

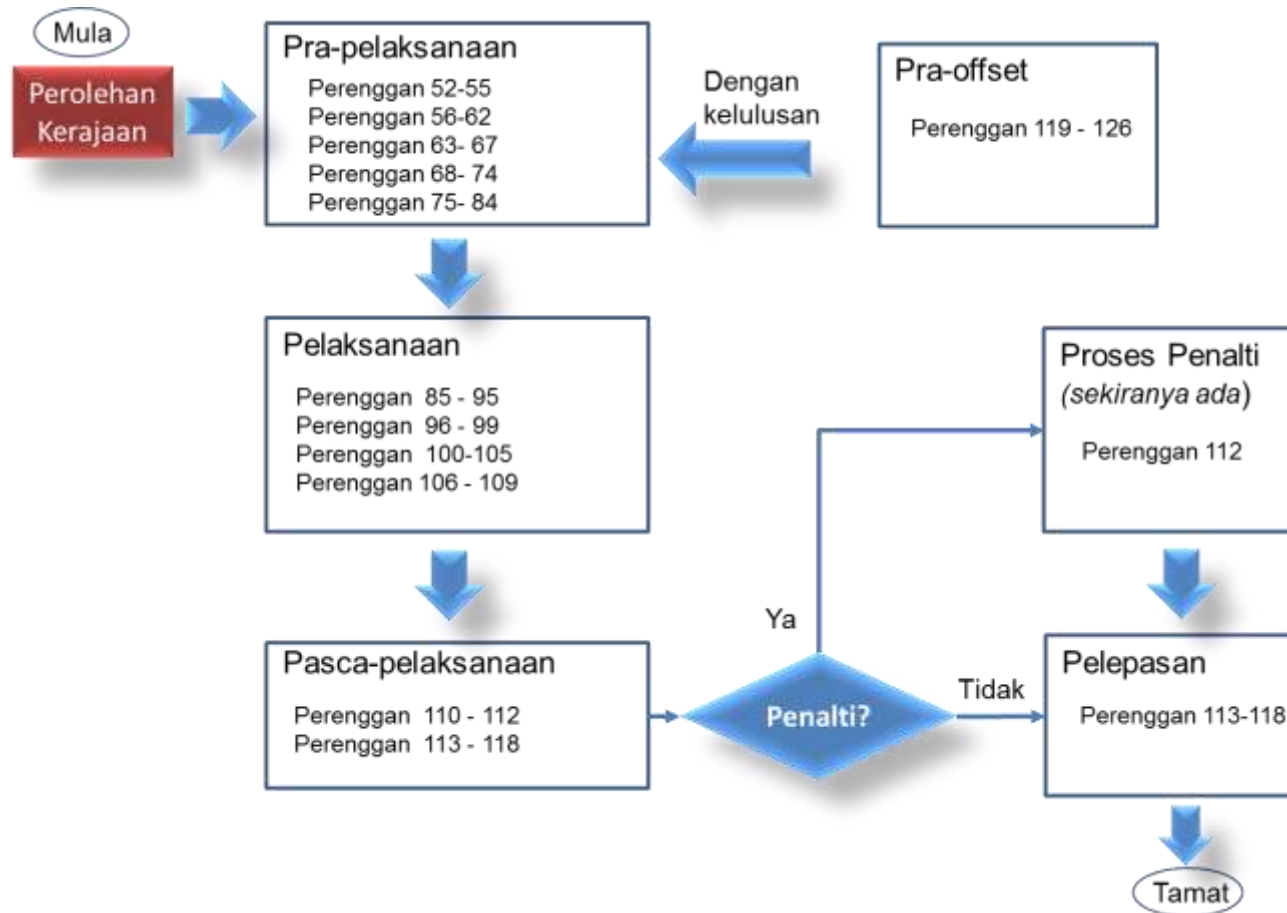
LAMPIRAN 1

RANGKAKERJA DAN CARTA ALIR PENGURUSAN ICP MALAYSIA

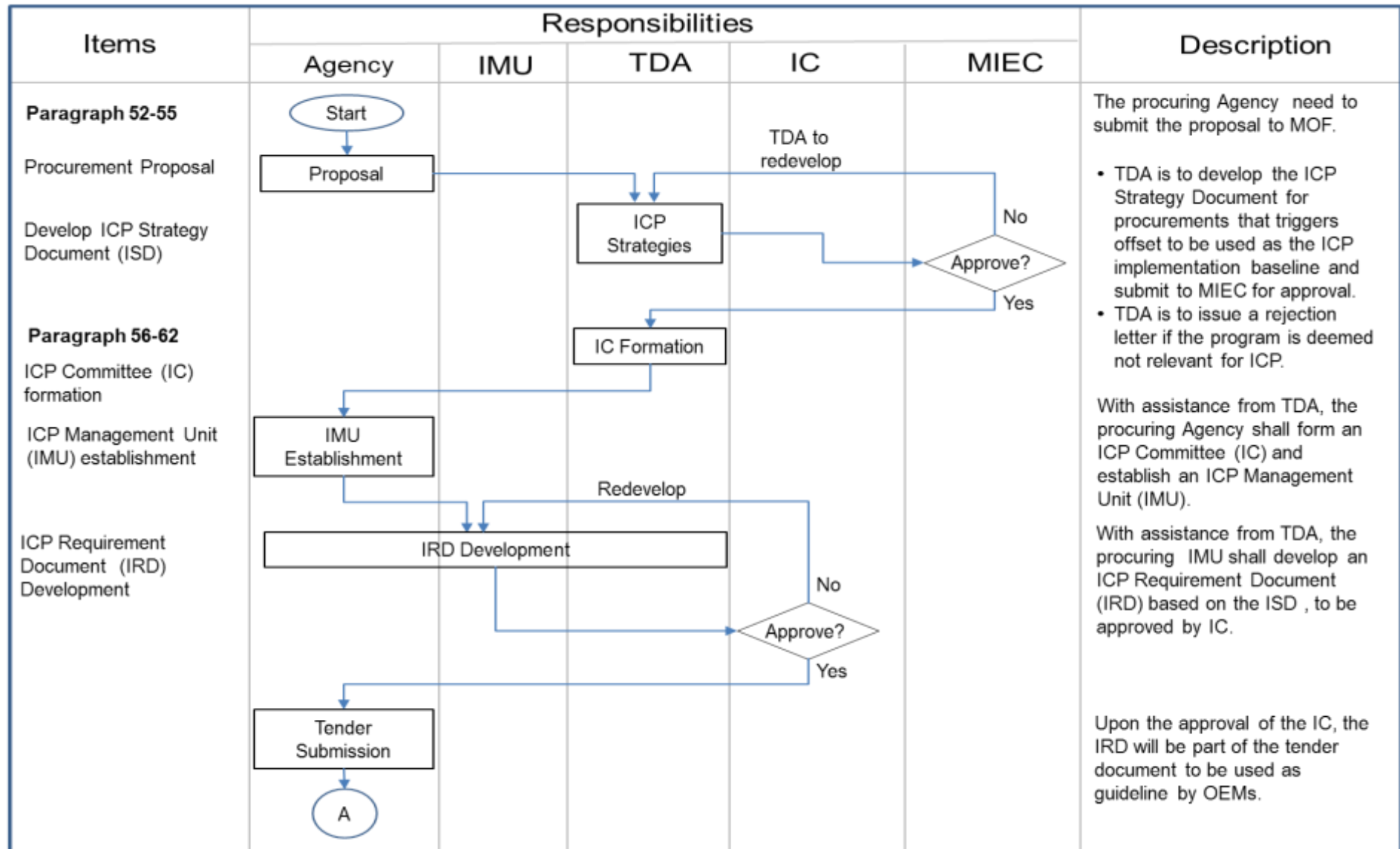
1. Rangkakerja Pengurusan ICP Malaysia

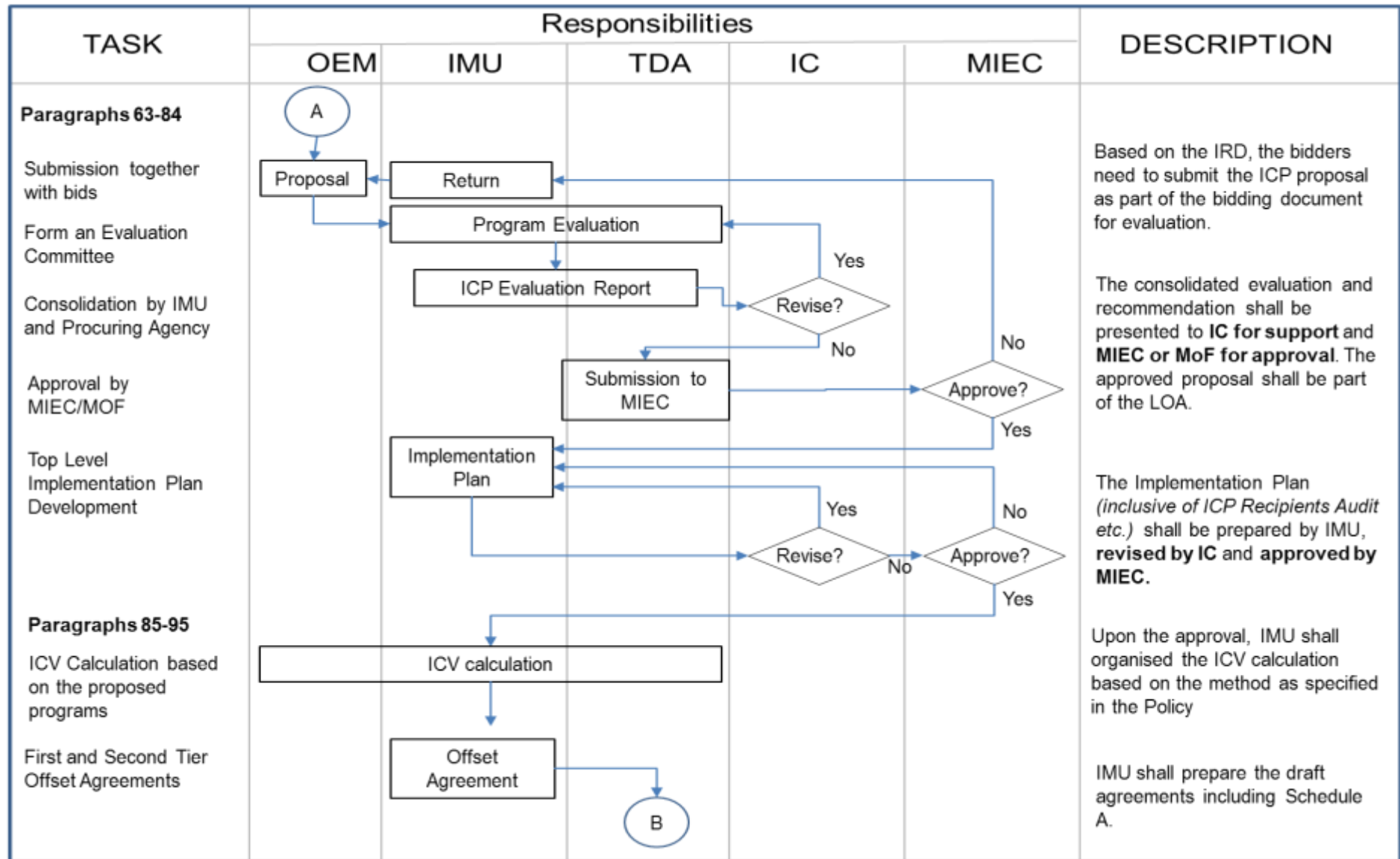


2. Carta Alir Pengurusan ICP Malaysia (Ringkasan)



3. Perincian Carta Alir Pengurusan ICP Malaysia

