



EXIO LOGISTICS SDN BHD

- **ASEAN GREEN MTN FRAMEWORK**
PROPOSED MEDIUM TERM NOTES PROGRAMME OF RM500.0
MILLION IN NOMINAL VALUE

SECOND OPINION REPORT **25 April 2024**

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RAM SUSTAINABILITY'S SECOND OPINION APPROACH

RAM Sustainability has assessed Exio Logistics Sdn Bhd's (Exio or the Issuer) ASEAN Green Medium Term Notes (ASEAN Green MTN) Framework (the Framework) against sustainability responsibilities and disclosure requirements under the following guidelines and standards:

- The ASEAN Capital Market Forum's (ACMF) **ASEAN Green Bond Standards (GBS)**
- The International Capital Market Association's (ICMA) **Green Bond Principles (GBP)**

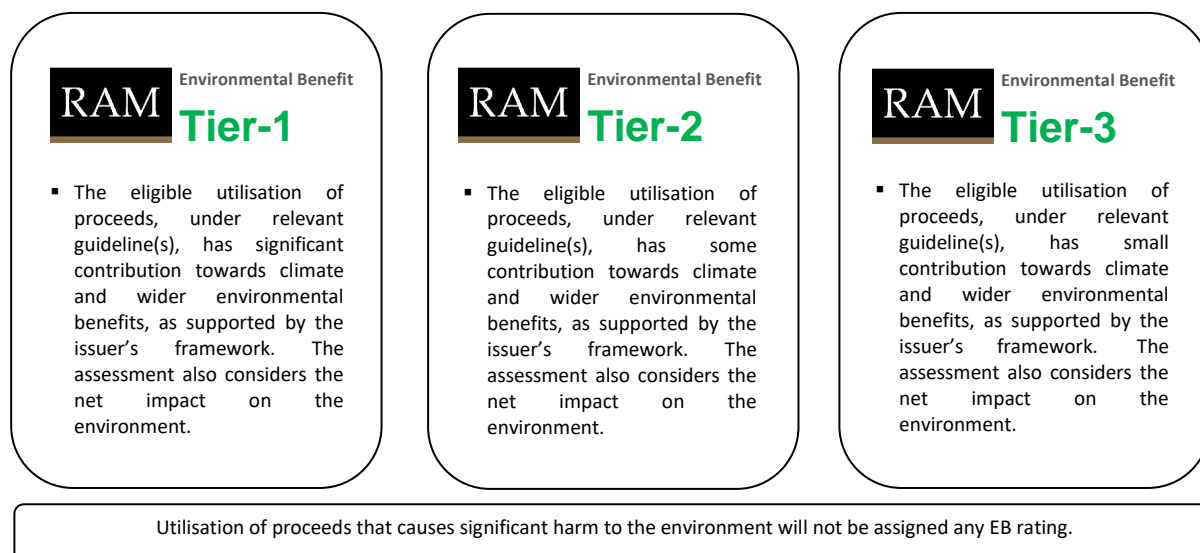
Our assessment relies on both public information and data provided by the Issuer on the Framework and the proposed ASEAN Green MTN programme of up to RM500 million (ASEAN Green MTN Programme). We have not undertaken any audit or other related activity to ascertain the validity or accuracy of the information provided.

RAM Sustainability classifies green, social or sustainability bond frameworks as *Weak*, *Basic*, *Intermediate* or *Advanced*, in comparison to applicable regulations and guidelines or best practices.

Level	Framework Characteristics
Weak	Not observable in the framework.
Basic	Observable in the framework, but is below best practice.
Intermediate	Observable in the framework and in line with best practice.
Advanced	Observable in the framework and is more stringent, comprehensive, and establishes a new benchmark and new best practice.

RAM SUSTAINABILITY'S ENVIRONMENTAL BENEFIT ASSESSMENT AND DEFINITION

The ultimate objective of green bonds is to facilitate the financing of environmentally friendly solutions that can help mitigate the effects of climate change and/or create value for the surrounding ecosystem. RAM Sustainability's green bonds evaluation is a qualitative and quantitative assessment of the contributions of a project or financing facility to a low-carbon, sustainable future. The transparency and disclosure strength of the green bonds is also a key consideration. RAM Sustainability's Environmental Benefit (EB) rating definitions are as follows:



SUMMARY OF SECOND OPINION ON EXIO'S ASEAN GREEN MTN

RAM Sustainability is of the view that Exio's ASEAN Green MTN Framework is aligned with the transparency and disclosure requirements of the ASEAN GBS and the GBP. The Framework is aligned with all core areas, and nine out of 19 recommendations as guided by the pre-issuance checklist¹ of the GBP.

Exio is a joint venture between IJM RE Sdn Bhd (IJM RE) and FMM Elmina Sdn Bhd (FESB) established to construct and develop two logistic hubs in City of Elmina, Shah Alam (Logistic Hubs) that are expected to achieve green building certifications. Proceeds from the proposed ASEAN Green MTN Programme will be used to part finance the project cost for the development of the green Logistic Hubs, including the acquisition of freehold industrial land, the construction cost (including related green/sustainability consultancy fees) and procurement, installation and setup of an Automated Storage and Retrieval System (ASRS). According to management representation, the construction of the Logistic Hubs is projected to commence in 2024 and be completed in 2026, with the provisional green building certificates expected to be awarded in December 2024.

