



# Second-Party Opinion

## Plantations International Secured Collateral Green Bond Framework

### Evaluation Summary

Sustainalytics is of the opinion that the Plantations International Secured Collateral Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Renewable Energy, Sustainable Packaging, Sustainable Agriculture and Green Buildings – are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 9 and 12.



**PROJECT EVALUATION / SELECTION** Plantations International's executive committee and the Sustainable Agroforestry Securitisation Fund (Luxembourg) will be responsible for evaluating and selecting projects that are in line with the Framework's eligibility criteria. Plantations International has internal processes to identify and mitigate environmental and social risks commonly associated with the eligible projects, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project evaluation and selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Plantations International accounting system, along with the accounting systems of its subsidiaries in each country, will be responsible for the daily monitoring of proceeds for eligible projects. Plantations International will establish a green bond programme to track the allocation of net proceeds and follow a bond-by-bond approach to manage them. Proceeds will be fully allocated within two years from the bond issuance. Pending allocation, unallocated proceeds will be temporarily held in cash, cash equivalents or other liquid instruments until full allocation. Plantations International intends to monitor the allocation of proceeds to eligible projects and their underlying impacts across secured green bonds to ensure transparency and avoid double counting. This process is in line with market practice.



**REPORTING** Plantations International intends to report on the allocation of proceeds in its annual report on its website on an annual basis until full allocation. The allocation report will include the total amount of investments and expenditures for each secured green bond and the amount of allocated and unallocated proceeds. In addition, Plantations International is committed to reporting on relevant impact metrics. Sustainalytics views Plantations International's allocation and impact reporting as aligned with market practice.

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**Evaluation Date** September 26, 2022

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**Issuer Location** Luxembourg

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## Introduction

Plantations International Holdings PTE. Ltd. (“Plantations International” or the “Company”) is a multinational plantation and farm management company that specializes in providing sustainable agricultural and forestry, agroforestry and management services. With headquarters in Singapore, the Company was established in 2001 with five subsidiaries,<sup>1</sup> owning operations in more than 11 countries across Asia, Europe and Africa. Sustainable Agroforestry Securitisation Fund (Luxembourg) (the “Fund”, “SPV” or the “Issuer”) is a special purpose entity that acts as the issuer for and on behalf of its compartments. The Fund is owned and managed by Plantations International Securities SARL, Luxembourg (the “Arranger”), which is a subsidiary of the Company.

The Issuer has developed the Plantations International Secured Collateral Green Bond Framework dated September 2022 (the “Framework”), under which it intends to issue secured green bonds and use the proceeds to invest in eligible projects according to the defined criteria at mango plantations in Thailand and durian plantations in Malaysia. The proceeds will be invested by the Company in the eligible projects through United Tropical Fruit SDN BHD and Plantations International Co. Limited Thailand, respectively. The secured green bonds will be secured by mango and durian trees as collateral with their locations itemized in the bonds’ documentation. Furthermore, the secured green bonds will be audited on the listing of each asset-backed bond and the audit will be conducted within 12 months of each bond issuance. The Framework defines eligibility criteria in four areas:

1. Renewable Energy
2. Sustainable Packaging
3. Sustainable Agriculture
4. Green Buildings<sup>2</sup>

Plantations International Holdings PTE. Ltd. engaged Sustainalytics to review the Plantations International Secured Collateral Green Bond Framework and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>3</sup> The Framework will be published in a separate document.<sup>4</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>5</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11.4, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Plantations International’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Plantations International representatives have confirmed that: (1) they understand it is the sole responsibility

<sup>1</sup> Subsidiaries of Plantations International: (i) Plantations International Agroforestry Ltd. Hong Kong, (ii) Plantations International Co. Ltd Thailand, (iii) Plantations International Securities Sarl, Luxembourg, (iv) United Tropical Fruit SDN BHD, (v) Sustainable Agroforestry Securitisation Fund (Luxembourg).

<sup>2</sup> The Framework defines the Green Buildings category as New Buildings and Renovations, requiring all buildings to achieve LEED Gold or above certification.

<sup>3</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>4</sup> The Plantations International Secured Collateral Green Bond Framework will be available on Plantations International’s website at: <https://www.plantationsinternational.com/>

<sup>5</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

of Plantations International to ensure that the information provided is complete, accurate or up to date; (2) they have provided Sustainalytics with all relevant information; and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Plantations International.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with green bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Plantations International is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the green bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Plantations International has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Plantations International Secured Collateral Green Bond Framework

Sustainalytics is of the opinion that the Plantations International Secured Collateral Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Renewable Energy, Sustainable Packaging, Sustainable Agriculture and Green Buildings – are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics notes that investments in the eligible categories are expected to lead to positive environmental impacts.
  - Proceeds from the issuance will be utilized to finance eligible projects at Plantation International's organic Musang King durian (organic durian) plantations in Malaysia and Nam Dok Mai mango (organic mango) plantations in Thailand using the respective trees as collateral.
  - The Company has confirmed that the proceeds from issued secured green bonds will not be further invested in other financial instruments, such as bonds, except for temporary allocation, if any. Furthermore, Plantations International has confirmed that proceeds from the secured green bond issuances will be directly transferred to the relevant subsidiaries in Malaysia and Thailand to finance eligible projects and expenditures, including planting organic durian and mango trees that will be used as collateral along with existing organic durian and mango trees for secured green bonds.
  - The Company has confirmed to Sustainalytics that the same assets, i.e. the very same trees will not be used for different compartments, and that each secured green bond compartment will follow a ring-fence structure. The Company has also confirmed to Sustainalytics that the plantations in Malaysia and Thailand where proceeds will be used are on non-forest land.
  - The proceeds may also finance operational expenses, including the salaries of R&D staff, and operation staff at the plantations. Salaries of day-to-day operational staff, management and

