

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Biotech Listings Ltd
23 May 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Bond
Relevant standards	<ul style="list-style-type: none">Green Bond Principles (June 2021), administered by the International Capital Market Association
Scope of verification	<ul style="list-style-type: none">Biotech Listings Ltd Green Bond Framework (May 19, 2022)Biotech Listings Ltd Eligibility Criteria (May 19, 2022)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the Framework

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Scope of work

Biotech Listings Ltd (“the issuer”, “Biotech” or “Biotech Plantations”) commissioned ISS ESG to assist with its Green Bond issuance by assessing three core elements to determine the sustainability quality of the instrument:

1. Biotech’s Green Bond Framework – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
2. The Eligibility Criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).
3. Green Bond link to Biotech’s sustainability strategy – drawing on Biotech’s overall sustainability profile and issuance-specific use of proceeds categories.

Biotech Plantations - Business Overview

Biotech was founded in 2019 and is led by a team of plant scientists and planters. The company aims to develop sustainable long-term income-generating plantation ventures alongside enhancing plantation management systems and promote sustainable plantation practices.

Biotech Plantations currently owns a 1.000 acres coconut plantation in Rompin in the state of Pahang, Malaysia. The plantation is in the early stages of coconut production, with 55.000 palms currently planted and a further 18.000 palms to be planted. The plantation will be further planted out and intercropped with short terms crops such as pineapple, papaya, and banana. Biotech Plantations has expansion plans for a further 3.000 acres in Malaysia to make Biotech Plantations one of the largest coconut producers in Malaysia in the coming years.¹

¹ Source: biotechplantations.com

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
Part 1: Alignment with GBP	The issuer has defined a formal concept for its Green Bond regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.	Aligned
Part 2: Sustainability quality of the Eligibility Criteria	<p>The Green Bond will (re-)finance eligible asset categories which include sustainable land use and environmental management and pollution prevention and control.</p> <p>The use of proceeds category sustainable land use and environmental management has been assessed with no net impact. Yet the use of proceed categories improve the company's operations impacts and mitigate potential negative externalities of the issuer's sector on SDGs 12 'Responsible Consumption & Production'.</p> <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	Moderate
Part 3: Green Bond's link to the issuer's Sustainability strategy	<p>The issuer allocates proceeds to Biotech Plantations Management Sdn Bhd, Malaysia to (re)finance the planning, acquisition, equipping, and management of plantations, refinance existing green debt and cover the cost of issuance. This Green Bond Framework forms the basis for future Green Bond issuances.</p> <p>The use of proceed categories of the Green Bond are consistent with the issuer's sustainability strategy as set forth in the underlying Framework and material ESG topics for the issuer's industry. The rationale for issuing Green Bonds is described by the issuer.</p>	Consistent with the issuer's Sustainability strategy

² ISS ESG's evaluation is based on Biotech's Green Bond Framework (May 19, 2022), on the underlying Eligibility Criteria

ISS ESG SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES

This section describes ISS ESG’s assessment of the alignment of the Biotech’s Green Bond Framework with the Green Bond Principles, administered by ICMA.

GREEN BOND PRINCIPLES	ALIGNMENT	ISS ESG’S OPINION
1. Use of Proceeds	✓	<p>ISS ESG considers the use of proceeds description provided by Biotech’s Green Bond Framework as aligned with the Green Bond Principles.</p> <p>The issuer’s green categories align with the project categories as proposed by the Green Bond Principles, Criteria are defined in a clear and transparent manner. Environmental benefits are described. Further, the issuers report on an expected look-back period for its investments of a maximum of 2 years.</p> <p>For its eligible projects, the issuer currently retains the myGAP (Malaysian Good Agricultural Practices³) and is working towards the myOrganic certification⁴.</p>
2. Process for Project Evaluation and Selection	✓	<p>ISS ESG considers the process for project evaluation and selection description provided by Biotech’s Green Bond Framework as aligned with the Green Bond Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the issuer.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Still, measures to cover social risks related to the use of proceeds categories could be further developed. However, the issuer confirms procedures in place to manage social and environmental risks associated with the project categories.</p>