Green building is an eligible project category under the ASEAN GBS and the GBP. The Issuer plans to achieve *Leadership in Energy and Environmental Design (LEED) Gold*, and *Green Building Index (GBI) Silver* certifications for the Logistic Hubs. These respective certifications will be awarded under the *LEED v4 for Building Design and Construction (BD+C): Warehouses and Distribution Centers* and *GBI Non-Residential New Construction (NRNC)* rating systems which are for new builds. The two rating systems provide a systematic and objective framework for measuring environmental performance and green building design.

The Logistic Hubs will be equipped with green features to mitigate inherent environmental risks and improve the Logistic Hubs' environmental performance thereby reducing their environmental and climate impact. This includes installation of solar photovoltaic (PV) energy system, rainwater harvesting system and ASRS.

RAM Sustainability's EB assessment tiers projects based on their contribution towards climate change mitigation and wider environmental benefits. According to the International Energy Agency, buildings used 30% of global final energy consumption and contributed to 26% of global energy-related emissions in 2022². A building's operational phase accounts for 80-90% of its total lifecycle emissions due to required energy use³. To meet the 2050 Net Zero Emissions target called for in the Paris Agreement, energy reduction must be at least 35% in 2030 compared to 2021.



We have assigned a Tier-2 EB rating to the eligible project under the ASEAN Green MTN in view of the strong climate mitigation potential and other potential environmental benefits of the Logistic Hubs. The Logistic Hubs are modelled to be 24% more energy efficient compared to the baseline as per ASHRAE 90.1⁴ provisions, with the solar PV system projected to supply 12% of the buildings' total required energy annually. Overall, the Logistic Hubs are designed to operate with a Building Energy Intensity (BEI) of about 110 kWh/m²/year, making them 19% more energy efficient than the recommended BEI of 135 kWh/m²/year for commercial buildings under the *Malaysian Standard*

¹ [ICMA Pre-Issuance Checklist \(June 2023\)](#)

² Buildings Tracking Report – July 2023 (IEA, 2023) [Source: <https://www.iea.org/reports/buildings>]

³ Common Carbon Metric for Measuring Energy Use & Reporting Greenhouse Gas Emissions from Building Operations (UNEP SBCL) [Source: <https://c2e2.unepccc.org/wp-content/uploads/sites/3/2016/09/unep-sbci-common-carbon-metric.pdf>]

⁴ ANSI/ASHRAE/IES Standard 90.1: Energy Standard for Buildings Except Low-Rise Residential Buildings provides the minimum requirements for energy-efficient design of most sites and buildings, typically used as a baseline in green building certifications.

MS1525:2014 – *Energy Efficiency and Use of Renewable Energy for Non-Residential Buildings*. We note that this refers to the modelled building performance and may not accurately reflect the Logistic Hubs’ operational performance; however, the required points to obtain a LEED Gold certification are underpinned by the Logistic Hubs’ energy performance as energy efficiency is the largest points contributor in both LEED and GBI.

We further find the Framework to have a primarily *Intermediate* level of disclosure, incorporating details that we view to be in line with best practices. Our key assessment areas are illustrated in **Table 1** below.

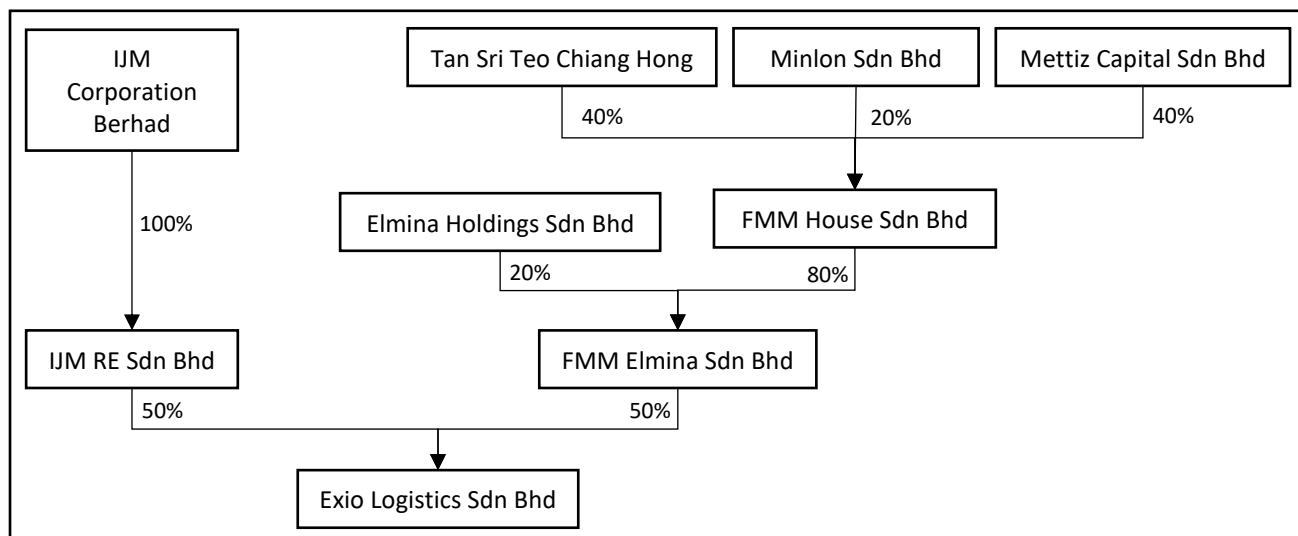
Table 1: RAM Sustainability’s Assessment of Exio’s Framework