- executives will be excluded from the Framework, which Sustainalytics considers to be in line with market practice.
- Within the Renewable Energy category, the proceeds may be used to finance expenditures related to installing solar photovoltaic modules around the plantations on building rooftops, on ponds to minimize evaporation losses, and at any other suitable locations at plantations in Thailand or Malaysia. Sustainalytics considers these investments to be in line with market practice.
  - For the Sustainable Packaging category, financing may include the following expenditures:
    - To reduce the use of virgin materials in its packaging, Plantations International intends to procure packaging made of 100% recycled materials for fruits from the plantations. Expenditures towards procurement of bioplastics or recycled plastics are excluded from the Framework.
    - Expenditures may also include the recycling and reuse of packaging material, which primarily includes paper-based material such as high-quality baskets and tower boxes. Furthermore, Sustainalytics notes that recycling plastic will be restricted to mechanical recycling, and eligible reuse projects will result in the products being put back to their original use with minimal or no further pre-processing required.
    - Additional expenditures may include the financing of waste collection and sorting activities related to recycling. Plantations International has confirmed to Sustainalytics that intended projects for waste collection and sorting includes expenditure towards waste collection infrastructure that will support segregation at source for waste recycling. Sustainalytics notes that waste collection vehicles will not be financed under the Framework. Sustainalytics considers these investments to be aligned with market practice.
  - Under the Sustainable Agriculture category, financing may include the following expenditures:
    - The proceeds may be used towards planting organic mango and durian trees on its plantations in Thailand and Malaysia. Sustainalytics notes that the Company is currently in the process of obtaining the following certifications: i) Good Agricultural Practices for Food Crop (GAP Thailand)<sup>6</sup> and ii) Programme for the Endorsement of Forest Certification (PEFC)<sup>7</sup> for its organic mango plantation in Thailand; and iii) Malaysian Good Agricultural Practices Scheme (MyGAP)<sup>8</sup> and iv) Malaysian Organic Certification Scheme (MyOrganic)<sup>9</sup> for its organic durian plantation in Malaysia.
    - While GAP Thailand does not adequately address the land use change which is not in line with market expectation on a standalone basis, Sustainalytics considers GAP Thailand in conjunction with PEFC to be credible and impactful. Furthermore, Sustainalytics considers the MyGAP and MyOrganic certification standards as credible and impactful in the Malaysian context but notes that the certification processes do not involve independent third-party verifiers as the audit process is conducted by the Department of Agriculture. Sustainalytics encourages the Company to report the actual dates of receipt of the certifications and the positive impacts from plantation activities with the certificates. In addition, Sustainalytics notes that all newly planted trees will be certified, and the Company has confirmed to Sustainalytics that existing trees will also be certified within the tenure of secured green bonds issued under the Framework. Sustainalytics notes that it is market expectation to specify all eligible certifications and encourages Plantations International to report on any specific certifications it

<sup>6</sup> Plantations International applied for GAP Thailand certification in March 2021, which is expected for 2024.

National Bureau of Agricultural Commodity and Food Standards - Ministry of Agriculture and Cooperatives, Thailand, "Thai Agriculture Standard - TAS 9001-2013: Good Agricultural Practices for Food Crops", at: [https://www.acfs.go.th/standard/download/eng/GAP\\_Food\\_Crop.pdf](https://www.acfs.go.th/standard/download/eng/GAP_Food_Crop.pdf)

<sup>7</sup> Plantations International applied for PEFC certification in March 2021, which is expected in the first quarter of 2023.

PEFC, "Thai Sustainable Forest Management Standard", at: <https://www.pefc.org/discover-pefc/our-pefc-members/national-members/the-federation-of-thai-industries-fti>

<sup>8</sup> Plantations International applied for MyGAP certification in February 2022, which is expected for 2026.

Malaysian Good Agricultural Practices Scheme (MyGAP), at: [http://www.agricmelaka.gov.my/index.php?option=com\\_content&view=article&id=28:skim-amalan-pertanian-baik-malaysia-mygap&catid=22&lang=ms&Itemid=127](http://www.agricmelaka.gov.my/index.php?option=com_content&view=article&id=28:skim-amalan-pertanian-baik-malaysia-mygap&catid=22&lang=ms&Itemid=127)

<sup>9</sup> Plantations International applied for MyOrganic certification in February 2022, which is expected for Q4 2022.

Malaysian Organic Certification Scheme (MyOrganic) at:

[http://www.agricmelaka.gov.my/index.php?option=com\\_content&view=article&id=69:malaysian-organic-certification-scheme-myorganic&catid=23&lang=en&Itemid=114&\\_ncforminfo=cqYWuL1RrFLgnfnsP\\_8adMDKaynSt9vrfctDVCwBrIM65aVorZZ5SEKiO-ruk61qHAL4JGDBk9wF9SbDU4FdZVeSu3UwT-7bztCKz9dBmhzzy2a9dc0Fr5I57DAD3qN3JtbqorbqO-H05HY7Lwy9Kvg-R5ruN](http://www.agricmelaka.gov.my/index.php?option=com_content&view=article&id=69:malaysian-organic-certification-scheme-myorganic&catid=23&lang=en&Itemid=114&_ncforminfo=cqYWuL1RrFLgnfnsP_8adMDKaynSt9vrfctDVCwBrIM65aVorZZ5SEKiO-ruk61qHAL4JGDBk9wF9SbDU4FdZVeSu3UwT-7bztCKz9dBmhzzy2a9dc0Fr5I57DAD3qN3JtbqorbqO-H05HY7Lwy9Kvg-R5ruN)

intends to use. Sustainalytics notes that the Company registered itself with the Federal Agricultural Marketing Authority and Department of Agriculture in Malaysia in February 2022.

