BAC EDUCATION GROUP

Brickfields Asia College | IACT College | Reliance College | Veritas University College | UNIMY

SUSTAINABLE INVESTING POLICY

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DOCUMENT CONTROL

Version	Date	Description	Prepared By	Approved By
1.0	01/07/2025	Initial Issue	Group Finance & Compliance Office	Board of Directors

DOCUMENT DISTRIBUTION

Copy No.	Institution	Copy Holder	Date Issued
1	BAC Education Group (Group Level)	Group Chief Executive Officer	01/07/2025
2	Brickfields Asia College	Principal / Chief Executive	01/07/2025
3	IACT College	Principal / Chief Executive	01/07/2025
4	Reliance College	Principal / Chief Executive	01/07/2025
5	Veritas University College	Vice Chancellor / President	01/07/2025
6	UNIMY	Vice Chancellor / President	01/07/2025

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PART A: PRELIMINARY

1. PREAMBLE AND INTRODUCTION

BAC Education Group (the 'Group') has a fiduciary and ethical responsibility to manage its financial assets — including reserves, endowment funds, operating surplus and any other investable assets — in a manner that is financially prudent, ethically sound and aligned with its mission as a provider of higher education.

This Sustainable Investing Policy ('Policy') establishes the principles, criteria, governance structures and procedures that guide how the Group and its institutions invest their financial assets. It integrates Environmental, Social and Governance (ESG) considerations into all investment decisions, ensuring that the Group's investments reflect and reinforce its values rather than contradict them.

This Policy recognises that sustainable investing is not merely about avoiding harm — it is about actively directing capital toward outcomes that are consistent with a sustainable, equitable and well-governed world. As an education institution, the Group has a particular interest in investing in ways that contribute to human development, access to knowledge, environmental resilience and social justice.

This Policy is to be read alongside the BAC Education Group Ethics Policy (BAC-EP-2025-001) and the Sustainable Funding and Donations Policy (BAC-SFDP-2025-002). In the case of endowment fund investments, this Policy constitutes the investment mandate for those funds.

2. VISION, MISSION AND GUIDING PRINCIPLES

2.1 Vision

To invest the Group's financial assets in a manner that generates sustainable long-term returns, protects and grows the Group's financial base, and actively contributes to a more equitable, prosperous and environmentally sustainable Malaysia and world.

2.2 Mission

To integrate ESG principles into all investment decisions across the Group — ensuring that financial returns, ethical integrity and positive impact are pursued together, not in competition.

2.3 Guiding Principles

Principle	Description
Fiduciary Duty	Investments shall be managed prudently to preserve and grow the Group's financial assets in the best long-term interests of the institutions and their beneficiaries.
ESG Integration	Environmental, Social and Governance factors shall be integrated into investment analysis and decision-making as material financial and ethical risk factors.

Mission Alignment	Investments shall be consistent with the Group's identity as an educational institution and shall not contradict its values or create reputational risk.
Diversification	Investment portfolios shall be diversified across asset classes, geographies and sectors to manage risk and enhance long-term returns.
Transparency	The Group shall report openly on its investment activities, ESG performance and stewardship activities.
Active Stewardship	The Group shall exercise its rights as an investor to encourage positive ESG conduct among the companies and funds in which it invests.
Shariah Sensitivity	Where endowment or other funds have an Islamic mandate, investments shall comply with Shariah principles as advised by a qualified Shariah advisor.

3. SCOPE AND APPLICATION

This Policy applies to all financial assets managed by the Group or any of its institutions, including:

- Operating reserves and treasury management.
- Endowment funds established under the Sustainable Funding and Donations Policy.
- Sinking funds, capital reserves and scholarship funds.
- Any discretionary investment portfolio managed by or on behalf of the Group.

This Policy applies to all internal investment decisions and to all external investment managers, fund managers, banks or financial advisors appointed by the Group. All new investment mandates shall include a requirement that the appointed manager comply with the ESG principles set out in this Policy.

This Policy does not apply to routine treasury management of day-to-day operating cash (e.g. current accounts, short-term fixed deposits with licensed banks), which is governed by the Group's Treasury Management Procedures.

4. DEFINITIONS

Term	Definition
ESG	Environmental, Social and Governance — a set of factors used to evaluate the sustainability and ethical impact of an investment.
Environmental Factors	Factors relating to climate change, carbon emissions, resource use, waste management, biodiversity and environmental risk.
Social Factors	Factors relating to labour standards, human rights, community relations, data privacy, product safety and access to education and healthcare.
Governance Factors	Factors relating to board composition, executive remuneration, anti-corruption, transparency, shareholder rights and business ethics.
Negative Screening	The exclusion from the investment universe of companies or sectors that do not meet specified ESG or ethical criteria.
Positive Screening	The preferential selection of companies or funds that demonstrate strong ESG performance or positive social/environmental impact.
ESG Integration	The systematic incorporation of ESG factors alongside financial factors in investment analysis.