Components	RAM's Overall Opinion
Utilisation of Proceeds (By Asset/Project Category):	<i>Intermediate</i>
i) Eligibility Criteria Disclosure Quality	<i>Intermediate</i>
ii) Indicative Proceeds Allocation	<i>Intermediate</i>
iii) Exclusion List:	
- Issue Transaction-level	<i>Intermediate</i>
- Group-level	<p><i>IJM Corporation Berhad (IJM Corp), Elmina Holdings Sdn Bhd and FMM House Sdn Bhd (FMM House) are not involved in fossil fuel power generation. However, Mettiz Capital Sdn Bhd, a shareholder of FMM House, has investments in coal and oil and gas.</i></p> <p><i>According to management representation, the private investors of FMM House are expected to adopt wherever feasible, or else, to procure Exio to adopt similar sustainability objectives as that of IJM Corp’s sustainability framework.</i></p>
Project Evaluation & Selection	<i>Intermediate</i>
Management of Proceeds	<i>Intermediate</i>
Reporting Commitments:	
i) Allocation reporting	<i>Intermediate</i>
ii) Impact reporting	<i>Basic</i>

1. CORPORATE PROFILE

Exio is a private limited company incorporated on 2 March 2023. The joint venture between IJM RE and FESB is responsible for the development and construction of the Logistic Hubs, which will have a gross floor area of approximately 500,000 sq ft with a capacity of approximately 117,000 pallet positions. Upon completion, Exio will be the asset owner, fully leasing out the Logistic Hubs to Storio Sdn Bhd (Storio) which will provide automated warehouse operation services to sub-lessees.

Figure 1: Exio's Corporate Structure



Source: Exio

A wholly owned subsidiary of IJM Corp, IJM RE comes under the property business of its parent. It is an investment holding company with assets such as Menara Prudential in Kuala Lumpur in its portfolio.

FESB is owned by FMM House, an investment holding company held by private investors who are mainly in the businesses of property development, private equity and alternative investment, and wholesale retail. The shareholders of FMM House also own Storio.

Exio's Board of Directors, Management Committee and Project Management Committee are equally represented by IJM Corp and FESB.

Table 2: Composition of Exio's Board of Directors, Management Committee and Project Management Committee

IJM Corp Representatives	FESB Representatives
Board of Directors	
Lee Chun Fai	Tan Sri Teo Chiang Hong
Dato' Edward Chong Sin Kiat	Datuk Michael Tang Vee Mun
Tan Yang Cheng	Choong Kar Weng
Management Committee	
Schlaine Wong	Tan Sri Teo Chiang Hong
Lim Kher Shin (alternate to Schlaine Wong)	Datuk Michael Tang (alternate to Tan Sri Teo)
Foo Sheh Eem	Choong Kar Weng
Andrew Chin Wai Leong (alternate to Foo Sheh Eem)	Choong Kar Fai (alternate to Choong Kar Weng)
Project Management Committee	
Schlaine Wong	Patrick Kan
Lim Kher Shin (alternate to Schlaine Wong)	Teo Cheng How (alternate to Patrick Kan)
Foo Sheh Eem	Choong Kar Fai
Andrew Chin Wai Leong (alternate to Foo Sheh Eem)	Daniel Lee (alternate to Choong Kar Fai)

Source: Exio

2. REVIEW OF EXIO'S ASEAN GREEN MTN FRAMEWORK

Our review examines the four principles embedded in the **ASEAN GBS** and the **GBP**:

- (i) Utilisation of Proceeds
- (ii) Project Evaluation and Selection
- (iii) Management of Proceeds
- (iv) Reporting Commitments

For a detailed review, see **Appendix 1** for the ASEAN GBS Checklist and **Appendix 2** for the GBP External Review Form.

2.1. Utilisation of Proceeds

The ASEAN GBS and the GBP recognise several categories of eligible green projects. Broadly defined, green projects refer to innovative, climate-friendly solutions that help deliver clear environmental benefits.

The eligible project financed under the ASEAN Green MTN falls under the Green Building category, which is classified as “green” under the guidelines and standards (**Table 2**).

Table 3: Green building eligibility under GBP and ASEAN GBS

GBP	ASEAN GBS
Use of proceeds – green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance	Item 4.1.5 (x) Use of Proceeds – green buildings which meet regional, national or internationally recognised standards or certifications

The Logistic Hubs are projected to achieve a Gold certification by LEED, an internationally recognised green building rating system developed by the United States Green Building Council (USGBC), and a Silver certification by GBI, a nationally-recognised green building tool in Malaysia. According to the USGBC, LEED Gold buildings generally perform better than industry baselines⁵.