³ [Malaysian Good Agricultural Practices scheme \(myGAP\)](#)

⁴ [Malaysian Organic Certification scheme \(myOrganic\)](#)

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>ISS ESG finds that the management of proceeds proposed by Biotech’s Green Bond Framework as aligned with the Green Bond Principles.</p> <p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The issuer commits to the proceeds allocation in the full amount of the respective volume immediately and no later than 12 months after of the bond issuance. In line with market best practices Biotech holds and/or invests the balance of net proceeds at its discretion into cash or cash equivalents.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>ISS ESG finds that the allocation and impact reporting proposed by Biotech’s Green Bond Framework as aligned with the Green Bond Principles.</p> <p>The issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. Biotech shares information on the level of expected reporting and the type of information that will be reported. Moreover, the issuer commits to report annually, until the bond matures.</p> <p>The allocation and impact reporting will be made publicly available. The issuer commits to align with principles set forth in ICMA’s Handbook “Harmonised Framework for Impact Reporting”.</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BOND TO THE UN SDGs

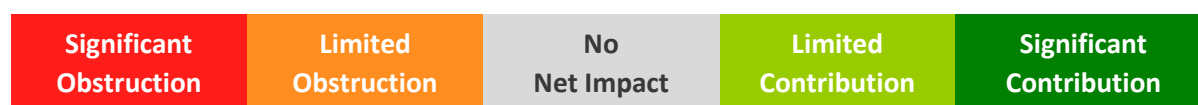
Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the use of proceeds categories selected by the issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services,
- Improvements of operational performance.


1. Products and services

The assessment of use of proceeds categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):



Each of the Green Bond Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

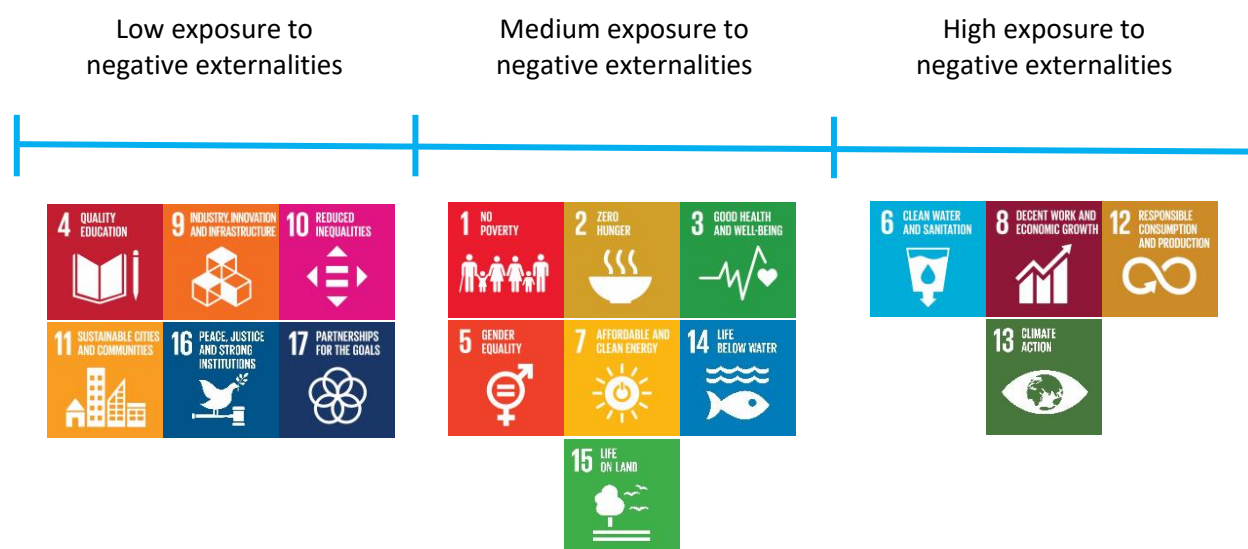
USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Sustainable land use and environmental management Sustainable agriculture standard myGAP Malaysian Good Agriculture Practices⁵</p>	<p>No Net Impact</p>	