Impact Investing	Investments made with the intent to generate positive, measurable social or environmental impact alongside financial returns.
Endowment Fund	A fund established from donated principal, the income from which is applied for designated institutional purposes.
Investment Manager	An external fund manager, asset manager or financial institution appointed to manage the Group's investments.
Benchmark	A standard index or metric against which investment portfolio performance is measured.
Shariah-Compliant	An investment that complies with Islamic law (Shariah), typically excluding interest (riba), excessive uncertainty (gharar) and prohibited industries.
Carbon Footprint	The total greenhouse gas emissions caused directly or indirectly by an investment portfolio, measured as CO2 equivalent.
Proxy Voting	The exercise of voting rights attached to shares on matters raised at company general meetings.

5. LEGISLATIVE AND REGULATORY FRAMEWORK

Legislation / Guideline	Relevance
Companies Act 2016 (Act 777)	Director duties; fiduciary obligations in managing company assets; corporate governance.
Capital Markets and Services Act 2007 (CMSA) (Act 671)	Regulation of investment activities, fund management and capital market products.
Securities Commission Malaysia (SC) — Guidelines on Sustainable and Responsible Investment (SRI) Funds	Framework for SRI funds listed or distributed in Malaysia; basis for ESG fund selection.
Bank Negara Malaysia — Value-Based Intermediation (VBI) Framework	ESG and sustainability principles for Malaysian financial institutions; informs investment manager selection.
Bursa Malaysia ESG Framework and Sustainability Reporting Guide	ESG disclosure standards for Bursa-listed companies; basis for positive screening.
Financial Services Act 2013 (Act 758)	Regulation of licensed financial institutions managing the Group's deposits and investments.
Income Tax Act 1967 (Act 53)	Tax treatment of investment income; endowment fund exemptions.
Private Higher Educational Institutions Act 1996 (Act 555)	Financial management obligations of private HEIs; regulatory reporting.
Securities Commission Malaysia — SRI Sukuk Framework	Framework for Shariah-compliant sustainable bonds; relevant for fixed income allocation.
UN Principles for Responsible Investment (PRI)	International benchmark for responsible investment practice; guides ESG integration approach.
Task Force on Climate-related Financial Disclosures (TCFD)	Framework for assessing and disclosing climate-related financial risks in investment portfolios.
Paris Agreement on Climate Change	Long-term climate targets against which the Group's portfolio decarbonisation ambition is benchmarked.

PART B: ESG INVESTMENT FRAMEWORK

6. ESG PHILOSOPHY AND INTEGRATION

6.1 ESG as a Financial and Ethical Imperative

The Group treats ESG factors not merely as ethical considerations but as material financial risk factors. Companies and funds with poor ESG performance are more likely to face regulatory penalties, reputational damage, stranded assets, supply chain disruption and social conflict — all of which have direct financial consequences. Integrating ESG factors into investment analysis therefore serves both the Group's financial interests and its values.

6.2 Three Pillars of ESG Integration

Pillar	Key Considerations	How Applied
Environmental (E)	Climate risk, carbon emissions, energy transition, water stress, biodiversity, pollution.	Exclude high-emitting sectors; prefer low-carbon and green assets; apply TCFD framework to portfolio risk assessment.
Social (S)	Labour rights, supply chain ethics, data privacy, community impact, access to education and healthcare, diversity and inclusion.	Exclude severe human rights violators; preference for companies with strong labour standards and community engagement.
Governance (G)	Board independence, anti-corruption, executive pay, minority shareholder rights, transparency, ethical business conduct.	Exclude companies with significant governance failures; engage with investee companies on governance improvements.

6.3 ESG Ratings and Data

The Group shall use ESG ratings, scores and data provided by recognised ESG research providers (such as MSCI ESG Research, Sustainalytics, Bloomberg ESG, or equivalent) to support investment analysis. ESG ratings shall be used as inputs to, not substitutes for, informed investment judgement. The Group acknowledges the limitations of ESG ratings and shall apply additional qualitative analysis where appropriate.

7. INVESTMENT UNIVERSE — PERMISSIBLE AND EXCLUDED ASSETS

7.1 Permissible Asset Classes

Asset Class	Examples	ESG Condition
Malaysian Equities	Bursa Malaysia Main Market and ACE Market listed stocks.	Must meet minimum ESG screening (Section 8).
Fixed Income — Government	Malaysian Government Securities (MGS), Government Investment Issues (GII), T-bills.	Generally permissible; GII suitable for Shariah-compliant portfolios.
Fixed Income — Corporate	Investment-grade corporate bonds and sukuk.	Issuer must meet ESG screening; SRI Sukuk preferred.
Collective Investment Schemes	Unit trusts, REITs, ETFs, regulated fund-of-funds.	Fund must have an ESG mandate or pass portfolio-level ESG screening.

International Equities	Developed and emerging market equities via regulated funds or ETFs.	ESG-screened funds only; no direct exposure to excluded sectors.
Alternative Assets	Private equity, infrastructure funds, green bonds.	Must demonstrate ESG compliance or impact mandate.
Cash and Equivalents	Bank deposits, money market funds.	With licensed Malaysian banks or Shariah-compliant equivalents.
Impact / Sustainable Investments	Green bonds, SRI Sukuk, social impact bonds, education-focused funds.	Preferred allocation; subject to mission alignment assessment.

