: All indirect emissions (not included in scope 2) that occur in JPG’s value chain, including both upstream and downstream emissions, as defined within the GHG Protocol ▪ Biogenic Emissions: <ul style="list-style-type: none"> ○ Land clearing ○ Peat oxidation ○ Crop sequestration ○ Conservation credit ○ PKS credit ▪ Emissions intensity: The metric tonnes of CO2e produced per metric tonnes of Crude Palm Oil (“CPO”) and Palm Kernel (“PK”)
Scope	<ul style="list-style-type: none"> ▪ GHG Emissions include scope 1, 2, and 3 GHG emissions including biogenic emissions in Scope 1, for JPG’s certified operations in Malaysia, as reported within its Annual Report.
Rationale and Materiality	<p>Materiality:</p> <ul style="list-style-type: none"> ▪ Climate Change and GHG Emissions is ranked as of Critical importance to JPG’s Stakeholders ▪ JPG’s Net Zero by 2050 ambition supports and is in line with Malaysia’s national commitment towards Net Zero by 2050 <p>Rationale:</p> <ul style="list-style-type: none"> ▪ JPG acknowledges the pressing need to address climate change and its potential effects on its operations and supply chain. ▪ In response to the Paris Agreement's 1.5-degree Celsius global temperature rise limit, JPG is refining its climate-related disclosures to align with TCFD guidelines and recommendations by conducting its first climate-scenario analysis. ▪ By integrating climate considerations into its risk management, JPG aims to develop strategies that protect its assets and operations while mitigating environmental impact achieving net zero emissions by 2050.
Calculation Methodology	<p>JPG refers to the GHG Protocol Corporate Accounting and Reporting Standard as well as the GHG Protocol Agricultural Guidance for reporting carbon emissions performance data.</p> <p>For emission intensity, the following calculation will apply:</p> $\text{Emission Intensity (MT CO2e per MT CPO and PK)} = \frac{\text{Total Emission (MTCO2e)}}{\text{Volume (MT CPO+ PK)}}$

Historical Performance



Year	2021	2022	2023
Carbon footprint per tonne CPO/PK (MT CO₂e per MT CPO and PK)	1.13	0.93	0.9

KPI 2: Traceability to FFB Suppliers

KPI 2: Traceability to FFB Suppliers									
Definition	Traceability: Traceability of CPO and PK to plantations, for Fresh Fruit Bunches (“FFB”) is based on the receipt of the Small Holding (“SH”) Malaysian Palm Oil Board (“MPOB”) License ¹⁶ or SH Certification data through the Traceability Tool-Kit Survey (“TTS”) form submitted by suppliers for the current year.								
Scope	<ul style="list-style-type: none"> ▪ External FFB from smallholders received at JPG¹⁷. ▪ For year 2023 until 2025: <ul style="list-style-type: none"> ○ The scope of FFB to be traceable will be based on JPG’s 2023 crops. ▪ For year 2026 onwards: <ul style="list-style-type: none"> ○ The scope of FFB to be traceable for JPG’s external smallholder FFB suppliers will be limited to suppliers who have been onboarded for a minimum of 3 consecutive years, allowing for a grace period¹⁸ for new external suppliers to be onboarded and traceable. 								
Rationale and Materiality	<p>Materiality:</p> <ul style="list-style-type: none"> ▪ The top five material sustainability matters for JPG in FY2023 includes resource management. ▪ JPG has established a fully traceable and transparent supply chain, allowing JPG to track its products back to their origins. JPG prioritises transparency by addressing any stakeholder concerns and keeping them informed through regular engagements, website updates, annual reports and sustainability report. <p>Rationale:</p> <ul style="list-style-type: none"> ▪ Responsible sourcing and traceability are fundamental for supply chain transparency and accountability, ensuring compliance with ethical standards and environmental sustainability. ▪ As consumer awareness grows, tracing products through each supply chain stage becomes increasingly important to mitigate risks such as labour violations and environmental degradation. This practice enhances operational efficiency for long-term viability and positive societal impact. ▪ JPG is committed to establishing a supply chain that is fully traceable and transparent, ensuring its products can be traced back to their source 								
Calculation Methodology	$\text{Traceability (\%)} = \frac{\text{Total Number of MPOB Licenses/ RSPO Certification Data Obtained}}{\text{Total Number of Smallholders Suppliers}} \times 100$ <p>Post 2025, for maintenance of traceability at 100%, traceability will be measured based on a rolling average of maintenance from 2025, calculated based on the methodology above.</p>								
Historical Performance	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Traceability to FFB Suppliers</td> <td>58.43%</td> <td>98.49%</td> <td>98.85%</td> </tr> </tbody> </table>	Year	2021	2022	2023	Traceability to FFB Suppliers	58.43%	98.49%	98.85%
Year	2021	2022	2023						
Traceability to FFB Suppliers	58.43%	98.49%	98.85%						