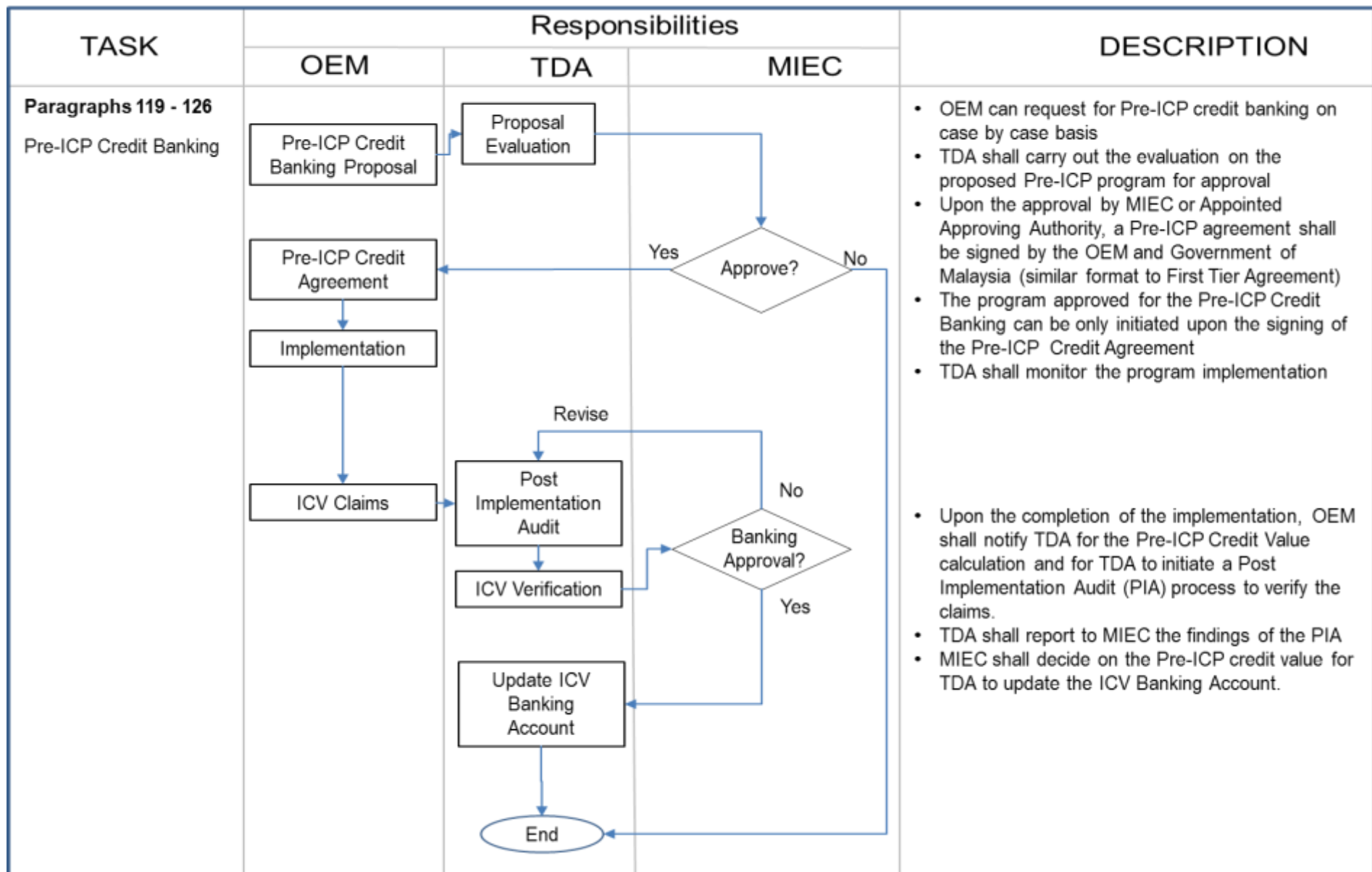




TASK	Responsibilities					DESCRIPTION
	OEM	IMU	TDA	IC	MIEC	
<p>Paragraphs 85-99 First and Second Tier Agreement</p> <p>Paragraph 100-109 Periodical reporting to IC and TDA</p>						<p>Schedule A shall at least met 40% of the Mandatory ICV requirements for the ICP Agreement signing</p> <ul style="list-style-type: none"> • First Tier Agreement signing shall be together with Main Contract Signing. • 2nd Tier Agreement shall be agreed and signed no later than 1 year after. • IC shall be the point to resolve issues within the program, otherwise shall be escalated to MIEC • IMU shall establish a detail ICP implementation plan • IMU shall submit regularly on the implementation progress to TDA and IC • TDA shall submit regularly on the ICP implementation to MIEC <p>Upon finishing the ICP Program implementation, OEM may initiate the request of ICV claims for relief from obligation facilitated by IMU</p>