7.2 Excluded Investments — Absolute Exclusions

The Group shall not invest, directly or through funds, in companies that derive more than 10% of revenue from the following sectors or activities:

Excluded Sector / Activity	Rationale
Tobacco manufacturing and distribution	Significant harm to public health; incompatible with educational values.
Weapons and defence (cluster munitions, anti-personnel mines, nuclear weapons, biological weapons — zero tolerance)	Violations of international humanitarian law; absolute exclusion regardless of revenue threshold.
Gambling (including online gambling)	Social harm; prohibited under Shariah for Islamic funds.
Pornography and adult entertainment	Incompatible with educational values.
Fossil fuel extraction (coal mining, oil sands)	High climate risk; transition risk; inconsistent with Paris Agreement targets.
Companies with active sanctions imposed by UNSC or Malaysian authorities	Legal compliance; AML/CFT.
Companies with verified, unresolved severe human rights violations	Inconsistent with the Group's social values and UN Guiding Principles on Business and Human Rights.
Companies subject to legal proceedings for systemic fraud or corruption	Governance risk; inconsistent with anti-corruption stance.

7.3 Revenue Threshold

The 10% revenue threshold shall be applied at the individual company level and at the portfolio level for collective investment schemes. For absolute exclusions (weapons of mass destruction), there is no revenue threshold — any material involvement constitutes an exclusion trigger.

8. ESG SCREENING METHODOLOGY

8.1 Negative Screening

As a baseline, all investments shall be subject to negative screening against the exclusion list in Section 7.2. Negative screening shall be applied:

- At the point of initial investment decision.
- Annually as part of the portfolio review.
- Immediately upon becoming aware of a material change in an investee company's activities.

8.2 Positive Screening and Best-in-Class

Where multiple investment options meet the baseline negative screening criteria, the Group shall apply positive screening to prefer:

- Companies ranked in the top 50% of their sector on ESG performance by a recognised ESG data provider.
- Companies with independently verified net-zero commitments or science-based emissions reduction targets.
- Companies with board diversity of at least 30% women on the Board.
- Companies that have adopted robust anti-corruption programmes.
- Companies with strong community investment and education support programmes.

8.3 ESG Integration in Fund Selection

When selecting external fund managers or collective investment schemes, the Group shall require:

- Evidence of a formal ESG policy and integration process.
- Membership of, or commitment to, the UN Principles for Responsible Investment (PRI) or equivalent.
- Regular ESG reporting to investors including carbon footprint data.
- An active ownership policy including proxy voting.

8.4 Climate Risk Assessment

The Group shall assess the climate-related financial risks of its investment portfolio annually, applying the TCFD framework. This includes:

- Transition risk: exposure to regulatory, market and technological changes driven by the low-carbon transition.
- Physical risk: exposure to climate-related physical hazards (flooding, extreme heat, water stress) affecting investee companies or assets.

The Group shall set a portfolio carbon footprint baseline in the first year of this Policy and shall target a year-on-year reduction consistent with a 1.5°C pathway.

9. IMPACT INVESTING AND MISSION-ALIGNED INVESTMENTS

9.1 Impact Investing Allocation

The Group shall target an allocation of at least five percent (5%) of its investable assets (excluding daily operating cash) to impact investments — investments made with the intent to generate positive, measurable social or environmental impact alongside financial returns.

9.2 Priority Impact Themes

Given the Group's identity as an education group, the following impact themes are prioritised:

Impact Theme	Example Instruments
Access to Education	Social impact bonds for education; scholarships backed by endowment returns; education-sector REITs.
Digital Inclusion	Investments in broadband infrastructure, EdTech, digital skills programmes.
Affordable Housing	Affordable housing REITs; government housing sukuk.
Climate and Environment	Green bonds; renewable energy funds; sustainable infrastructure.
Healthcare and Wellbeing	Healthcare sector bonds; public health funds.
SME Development	SME-focused private equity or venture capital funds with social mandate.

9.3 Impact Measurement

All impact investments shall include a framework for measuring and reporting on their social or environmental outcomes. The Group shall include an impact report in its annual investment reporting (Form AIEPR-003).

10. SHARIAH-COMPLIANT (ISLAMIC) INVESTING

10.1 Applicability

The provisions of this section apply to endowment funds, donations or specific investment pools that are established on a Shariah-compliant basis, or where the Board has directed that a portion of the Group's portfolio be managed in accordance with Islamic finance principles.

10.2 Shariah Investment Principles

Shariah-compliant investments shall adhere to the following principles:

- Prohibition of riba (interest) — no investment in conventional interest-bearing bonds or fixed deposits; Islamic equivalents (sukuk, Islamic fixed deposits) to be used.
- Prohibition of gharar (excessive uncertainty) — no investment in highly speculative derivatives or instruments.
- Prohibition of maysir (gambling) — no investment in gaming or lottery companies.
- Prohibition of haram sectors — tobacco, alcohol, conventional finance (above thresholds), pork, pornography.