¹⁶ Reference: https://e-lesen.mpo.gov.my/document/CRITERIA%20AND%20GUIDELINES%20ON%20MPOB%20LICENSE%20APPLICATION_EnglishVersion_latest.pdf

¹⁷ Traceability to Plantations does not include FFB from JPG’s own estates, which are already fully traceable. For avoidance of doubt, Traceability to Plantations here refers to Outside Crop Purchase Traders/Suppliers. As at FY2023, JPG’s Local Outside Crop Suppliers represents 24.06%, as reported within its JPG Sustainability Report 2023.

¹⁸ Aligned with guidance by the RSPO Independent Smallholder Standard which provides allowance for a maximum of 3 years towards achieving full RSPO ISH Standard compliance of RSPO ISH Standard.

Reference: https://rspo.org/wp-content/uploads/RSPO_ISH_Standard_2019-English.pdf

KPI 3: Water Management

KPI 3: Water Management									
Definition	<ul style="list-style-type: none"> ▪ Water Management: will be measured based on JPG’s mill water consumption. Water supply for JPG is sourced from surface water and third-party providers. 								
Scope	Encompasses all of JPG’s mills.								
Rationale and Materiality	<p>Materiality:</p> <ul style="list-style-type: none"> ▪ The top five material sustainability matters for JPG in FY2023 includes resource management. ▪ JPG has set a water conservation target, aiming to maintain mill water consumption at 1.2 m3 /MT FFB and below. ▪ Responsible resource management is vital for oil palm cultivation, ensuring long-term productivity and profitability while minimising environmental impact. Efficient utilisation of resources, such as water, promotes sustainable practices and conserves resources, balancing economic needs with environmental preservation. <p>Rationale:</p> <ul style="list-style-type: none"> ▪ JPG prioritises meticulous water management practices its estates, recognising the importance of minimising water-related impacts associated with its operations. ▪ Through comprehensive environmental aspects and impact assessments, JPG has identified key areas for improvement. Utilising insights from these assessments, JPG developed a robust water management plan that serves as guidance for JPG’s operational units. 								
Calculation Methodology	<p>For mill water consumption, the following calculation will apply:</p> $\text{Mill water consumption (m3/MT FFB)} = \frac{\text{Total Mill Water (m3)}}{\text{Volume of Fresh Fruit Bunches produced (MTF FB)}}$								
Historical Performance	<table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Mill water consumption m3/MT FFB</td> <td>1.11</td> <td>1.13</td> <td>1.19</td> </tr> </tbody> </table>	Year	2021	2022	2023	Mill water consumption m3/MT FFB	1.11	1.13	1.19
Year	2021	2022	2023						
Mill water consumption m3/MT FFB	1.11	1.13	1.19						

4.2 Calibration of Sustainability Performance Targets (“SPTs”)

SPT for KPI 1: Achieving net zero carbon emissions by 2050

- **SPT 1a:** 50% carbon intensity reduction (Scope 1 and Scope 2) by 2025 (against 2012 baseline*) based on RSPO PalmGHG calculation
- **SPT 1b:** Achieving net zero carbon emissions by 2050