- The proceeds may also be used to implement sustainable agricultural practices, including the use of conservation tillage,<sup>10</sup> crop rotation,<sup>11</sup> soil restoration,<sup>12</sup> drip irrigation, organic straw mulches,<sup>13</sup> organic biological fertilizers,<sup>14</sup> and physical pest and disease control.<sup>15</sup> Sustainalytics encourages Plantations International to promote the holistic deployment of conservation agriculture practices<sup>16</sup> in its investing criteria for sustainable agriculture projects. Sustainalytics notes that Plantations International intends to finance procurement of waste from certified palm oil operations for organic fertilizers. Further, Sustainalytics notes that Plantations International intends to procure waste only from RSPO certified palm oil operations, which is in line with market practice. However, Sustainalytics notes that the Company intends to finance waste from palm oil operations of Felcra Berhard, which is only MSPO certified according to the disclosure on the website.<sup>17</sup> Sustainalytics acknowledges the positive impact of using waste from palm oil operations for organic fertilizers, which may prevent it from ending up in landfill or being burnt, but considers the use of waste from MSPO-certified palm oil operations to be a limitation of the Framework. Sustainalytics encourages the Company to limit procurement of waste to RSPO certified palm oil operations.
- Additionally, the proceeds may be used to finance biocontrol and combination methods to control plants from pest attack and diseases. Sustainalytics notes that the proceeds will not be used to finance pesticides under the Framework. The Company has confirmed to Sustainalytics that minimal use of pesticides registered with the Department of Agriculture Thailand is presently required only at the initial stages of mango plants, which will not be financed under the Framework.
- The Company has confirmed to Sustainalytics that operational expenditures will be directly linked to eligible sustainable agriculture projects and activities being financed under the Framework.
- The Company may finance R&D expenditures, including collaborations with local universities in Malaysia and Thailand, to research organic farming practices, which include green manure, compost, biological pest control and crop rotation to produce crops and develop organic Musang King durian and Nam Dok Mai mango varieties. R&D may also include research on various topics affecting the climate impact of farms, such as feed, soils and pests. Additionally, R&D expenditures may include: i) the construction of an R&D centre at plantations in Malaysia and Thailand; ii) the financing of indoor and outdoor nursery facility for R&D, which will partly be greenhouses for the development of organic durian fruits in Malaysia; iii) R&D on sustainable agricultural practices and organic durian and mango seed varieties; and iv) research collaboration

<sup>10</sup> Conservation tillage includes any method of soil cultivation that keeps at least one-third of cultivated soil covered with the previous year's crop residue. It will especially include no-till farming practices to reduce run-off of minerals and other nutrients, which may also help sequester carbon.

<sup>11</sup> Crop rotation includes planting trees in between rows in order to reduce the cost of mowing the lawn and help cover the soil. Wheat, corn, sun hemp and peanuts are some types that can be used to plant between rows.

<sup>12</sup> Soil restoration includes using legumes as green manure to allow adding nitrogen from the air to the soil through their biological fixation. Legume green manure crops help provide cover and promote soil retention by helping to build soil structure.

<sup>13</sup> Organic straw mulches are usually made of straw. It involves spreading a layer of material on the ground around plants to protect their roots from heat or drought. It also reduces the rate of water loss which increases the soil moisture. Especially in sloping fields, organic mulches help keep water from washing away soil particles.

<sup>14</sup> Organic fertilizers include: (i) organic manure from chicken dung, (ii) NrichBOF - palm oil biomass certified by Malaysian Sustainable Palm oil (MSPO).

<sup>15</sup> Biological and physical pest and disease control includes the use of biological pathogens, such as Trichoderma, to reduce the use of chemicals and have shown effectiveness against Pythium, Phytophthora and a range of pests, such as bed bugs, termites, thrips, whiteflies, aphids and some beetles. Biological and physical pest and disease control also includes yellow sticky traps and other mechanical ways of catching insects to address, for example, mango leaf-eating beetles.

<sup>16</sup> Conservation Agriculture is a set of management practices that helps to maintain soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; using no or minimal amounts of pesticides and synthetic fertilizers. FAO promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems." Food and Agriculture Organization of the United Nations (FAO), Conservation Agriculture, at: <http://www.fao.org/conservation-agriculture/en/>

<sup>17</sup> Felcra Berhard, "Sustainability Standards", at: <https://felcra.com.my/sustainability-standards/>

with and financial support to the Universiti Teknologi Marsa in Malaysia and other local universities, including for the construction of a building for R&D purposes.

Sustainalytics notes that indoor and outdoor nurseries, part of which will be greenhouses, intend to enhance energy efficiency and water efficiency using renewable energy generated by solar PV and by using drip irrigation systems. The Company also confirmed that all organic mangoes and durians would be grown during the fruits' natural cycle. Furthermore, the Company has confirmed to Sustainalytics that the organic mango and durian varieties developed in the nurseries as part of R&D activities will be certified under certifications listed in the Framework. These certifications will be obtained within the tenure of the bonds. Sustainalytics also notes that the university building will be limited to R&D purposes related to organic mango and durian varieties, sustainable agriculture practices and climate impacts on farms. Sustainalytics further notes that all R&D expenses will be limited to less than 5% of net proceeds from the issuances under the Framework. Sustainalytics encourages Plantations International to disclose progress and information on R&D projects, including stakeholders, R&D stage and expected impacts.