10.3 Shariah Advisor

The Group shall appoint a qualified Shariah advisor or Shariah supervisory board member to review and endorse Shariah-compliant investment mandates. The Shariah advisor shall provide annual certification that the designated funds comply with Shariah principles.

10.4 Purification

Where a Shariah-compliant fund or portfolio receives income from investments that are subsequently found to have a minor non-compliant element, the impure portion of the income shall be 'purified' by donation to charitable purposes, in accordance with standard Shariah purification practices.

PART C: INVESTMENT GOVERNANCE AND STRATEGY

11. INVESTMENT GOVERNANCE STRUCTURE

11.1 Investment Committee

The Board of Directors shall establish an Investment Committee with the following composition and responsibilities:

Position	Role
Board Member (Non-Executive) — Chair	Independent oversight and final decision authority on major investment decisions.
Group Chief Executive Officer	Strategic oversight; alignment of investment strategy with institutional mission.
Group Chief Financial Officer	Financial management; portfolio monitoring; reporting to Board.
Group Legal Advisor	Legal compliance; contract review for investment manager appointments.
Independent Investment Advisor (external)	Professional investment expertise; ESG advisory.
Head of Finance (rotating institutional representative)	Institutional financial perspective.

The Investment Committee shall meet at least quarterly and shall be responsible for: approving the investment strategy and asset allocation; selecting and monitoring external investment managers; reviewing ESG and financial performance; approving deviations from this Policy; and reporting to the Board on investment matters.

11.2 Delegated Authorities

Decision	Authority	Threshold
Approve investment strategy and policy	Board of Directors	Annually or upon material revision
Approve new asset class or investment manager	Investment Committee	Any amount
Approve individual investment decision	Investment Committee	Above RM 500,000
Approve individual investment decision	CFO + CEO jointly	RM 100,000 – RM 500,000
Routine rebalancing within approved allocation	CFO	Within approved bands
Emergency liquidity action	CFO (notify Committee within 24 hours)	Any amount, subject to ratification

12. ASSET ALLOCATION AND PORTFOLIO CONSTRUCTION

12.1 Strategic Asset Allocation

The Investment Committee shall set and annually review the Group's strategic asset allocation. The following ranges represent the baseline allocation framework; specific allocations for individual funds (e.g. endowments) shall be set in their respective investment mandates:

Asset Class	Target Range	Notes
Malaysian Equities	15% – 30%	ESG-screened; preference for Bursa Malaysia FTSE4Good or equivalent.
Fixed Income — Government	20% – 35%	MGS, GII, Treasury Bills.
Fixed Income — Corporate	10% – 20%	Investment-grade; preference for SRI Sukuk and green bonds.
International Equities (via funds)	5% – 15%	ESG-screened funds only; developed markets preferred.
Real Estate / REITs	5% – 10%	Listed REITs on Bursa; preference for green-rated properties.
Impact / Sustainable Investments	5% – 10%	Minimum 5% as per Section 9.1.
Cash and Equivalents	5% – 15%	Liquidity buffer; not counted toward impact target.
Alternative Assets	0% – 5%	Private equity, infrastructure; Board approval required.

12.2 Rebalancing

The portfolio shall be reviewed quarterly and rebalanced when any asset class moves more than five percentage points (5%) outside its target range. Rebalancing shall also take into account ESG considerations — rebalancing shall not restore an allocation to an excluded sector.

12.3 Currency Risk

International investments shall be subject to currency risk management. The Group shall not take unhedged international currency exposures exceeding 20% of total portfolio value without Investment Committee approval. Natural hedges and currency-hedged fund classes shall be preferred.

13. INVESTMENT MANAGER SELECTION AND MONITORING

13.1 Selection Criteria

External investment managers shall be selected through a competitive process and must satisfy the following criteria:

Criterion	Requirement
Regulatory Status	Licensed by the Securities Commission Malaysia (CMSA) or equivalent foreign regulator for cross-border mandates.
ESG Capability	Documented ESG integration process; PRI signatory or equivalent; dedicated ESG research resources.

Track Record	Minimum 5-year track record for actively managed mandates; 3 years for ESG-specific mandates.
Financial Soundness	Adequate capital, professional indemnity insurance and business continuity arrangements.
Reporting	Ability to provide quarterly financial performance reports and annual ESG / carbon footprint reporting.
Fees	Transparent, competitive and aligned with long-term performance.
Conflicts of Interest	Disclosure of all actual and potential conflicts of interest.

13.2 Ongoing Monitoring

Appointed investment managers shall be reviewed at least annually using Form IMDDC-002. The Investment Committee may place a manager on a 'watch list' if:

- Performance falls more than 2% below the agreed benchmark over rolling 12 months.
- ESG policy or ratings deteriorate significantly.
- The manager is subject to regulatory investigation or sanction.
- Material changes in ownership, key personnel or investment process occur.