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<p>Paragraphs 85-99 First and Second Tier Agreement</p> <p>Paragraph 100-109 Periodical reporting to IC and TDA</p>		<pre> graph TD B((B)) --> Rev[Revision of the Agreement(s)] Rev --> R{Revise?} R -- Yes --> Rev R -- No --> A{Approve?} A -- No --> Rev A -- Yes --> AS[Agreement Signing] AS --> DIP[Detail Implementation Plan] AS --> IR[Issues and Resolutions] AS --> TL[Top level resolutions] DIP --> IR DIP --> IM[Implementation Monitoring / Audit] IM --> IR IM --> UDB[Update database] IM --> A2{Approve?} A2 -- No --> IR A2 -- Yes --> UDB UDB --> RO[Relief of Obligation] RO --> C((C)) UDB --> End((End)) </pre>				<p>Schedule A shall at least met 40% of the Mandatory ICV requirements for the ICP Agreement signing</p> <ul style="list-style-type: none"> • First Tier Agreement signing shall be together with Main Contract Signing. • 2nd Tier Agreement shall be agreed and signed no later than 1 year after. • IC shall be the point to resolve issues within the program, otherwise shall be escalated to MIEC • IMU shall establish a detail ICP implementation plan • IMU shall submit regularly on the implementation progress to TDA and IC • TDA shall submit regularly on the ICP implementation to MIEC <p>Upon finishing the ICP Program implementation, OEM may initiate the request of ICV claims for relief from obligation facilitated by IMU</p>

TASK	Responsibilities					DESCRIPTION
	OEM	IMU	TDA	IC	MIEC	
Relief of Obligation			<pre> graph TD Start((E)) --> TDA_Closure[Relief of Obligations & Project Closures] TDA_Closure --> OEM_Relieved[Relieved] OEM_Relieved --> TDA_Update[Database update] TDA_Update --> TDA_End1((End)) TDA_Closure --> IC_Disbanded[IC Disbanded] IC_Disbanded --> TDA_End1 TDA_Closure --> TDA_Banking{Banking?} TDA_Banking -- No --> TDA_End1 TDA_Banking -- Yes --> MIEC_Approve{Approve?} MIEC_Approve -- Yes --> TDA_Update_ICV[Update ICV Banking Account] TDA_Update_ICV --> TDA_End2((End)) MIEC_Approve -- No --> TDA_End2 </pre>			<ul style="list-style-type: none"> TDA and IC shall issue the Relief Certificates IMU and TDA shall initiate the program administrative and contract closures IC shall be disbanded upon the completion of program administrative and contract closures. TDA will issue the letter of program closure and IC disbandment Upon the Relief of Obligation, TDA shall assess for any excess ICV qualified for ICP Credit Banking. The banking can only be done with an approval of MIEC



PENGIRAAN NILAI KREDIT ICP

1. Pengiraan Keseluruhan Nilai Kredit ICP (Overall ICP Credit Calculation)

$$ICV_{programme} = \sum ICV_{mandatory} + \sum ICV_{additional}$$

Where:

$ICV_{mandatory}$ = Equivalent to the value of main contract

$ICV_{additional}$ = Other ICP Value generated over and above $ICV_{mandatory}$

$$ICV_{Programme} = \sum_{i=1}^n ICV_{project(i)} ; \text{ Where } n \text{ is number of project agreed projects}$$

$$ICV_{Project} = (ICV_{EEP} + ICV_{offset} + ICV_{CT})_{Project} + [MLC]$$

Where:

EEP = Economic Enhancement Program

$Offset$ = Direct and Indirect Offset

CT = Countertrade

ICV_{offset} will utilize higher multiplier if:

- Employs a buy-back mechanism
- Establishes JV with local company
- Provide market access for local company to global supply chain

Pengiraan Nilai Kredit Offset Langsung

$$ICV_{Offset} = \sum_{i=1}^n ICV_{Direct\ Offset\ project\ (i)} + \sum_{i=1}^n ICV_{Indirect\ Offset\ project\ (i)}$$

Pengiraan Nilai Kredit Offset Tidak Langsung

$$ICV_{Indirect\ Offset\ project\ (i)} = [NV_{Category} * M_{Category} * (1 + \mu(t))]$$

Base formulae for all ICV calculation (indirect offset)

Impact coefficient derived from:

- Programs that support government's initiatives in GNI growth;
- Programs that support high value jobs creation and human capital capabilities development;
- Programs that support increase of investment portfolios



- Prioritized economic activities
- Prioritized Growth Zones (ETP, NKEA, 11th MP, 3rd IMP, S2A etc.)