- The Company may use proceeds towards technology, such as handheld computer devices for scanning and itemization of trees, which will contribute to implement the requirements of chain of custody mechanism for the products. Expenditure towards handheld computers is expected to improve the traceability of products throughout the supply chain to ensure that the products are sourced and produced in a sustainable manner. This expenditure will also contribute to obtaining PEFC chain of custody certification. PEFC chain of custody certification will be obtained within the tenure of the bonds. Sustainalytics encourages Plantations International to disclose the positive impact of chain of custody and its processes once the certification is obtained.
- The proceeds may also be used to finance the construction of ponds on its plantations in Thailand and use the pond water for the Company's plantations. Additionally, the Company has confirmed to Sustainalytics that the primary purpose of these ponds is to harvest rainwater and use it for mango plantations during lean seasons. Sustainalytics views construction of ponds for rainwater harvesting to be aligned with market practice.
- Under the Green Buildings category, eligible expenditures may include the construction and renovation<sup>18</sup> of buildings that are expected to achieve LEED (Gold or above) certification<sup>19</sup> in Thailand and Malaysia. Construction or renovation of facilities may include R&D centres at plantations and at the Universiti Teknologi Marsa in Malaysia; and warehouses, including greenhouses. Sustainalytics notes that financing the construction or renovation of buildings will be limited to the building envelope.
- The Framework excludes activities involving child labour, persistent organic pollutants (POPs), non-compliance with workers' fundamental principles and rights, pesticides and herbicides subject to international phase-outs or bans, non-RSPO-certified palm oil feed, fossil fuel operations, palm plantations or palm oil production, and GMOs. Sustainalytics considers this exclusion list to strengthen the Framework.
- Project Evaluation and Selection:
  - Plantations International's executive committee and the Sustainable Agroforestry Securitisation Fund (Luxembourg) will be responsible for evaluating and selecting projects that are in line with the Framework's eligibility criteria. The Executive Committee comprises the COO, CFO and the Director of Operations, and the directors of its subsidiaries United Tropical Fruit SDN BHD (Malaysia) and Plantations International Co. Ltd. (Thailand).
  - In addition to being reviewed against the eligibility criteria in the Framework, potential projects will be assessed and evaluated for compliance with relevant national and international environmental and social regulations and standards, including local laws. Plantations International Holdings PTE. Ltd. has internal procedures to identify and mitigate environmental and social risks commonly associated with the eligible projects, which apply to all allocation

<sup>18</sup> The Company has confirmed that it will only finance renovation expenditures for existing buildings without any green building certification to achieve the green building certification levels required in the Framework.

<sup>19</sup> LEEDch: <https://www.usgbc.org/leed>

- decisions made under the Framework. In case any risk is identified, each country director and plantation manager will also be responsible for monitoring social and environmental risks associated with the use of proceeds and will report the same to the Company's executive board on a quarterly basis. See Section 2 for more details.
- Based on the defined process for project evaluation and selection for eligible assets, projects or expenditures, Sustainalytics considers this process to be in line with market practice.
  - Management of Proceeds:
    - The Company's accounting system and the accounting systems of its subsidiaries in each country will be responsible for the daily monitoring of proceeds for eligible projects. Plantations International will establish a green bond programme to track the allocation of net proceeds to eligible projects. The Company will also track the allocation of the net proceeds allocated for R&D projects in a separate ledger, and Plantations International will adopt a bond-by-bond approach to manage proceeds.
    - Proceeds will be fully allocated within two years from the bond issuances. Pending allocation, unallocated proceeds may be temporarily held in cash, cash equivalents or other liquid instruments until full allocation.
    - Plantations International intends to monitor the allocation of proceeds to eligible projects and their underlying impacts across secured green bonds to ensure transparency and avoid double counting.
    - Based on the use of a dedicated tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
  - Reporting:
    - Plantations International intends to report on the allocation of proceeds in its annual report on its website on an annual basis until full allocation. The allocation report will include the total amount of investments and expenditures for each secured green bond, and the amount of allocated and unallocated proceeds.
    - Plantations International also intends to disclose relevant environmental metrics which may include annual GHG emissions reduced or avoided (measured in tCO<sub>2e</sub>), the share of recyclable packaging material, energy generation capacity (measured in MW), annual energy and electricity saved, reduced or avoided (MWh), area under regenerative plantation (acres), estimated reduction in water use and water saving, impact of solar panels, and so on.
    - Based on the allocation and impact reporting commitment, Sustainalytics considers this process to be in line with market practice.

### Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Plantations International Secured Collateral Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond / Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of Plantations International

### Contribution of the Framework to Plantations International's sustainability strategy

Sustainalytics is of the opinion that Plantations International demonstrates a commitment to sustainability through its focus on five key environmental areas: (i) energy and water use, (ii) waste generation and recycling, (iii) sustainable packaging, (iv) sustainable agriculture and (v) supply chain optimization.<sup>20</sup>

Plantations International has established its environmental goals under three main pillars: Better Climate, Clean Air and Water, and More Nature. Under these pillars, the Company aims to (i) set a net zero carbon target and reduce GHG emissions across its operations; (ii) maintain a balance in the nitrogen and phosphorous cycles by protecting water resources and reducing emissions; and (iii) build a more diverse agricultural landscape to increase biodiversity. The Company's strategy to achieve these goals focuses on transitioning to renewable energy sources, adopting a circular economy approach and enhancing collaboration in the value chain to achieve its goals. For example, the Company aims to use 100% recyclable packaging materials and reduce food waste by using 100% of its fruit production, including using grade B fruits for making jams and canned fruits to reduce food waste.