SPT 1: Achieving net zero carbon emissions by 2050																				
Target and Baseline	<p>Target</p> <ul style="list-style-type: none"> ▪ 1a: 50% carbon intensity reduction (Scope 1 and Scope 2) by 2025 (against 2012 baseline*) based on RSPO PalmGHG calculation ▪ 1b: Achieving net zero carbon emissions by 2050 <p>Baseline</p> <ul style="list-style-type: none"> ▪ GHG Emissions intensity in FY2012 of 1.76 MT CO2e per MT CPO and PK 																			
Ambition of the Target	<table border="1"> <thead> <tr> <th>Metrics/ Observation Date</th> <th>2012 (Baseline)</th> <th>2024</th> <th>2025</th> <th>2050</th> </tr> </thead> <tbody> <tr> <td>SPT 1a</td> <td>1.76</td> <td>0.90</td> <td>0.88</td> <td>0.00</td> </tr> <tr> <td>% Reduction from 2012</td> <td>0%</td> <td>49%</td> <td>50%</td> <td>100%</td> </tr> </tbody> </table>					Metrics/ Observation Date	2012 (Baseline)	2024	2025	2050	SPT 1a	1.76	0.90	0.88	0.00	% Reduction from 2012	0%	49%	50%	100%
Metrics/ Observation Date	2012 (Baseline)	2024	2025	2050																
SPT 1a	1.76	0.90	0.88	0.00																
% Reduction from 2012	0%	49%	50%	100%																
Strategy to achieve the SPTs	<ul style="list-style-type: none"> ▪ JPG is undertaking a series of proactive initiatives and developed plans towards the achievement of this SPT. ▪ Ongoing initiatives include: <ul style="list-style-type: none"> ○ Converting methane from POME into energy through biogas plants at JPG’s five Palm Oil Mills. JPG’s Bio-Methane Plant commenced commercial operation on 1st August 2023. ○ Bio-CNG installation at Terah and Sindora achieved 70% completion. ○ Utilisation of water, palm kernel shells and fibre, for power generation and biogas production. ○ Enhancement of biodiversity conservation within the HCV/HCS Management framework. ○ Adherence to No Deforestation, Peats or Exploitation ○ Implementation of best management practices and integration of pest management. ○ Commissioning of Fibre Oil Extraction Plant (“PFOE”) in September 2023. 																			

SPT for KPI 2: Achieve 100% traceability to FFB Suppliers by 2025

SPT 2: Achieve 100% traceability to FFB Suppliers by 2025																
Target and Baseline	<p>Target</p> <ul style="list-style-type: none"> ▪ Achieve 100% traceability to FFB Suppliers by 2025 <p>Baseline</p> <ul style="list-style-type: none"> ▪ JPG’s traceability of CPO and PK to plantations in FY2023 is 98.85% 															
Ambition of the Target	<table border="1"> <thead> <tr> <th>Metrics/ Observation Date</th> <th>2023 (Baseline)</th> <th>2025</th> <th>2030*</th> </tr> </thead> <tbody> <tr> <td>SPT 2</td> <td>98.85%</td> <td>100%</td> <td>100.0%</td> </tr> <tr> <td>Increase from 2023</td> <td>N/A</td> <td>1.15%</td> <td>1.15%</td> </tr> </tbody> </table> <p>*Post 2025, for maintenance of traceability at 100%, traceability will be measured based on a rolling average basis. **For avoidance of doubt, (i) traceability as defined under this SPT is</p>				Metrics/ Observation Date	2023 (Baseline)	2025	2030*	SPT 2	98.85%	100%	100.0%	Increase from 2023	N/A	1.15%	1.15%
Metrics/ Observation Date	2023 (Baseline)	2025	2030*													
SPT 2	98.85%	100%	100.0%													
Increase from 2023	N/A	1.15%	1.15%													