Exio will utilise the ASEAN Green MTN to part finance or reimburse the project cost for the development of the Logistic Hubs. This includes funding of up to 90% of the Elmina land purchase price, the construction cost of the Logistic Hubs, the procurement, installation and setup of the Logistic Hubs’ ASRS, and financing of all fees and expenses relating to the green consultancy for the Logistic Hubs.

Ineligible Projects

Consistent with the ASEAN GBS, the Framework states that Exio will not provide funding for projects utilising fossil fuel for power generation.

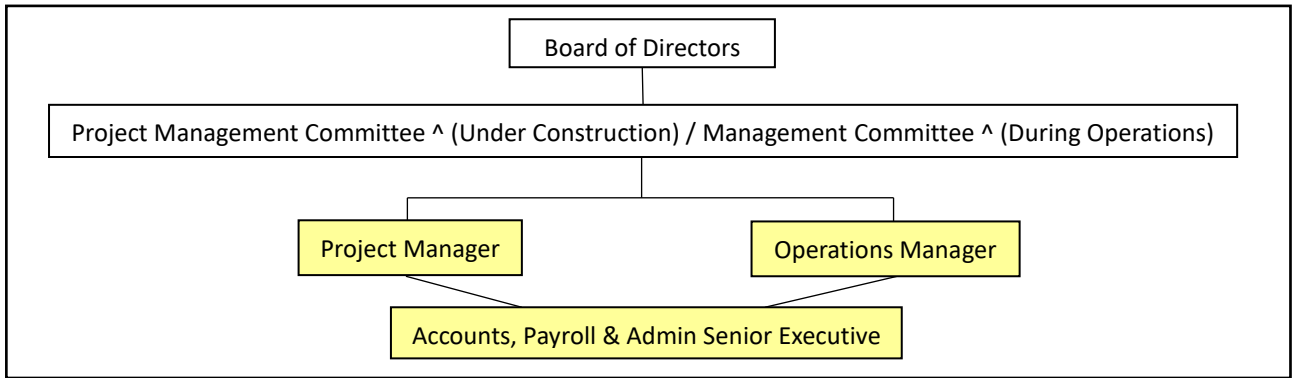
2.2. Project Evaluation & Selection

The Framework describes an evaluation and selection process that the Issuer undertakes to ensure that the projects selected for green financing are eligible and that environmental and social risks are managed.

The project management committee will evaluate the green feature designs of the Logistic Hubs after which recommendations will be made to the Board of Directors for review and approval.

⁵ Re-Assessing Green Building Performance: A Post Occupancy Evaluation of 22 GSA Buildings (Fowler et al., 2011) [https://www.pnnl.gov/main/publications/external/technical_reports/PNNL-19369.pdf]

Figure 2: Exio Organisation Chart



Source: Exio

The Issuer will design and construct the Logistic Hubs with certain green features stipulated in LEED v4 BD+C and GBI NRNC certification criteria. The Issuer is committed to include the following features in the Logistic Hubs to reduce environmental risk:

- (i) Energy efficient air conditioning system, lighting system and electrical appliances to reduce energy consumption;
- (ii) Rooftop solar PV energy system for on-site generation of renewable energy;
- (iii) Rainwater harvesting system for indoor water usage and landscape irrigation;
- (iv) Water efficient fittings to reduce indoor water usage;
- (v) Electricity-powered ASRS to fully automate the retrieving and storing of pallets which allows warehouses to be built higher and to optimise land use, and minimise the use of fossil fuel-powered equipment and forklifts.

During the construction phase, the Issuer targets to divert at least 75% of its construction waste from landfills, as per LEED and GBI waste recycling requirements. A verification assessment will be conducted once construction is completed before the final certification decision is made to ensure that the project meets all requirements under the criteria. The appointed sustainability consultant for the certification exercise is CK At Work Sdn Bhd.

Table 4: LEED and GBI Rating Levels

Rating	Points Earned	
	LEED	GBI
Platinum	80 and above	86-100
Gold	60-79	76-85
Silver	50-59	66-75
Certified	40-49	50-65

Both LEED and GBI utilise a points-based system where points are acquired by adhering to mandatory prerequisites and credits that address different categories. Apart from environmental categories pertaining to resource use efficiency such as energy, building material and water, green building certifications also consider indoor environmental quality to ensure occupants’ health and comfort. The categories under the relevant rating systems are described in the table below.

Table 5: LEED v4 BD+C and GBI NRNC assessment categories

LEED v4 BD+C	GBI NRNC
Energy and Atmosphere	Energy Efficiency
Indoor Environmental Quality	Indoor Environmental Quality
Sustainable Sites	Sustainable Site Planning & Management
Location and Transportation	
Material and Resources	Materials & Resources
Water Efficiency	Water Efficiency
Innovation	Innovation
Regional Priority	

The Issuer targets to achieve a LEED Gold and GBI Silver certification for the Logistic Hubs, with a focus on energy efficiency. That said, GBI NRNC certifications require recertification every three years. We understand that while there are plans to pursue timely recertification, the management has yet to decide on the matter.

In our view, the processes employed by Exio are good practices for the construction and development of a green building.

2.3. Management of Proceeds

The Issuer has clearly defined formal internal processes for the management of proceeds. Issuance proceeds from the ASEAN Green MTN will be transferred **directly to the three relevant designated accounts under the ASEAN Green MTN Programme**, subject to the purpose of the utilisation.