<sup>20</sup> Plantations International, "Sustainability Policy", at: <https://www.plantationsinternational.com/sustainability-policy/>

In alignment with its sustainability policy, Plantations International is committed to operating in accordance with applicable laws and regulations and to engaging with industry and public stakeholders to develop responsible standards and voluntary initiatives in support of its commitments under the policy.<sup>21</sup>

Sustainalytics is of the opinion that the Plantations International Secured Collateral Green Bond Framework is aligned with the Company's environmental commitments, goals and overall strategy to achieve these goals. Sustainalytics notes that the Company is in its initial stage of establishing its sustainability strategy and encourages the Company to develop and report on time-bound quantitative targets to achieve its key environmental objectives.

#### **Approach to managing environmental and social risks associated with the projects**

Sustainalytics recognizes that the net proceeds from the secured green bonds issued under the Framework will be directed towards eligible projects that are expected to have a positive environmental impact. Sustainalytics is aware, though, that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include issues related to human rights, community relations and stakeholder participation, land use and biodiversity issues associated with large-scale infrastructure development, and waste generated during construction.

Sustainalytics is of the opinion that Plantations International is able to manage and mitigate potential risks by implementing the following:

- The Company's Human Rights Risk Assessment and Monitoring Procedure guides the Company's overall risk assessment, prevention and mitigation processes related to human rights risks.<sup>22</sup> It also outlines governance and accountability provisions for optimal working conditions and benefits for its workers on plantation sites and other employees. The Company also intends to implement a human rights risk monitoring programme as part of its human rights risk assessment and monitoring procedure to ensure that related risks are managed at the sites, including annual reviews. The Company is committed to adhering to the UN Global Compact Principles.<sup>23</sup> It follows the ILO Declaration on Fundamental Principles and Rights at Work<sup>24</sup> and ILO Core Conventions,<sup>25</sup> the UN Guiding Principles on Business and Human Rights (UNGPs),<sup>26</sup> and the UN Declaration of Human Rights<sup>27</sup> for managing risks related to human rights. The Company's code of conduct social policy sets guidelines prohibiting the use of forced and slave labour, protecting women's rights, respecting the rights of people when using their natural resources, promoting diversity and its employees' right to health.<sup>28</sup>
- The Company aims to advance community engagement in the areas in which it operates by establishing joint action on issues related to plantation boundaries, water and roads, and with regard to improving the communities' well-being and leveraging local knowledge. Plantations International's code of ethics for land use and business practices includes assurances that it will respect the communities in which it operates and strive to communicate its development processes to maintain the confidence and welfare of those communities.<sup>29</sup> The Company's Human Rights Risk Assessment and Monitoring Procedure implements the Company's policies with respect to the human rights of local communities.
- Plantations International has also developed a sustainability policy that addresses biodiversity-related risks. The policy provides guidelines on the conservation and regeneration of indigenous flora, fauna and habitats. The Company aims to ensure that environmentally sensitive areas, such as those along the edges of rivers and wildlife corridors, are planted with indigenous tree species, and those habitats are encouraged to regenerate.<sup>30</sup>

<sup>21</sup> Ibid.

<sup>22</sup> Plantations International, "Human Rights Risk Assessment and Monitoring Procedure", Document provided by Plantations International

<sup>23</sup> Plantations International, "UN Global Compact Principles", at: <https://www.plantationsinternational.com/plantations-international-joins-united-nations-global-compact/>

<sup>24</sup> International Labour Organization, "ILO Declaration on Fundamental Principles and Rights at work", at: <https://www.ilo.org/declaration/lang-en/index.htm>

<sup>25</sup> International Labour Organization, "Conventions and Recommendations", at: <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang-en/index.htm>

<sup>26</sup> United Nations, "UN Guiding Principles on Business and Human Rights", at: [https://www.ohchr.org/sites/default/files/Documents/Issues/Business/Intro\\_Guiding\\_PrinciplesBusinessHR.pdf](https://www.ohchr.org/sites/default/files/Documents/Issues/Business/Intro_Guiding_PrinciplesBusinessHR.pdf)

<sup>27</sup> United Nations, "UN Declaration of Human Rights", at: <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

<sup>28</sup> Plantations International, "Code of Conduct Social Policy", Document provided by Plantations International

<sup>29</sup> Ibid.

<sup>30</sup> Plantations International, "Sustainability Policy", at: <https://www.plantationsinternational.com/sustainability-policy/>

- According to Malaysia's Environmental Quality Act, an Environmental Impact Assessment (EIA)<sup>31</sup> is required for activities associated with agriculture, drainage and irrigation, fisheries, forestry, housing industry, infrastructure, power generation and transmission, transportation, waste treatment and disposal, and water supply. The EIA provides guidance on key metrics including buffers, air pollution, proximity, water pollution, geology and hydrology, risk of toxic clouds, waste disposal, social and cultural access, noise, land value and ecology. To manage construction waste, the EIA guidelines in Malaysia stipulate that the action plan for the management of spoils, dredge materials and construction waste during the land disturbance or earthwork and construction phase shall be provided by the Company to Malaysia's Ministry of Environment and Water.<sup>32</sup>
- In compliance with Thailand's Enhancement and Conservation of National Environmental Quality Act (2018), an EIA should be carried out for projects based on their type and size categorization, which is determined by the Office of Natural Resources and Environmental Policy and Planning (ONEP). The assessment focuses on primary standards, rules and regulations on the environment, atmospheric, water, social, biodiversity and natural environment, landscape and amenity, waste management, and climate change mitigation and adaptation. Consultation with ONEP is required in the cases where there are no applicable standards, rules or regulations in Thailand. To manage construction waste, EIA guidelines in Thailand stipulate that the action plan for construction waste management during the land disturbance or earthwork and construction phase shall be provided by the Company to Thailand's Ministry of Natural Resources and Environment.<sup>33</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Plantations International has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two categories below where the impact is specifically relevant in the local context.

