



30 SEP, 2024

## TNB launches ASEAN's 1st Transition Finance Framework

The Malaysian Reserve, Malaysia



### TNB launches ASEAN's 1st Transition Finance Framework

TENAGA Nasional Bhd (TNB) has reached a significant milestone in its energy transition journey by establishing its inaugural Transition Finance Framework, becoming the first electricity utility player in ASEAN to do so.

The framework outlines guidelines that reinforce the connection between TNB's financing and its energy transition strategy.

It specifies criteria for both existing and new projects contributing to this transition, aligning with relevant market best practices, including the ASEAN Taxonomy for Sustainable Finance Version 2 and the ASEAN Transition Finance Guidance.

Through this Transition Finance Framework, TNB can issue labelled green, social and/or sustainability debt instruments, including sustainable and responsible investment (SRI) sukuk, as well as transition-labelled debt instruments aimed at funding projects that generate positive societal and environmental impacts.

Maybank Investment Bank Bhd served as the sustainability framework advisor during the development of this framework, which has also received a second-party opinion from Morningstar Sustainalytics.

"TNB is delighted to be the first electricity utility player in ASEAN to establish a Transition Finance Framework. We are proud of our collaboration with Malayan Banking Bhd (Maybank) in developing this framework, which will drive our energy transition initiatives and accelerate the country's energy transition programme," TNB president/CEO Datuk Megat Jalaluddin Megat Hassan said in a statement.

**We're proud of our collaboration with Maybank in developing this framework, says Megat Jalaluddin**



"This framework serves as a guide for our investments in emission-reduction activities and is a proactive step in our energy transition journey.

"Underpinned by our Reimagining TNB strategy and Energy Transition Plan, this milestone highlights our commitment to transitioning towards a more sustainable and resilient energy future, in line with

the objectives of Malaysia's National Energy Transition Roadmap," he added.

Meanwhile, Maybank president and group CEO Datuk Khairussaleh Ramli said with the Transition

Finance Framework in place, TNB can fully unlock its investments in low-carbon transition activities, setting an example for other carbon-intensive sector players.

"In line with Maybank's M25+ strategic thrust of being a regional sustainability leader, we will continue to actively support corporations across ASEAN in their decarbonisation efforts and transition towards net zero," he said.

The framework has been developed in accordance with international, regional and local sustainable finance guidelines, principles, standards and frameworks.

These include the International Capital Markets Association Green and Social Bond Principles; Sustainability Bond Guidelines; Guidance on Green, Social and Sustainability Sukuk; and the Climate Transition Finance Handbook.

Additionally, it aligns with the ASEAN Capital Markets Forum's Green, Social and Sustainability

Bond Standards; the Securities Commission Malaysia's SRI Sukuk Framework; as well as the Green and Social Loan Principles of the Loan Market Association; the Asia Pacific Loan Market Association; and the Loan Syndications and Trading Association.

Morningstar Sustainalytics, a globally recognised leader in environmental, social and governance risk, ratings and data for investors, has determined that TNB's Transition Finance Framework is credible and impactful.

It aligns with the Sustainability Bond Guidelines 2021 and the four core components of the Green Bond Principles 2021; Social Bond Principles 2023; and Social Loan Principles 2023.

Morningstar Sustainalytics also asserts that the Framework is consistent with the ASEAN Sustainability Bond Standards 2018; ASEAN Green Bond Standards 2018; and ASEAN Social Bond Standards 2018. — TMR