The Security Trustee of the ASEAN Green MTN Programme is the sole operator of the designated accounts and is responsible for controlling and monitoring of issuance proceeds and ensuring the proceeds are channelled into the designated accounts, save and except for the Revenue Account which will be operated by Exio prior to the occurrence of an event of default under the ASEAN Green MTN Programme.

Unutilised proceeds will be invested in permitted liquid assets as defined by the Issuer such as:

- 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 the equivalent.

2.4. Reporting Commitments

The ASEAN GBS and the GBP require issuers to establish a formal process to communicate the allocation of proceeds and the positive impact created.

Exio is committed to provide investors with an allocation report and impact report on an annual basis or on a timely basis in the case of material developments, and until full allocation of the ASEAN Green MTN. The Issuer plans to report the following information:

Table 6: Exio's reporting commitments

Allocation Reporting	<ul style="list-style-type: none"> ▪ Purpose of utilisation for which the issuance proceeds have been allocated ▪ Amount of proceeds allocated ▪ Unutilised balance of proceeds (if any)
Impact Reporting	<ul style="list-style-type: none"> ▪ Number and gross floor area (m²) of green buildings and green building certifications obtained ▪ Renewable energy generated (kWh) ▪ Tonnes of GHG or carbon dioxide equivalent avoided (tCO₂e) ▪ Renewable energy installed capacity (kWp) ▪ Energy saved per year (kWh/year) ▪ Energy intensity reduction (kWh/sqm) ▪ Rainwater harvested (m³) ▪ Water saved per year (m³/year)

Source: Exio

Exio may also disclose the key underlying methodologies used to calculate the impact in the impact reporting. The allocation and impact reports, along with the Framework and this Second Opinion report will be made publicly available on Exio's corporate website (to be established). This Second Opinion Report will be made available on RAM Sustainability's website (<https://www.ram.com.my/sustainability>).

3. SUSTAINABILITY ASSESSMENT

3.1. National-Level Drivers

The ASEAN Green MTN to be issued by Exio enables the financing of the green building sector and will support national-level objectives and plans on green building.

Table 7: National-level objectives and plans

Category	National-Level Objectives and Plans
Green Building	<p><u>Emphasis on green buildings</u></p> <p>Under the National Energy Policy 2022-2040, green buildings are included in the emphasis on low carbon activities as part of Key Economic Growth Activities (KEGA) 12: Green Economy. The National Energy Efficiency Action Plan 2015 further identifies Energy Audits in Buildings and Industries and Energy Efficient Building Design as key initiatives in the government’s target to achieve an 8% reduction in energy demand from the baseline. The proposed Energy Efficiency Conservation Act will require office buildings exceeding 8,000 sqm to ensure their energy intensity performance complies with energy efficiency ratings prescribed by the Energy Commission, the failure of which would require an energy audit and energy improvement plan.</p> <p>Through the ASEAN Green MTN, Exio will utilise issuance proceeds to finance the development and construction of two green logistic hubs which will be a LEED Gold and GBI Silver certified green building.</p>

3.2. Entity-Level Assessment

Sustainability Governance

While the Logistic Hubs will be fully leased to a third party, Exio will remain the owner of the Logistic Hubs. The Issuer’s sustainability and social strategy and governance is ultimately overseen by the Board of Directors. The Management Committee will oversee business plans, policies and risk management (including climate risks) as well as the implementation of sustainability initiatives.

Sustainability Strategies

Exio is committed to construct the Logistic Hubs as eco-friendly green buildings with utmost optimisation and economising of resources while providing a safe and healthy working environment for all its employees. Exio will also practise governance measures such as the implementation of an anti-bribery and corruption policy.

3.3. Group-Level Assessment

Sustainability Governance

At IJM Corp, the board of directors have oversight of the sustainability strategy and is supported by the Operating Committee for initiatives under four sustainability pillars. The Divisional Steering Teams and Working Teams are responsible for implementing sustainability initiatives in their respective divisions.

As for FESB, according to management representation, the private investors are expected to adopt wherever feasible, or else, to procure Exio to adopt similar sustainability objectives as that of IJM Corp’s sustainability framework.

Sustainability Strategies

A signatory of the United Nations Global Compact (UNGC), IJM Corp has established a Sustainability Framework aligned with the United Nations' Sustainable Development Goals and the Ten Principles of the UNGC, encompassing four key pillars: Marketplace, Environment, Workplace and Community. It has established a two-pronged Climate Strategy approach which is to transition to net zero emissions and to adapt to become climate resilient. As part of its Climate Resilience Strategy, IJM Corp is committed to increasing its renewable energy generation capacity and creating sustainable communities by implementing sustainable building and construction principles.

FESB's largest shareholders are a consortium of private investors that do not have expressed sustainability frameworks.

Controversy Scan

Based on publicly available information on Exio and its shareholders up to 25 April 2024, there were no controversies pertaining to the entities' environmental, social and governance (ESG) practices.

3.4. Sustainability Management

This section assesses the overall management approach to incorporating sustainability considerations into the Issuer's decision-making processes and operations.

Environmental and Social Impact Management

The Issuer is committed to implement various sustainable practices to achieve LEED Gold and GBI Silver certifications and has appointed CK At Work Sdn Bhd as the independent Environmental Sustainable Design consultants for the initial certification.