#### Importance of sustainable agriculture and sustainable water management in Thailand and Malaysia

The agriculture sector is a leading source of pollution in many countries due to the use of pesticides, fertilizers and other toxic farm chemicals, which can lead to contamination of fresh water, marine ecosystems, air and soil.<sup>34</sup> The Agriculture, Forestry and Other Land Use (AFOLU) sector is responsible for approximately a quarter of GHG anthropogenic emissions, mainly from deforestation and agricultural emissions from livestock, and soil and nutrient management.<sup>35</sup> In Southeast Asia, growth in emissions has been relatively rapid since 2010, rising 3.6% per year. The contribution of the agriculture sector towards GHG emissions is expected to continue to grow in this region to contribute 29% of global emissions by 2031.<sup>36</sup>

In Thailand, the agriculture sector remained the second largest contributor of GHG emissions at 14.72%, followed by the energy sector as of 2016, according to the latest GHG emissions development strategy submitted by the Government of Thailand in 2021.<sup>37</sup> Moreover, Thailand is among the top consumers of pesticides, ranking fourth globally in annual pesticide consumption in 2017.<sup>38</sup> To address this issue, Thailand's National Strategy 2018-2037 focuses on expanding organic agriculture and developing quality certification systems and standards for organic products. As part of its objective, the strategy focuses on establishing agricultural land and supporting the development of good agricultural practices.<sup>39</sup> Recent trends in Thailand

<sup>31</sup> Environmental Requirements for the EIA of Malaysia available at: <https://www.elaw.org/eialaw/malaysia>

<sup>32</sup> Environmental Impact Assessment Guideline in Malaysia, (2017), at: <https://enviro2.doe.gov.my/ekmc/wp-content/uploads/2017/02/FA-EIA-GUIDELINE-IN-MALAYSIA-1.pdf>

<sup>33</sup> Ministry of Natural Resources and Environment, ONEP, "Enhancement and Conservation of National Environmental Quality Act (No. 2) B.E. 2561", (2018), at: <http://www.mnre.go.th/en/information/more/1424>

<sup>34</sup> World Wildlife Fund (WWF), "Sustainable Agriculture: An Overview" at: <https://www.worldwildlife.org/industries/sustainable-agriculture#:~:text=Agriculture%20is%20the%20leading%20source,in%20the%20environment%20for%20generations.>

<sup>35</sup> IPCC, "Agriculture, Forestry and Other Land Use (AFOLU)", at: [https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc\\_wg3\\_ar5\\_chapter11.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter11.pdf)

<sup>36</sup> OECD, "Agricultural Outlook 2022-2031" at: [https://www.oecd-ilibrary.org/sites/f1b0b29c-en/1/3/2/index.html?itemId=/content/publication/f1b0b29c-en&csp\\_=866270b5f683db9d176e7208bc48c151&itemIGO=oecd&itemContentType=book#section-d1e9123](https://www.oecd-ilibrary.org/sites/f1b0b29c-en/1/3/2/index.html?itemId=/content/publication/f1b0b29c-en&csp_=866270b5f683db9d176e7208bc48c151&itemIGO=oecd&itemContentType=book#section-d1e9123)

<sup>37</sup> UNFCCC, "Mid-century, Long-term Low Greenhouse Gas Emission Development Strategy – Thailand", at: [https://unfccc.int/sites/default/files/resource/Thailand\\_LTS1.pdf](https://unfccc.int/sites/default/files/resource/Thailand_LTS1.pdf)

<sup>38</sup> World Atlas, "Top Pesticide Using Countries", at: <https://www.worldatlas.com/articles/top-pesticide-consuming-countries-of-the-world.html>

<sup>39</sup> National Strategy Secretariat Office Thailand, "National Strategy 2018-2037", at: [http://nscr.nesdb.go.th/wp-content/uploads/2019/04/NS\\_Eng\\_A5.pdf](http://nscr.nesdb.go.th/wp-content/uploads/2019/04/NS_Eng_A5.pdf)

show an increase in land use for sustainable farming, up from 10.8 hectares in 2017 to 11.5 hectares in 2020.<sup>40</sup> The Ministry of Agriculture and Cooperatives Thailand has also allocated a budget of nearly USD 23 million<sup>41</sup> in 2022 to promote organic food products in the country.<sup>42</sup> In Malaysia, in terms of area, only 0.01% of total agricultural land is allocated for organic plantation, which emphasizes the need to adopt more sustainable agriculture practices within the region.<sup>43</sup> The country's Twelfth Malaysia Plan 2021-2025 prioritizes sustainable agriculture by encouraging farmers to adopt good, sustainable agricultural practices to improve food safety and security.<sup>44</sup>

The agriculture sector is highly dependent on water, accounting for nearly 70% of water withdrawals globally.<sup>45</sup> In Southeast Asia, water stress values reached 21% in 2018,<sup>46</sup> indicating the need to adopt sustainable water management practices. Thailand is exposed to changing climate conditions that can impact its agricultural productivity as most of the country is located in a tropical region.<sup>47</sup> The country faces problems such as low water productivity in the agriculture sector, which accounts for 10% of its economy. The Thai government has set out a National Water Resources Management Strategy 2015-2026, which focuses on objectives such as water security in production and water quality management.<sup>48</sup> The government has also established a 20-year Master Plan on Water Resources Management 2018-2037, under which it proposes water infrastructure projects for water storage, water treatment, water supply and water resource management.<sup>49</sup> In Malaysia, the agriculture sector is the largest consumer of fresh water, accounting for nearly 70% of total consumption in 2021.<sup>50</sup> To advance water resource management, the Malaysian government introduced its Integrated Water Resources Management (IWRM) programme to support and promote efficient water management practices across the country.<sup>51</sup>

Given this context, Sustainalytics is of the opinion that Plantation International's financing provided through the Framework can assist Thailand and Malaysia in achieving sustainable agricultural outputs, addressing the challenges mentioned above and contributing to the adoption of sustainable water management practices.