Criteria for $\mu(t)$ entitlement

Criteria must contain one of the factors. (RMK 'OR' CORRIDOR 'OR' OBJECTIVE)

NKEA

1. RMK 10 Key Growth Engines
2. National Key Areas (4%)
3. Oil & Gas
4. Palm oil and related products
5. Financial services
6. Wholesale & Retail
7. Tourism
8. Information & Comm technology
9. Education
10. Electrical & Electronic
11. Business Services
12. Private Healthcare
13. Agriculture
14. Greater K. Lumpur

Focusing Corridors

1. Iskandar Malaysia
2. Northern Corridor Economic Region
3. East Coast Eco. Region
4. Sarawak Corridor Renewable Energy
5. Sabah Development Corridor

Offset Objectives

1. Foster strategic local and international partnership
2. Maximize the usage of local contents
3. Establish a sustainable Malaysian industrial, economic and technological base, with strategic capabilities development and industrial participation in the global supply chain
4. Technology Acquisition, Development and Diffusion
5. Collaborate in Strategic (R&D&C) projects
6. Facilitate investments and collaborate in Strategic Human Resource Development (HRD) initiatives.

$$ICV_{Offset} = \sum_{i=1}^n ICV_{Direct\ Offset\ project\ (i)} + \sum_{i=1}^n ICV_{Indirect\ Offset\ project\ (i)}$$

Offset Langsung

$$ICV_{Direct\ Offset} = \sum_{i=1}^n ICV_{Direct\ Offset\ project\ (i)}$$

where

$$ICV_{Direct\ Offset\ project} = NV_{Direct\ Offset\ project} * M_{Category}$$

Offset Tidak Langsung

$$ICV_{Indirect\ Offset} = [NV_{Category} * M_{Category} * (1 + \mu(t))]$$

Where $\mu(t) = 0.1$; comprises of 30% from NKEA, 30% from Economic Corridor, and 40% from Offset Objectives factors

2. Pengiraan MLC (Calculation on MLC)

$$ICV_{Project} = (ICV_{EEP} + ICV_{offset} + ICV_{CT})_{Project} + [MLC]$$

Other element

Localization

$$MLC_j = \sum_{k=1}^n (NV_{MLC(k)} \times M_{cat(k)}) \quad \text{and} \quad MLC_{Prj(i)} (\%) = \left\{ \sum_{j=1}^n \frac{MLC}{ICV_{Prj(i)}} \right\} \times 100$$

where

$M_{cat(k)}$: multiplier based on Cat A, Cat B, Cat C, Cat D and Cat E as per MLC Multiplication Factor Schedule

$ICV_{Prj(i)}$: The total ICV value of the proposed project in an ICP Program that include the MLC part

$NV_{MLC(k)}$: Local Content Nominal Value of the Project and must be verified/audited local professional financial institution recognized by the Government of Malaysia

And

$$P1, P2..Pn = Performance\ index = \frac{2R}{1 + \frac{D}{T}}$$

Where

R = Total ICV commitment,

D = Period of verified localization implementation,

T = Period of planned localization implementation agreed in the ICP Agreement

First Step: Determination of MLC

Based on the Policy $\Rightarrow NV_{MLC(j)} \geq 30\%$ of ICV_{prog}

$$ICV_{prog} = \sum_{i=1}^n ICV_{prj(i)}$$

$$ICV_{prj(i)} = \sum_{j=1}^n [NV'_j \times (M_j \times (1 + \mu(t))) + MLC_j]$$

where $MLC_j = \sum_{k=1}^n (NV_{MLC(k)} \times M_{cat(k)})$ and $NV'_j = NV_j - NV_{MLC(j)}$

$$MLC_{Prj(i)}(\%) = \left\{ \sum_{j=1}^n \frac{MLC}{ICV_{Prj(i)}} \right\} \times 100 \quad \text{and} \quad MLC_{Prog}(\%) = \sum_{i=1}^A MLC_{Prj(i)}$$

$$MLC_j = \sum_{k=1}^n (NV_{MLC(k)} \times M_{cat(k)})$$



Localization value promised and expected impact agreed in the ICP Agreement thus ICP Provider need to fulfil this.

