

**EXIO LOGISTICS SDN BHD**  
**ASEAN GREEN MTN FRAMEWORK**

April 2024

# Table of Contents

1. Introduction.....	2
2. ASEAN Green MTN Framework.....	2
3. Utilisation of Proceeds.....	3
4. Project evaluation and selection .....	3
5. Management of proceeds .....	4
6. Reporting .....	5
6.1 Allocation Reporting.....	5
6.2 Impact Reporting .....	5
7. Assurance.....	6

## 1. Introduction

Exio Logistics Sdn Bhd ("**Exio**") is a joint venture company set-up and owned by two (2) shareholders, namely IJM RE Sdn Bhd and FMM Elmina Sdn Bhd to construct and develop two (2) logistic hubs in City of Elmina, Shah Alam ("**Logistic Hubs**"). Exio was incorporated on 2 March 2023 under the Companies Act 2016 as a private limited company.

The Logistics Hubs shall be built on a piece of freehold industrial land held under H.S.(D) 323781, P.T. No. 51927, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor ("**Elmina Land**") with aggregate gross floor area of approximately 500,000 square feet. The Logistic Hubs shall be equipped with the Automated Storage and Retrieval System ("**ASRS**") and has a full capacity of approximately 117,000 pallets.

Exio intends to established an ASEAN Green Medium Term Notes ("**ASEAN Green MTN**") Programme of RM500 million in nominal value ("**ASEAN Green MTN Programme**") to finance the acquisition of Elmina Land, construction of Logistic Hubs and setup of ASRS ("**Project**").

## 2. ASEAN Green MTN Framework

The ASEAN Green MTN Framework sets out the guidelines for Exio's ASEAN Green MTN issuance in accordance with the relevant international principles and guidelines listed below:

- (i) ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum in October 2018 (as amended or modified or revised or substituted from time to time) ("**ASEAN GBS**");
- (ii) Green Bond Principles issued by the International Capital Market Association ("**ICMA**") in June 2021 (with June 2022 Appendix 1) (as amended or modified or revised or substituted from time to time) ("**GBP**"); and
- (iii) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia on 9 March 2015, effective on 15 June 2015 and revised on 29 August 2023 (as amended or modified or revised or substituted from time to time)

(collectively, the "**Guidelines**").

In line with the Guidelines, the ASEAN Green MTN Framework is developed based on four (4) key pillars principles:

- (i) Utilisation of proceeds;
- (ii) Project evaluation and selection;
- (iii) Management of proceeds; and
- (iv) Reporting.

### 3. Utilisation of Proceeds

The proceeds raised from the ASEAN Green MTN shall be utilised for the following purposes:-

- (i) To part finance or reimburse of up to 90% of the purchase price as stated in the sales and purchase agreement for the acquisition of Elmina Land
- (ii) To part finance or reimburse of up to 90% of the construction for the construction of Logistic Hubs to be erected on Elmina Land and to finance all fees and expenses in relation to the sustainability/green consultancy of the Project; and
- (iii) To part finance or reimburse of up to 90% of the setup costs for the procurement, installation and setup of the ASRS for the Logistic Hubs.

For the avoidance of doubt, the following projects are ineligible for the use of the proceeds of the ASEAN Green MTNs:-

- (i) Fossil fuel power generation projects;
- (ii) Nuclear energy;
- (iii) Lethal defence goods;
- (iv) Weaponry;
- (v) Gambling;
- (vi) Conflict minerals; and
- (vii) Activities or projects associated with child labour or forced labour.

### 4. Project evaluation and selection

The Board of Directors (“**Board**”) have the ultimate oversight over the Exio’s sustainability and social strategy as well as governance. The Board is aided by the management committee where it will oversee the business plans and key initiatives regarding sustainability considerations, policies and risk management, including climate related risks.

Exio’s environmental sustainability objective is to operate the Logistic Hubs as an eco-friendly green building with utmost optimisation and economising of resources. The Logistic Hubs are warehouses equipped with electricity powered ASRS whereby retrieving and storing of pallets are fully automated. The inception of the Logistic Hubs stems from the opportunity of huge demand for large warehouses and distribution centres in Malaysia following the increase in e-commerce. Technologies, automation and robotics are expected to make an impact to this sector as a solution to rising staff cost and the lack of manpower. The automated warehouses are also a more sustainable approach to warehousing as warehouse equipped with ASRS is more efficient with land use as it allows a smaller plot of land to be built on. The warehouse with ASRS achieves similar pallet capacity and is built vertically higher compared to traditional warehouses which required a bigger plot of land to be built on. With the ASRS in place for the storing and retrieving pallets, the usage of fossil fuel powered equipment and forklifts will be minimised as it will be mostly be used in the picking area only.

In order to manage the environmental risks and to be aligned with Exio's sustainability objective, the project management committee (during construction) will identify and evaluate the green feature designs of the Logistics Hubs. The project management committee shall recommend to the Board for its review and approval. As a guiding principle for the green feature designs, it is selected based on the assessment criteria of Green Building Index ("GBI") and Leadership in Energy and Environmental Design ("LEED") certifications. The Logistic Hubs aims to attain GBI NRNC SILVER (Non-residential new construction) and LEEDv4 Warehouse and Distribution Center GOLD. There will be final verification of energy and water consumption under GBI requirement.