### Importance of renewable energy in Thailand and Malaysia

Over the past two decades, energy demand in Southeast Asia has increased by an average of 3% per year, and fossil fuels accounted for 90% of that growth. Among Southeast Asian countries, the share of fossil fuels has been higher in manufacturing economies such as Malaysia and Thailand.<sup>52</sup>

Thailand's total primary energy supply is met primarily by oil and gas, which contributed 41% and 26%, respectively, as of 2018.<sup>53</sup> The country's renewable energy capacity stands at only 22% of its total electricity generation capacity, with solar energy contributing 25% as of 2020.<sup>54</sup> Thailand's annual electricity demand is expected to grow by 70% by 2036 compared to 2015. The Ministry of Energy Thailand has established the

<sup>40</sup> United Nations Sustainable Development Goals (SDGs), "Thailand's Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development 2021" at:

[https://sustainabledevelopment.un.org/content/documents/279482021\\_VNR\\_Report\\_Thailand.pdf](https://sustainabledevelopment.un.org/content/documents/279482021_VNR_Report_Thailand.pdf)

<sup>41</sup> Conversion from Baht to USD considering foreign exchange rate at 1 Baht = 36.37 USD (as of 29 July 2022). Refer to the source at: <https://www.federalreserve.gov/releases/h10/current/>

<sup>42</sup> Bangkok Post, "Organic farming gets boost", at: <https://www.bangkokpost.com/thailand/general/2254691/organic-farming-gets-boost>

<sup>43</sup> Rahmat, S.R. et al. (2021), "A Review of Organic Agriculture Industry in Malaysia and Gross Margin between Organic and Conventional Plantation", at: [https://cibgp.com/article\\_10752\\_81c1cbad19264dab1d976d961f3d38e3.pdf](https://cibgp.com/article_10752_81c1cbad19264dab1d976d961f3d38e3.pdf)

<sup>44</sup> Economic Planning Unit Malaysia, "Twelfth Malaysia Plan 2021-2025" at: <https://rmke12.epu.gov.my/en>

<sup>45</sup> Food and Agriculture Organization, "Water Scarcity – One of the greatest challenges of our time", at: <https://www.fao.org/fao-stories/article/en/c/1185405/#:~:text=1.-Agriculture,water%20there%20is%20no%20exception.>

<sup>46</sup> Food and Agriculture Organization, "Progress on Level of Water Stress 2021" at:

[https://www.unwater.org/app/uploads/2021/08/SDG6\\_Indicator\\_Report\\_642\\_Progress-on-Level-of-Water-Stress\\_2021\\_ENGLISH\\_pages-1.pdf](https://www.unwater.org/app/uploads/2021/08/SDG6_Indicator_Report_642_Progress-on-Level-of-Water-Stress_2021_ENGLISH_pages-1.pdf)

<sup>47</sup> Asian Development Bank (ADB), "Climate Risk Country Profile – Thailand 2021", at: <https://www.adb.org/publications/climate-risk-country-profile-thailand>

<sup>48</sup> Ibid.

<sup>49</sup> Asian Development Bank (ADB), "Green Infrastructure Investment Opportunities – Thailand 2021 Report", at:

<https://www.adb.org/sites/default/files/publication/767486/green-infrastructure-investment-thailand-2021.pdf>

<sup>50</sup> Kurniawan, S. (2021) "Aquaculture in Malaysia: Water-related environmental challenges and opportunities for cleaner production", at:

[https://www.researchgate.net/publication/354177447\\_Aquaculture\\_in\\_Malaysia\\_Water-related\\_environmental\\_challenges\\_and\\_opportunities\\_for\\_cleaner\\_production/download](https://www.researchgate.net/publication/354177447_Aquaculture_in_Malaysia_Water-related_environmental_challenges_and_opportunities_for_cleaner_production/download)

<sup>51</sup> Malaysian Water Partnership, "IWRM" at:

<https://www.mywp.org.my/iwr/#:~:text=IWRM%20approaches%20formally%20came%20into,management%20in%20Malaysia%20and%20the>

<sup>52</sup> IEA, "Southeast Asia Energy Outlook 2022", at: <https://iea.blob.core.windows.net/assets/e5d9b7ff-559b-4dc3-8faa-42381f80ce2e/SoutheastAsiaEnergyOutlook2022.pdf>

<sup>53</sup> IRENA, "Energy Profile – Thailand", at: [https://www.irena.org/IRENADocuments/Statistical\\_Profiles/Asia/Thailand\\_Asia\\_RE\\_SP.pdf](https://www.irena.org/IRENADocuments/Statistical_Profiles/Asia/Thailand_Asia_RE_SP.pdf)

<sup>54</sup> Ibid.