A manager on the watch list for more than two consecutive quarters shall be subject to a formal review with a recommendation to retain, place on probation or terminate.

14. RISK MANAGEMENT

14.1 Investment Risk Framework

Risk Category	Description	Mitigation
Market Risk	Loss of value due to adverse market movements.	Diversification; asset allocation limits; rebalancing.
Credit Risk	Default by a bond issuer or counterparty.	Investment-grade requirement; exposure limits; counterparty credit review.
Liquidity Risk	Inability to liquidate assets to meet obligations.	Minimum cash allocation; liquidity ladder; preference for listed, liquid assets.
ESG / Reputational Risk	Reputational damage from investments inconsistent with the Group's values.	Negative screening; active monitoring; rapid divestment protocol.
Climate / Transition Risk	Financial loss from stranded assets or carbon regulation.	Carbon footprint monitoring; fossil fuel exclusions; TCFD assessment.
Concentration Risk	Over-reliance on a single asset, sector or manager.	Diversification rules; manager limits.
Currency Risk	Loss from adverse currency movements on international investments.	Hedging; currency limits; fund-level hedging.
Regulatory Risk	Non-compliance with Malaysian financial regulations.	Legal review; regulatory monitoring; licensed managers only.

14.2 Divestment Protocol

Where an investee company or fund is found to breach this Policy's exclusion criteria, the following divestment protocol applies:

1. Investment Committee notified within 5 working days of awareness.
2. Decision on divestment timeline made within 15 working days, balancing urgency against minimising financial loss.
3. Divestment completed within 90 days of decision unless Investment Committee approves an extension.
4. Divestment decision and rationale documented in Investment Committee minutes.
5. Future investment screens updated to prevent re-entry of the excluded security.

15. ENDOWMENT FUND — SPECIFIC INVESTMENT RULES

15.1 Spending Policy

As set out in Section 17.3 of the Sustainable Funding and Donations Policy, the annual spending rate from endowment funds shall not exceed 5% of the trailing three-year average fund value. The investment strategy for endowment funds shall be oriented toward total return (capital growth + income), targeting a real return (after inflation and spending) sufficient to maintain the fund's purchasing power in perpetuity.

15.2 Investment Mandate

Each endowment fund shall have a documented investment mandate, approved by the Board and consistent with this Policy, that specifies:

- Investment objective (preservation, growth, income, or balanced).
- Target asset allocation and permissible ranges.
- ESG and exclusion requirements (at minimum, consistent with this Policy).
- Benchmark and performance targets.
- Liquidity requirements (linked to spending policy).
- Reporting obligations to donors and the Board.

15.3 Separate Accounting

Each endowment fund shall be maintained as a separately identified investment portfolio with its own accounting records, distinct from the Group's general operating reserves. The annual endowment fund report shall be included in the Annual Investment and ESG Performance Report (Form AIEPR-003).

PART D: STEWARDSHIP AND REPORTING

16. ACTIVE OWNERSHIP AND ENGAGEMENT

As an institutional investor, the Group has the opportunity and responsibility to encourage positive ESG conduct among the companies and funds in which it invests. Active ownership shall be exercised through:

Mechanism	Description
Direct Engagement	Where the Group holds sufficient shares, it may engage directly with company management or boards on ESG concerns through letters, meetings or shareholder resolutions.
Collective Engagement	The Group may join collective investor engagement initiatives (e.g. through PRI, Climate Action 100+, or local investor coalitions) to amplify impact.
Escalation	If engagement fails to produce satisfactory results within a reasonable timeframe, the Group shall consider divesting.
Investment Manager Engagement	The Group shall require appointed investment managers to maintain active ownership policies and report on their engagement activities.

17. PROXY VOTING POLICY

The Group shall exercise voting rights on shares held in its investment portfolio in accordance with the following guidelines:

- Votes shall be cast in the long-term best interests of the Group's beneficiaries and in support of good ESG outcomes.
- The Group shall generally support resolutions that enhance board independence, diversity, executive pay accountability, climate disclosure and anti-corruption measures.
- The Group shall generally oppose resolutions that entrench management against legitimate shareholder interests, authorise excessive executive remuneration without performance linkage, or weaken environmental or social safeguards.
- Where voting is delegated to an external investment manager, the manager shall provide its proxy voting guidelines for the Group's review and shall report annually on voting activity.
- The Group shall maintain a record of its proxy voting decisions and make them available to the Board.