Some of the assessment criterias of both GBI and LEEDv4 certifications are water conservation efforts, efficient use of energy and renewable energy in order to reduce consumption of energy and water and reduce carbon footprint.

The Logistic Hubs are designed for energy saving. The Logistics Hubs shall be installed with energy efficient air conditioning system, energy efficient lighting system such as LED and energy efficient electrical appliances. As for renewable energy, the Logistic Hubs will be installed with photovoltaic panels on the rooftop to generate renewable energy for the building consumption.

The Logistic Hubs will also be equipped with rainwater harvesting system to conserve water resources. It is envisaged that zero potable water are used for landscape irrigation. Rainwater shall be used for toilet flushing and in addition with water efficient fittings used, the Logistics Hubs may achieve approximately 50% of water reduction for indoor water usage.

As part of the waste recycling criteria in the certification assessment during the construction, Exio through its contractor targets to divert at least 75% of construction waste from landfill.

Exio has a commitment to ensure social sustainability. Though the Logistic Hubs is expected to maintain a minimal number of workforces as the Logistic Hubs will be leased to an operator in entirety, Exio is determined to provide a comfortable, safe, and healthy working environment to all its employees.

In order to ensure good governance, the Board shall implement the anti-bribery and corruption policy to prevent, detect and address unethical practices within the business and also during interactions with external parties.

The environmental, social and governance strategies above shall form the basis of evaluation for future similar projects to be undertaken by Exio.

## **5. Management of proceeds**

The proceeds of the ASEAN Green MTN will be utilised for purposes as mentioned in Section 3 above and in accordance with the terms and conditions under the relevant transaction documents of the ASEAN Green MTN Programme where the proceeds of the ASEAN Green MTN will be channelled/transferred directly to the relevant designated accounts under the ASEAN Green MTN Programme subject to the purpose of the utilisation.

The issuance proceeds will be controlled/monitored by the Security Trustee of the ASEAN Green MTN Programme as the designated accounts are to be solely operated by the Security Trustee (save and except for the Revenue Account which shall be operated by Exio prior to occurrence of an event of default under the ASEAN Green MTN Programme).

Exio has also established a clear eligibility rule for the investment of any unutilised funds. The permitted investments of unutilised funds are limited to the following:-

- (i) Fixed deposits, accounts and/or money market instruments with licensed banks (as defined in the Financial Services Act 2013) with a rating of at least AA3/P1 by RAM Rating Services Berhad (“**RAM**”) or AA-/MARC-1 by Malaysian Rating Corporation Berhad (“**MARC**”) or their equivalent; or
- (ii) Bank acceptances and bills issued by licensed banks (as defined in Financial Services Act 2013) or licensed Islamic banks (as defined in the Islamic Financial Services Act 2013) with a rating of at least AA3/P1 by RAM or AA-/MARC-1 by MARC or their equivalent.

## 6. Reporting

### 6.1 Allocation Reporting

Exio will report to the investors at least on an annual basis on the use of proceeds until full allocation, and on a timely basis in the case of material developments. The annual report will include the purpose of utilisation of which the ASEAN Green MTN proceeds have been allocated, as well as the amounts allocated and unutilised balance of proceeds (if any).

### 6.2 Impact Reporting

As long as there is outstanding ASEAN Green MTNs, where relevant and possible, Exio will report on the selected impact indicator on an annual basis which may be measured using the indicative impact indicator as provided in the Harmonised Framework for Impact Reporting by ICMA. Exio may also include information on the methodology and assumptions adopted to measure the impact. Examples of the impact indicator include:

<b>Categories</b>	<b>Indicative Impact Indicators</b>
Green Building	<ul style="list-style-type: none"> <li>• Number and Gross Floor Area (m<sup>2</sup>) of Green Buildings and Green Building Certifications obtained</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Renewable energy generated (kWh)</li> <li>• Tonnes of Greenhouse gases (GHGs) or carbon dioxide equivalent (tCO<sub>2</sub>e) avoided</li> <li>• Renewable energy installed capacity (kWp)</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>• Energy saved per year (kWh/year)</li> </ul>

	<ul style="list-style-type: none"><li>• Tonnes of Greenhouse gases (GHGs) or carbon dioxide equivalent (tCO<sub>2</sub>e) avoided</li><li>• Energy intensity reduction (kWh/sqm)</li></ul>
Water Conservation	<ul style="list-style-type: none"><li>• Rainwater harvest (m<sup>3</sup>)</li><li>• Water saved per year (m<sup>3</sup>/year)</li></ul>

## 7. Assurance

Exio has appointed RAM Sustainability Sdn Bhd as an independent party to provide a second party opinion (“**Second Party Opinion**”) on the alignment of the ASEAN Green MTN Framework to the Guidelines. The ASEAN Green MTN Framework, the Second Party Opinion and any annual reporting (the allocation reporting and impact reporting) will be made publicly available on Exio’s corporate website.