Given that the operations of the Logistic Hubs will be automated, only a small area of the warehouse will be accessible, namely, the office and sorting area, which will minimise resource use as the ASRS utilises Automated Guiding Vehicles which do not require lighting.



Exio will be responsible for the scheduled monthly maintenance and scheduled parts replacement of ASRS, as well as maintenance of the rainwater harvesting system and common areas, including the solar PV system, whereas Storio will be responsible for the unscheduled maintenance of ASRS.

The Issuer will provide a Building User Manual which will include the Logistic Hubs' green design features and strategies to be used for user information and as a guide to maintain its environmental performance during occupancy. Storio will require management approval to undertake any renovations or reconfigurations to the building to ensure compliance with LEED and GBI requirements. That said, the Issuer has yet to confirm if it will seek recertification of the GBI certificate as it requires recertification every three years.

3.5. Creation of Positive Impact via ASEAN Green MTN

We expect the eligible project to create a positive impact on the environment, as highlighted in **Table 9** below.

Table 8: Positive impact created and alignment with United Nations' SDGs

Eligible Project Category	Positive Impact Creation	Alignment with SDGs and Targets
Green Building	<p>The built environment consumes a significant amount of energy and produces carbon emissions during its long lifecycle. The Global Alliance for Buildings and Construction estimates that nearly a quarter of global greenhouse gas can be attributed to buildings. Many green building certifications/standards have been developed to objectively measure the environmental performance of a building. These standards also provide important prescriptions for sustainable design and construction. Green buildings have a smaller environmental footprint and incorporate design features that address energy efficiency, air pollution, waste management, water consumption, construction materials and other sustainability considerations. Therefore, green buildings can be effective tools in reducing the impact of buildings on climate change and may provide significant opportunities for energy, water and resource savings. According to the USGBC, the average LEED-certified building uses 25% less energy and 28% less water compared to a conventional building⁶.</p> <p>The ASEAN Green MTN will be utilised to finance the development and construction of two green building certified Logistic hubs in Shah Alam, Selangor equipped with an ASRS system.</p>	<div data-bbox="1190 383 1358 551" style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <p>7.3 – By 2030, double the global rate of improvement in energy efficiency.</p> <p>7a – By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency, and advanced cleaner fossil-fuel technology, as well as promote investment in energy infrastructure and clean energy technology.</p> <div data-bbox="1190 976 1358 1144" style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <p>11c – Support least developed countries, including through financial and technical assistance in building sustainable and resilient buildings utilising local materials.</p>

⁶ Re-Assessing Green Building Performance: A Post Occupancy Evaluation of 22 GSA Buildings (Fowler et al., 2011) [https://www.pnnl.gov/main/publications/external/technical_reports/PNNL-19369.pdf]

APPENDIX 1

APPENDIX 1: ASEAN GREEN BOND STANDARDS (ASEAN GBS) CHECKLIST

Reference:

ASEAN Capital Markets Forum – ASEAN Green Bond Standards (GBS)

Item	No.	Requirement	Alignment	Comment
Eligible Issuers and Issuance	3.1	(i) Must be an ASEAN Issuer; or (ii) In the case of a Non-ASEAN Issuer, the eligible Green Projects must be located in any of the ASEAN countries.	Yes	The Issuer is an entity incorporated in Malaysia, a member of ASEAN. The eligible project is a certified green building in Shah Alam, Selangor, Malaysia.
	3.2	ASEAN Green Bonds issuances must be originated from any of the ASEAN member countries.	Yes	The ASEAN Green MTN to be issued under the Framework will originate from Malaysia.
Eligible Green Projects	4.1.5	There are several broad categories of eligibility for Green Projects which contribute to environmental objectives such as climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control. The categories include renewable energy and energy efficiency.	Yes	The proceeds from the ASEAN Green MTN will be utilised to part finance or reimburse up to 90% of the Elmina Land acquisition purchase price, the construction of the Logistic Hubs and the procurement, installation and setup of the Logistic Hubs' ASRS, and to finance all fees and expenses relating to the green consultancy for the Logistic Hubs.
Ineligible Projects	4.1.6	For clarification purposes, fossil fuel power generation projects are excluded from the ASEAN GBS.	Yes	The Issuer has also stipulated in the Framework that projects utilising fossil fuel for power generation are not eligible for funding.
Continuous Accessibility to Information and Reporting	4.2.1	The Issuer of ASEAN Green Bonds must clearly communicate to investors – (i) The environmental sustainability objectives; (ii) The process by which the Issuer determines how the projects fit within the eligible Green Projects categories identified above; and (iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social risks associated with the Green Projects.	Yes	Through the ASEAN Green MTN, the Issuer plans to construct the Logistic Hubs as an eco-friendly green building with utmost optimisation and economising of resources. This includes the use of renewable energy, materials that are non-toxic, ethical, and sustainable as well as provide a good indoor environmental quality and comfortable working environment for its occupants. The process for the evaluation and selection of the eligible project is detailed in the Framework.
	4.2.5	The Issuer must make the following publicly available on a website designated by the Issuer at the time of the issuance and throughout the tenure of ASEAN Green Bonds: (i) The process for project evaluation; (ii) The use of proceeds; and (iii) External review report on the process (if any).	Yes	The Issuer is committed to publishing the Framework on Exio's corporate website (to be established). The Framework includes information describing the project evaluation process, the intended use of proceeds and the requirement to obtain a second opinion to confirm the validity of the Framework. The second opinion report will be made publicly available on Exio's corporate website, and RAM's website (www.ram.com.my).
	4.3.1	Prior to the issuance of the ASEAN Green Bonds, the Issuer must disclose to investors in the documentation for the issuance of the ASEAN Green Bonds the process for managing the net proceeds from the ASEAN Green Bonds.	Yes	The Issuer has stipulated in the Framework that issuance proceeds from the ASEAN Green MTN will be transferred directly to relevant designated accounts under the ASEAN Green MTN Programme, subject to the purpose of the utilisation. The Security Trustee of the ASEAN Green MTN Programme is the sole operator of the designated accounts and is responsible for controlling and monitoring of issuance proceeds and ensuring the proceeds are channelled into the designated accounts, save and except for the Revenue Account which will be operated by the Issuer prior to occurrence of an event of default under the ASEAN Green MTN Programme.