⁵ The myGAP certification scheme has been drawn up by the Malaysian Department of Agriculture in 2002, to recognize farms that practice GAP. The scheme is constructed based on Malaysian Standard MS 1784:2005 Crop Commodities – Good Agriculture Practices (GAP), a resource management system in agricultural production on a sustainable basis. The certification is referenced in the current Malaysian Climate Change and Principle-based Taxonomy published in April 2021 by the Bank Negara Malaysia. The CCPT sets out Guiding Principles intended to help financial institutions assess and categorize economic activities according to the extent to which they meet climate objectives and promote the transition to a low-carbon economy. The CCPT predeceases the higher-level ASEAN Taxonomy. ISS ESG emphasizes limitations with regard to an independent third-party verification scheme and reliability on quality assurance. The local government agency is the single certification body handling promotion, auditing processes, and certification processes. Relevant documents describing these procedures are not publicly available. ISS ESG notes the issuer's commitment to the development of a data collection tool to further evaluate methods for sustainable farming, with a focus on carbon sequestration.



2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the use of proceeds categories, as well as related UN SDGs impacted. The assessment displays how the use of proceeds categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities⁶ in the food products are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (Processes)	OPERATIONAL IMPACT IMPROVEMENT ⁷	SUSTAINABLE DEVELOPMENT GOALS
<p>Pollution prevention and control Recycling plants, waste treatment plants, sludge treatment plants, Biomass using Effective Micro-organisms (EM), Biological crop protection and yield enhancers.</p>		

⁶ The impact of the issuer’s products and services resulting from operations and processes is outlined in Part II of the SPO.

⁷ Limited information is available on the scale of the improvement as no threshold is provided. ISS ESG solely displays the direction of change.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

Eligible categories include Sustainable land use and environmental management and Pollution prevention and control. The table below presents the findings of an ISS ESG assessment of the selection criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI: SUSTAINABLE LAND USE AND ENVIRONMENTAL MANAGEMENT AND POLLUTION PREVENTION AND CONTROL

Site selection

✓ The company's main coconut plantation site is located on a degraded site alienated for agriculture, to reduce the impact on natural biodiversity. There is no proximity to Ramsar sites or IUCN protected areas. If vacant land, it must be classified as degraded forest or agricultural land by the relevant authorities. Forest reserves and sensitive ecosystems, like Ramsar sites, and other conservation sites, must and will always be avoided. If privately owned and involving non-agriculture gazetted land use or large-scale development the issuer is under the requirement to submit an EIA (Environmental Impact Assessment). Government-owned land remains under the supervision of the respective state government's DOA (Department of Agriculture).

Working conditions

✓ The company has been awarded the myGAP certification, granted by Malaysia's Agriculture Department, stating conformance to the Malaysian Good Agriculture Practices⁸ including measures regarding the health and wellbeing of agricultural staff. Standard worker safety and health requirement guidelines set by the government of Malaysia's labour law adhere at the plantations. The issuer developed an Employee Handbook, setting general working conditions and defining internal rules and regulations for instance in line with Convention 184 - Safety and Health in Agriculture Convention, 2001 (No. 184) and P155 - Protocol of 2002 to the Occupational Safety and Health Convention, 1981 of the International Labour Organization (ILO). The terms and conditions of service stipulated are applicable to all employees of the Biotech Plantations Group, including probationers and employees on fixed-term contracts.

Human rights and local communities

✓ The issuer has put in place an open, company-wide policy that foresees proactive engagement with local communities. For instance, the company is actively involved in dialogue sessions that involve local community leaders and state & local council representatives.

✓ The issuer holds a policy, where proactive engagement with local communities is maintained, to ensure sustainable co-existence of both, local communities, and the exploitation. The issuer provides information on processes ensuring systematic high standards on human rights.