$$MLC_{Prj(i)}(\%) = \left\{ \sum_{j=1}^n \frac{MLC}{ICV_{Prj(i)}} \right\} \times 100$$



Localization percentage value verified (NV) after the Post Implementation Audit.

Offset Credit Calculation for MLC (after verification):

$$MLC \text{ value (MLC)} = P1 * MLC_{Prj1}(\%) + P2 * MLC_{Prj2}(\%) + \dots + Pn * MLC_{Prj(n)}(\%)$$

$$MLC (Total) = MLC_{Prj1} + MLC_{Prj2} + \dots + MLC_{Prj(n)} \geq 30\% \text{ of total ICV}$$

where

$$P1, P2..Pn = \text{Performance index} = \frac{2R}{1 + \frac{D}{T}}$$

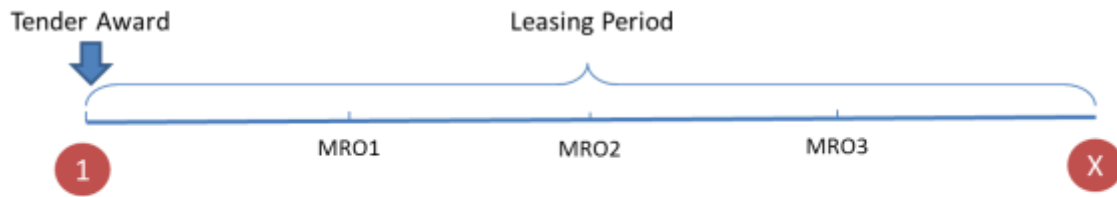
Where

R = Total amount of commitment,

D = Period of verified localization implementation,

T = Period of planned localization implementation agreed in the ICP Agreement

3. Pengiraan ICV (Sewaan)



ICV Value:

Step 1: Determine the Net Present Value (NPV) of amount **X** at point **1**

Step 2: Determine the cost of MRO (MRO1, MRO2, MRO3..MROx)

$$ICV_{mandatory} = NPV - \sum_{j=1}^n MRO_j - \text{Financial Cost}_{Leasing}$$

Step 3: Determine the 'outright purchase' cost at point **1**

Step 4: Make comparison (between the result of the above formula and the 'outright purchase' cost)

Step 5: Select the ICV to the higher value

LAMPIRAN 3

PENGGANDA

1. Pengganda ICP

Cat	Item	Description	Direct Offset	Indirect Offset
1	<u>Investment</u>			
		Equity Investment	5	5
		Bank Guarantee (for other BGs than Main Contract and ICP requirements)	4	5
		Project Financing	3	5
		Principal Guarantee for SBLC	3	5
2	<u>Research, Development and Commercialization (R&D&C)</u>			
		Implementation and diffusion of ToT Plan to local industry <ul style="list-style-type: none"> • IPR transfer and Commercialization through JV/Partnership with local company <ul style="list-style-type: none"> • Technology with Technology Readiness Level (TRL 7 and 8)* • Technology Commercialization and Roll Out/Start-Up Company <ul style="list-style-type: none"> • Technology with Technology Readiness Level (TRL 7 and 8)* • Tools/equipment, laboratory and workshop set-up • Training and Skills Development Courses (design, engineering and development) • IPR Development and Sharing • Technology adaptation to local environment and conditions • Transfer or resident of ToT project team assignment to OEMs • Subject Matter Experts to local recipient assignment • Drawings, manuals and training documentations for recipient • Training and Skills Development Courses-general <p><i>* Refer to TRL Definition by NASA</i></p>	4	5
		Identification of technology needs and gap analysis <ul style="list-style-type: none"> • Technology Experts and Industrial Experts assignment 	3	3
		Impact Analysis <ul style="list-style-type: none"> • Technology Experts and Industrial Experts assignment 	3	3
3	<u>Marketing Assistance</u>			
		Captive Market Access	N/A	4
		Market Access Assistance	N/A	3
		Global Supply Chain Participation	N/A	4
		Organization International Certification	4	4
4	<u>Human Capital Development</u>			
		Technical Transfer, Skills and Competency Development for Professional Services (e.g. on design, systems integration, platform technology, engineering & development and Professional Certification etc.)	4	4
		On Job Training (International Placement)	4	4
		Knowledge Transfer and Skills Development for Professional Services (e.g. classroom activities for design, engineering and development etc.)	3	3
		Non-Technical Transfer and Skills Development	2	2
		Training and Skills Development Courses-general	2	2
		Higher Learning Placement Program	2	2
		High Value Job Creation	1	1
5	<u>Incidental/Others</u>		1	1