Alternative Energy Development Plan (AEDP) to develop appropriate renewable energy sources.<sup>55</sup> As per the AEDP 2018-2037, Thailand aims to reach a 30% share of renewable energy in its final energy consumption by 2037. It aims to deploy a new renewable energy capacity of 18,696 MW by 2037, including 2,725 MW of floating solar capacity,<sup>56</sup> and provide an opportunity to boost investment in floating solar energy in the coming years. Similarly, in Malaysia, coal contributes nearly 21% of the country's total energy consumption, of which renewable energy accounts for only 6% as of 2019.<sup>57</sup> To prioritize clean energy, the Malaysian government has set a target to reach a 31% share of renewable energy in its energy capacity mix by 2025.<sup>58</sup> In line with its Nationally Determined Contribution, Malaysia aims to reduce its GHG emissions intensity by 60% per unit of GDP by 2035 compared to 2005, with a focus on increasing its renewable energy capacity to 17,996 MW by 2035.<sup>59</sup> In this context, to meet the goals of the Paris Agreement, Southeast Asian countries need to increase investment in clean energy by more than five times current levels to an annual average spending of more than USD 150 million by the late 2020s.<sup>60</sup>

Based on the above, Sustainalytics expects Plantation International's financing of solar energy projects to contribute to increasing the share of renewable energy and support the emissions intensity and clean energy targets in Thailand and Malaysia.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds issued under the Plantations International Secured Collateral Green Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Sustainable Packaging	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Sustainable Agriculture	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

<sup>55</sup> Ministry of Energy Thailand, "Alternative Energy Development Plan: AEDP2015", at: <http://www.eppo.go.th/images/POLICY/ENG/AEDP2015ENG.pdf>

<sup>56</sup> US Department of Commerce, International Trade Administration, "Thailand – Country Commercial Guide", at: <https://www.trade.gov/country-commercial-guides/thailand-energy>

<sup>57</sup> BP, "Statistical Review of World Energy 2022 – 71<sup>st</sup> Edition", at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2022-full-report.pdf>

<sup>58</sup> Sustainable Energy Development Authority (SEDA), "Malaysia Renewable Energy Roadmap (MYRER)", at: [https://www.seda.gov.my/reportal/wp-content/uploads/2022/03/MyRER\\_webVer3.pdf](https://www.seda.gov.my/reportal/wp-content/uploads/2022/03/MyRER_webVer3.pdf)

<sup>59</sup> Ibid.

<sup>60</sup> IEA, "Southeast Asia Energy Outlook 2022", at:

<https://iea.blob.core.windows.net/assets/e5d9b7ff-559b-4dc3-8faa-42381f80ce2e/SoutheastAsiaEnergyOutlook2022.pdf>

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## Conclusion

Plantations International has developed the Plantations International Secured Collateral Green Bond Framework, under which it may issue secured green bonds and use the proceeds to finance Renewable Energy, Sustainable Packaging, Sustainable Agriculture and Green Buildings. Sustainalytics considers that the projects funded by the secured green bond proceeds are expected to provide positive environmental impacts.

The Plantations International Secured Collateral Green Bond Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Plantations International Secured Collateral Green Bond Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 6, 7, 9 and 12. Additionally, Sustainalytics is of the opinion that Plantations International has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Plantations International is well positioned to issue green bonds and that the Plantations International Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	Sustainable Agroforestry Securitisation Fund (Luxembourg)
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Plantations International Secured Collateral Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	September 26, 2022

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

#### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

## 1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – Renewable Energy, Sustainable Packaging, Sustainable Agriculture and Green Buildings, are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 9 and 12.

### Use of proceeds categories as per GBP:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy  | <input type="checkbox"/> Energy efficiency  |
| <input type="checkbox"/> Pollution prevention and control   | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation  |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                 | <input checked="" type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> :  |

If applicable please specify the environmental taxonomy, if other than GBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

Plantations International's executive committee and the Sustainable Agroforestry Securitisation Fund (Luxembourg) will be responsible for evaluating and selecting projects that are in line with the Framework's eligibility criteria. Plantations International has internal processes to identify and mitigate environmental and social risks commonly associated with the eligible projects, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project evaluation and selection process to be in line with market practice.

### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other <i>(please specify)</i> :  |

**Information on Responsibilities and Accountability**

- Evaluation / Selection criteria subject to external advice or verification       In-house assessment
- Other (please specify):

**3. MANAGEMENT OF PROCEEDS**

Overall comment on section *(if applicable)*:

Plantations International accounting system, along with the accounting systems of its subsidiaries in each country, will be responsible for the daily monitoring of proceeds for eligible projects. Plantations International will establish a green bond programme to track the allocation of net proceeds and follow a bond-by-bond approach to manage them. Proceeds will be fully allocated within two years from the bond issuance. Pending allocation, unallocated proceeds will be temporarily held in cash, cash equivalents or other liquid instruments until full allocation. Plantations International intends to monitor the allocation of proceeds to eligible projects and their underlying impacts across secured green bonds to ensure transparency and avoid double counting. This process is in line with market practice.

**Tracking of proceeds:**

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other *(please specify)*:

**Additional disclosure:**

- Allocations to future investments only       Allocations to both existing and future investments
- Allocation to individual disbursements       Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds       Other *(please specify)*:

**4. REPORTING**

Overall comment on section *(if applicable)*:

Plantations International intends to report on the allocation of proceeds in its annual report on its website on an annual basis until full allocation. The allocation report will include the total amount of investments and expenditures for each secured green bond and the amount of allocated and unallocated proceeds. In addition, Plantations International is committed to reporting on relevant impact metrics. Sustainalytics views Plantations International's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project       On a project portfolio basis

# Plantations International Secured Collateral Green Bond Framework

- Linkage to individual bond(s)                       Other (*please specify*):

**Information reported:**

- Allocated amounts     Green Bond financed share of total investment
- Other (*please specify*):

**Frequency:**

- Annual     Semi-annual
- Other (*please specify*):

**Impact reporting:**

- Project-by-project     On a project portfolio basis
- Linkage to individual bond(s)     Other (*please specify*):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings     Energy Savings
- Decrease in water use     Other ESG indicators (*please specify*): Share of recyclable packaging material (%), energy generation capacity (MW).

**Frequency**

- Annual     Semi-annual
- Other (*please specify*):

**Means of Disclosure**

- Information published in financial report     Information published in sustainability report
- Information published in ad hoc documents     Other (*please specify*): Annual Report
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**
**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**
**Date of publication:**
**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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