

# RAM assigns environmental, social benefit ratings to Cagamas' sukuk

RAM Sustainability Sdn Bhd has assigned environmental benefit (EB) ratings to the proposed Cagamas Bhd's RM60 billion medium term note (MTN) and Islamic MTN Asean sustainability bonds or Sustainable and Responsible Investment (SRI) Sukuk.

RAM Sustainability said it has assigned EB ratings to five green solutions within Cagamas' sustainability bonds/sukuk framework — namely renewable energy (RE), energy efficiency, green buildings, low-carbon transportation, sustainable water and wastewater management.

At the same time, RAM Sustainability has also assigned social benefit (SB) ratings to social solutions under the framework.

RAM Sustainability noted that RE and energy efficiency solutions prescribed by the framework carry the highest EB ratings of Tier-1, reflecting their role in substantially decarbonising the energy

system and providing broader environmental benefits.

Meanwhile, the Tier-1 SB ratings assigned to Cagamas' affordable housing and employment generation via small and medium enterprise (SME) solutions underpin the issuer's strategic function as a national institution supporting SB at the national level, on a potentially significant scale, depth and duration, RAM Sustainability said.

RAM Sustainability's head of sustainability services Gladys Chua said Cagamas' role in supporting the financial system is even more crucial now as the nation adjusts to the impact of Covid-19.

"It is especially important to support sustainable economic recovery going forward through the proposed sustainability bonds that will benefit both society and environment," she said in a statement yesterday.

RAM Sustainability added that its second opinion on the framework con-

cludes that it provides clarity on important aspects such as the intended use of proceeds, project evaluation and selection, management of proceeds and reporting commitments.

"The framework is aligned with the transparency and disclosure requirements of Securities Commission Malaysia's SRI Sukuk framework, the Asean Green Bond Standards, the Asean Social Bond Standards, the Asean Sustainability Bond Standards and the globally recognised Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

"In our view, Cagamas' proposed sustainability bonds/SRI sukuk will create a positive environmental and social impact by financing projects and solutions that are essential for a sustainable future. This instrument also carries credit ratings assigned by RAM Rating Services Bhd," it said. — *by SHAZNI ONG*