2. Definisi *Technology Readiness Level (National Aeronautics and Space Administration - NASA)*

TRL	Description
1. Basic principles observed and reported	This is the lowest "level" where scientific research begins to be translated into applied R&D.
2. Technology concept and/or application formulated	Next level of maturation, practical applications of those characteristics can be 'invented' or identified. At this level, the application is still speculative: no experimental proof or detailed analysis to support the conjecture.
3. Analytical and experimental critical function and/or characteristic proof of concept	At this step, active (R&D) is initiated. This must include both analytical studies to set the technology into an appropriate context and laboratory-based studies to physically validate that the analytical predictions are correct. Should constitute POC validation of the applications/concepts formulated at TRL 2.
4. Component and/or breadboard validation in laboratory environment	Following successful POC work, basic technological elements must be integrated to establish that the "pieces" will work together to achieve concept-enabling levels of performance for a component and/or breadboard. This validation must be devised to support the concept that was formulated earlier, and should also be consistent with the requirements of potential system applications. The validation is "low-fidelity" compared to the eventual system: it could be composed of ad hoc discrete components in a laboratory.
5. Component and/or breadboard validation in relevant environment	At this level, the fidelity of the component and/or breadboard being tested has to increase significantly. The basic technological elements must be integrated with reasonably realistic supporting elements so that the total applications (component-level, sub-system level, or system-level) can be tested in a 'simulated' or somewhat realistic environment.
6. System/subsystem model or prototype demonstration in a relevant environment (ground or space)	A major step in the level of fidelity of the technology demonstration follows the completion of TRL 5. At TRL 6, a representative model or prototype system or system - which would go well beyond ad hoc, 'patch-cord' or discrete component level bread-boarding - would be tested in a relevant environment. At this level, if the only 'relevant environment' is the environment of space, then the model/prototype must be demonstrated in space.
7. System prototype demonstration in a space environment	TRL 7 is a significant step beyond TRL 6, requiring an actual system prototype demonstration in a space environment. The prototype should be near or at the scale of the planned operational system and the demonstration must take place in space.
8. Actual system completed and 'flight qualified' through test and demonstration (ground or space)	In almost all cases, this level is the end of true 'system development' for most technology elements. This might include integration of new technology into an existing system.
9. Actual system 'flight proven' through successful mission operations	In almost all cases, the end of last 'bug fixing' aspects of true 'system development'. This might include integration of new technology into an existing system. This TRL does not include planned product improvement of ongoing or reusable systems.

3. Pengganda Untuk MLC

Cat	Item	Sub-Item	Multiplier
A	Professional Services Local Sourcing		
		Design, systems integration work knowledge and skills development (Engineers and Senior Management)	4
		Technology Upgrading, Knowledge / Skills Transfer and Certification (People, Product & Process)	4
		Installation, Testing, Commissioning and Project Management	2
B	Local Product		
		Parts & Component, Main Equipment, Test Equipment	
		Custom Made	3
		Off The Shelves	1
C	Plant Facility		
		Plant equipment and machinery	3
		Tools, Jigs and Fixtures	4
D	Logistics		
		Integrated logistic support (ILS)	1
		Forwarding, haulage and transportation, storage & warehouse	1
		Local Insurance	1