	only applicable to Fresh Fruit Bunches (“FFB”), and (ii) the scope for traceability will be as set out in Section 4.1 .
Strategy to achieve the SPTs	<ul style="list-style-type: none"> ▪ JPG is implementing key mechanisms to achieve traceability across the whole value chain which includes fair procurement practices that align suppliers and contractors to the JPG’s standards and regulatory requirements. ▪ JPG has revised vendor and supplier pre-requisites in line with sustainability commitments. ▪ JPG conducts deforestation monitoring of supplier plantations through the open source platform. ▪ To promote adherence to sustainability best practices among JPG’s suppliers, JPG screens its suppliers based on both environmental and social criteria. The ESG questionnaire includes a comprehensive evaluation covering general sustainability and ESG topics to evaluate and integrate these principles into their operations.

SPT for KPI 3: Maintain mill water consumption of 1.2 m3 /MT FFB and below

SPT 3: Maintain mill water consumption of 1.2 m3 /MT FFB and below															
Target and Baseline	<p>Target</p> <ul style="list-style-type: none"> ▪ Maintain mill water consumption of 1.2 m3 /MT FFB and below <p>Baseline</p> <ul style="list-style-type: none"> ▪ Mill water consumption in FY2013 of 1.2 m3 /MT FFB 														
Ambition of the Target	<ul style="list-style-type: none"> ▪ The SPT set for JPG represents an ambitious target for water consumption in comparison to its peers. <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Metrics/ Observation Date</th> <th>2013 (Baseline)</th> <th>2025</th> <th>2028</th> <th>2030</th> </tr> </thead> <tbody> <tr> <td>SPT 3</td> <td>1.2</td> <td>1.2</td> <td>1.2</td> <td>1.2</td> </tr> </tbody> </table>					Metrics/ Observation Date	2013 (Baseline)	2025	2028	2030	SPT 3	1.2	1.2	1.2	1.2
Metrics/ Observation Date	2013 (Baseline)	2025	2028	2030											
SPT 3	1.2	1.2	1.2	1.2											
Strategy to achieve the SPTs	<ul style="list-style-type: none"> ▪ JPG’s management plan encompasses several key strategies. ▪ Firstly, JPG has designated buffer zone areas within its fields where chemical activities such as spraying and manuring are strictly prohibited to safeguard water resources. ▪ JPG further conducts regular inlet and outlet water analyses following manuring activities each month to monitor water quality. ▪ To mitigate sedimentation and erosion risks near water bodies, JPG implemented periodic desilting of drains as well as plant Guatemala grass and soft grasses. These proactive measures help to maintain the integrity of the surrounding ecosystems and ensures the sustainable management of water resources across operating units. ▪ Water supply for JPG is sourced from surface water and third-party providers, and JPG is in the process of installing rainwater harvesting systems with the goal of implementing them across all operational units by 2025. 														

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 achieve verification of 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 Financial 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 certain events, outside JPG's direct control, resulting in the step-up not being triggered, subject to agreement from the relevant lenders, bondholders or sukukholders.

4.4 Reporting

To provide investors, lenders, and other stakeholders with adequate information about JPG's implementation of its sustainability strategy, JPG 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 JPG's Annual Report/Sustainability Report, or on a standalone basis in relation to the previous calendar year, and the Progress Report shall be published on JPG's web page no later than the Reporting End Date as specified within the transaction documents.

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 JPG'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 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://johorplantations.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, JPG 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 JPG's annual reporting on Sustainability-Linked Financial Instruments on JPG's webpage no later than the Reporting End Date, as outlined in [Section 4.3](#).

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.

4.6 Recalculation Policy

Any significant change to the calculation methodology of the SPTs or significant change in data due to better data accessibility or discovery of data errors or significant structural change such as acquisitions, divestitures, or mergers may result in a recalculation of the relevant baselines and/or SPT.

Significant changes are defined as changes that lead to an increase or decrease in value of the KPIs of at least 5% or greater. JPG 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 JPG's SPO provider has independently confirmed to JPG that the proposed revision:

- is consistent with JPG'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 JPG in the Annual and/or Sustainability Report.

5 Update and Amendment of the Framework

JPG 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.