Item	No.	Requirement	Alignment	Comment
	4.3.4	The Issuer must also disclose to investors in the documentation for the issuance of the ASEAN Green Bonds the intended types of temporary placement for the balance of unallocated proceeds.	Yes	The Issuer may invest unutilised funds in: 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 the equivalent. The process for managing net proceeds is described in the Framework.
	4.4.5	The Issuer must provide to investors the annual reporting and the external review on the annual reporting, if any, through a website designated by the Issuer and/or annual reports throughout the tenure of the ASEAN Green Bonds.	Yes	The Issuer is committed to publishing allocation reporting and impact reporting. The reports will be made publicly available on Exio's corporate website and will be updated annually for as long as the ASEAN Green MTN are outstanding.
Encourage More Frequent Reporting	4.4.1	Issuers must report to investors at least on an annual basis and encouraged to make more frequent reporting on the use of proceeds until full allocation, and as necessary thereafter in the event of material developments. This should include a list of the projects to which the ASEAN Green Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated and their expected impact.	Yes	The Issuer is committed to publishing allocation reporting and impact reporting. The reports will be made publicly available on Exio's corporate website and will be updated annually for as long as the ASEAN Green MTN are outstanding.
External Review	5.1	Issuers are recommended to appoint external review providers for their ASEAN Green Bonds issuances.	Yes	RAM Sustainability has been appointed to provide a second opinion of the Issuer's Framework. The review covers an assessment of the Issuer's Framework against disclosure requirements of the ASEAN GBS and the ICMA GBP, as well as the sustainability responsibilities of the Issuer.
	4.2.4	It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.	Yes	The second opinion report by RAM Sustainability covers project evaluation and selection.
	4.3.5	It is recommended that the Issuer's management of proceeds be supplemented by the use of an auditor, or other third party to verify the internal tracking method and the allocation of funds from the ASEAN Green Bonds proceeds.	No	This is a voluntary process. The Issuer has not stated any intention to appoint an auditor or other third party to verify the internal tracking method and allocation of issuance proceeds from the ASEAN Green MTN.
	4.3.6	Where the Issuer appoints an auditor or other third party to verify the Issuer's management of proceeds, the Issuer must make the report produced by the auditor or other third party publicly available on a website designated by the Issuer at the time of issuance of the ASEAN Green Bonds.	No	This is a voluntary process. The Issuer has not stated any intention to appoint an auditor or other third party to verify the internal tracking method and allocation of issuance proceeds from the ASEAN Green MTN.
	4.4.4	It is recommended that the Issuer's annual reporting on the use of proceeds be supplemented by a confirmation of such use of proceeds by an external reviewer along with any relevant updates of the external review.	No	This is a voluntary process. The Issuer has not stated any intention to appoint an external reviewer to confirm the accuracy of its annual reporting on the use of proceeds.

APPENDIX 2



Green, Social and Sustainability Bonds External Review Form

This form complements the Bond Information Template that should have been filled in by the issuer. It provides additional information on the role of the External Reviewer when assessing the issuer's sustainability framework. This form may be used or adapted, where appropriate, to summarise the scope of the review.

Section 1. Basic Information

Issuer name: Exio Logistics Sdn Bhd

Bond ISIN⁷: Not available

Independent External Review provider's name: RAM Sustainability

Completion date of this form: 25 April 2024

Date of the review: 25 April 2024

Section 2. Overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP.
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Process for Project Evaluation and Selection
 - Management of Proceeds
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones: **ASEAN GBS**

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Verification
- Other (*please specify*):
- Certification
- Scoring/Rating

Does the review include a sustainability quality score⁸?

⁷ The ISIN code is mandatory for publishing the form in the Sustainable Bond Issuers Database.

⁸ The external review may indicate the provider's opinion of the overall sustainability quality of a bond or bond framework and assess whether it has a meaningful impact on advancing contribution to long-term sustainable development.

- Of the issuer
- Of the project
- Of the framework
- Other (please specify):
- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY⁹

Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways¹⁰ that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically¹¹?