⁸ [Malaysian Standard GAP](#)

Conservation, soil and biodiversity management in agricultural production

- ✓ The issuer confirms that no deforestation was involved, throughout the development of this coconut plantation. Additionally, buffer zones are created and maintained at strategic locations within the plantation, to ensure the maintenance of both flora & fauna biodiversity in line with the recommendations provided by the state's Department of Agriculture. This process is systematically set in the issuers Sustainability Policy.
- ✓ The large majority (>90%) of the fertilizer applied at Biotech's plantation is organic (biofertilizer), sourced locally, with minimal (<10%) mineral fertilizer, to ensure an adequate supply of trace elements, necessary for healthy palm growth. This practice is maintained throughout, from nursery to field planting. Further, the company aims to exclude pesticide use as much as possible. Management systems are in place to ensure compliance with set requirements for coconut cultivation.
- ✓ The company confirms avoidance of the use of any genetically modified organism. All planting materials are produced from selected crosses within their own seed orchard, using conventional breeding techniques.

Water conservation in agricultural production

- ✓ For its coconut plantation, the company has created drainage canals (e.g., furrow systems) to expedite watering and drainage throughout the plantation, either during the hot and dry period or during wet seasons. In addition, the issuer maintains water networks within the plantation to ensure the preservation of aquatic biodiversity is preserved. The issuer's sustainability policy sets the standard that selected plantations are not located in regions with high levels of water stress and perform a water impact assessment where required.
- ✓ The coconut plantation avoids the use of any fresh or treated water sources, meant for human consumption. It instead relies on trapped rainwater in its canal networks. On rare occasions, e.g., during prolonged droughts, the company uses groundwater.

Climate impact of agricultural production

- While the company states to diligently monitor the use of agricultural machinery to save fuel, its plantation still relies on diesel-powered tractors and lorries. Despite plans on incorporating solar cells to power office buildings and workers' quarters, there is no information on systematic policies in place that concern the utilization and development of decarbonized infrastructure and machinery. The issuer confirmed ISS ESG a GHG emission reduction plan, committing to reduce GHG emissions intensity from operations by 30% by 2030, targeting net-zero by 2050. ISS ESG encourages the validation and frequent reporting on the GHG reduction targets and actuals by a certified third party.

Food safety management

- The issuer has been awarded the myGAP certification, granted by Malaysia's Agriculture Department, stating conformance to the Malaysian Good Agriculture Practices. The guidelines foresee measures regarding the quality and safety of food production. However, myGAP is not Global Food Safety Initiative (GFSI) recognized.

Fire management

- ✓ Standard fire-fighting equipment is available within the plantation, especially at the various infrastructure. Further, undergrowth in the plantation is cleared periodically to reduce fire risk. Perimeter drain prevents fire from encroaching into the plantation from the surrounding area.

Environmental aspects during operation

- ✓ All waste from the plantation, including, but not limited to fronds, husks, etc., are shredded/pulverized & reintroduced into the plantation as organic medium/mulch, keeping the environmental impact as minimal as possible. This is part of the standard operating produce at the plantation, where it is a requirement not to remove any biomass (waste) from the plantation. This procedure is strictly enforced by the plantation management team.

PART III: GREEN BOND LINK TO BIOTECH'S SUSTAINABILITY STRATEGY

A. BIOTECH'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the issuer's industry

Key challenges faced by companies in terms of sustainability management in the food product industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies operating in this industry.

ESG KEY ISSUES IN THE FOOD PRODUCT INDUSTRY

Labour standards and working conditions
Customer health and safety
Impacts on soil and biodiversity along the value chain
Mitigation of direct and indirect climate impacts
Conservation of aquatic ecosystems and water along the value chain

ESG performance of the issuer

Leveraging ISS ESG's Indicative Corporate Rating methodology⁹, ISS ESG assessed the current sustainability performance of the issuer to be poor. Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III.B of the report.