18. REPORTING AND TRANSPARENCY

Report	Content	Frequency	Recipients
Quarterly Investment Report	Portfolio value, performance vs benchmark, asset allocation vs targets, ESG rating summary.	Quarterly	Investment Committee, Board
Annual Investment and ESG Performance Report (AIEPR-003)	Full-year performance; ESG metrics; carbon footprint; impact investment outcomes; proxy voting record; endowment reports.	Annual	Board, MOHE (where required), Donors

Endowment Fund Reports	Individual endowment performance, distributions made, impact achieved.	Annual	Relevant Donors, Board
ESG Exclusion and Incident Reports	Record of exclusions applied; divestments made; ESG incidents identified.	As required / Annual	Investment Committee
Manager Performance Reviews	Assessment of each manager against financial and ESG criteria.	Annual (or more frequent if on watch list)	Investment Committee

19. POLICY REVIEW

This Policy shall be reviewed every two (2) years by the Investment Committee, with recommendations for revision submitted to the Board for approval. An earlier review shall be triggered by:

- Material changes in Malaysian financial regulation or ESG reporting requirements.
- Significant changes in the Group's financial position or investment portfolio.
- Material developments in global ESG standards (e.g. new ISSB sustainability disclosure standards).
- Recommendations from external auditors or the Group's ESG/investment advisors.

Next Scheduled Review: 1 July 2027

PART E: STANDARD OPERATING PROCEDURES AND FORMS

SOP 1: INVESTMENT PROPOSAL AND APPROVAL PROCEDURE

SOP Reference	BAC-SOP-INV-001
Applies To	Group CFO, Investment Committee, External Investment Managers
Owner	Investment Committee / Group Finance Office
Version	1.0 | Effective 01 July 2025

Purpose

To ensure all investment decisions are made through a structured, documented and compliant process that integrates ESG considerations and respects the Group's delegated authority framework.

Step	Action	Responsible	Timeline	Document
1	Investment opportunity identified (internally or by external manager / advisor).	CFO / Investment Manager	As arising	—
2	CFO or Portfolio Manager prepares Investment Proposal using Form IPAF-001, including ESG assessment and alignment with this Policy.	CFO / Portfolio Manager	Within 10 working days of identification	IPAF-001
3	Legal Advisor reviews for regulatory compliance and contractual matters.	Group Legal Advisor	Within 5 working days	Legal Review Note
4a	Proposals within CFO/CEO authority (RM 100,000 – RM 500,000): CFO and CEO review and approve or reject.	CFO + CEO	Within 5 working days	Approval Record
4b	Proposals above RM 500,000: Investment Committee reviews and approves or rejects at next scheduled meeting or via written resolution.	Investment Committee	Within 15 working days (or next meeting)	IC Minutes / Resolution
5	Upon approval: investment executed; transaction confirmed with counterparty / manager.	CFO / Portfolio Manager	Per market timeline	Trade Confirmation
6	Investment recorded in portfolio management system; ESG data updated.	Finance Office	Within 3 working days of execution	Portfolio Records
7	Performance and ESG status monitored quarterly; reported in quarterly investment report.	CFO	Quarterly	Quarterly Report

Where an investment opportunity requires rapid execution and does not permit the standard approval timeline, the CFO may take emergency action and seek retrospective ratification at the next Investment Committee meeting, provided the proposed investment is within the approved asset allocation and does not breach any exclusion criterion.

SOP 2: ANNUAL ESG PORTFOLIO REVIEW PROCEDURE

SOP Reference	BAC-SOP-ESG-002
Applies To	Investment Committee, Group CFO, External Investment Managers
Owner	Investment Committee / Group Finance Office
Version	1.0 | Effective 01 July 2025

Purpose

To establish a consistent annual process for reviewing the ESG performance of the Group's investment portfolio, applying updated exclusion screens, and reporting to the Board.

Step	Action	Responsible	Timeline
1	CFO commissions ESG data refresh from appointed ESG data provider (or collects from investment managers).	CFO	By 31 January each year
2	Portfolio Manager applies updated exclusion screens to all portfolio holdings; identifies any securities that now breach exclusion criteria.	Portfolio Manager / CFO	By 15 February
3	Any newly excluded securities flagged for divestment review; divestment protocol (Section 14.2) initiated where required.	Investment Committee	By 28 February
4	Portfolio Manager calculates portfolio ESG ratings, carbon footprint and year-on-year change; prepares impact investment impact report.	Portfolio Manager / CFO	By 15 March
5	External investment managers submit annual ESG and proxy voting reports.	Investment Managers	By 31 March
6	CFO consolidates all data and prepares Annual Investment and ESG Performance Report (Form AIEPR-003).	CFO	By 30 April
7	Investment Committee reviews and approves AIEPR-003; identifies areas for improvement in ESG strategy.	Investment Committee	May (quarterly meeting)
8	AIEPR-003 submitted to Board for noting; endowment portions shared with relevant donors.	CFO / Group CEO	Within 2 weeks of IC approval
9	Any recommended changes to investment strategy or this Policy submitted to Board for approval.	Investment Committee	Together with Step 8

BAC EDUCATION GROUP

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INVESTMENT PROPOSAL AND APPROVAL FORM

Form Reference	IPAF-001 | Version 1.0
Version / Date	01 July 2025
Institution	☐ Brickfields Asia College ☐ IACT College ☐ Reliance College ☐ Veritas University College ☐ UNIMY

SECTION A: PROPOSAL DETAILS

Proposal Title / Investment Name:

____

Proposed By: ____

Date of Proposal: ____

Fund / Portfolio: ____

Approval Level Required (circle):