Overall comment on this section:

⁹ Where issuers wish to finance projects towards implementing a net zero emissions strategy aligned with the goals of the Paris Agreement, guidance on issuer level disclosures and climate transition strategies may be sought from the [Climate Transition Finance Handbook](#).

¹⁰ GHG emissions reduction targets that are in line with the scale of reductions required to keep the average global temperature increase to ideally 1.5°C, or at the very least to well below 2°C above pre-industrial temperatures. Science Based Targets Initiative (SBTi) is a branded verification body for science-based targets and SBTi verification is one way for issuers to validate the alignment of their emission reduction trajectories with science-based reference trajectories. In addition, ICMA has published a [Methodologies Registry](#) which includes a list of tools to specifically help issuers, investors, or financial intermediaries validate their emission reduction trajectories.

¹¹ Including information such as the respective contribution (e.g. %) of the different measures to the overall reduction, the total expenses associated with the plan, or the issuer's climate policy engagement.

Section 3. Detailed Review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The proceeds from the ASEAN Green MTN will be utilised to part finance or reimburse up to 90% of the Elmina Land acquisition purchase price, the construction of the Logistic Hubs and the procurement, installation and setup of the Logistic Hubs' ASRS, and to finance all fees and expenses relating to the green consultancy for the Logistic Hubs.

The Framework describes eligibility criteria for the eligible project under the Green Building category.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones.¹²
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

Please see Section 2.2 Project Evaluation & Selection.

¹² The EU Taxonomy, CBI Taxonomy, UK Taxonomy, China catalogue, etc.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

The Issuer has stipulated in the Framework that issuance proceeds from the ASEAN Green MTN will be transferred directly to relevant designated accounts under the ASEAN Green MTN Programme, subject to the purpose of the utilisation.

The Security Trustee of the ASEAN Green MTN Programme is the sole operator of the designated accounts and is responsible for controlling and monitoring of issuance proceeds and ensuring the proceeds are channelled into the designated accounts, save and except for the Revenue Account which will be operated by the Issuer prior to occurrence of an event of default under the ASEAN Green MTN Programme.

The Issuer may invest unutilised funds in:

- 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 the equivalent.

4. REPORTING

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

The Issuer is committed to publishing allocation reporting and impact reporting. The reports will be made publicly available on Exio's corporate website and will be updated annually for as long as the ASEAN Green MTN are outstanding.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

The allocation and impact reports, along with the Framework and second opinion report, will be made publicly available on Exio's corporate website (to be established).

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- 1) **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- 2) **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- 3) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- 4) **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

ABOUT RAM SUSTAINABILITY

RAM Sustainability Sdn Bhd (RAM Sustainability) is a provider of sustainability services and ESG analytics. Incorporated on 31 May 2000, RAM Sustainability is a wholly owned subsidiary of RAM Holdings Berhad (RAM Group). RAM Sustainability is the first ASEAN-based provider of sustainability ratings and second opinions and has the distinction of being the first Registered Observer of ICMA's Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and Sustainability-Linked Bond Principles in ASEAN. It was a member of ICMA's Advisory Council to the GBP and SBP Executive Committee for three consecutive terms. On 12 August 2020, RAM Sustainability became an Approved Verifier for the certification of climate bonds under the Climate Bonds Standard & Certification Scheme after having been awarded the status by the Climate Bonds Standards Board. For further details, please refer to <https://www.ram.com.my/sustainability>.

About the RAM Group

The RAM Group is a leading provider of independent credit ratings, research, training, risk analysis and bond pricing. Formerly known as Rating Agency Malaysia Berhad, the RAM Group was established in November 1990 as a catalyst for the domestic debt capital market and as the nation's first credit rating agency. On 1 July 2007, its rating operations were novated to RAM Rating Services Berhad (RAM Ratings). RAM Ratings is a wholly owned subsidiary of the RAM Group.

RAM Ratings is the leading and largest credit rating agency in both Malaysia and ASEAN. Established in 1990 by the central bank of Malaysia as part of the "institutional infrastructure" to support the development of Malaysia's bond market, RAM Ratings has rated over USD450 billion of bonds issued by over 750 entities. Its rating portfolio encompasses corporates, sovereign nations, financial institutions, insurance companies, project finance and structured finance obligations.

RAM Ratings is also the world's leading rating agency for securities issued under Islamic principles, or sukuk. RAM Ratings' experience in and contributions to the fast-growing sukuk market has won numerous awards, including Best Rating Agency (South-East Asia 2017) from CPI Financial and Best Islamic Rating Agency in 2016 from Islamic Finance News. On 26 May 2016, RAM Ratings joined the line-up of pioneer credit rating agency signatories to the United Nations-supported Principles for Responsible Investment's Statement on ESG in Credit Ratings. The Statement on ESG in Credit Ratings is a way for RAM Ratings to communicate its commitment to a more systematic and transparent incorporation of ESG into credit ratings and analysis.

RAM Solutions, with effect from 1 March 2023, has integrated sustainability solutions to its existing credit opinion business, working independently of any second opinion providers or external reviewers. As a subsidiary of RAM Holdings, Bond Pricing Agency Malaysia Sdn Bhd is the sole provider of bond-pricing and valuation data on the Malaysian bond market. For further details, please refer to <https://www.ram.com.my>.





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