Breaches of international norms and ESG controversies

At issuer level

At the date of publication, ISS ESG has not identified any severe controversy in which the issuer would be involved.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the food product industry are as follows: Failure to prevent deforestation/

⁹ Methodological Note: Please note that Biotech Listings Ltd is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the food product industry based mainly on publicly available information. No direct communication between the issuer and the analyst has taken place during the process. The assessment is not based on ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

illegal logging, Failure to respect the right to safe and healthy working conditions, Failure to mitigate climate change impacts.

Please note, that this is not a company-specific assessment but areas that can be of particular relevance for companies within that industry.

B. CONSISTENCY OF GREEN BOND WITH BIOTECH'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

The issuer aims to identify opportunities and develop sustainable long-term income-generating plantation ventures. Biotech Plantations aims to achieve these objectives by continually enhancing the plantation management systems and promoting sustainable plantation practices. The issuer states that these actions will aim to benefit local communities and international markets and contribute to the global fight against climate change.

The end products will have a key focus on delivering clean, healthy, sustainable produce; abundant in natural phytonutrients, vitamins, and minerals to encourage health and longevity. The issuer aims to pursue a long-term sustainable agribusiness.

Rationale for issuance

Agricultural lands (lands used for agricultural production, consisting of cropland, managed grassland and permanent crops including agro-forestry and bio-energy crops) occupy about 40- 50% of the Earth's land surface. Agriculture and forestry can play a crucial role in achieving global decarbonisation targets. In 2020, the IPCC estimated that the Agriculture, Forestry, and Other Land Use sector, on average, accounted for 13-21% of global total anthropogenic GHG emissions in the period 2010-2019, while it can provide 20-30% of the global mitigation needed for a 1.5 or 2 °C pathway towards 2050¹⁰. A variety of options exist for the mitigation of GHG emissions in agriculture. The most prominent options are improved crop and grazing land management (e.g., improved agronomic practices, nutrient use, reduced tillage, and residue management).¹¹

The underlying Green Bond Framework aims to support Biotech's strategy. Biotech believes that the issuance of Green Bonds is an effective tool to channel investments to projects that have demonstrable environmental benefits and thereby contribute to the achievement of the UN SDGs. Through the underlying Framework, Biotech also intends to contribute to the Green Financing market's growth and address investors' willingness to finance green projects.

The issuer allocates proceeds to Biotech Plantations Management Sdn Bhd, Malaysia to (re)finance the planning, acquisition, equipping, and management of plantations, refinance existing green debt and cover the cost of issuance. This Green Bond Framework forms the basis for future Green Bond issuances.

¹⁰ Source: [IPCC Climate Change and Land](#)

¹¹ Source: [IPCC Agriculture, Forestry and Other Land Use](#)

Contribution of use of proceeds categories to sustainability objectives and key ESG industry challenges

ISS ESG mapped the use of proceeds categories financed under this Green Bond with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the food product industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g., climate change and energy efficiency in the buildings industry. From this mapping, ISS ESG derived a level of contribution to the strategy of each use of proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Sustainable land use and environmental management	✓	✓	Contribution to a material objective
Pollution prevention and control	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the use of proceeds financed through this green bond is consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The company has implemented an internal climate change strategy including aiming to reduce the impact of agricultural production on the climate and a greenhouse gas emission reduction target. The rationale for issuing green bonds is mainly described by the issuer’s sustainability strategy set forth in its Framework.*

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1. Validity of the SPO: As long as no substantial changes to the Framework are made.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e., the social and environmental added value – of the use of proceeds of Biotech’s Green Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets, and which can also be used for reporting. If a majority of assets fulfil the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the number of assets within one category (e.g., wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Biotech (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Biotech’s Green Bond contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Biotech commissioned ISS ESG to compile a Green Bond Framework SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles as administered by the International Capital Market Association and to assess the sustainability credentials of its Green Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ISS ESG Key Performance Indicators relevant for use of proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

Biotech's responsibility was to provide information and documentation on:

- Framework
- Eligibility Criteria
- ESG Risks management

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social, and governance (ESG) research, analysis, and rating houses. The company has been actively involved in sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond to be issued by Biotech based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with Biotech took place between December 2021 and May 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green/ Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond/ loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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