- ☐ CFO + CEO (RM 100,000 – RM 500,000)
- ☐ Investment Committee (above RM 500,000)
- ☐ Board of Directors (new asset class / material policy deviation)

SECTION B: INVESTMENT DETAILS

Asset Class: ____

Instrument / Security / Fund Name:

____

Issuer / Manager / Counterparty:

____

Proposed Amount: RM ______________________

Proposed Allocation (% of portfolio): ______ %

Expected Return / Yield: ____

Investment Horizon: ____

Proposed Execution Date: ____

Risk Category:

- ☐ Low (cash, government securities, investment-grade bonds)
- ☐ Medium (diversified equity, balanced funds, BBB-rated corporate bonds)
- ☐ High (concentrated equity, alternative assets, emerging markets)

SECTION C: ESG ASSESSMENT

ESG Factor	Assessment	Score / Rating (if available)	Concern? (Y/N)
Environmental			
Social			
Governance			
Overall ESG Rating			

Exclusion Screen:

- ☐ Confirmed not in any excluded sector per Section 7.2 of the Sustainable Investing Policy.
- ☐ Potential exclusion issue identified (details below):

Is this an Impact Investment (as defined in Section 9)?

- ☐ Yes — Impact Theme: ______________________________
- ☐ No

Shariah-Compliant?

- ☐ Yes — Shariah Advisor endorsement to be obtained / obtained.
- ☐ No — Not applicable to this fund.

SECTION D: FINANCIAL ANALYSIS

Benchmark / Comparison: ____

Projected Return (1-year / 3-year / 5-year):

____

Maximum Drawdown (historical or modelled):

____

Correlation with existing portfolio holdings:

____

Liquidity (days to liquidate at market price):

____

How does this investment support the Group's strategic asset allocation targets?

SECTION E: RECOMMENDATION

I/We recommend this investment for the following reasons:

Signature

Designation

Name (Block Letters)

Date

APPROVAL:

Approved By	Role	Decision	Date	Signature
	CFO	☐ Approved ☐ Rejected		
	CEO	☐ Approved ☐ Rejected		
	IC Chair (if applicable)	☐ Approved ☐ Rejected		
	Board Chair (if applicable)	☐ Approved ☐ Rejected		

BAC EDUCATION GROUP

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INVESTMENT MANAGER / FUND DUE DILIGENCE CHECKLIST

Form Reference	IMDDC-002 | Version 1.0
Version / Date	01 July 2025
Institution	☐ Brickfields Asia College ☐ IACT College ☐ Reliance College ☐ Veritas University College ☐ UNIMY

To be completed annually for each appointed investment manager or collective investment scheme, or upon initial appointment.

SECTION A: MANAGER / FUND DETAILS

Manager / Fund Name: ____

Type: (Discretionary Manager / Unit Trust / ETF / Private Fund)

Review Period: ____

Reviewed By: ____

SECTION B: REGULATORY AND FINANCIAL STANDING

Criterion	Status	Notes
Licensed by Securities Commission Malaysia (or equivalent)?	☐ Yes ☐ No	
Any regulatory sanctions or investigations in past 3 years?	☐ Yes ☐ No	
Adequate professional indemnity insurance?	☐ Yes ☐ No	
Business continuity plan in place?	☐ Yes ☐ No	
Audited financial statements available?	☐ Yes ☐ No	

SECTION C: ESG CAPABILITIES

Criterion	Status	Notes
Formal ESG investment policy in place?	☐ Yes ☐ No	
PRI signatory or equivalent?	☐ Yes ☐ No	
Dedicated ESG research resources?	☐ Yes ☐ No	
Carbon footprint data available for portfolio?	☐ Yes ☐ No	
Active proxy voting policy?	☐ Yes ☐ No	
Annual ESG reporting provided to investors?	☐ Yes ☐ No	
Applies exclusions consistent with BAC Group Policy?	☐ Yes ☐ No	

SECTION D: PERFORMANCE REVIEW

Period	Absolute Return (%)	Benchmark Return (%)	Difference	ESG Score (if available)
1 Year				
3 Years (annualised)				
5 Years (annualised)				

SECTION E: RECOMMENDATION

Overall Assessment:

- ☐ Retain — Performance and ESG compliance satisfactory.
- ☐ Watch List — Performance or ESG concerns noted; review in 6 months.
- ☐ Probation — Significant concerns; immediate engagement required.
- ☐ Terminate — Mandate to be terminated. Reason: ____________________________

______________________________ Signature	______________________________ Designation
______________________________ Name (Block Letters)	______________________________ Date

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ANNUAL INVESTMENT AND ESG PERFORMANCE REPORT

Form Reference	AIEPR-003 | Version 1.0
Version / Date	01 July 2025
Institution	☐ Brickfields Asia College ☐ IACT College ☐ Reliance College ☐ Veritas University College ☐ UNIMY

This report shall be prepared by the Group CFO and submitted to the Investment Committee and Board by 30 April each year for the preceding financial year.

SECTION A: REPORT DETAILS

Reporting Period: 1 January ________ to 31 December ________

Prepared By: ____

Date of Preparation: ____

SECTION B: PORTFOLIO OVERVIEW

Portfolio / Fund	Opening Value (RM)	Contributions (RM)	Withdrawals (RM)	Investment Return (RM)	Closing Value (RM)
General Investment Reserve					
Endowment Fund(s)					
Impact Portfolio					
Other					
TOTAL					

SECTION C: ASSET ALLOCATION

Asset Class	Target %	Actual % (Start)	Actual % (End)	Within Policy?
Malaysian Equities				
Fixed Income — Government				
Fixed Income — Corporate				
International Equities				
Real Estate / REITs				
Impact / Sustainable Investments				
Cash and Equivalents				

Alternative Assets				

SECTION D: ESG PERFORMANCE

ESG Metric	Prior Year	Current Year	Change	Target
Portfolio Weighted Average ESG Score (0–100)				
Portfolio Carbon Footprint (tCO2e / RM 1m invested)				
% Portfolio in ESG-Screened Instruments				
% Portfolio in Impact Investments			>= 5%	
Number of ESG Exclusions Applied				
Number of Divestments (ESG-related)				
Number of Engagement Actions with Investee Companies				
Number of Proxy Votes Cast				

SECTION E: INVESTMENT MANAGER PERFORMANCE SUMMARY

Manager / Fund	Mandate	Return vs Benchmark	ESG Rating	Recommendation

SECTION F: IMPACT INVESTMENT REPORT

Investment Name	Impact Theme	Amount Invested (RM)	Key Outcomes Achieved	Measurement Method

SECTION G: DECLARATION

I declare that the information in this Annual Investment and ESG Performance Report is true and accurate to the best of my knowledge, and that the Group's investment activities have been conducted in accordance with the BAC Education Group Sustainable Investing Policy during the period covered.

Signature	Designation
Name (Block Letters)	Date

REVIEWED AND ENDORSED BY THE INVESTMENT COMMITTEE:

Signature	Designation
Name (Block Letters)	Date

BAC EDUCATION GROUP

Brickfields Asia College | IACT College | Reliance College | Veritas University College | UNIMY

ESG EXCLUSION AND WAIVER REQUEST FORM

Form Reference	EEWR-004 | Version 1.0
Version / Date	01 July 2025
Institution	☐ Brickfields Asia College ☐ IACT College ☐ Reliance College ☐ Veritas University College ☐ UNIMY

This form shall be used when an investment is proposed that may fall within, or is close to, an excluded category under Section 7 of the Sustainable Investing Policy, and the proposer wishes to seek a formal determination or waiver from the Investment Committee.

SECTION A: INVESTMENT DETAILS

Investment Name / Description:

____

Proposed Amount: RM _____________________________

Proposed Portfolio: ____

Proposed By: ____

SECTION B: NATURE OF EXCLUSION CONCERN

Which exclusion criterion is engaged (refer to Section 7.2)?

- ☐ Tobacco
- ☐ Weapons / Defence (specify type below)
- ☐ Gambling
- ☐ Fossil Fuels (coal mining / oil sands)
- ☐ Pornography / Adult Entertainment
- ☐ Sanctions
- ☐ Human Rights Violations
- ☐ Fraud / Corruption
- ☐ Other: ____________________________

Please describe the nature and extent of the concern:

What is the estimated revenue derived from the excluded activity (as % of total company revenue)?

% of Revenue from Excluded Activity: ______ % (Threshold: 10% for most categories; 0% for absolute exclusions)

SECTION C: GROUNDS FOR WAIVER (if applicable)

A waiver may only be requested for non-absolute exclusions and must be supported by compelling grounds. Please state the grounds for requesting a waiver:

- ☐ Revenue from excluded activity is below 10% and declining; company has credible exit plan.
- ☐ Investment is through a diversified fund with no meaningful ability to exclude individual holding.
- ☐ The financial cost of exclusion / divestment materially outweighs the ESG risk; time-limited deviation requested.
- ☐ Other: ____________________________

Additional justification:

SECTION D: DECLARATION AND SIGNATURES

________________________	________________________
Signature	Designation
________________________	________________________
Name (Block Letters)	Date

INVESTMENT COMMITTEE DETERMINATION:

Having considered the above, the Investment Committee determines as follows:

- ☐ Confirmed Exclusion — Investment is excluded under Section 7.2 of the Policy. No waiver granted.
- ☐ Waiver Granted — Investment may proceed subject to the following conditions:

- ☐ Not Excluded — Investment does not engage the exclusion criterion; proceed normally.

Waiver Duration (if applicable): ____

Review Date (if applicable): ____

________________________	________________________
Signature	Designation
________________________	________________________
Name (Block Letters)	Date

POLICY APPROVAL AND SIGN-OFF

This **Sustainable Investing Policy** was reviewed, approved and adopted by the Board of Directors of BAC Education Group as well as all related Public Higher Education Institution (PHEI) and shall be open for review on **1 July 2027**