

# FMM HOUSE SDN BHD

ASEAN GREEN MTN FRAMEWORK

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## 1. Corporate Profile

FMM House Sdn Bhd (“**FMM**”) is an investment company set-up and owned by three (3) shareholders, namely Tan Sri Teo Chiang Hong, Mettiz Capital Sdn Bhd and Minlon Sdn Bhd, to invest in companies related to industrial property development focusing on properties with automation and green features. FMM currently has a 50%-50% joint venture with IJM Re Sdn Bhd via its wholly owned subsidiary, FMM Elmina Sdn Bhd. This joint venture, Exio Logistics Sdn Bhd will construct and develop two (2) logistics hubs in Elmina, Shah Alam.

Jaroses Partners Sdn Bhd (“**JPSB**”) is a project company, 53% owned by FMM to construct and develop three (3) logistic hubs in Pulau Indah (“**Logistic Hubs**”). The remaining shareholdings of JPSB are owned as follows, 18.8% by Tan Sri Teo Chiang Hong, 18.8% Datuk Tang Vee Mun and 9.4% by Mr Choong Kar Weng. FMM was incorporated on 11<sup>th</sup> April 2022. JPSB was incorporated on 14<sup>th</sup> November 2023. Both companies were incorporated under the Companies Act 2016 as private limited companies.

Refer to Attachment A for Shareholding Structure.

FMM and JPSB currently have no staff and are managed by its Board of Directors. The Board of Directors are Tan Sri Teo Chiang Hong, Datuk Michael Tang Vee Mun and Mr Choong Kar Weng. Refer to Attachment B for the profile of the Directors.

The Logistics Hubs shall be built on a piece of leasehold industrial land held under H.S.(D) 163384, P.T. No. 154764, Mukim Klang, Daerah Klang, Negeri Selangor (“**Pulau Indah Land**”) with aggregate gross floor area of approximately 1,670,000 square feet. The Logistic Hubs shall be equipped with the Automated Storage and Retrieval System (“**ASRS**”) and has a full capacity of approximately 218,000 pallets.

FMM intends to establish an ASEAN Green Medium Term Notes (“**ASEAN Green MTN**”) Programme of RM3 billion in nominal value (“**ASEAN Green MTN Programme**”) and issue Tranche 1 ASEAN Green MTN (“**Tranche 1**”) to finance JPSB for the acquisition of Pulau Indah Land, construction of Logistic Hubs and setup of ASRS (“**Project**”).

FMM will continue to be an investment holding company upon the completion of Logistics Hubs. It will continue to look for opportunities to invest in green industrial properties focusing on automation. Upon completion of Logistics Hubs, JPSB will seek to lease the entire property to a Master Lessee. The Master Lessee should be responsible for daily building and ASRS maintenance.

## 2. Investment Strategy

FMM aims to invest in green sustainable industrial properties while leveraging on advanced technology, including automation and AI, to enhance operational efficiency and achieve a superior return on investment (ROI). This strategy outlines our goals, tactics, and expected outcomes in this burgeoning market.

### 2.1 Market Analysis

1. **Industry Trends:** The global shift towards sustainability and the increasing importance of environmental responsibility provides a ripe opportunity for investment in green sustainable industrial properties. A global report by Knight Frank on 29<sup>th</sup> September 2021 showed that green sustainable properties command an 3% - 13% rental premium and 8% - 18% sales premium.
2. **Competitor Landscape:** Despite the growing demand for green sustainable industrial properties, the percentage of green sustainable industrial properties remains low.
3. **Regulatory Environment:** The Malaysian government has placed significant emphasis on sustainability through its National Policy on Climate Change and various initiatives under the Malaysia Green Technology Corporation (GreenTech Malaysia). They also offer various incentives for investment in green technology, including tax breaks and grants under programs such as the Green Technology Financing Scheme (GTFS).

### 2.2. Investment Strategy

FMM targets development financing or management of green industrial properties; or industrial developments that meet the widely accepted green certification standards locally or such as, but not limited to the following:

- a. Leadership in Energy and Environmental Design (LEED) (minimum Gold)
- b. Green Building Index (GBI) (minimum Gold)
- c. GreenRE (minimum Gold)
- d. RESET International Standard

### 2.3. Technology Integration

FMM also invests into technology, like automation, AI, to improve operational efficiency and higher returns on investment (ROI). Technology includes, but not limited to the following:

- a. Automated systems for inventory management, logistics, and manufacturing processes to minimize waste and optimize efficiency.

- b. Robotics to assist in repetitive tasks, enhancing productivity while reducing labor costs.
- c. AI for predictive analytics to manage supply chain logistics and inventory effectively.
- d. AI-driven data analysis to optimize energy usage and operational efficiency in sustainable properties.

### 3. ASEAN Green MTN Framework

The ASEAN Green MTN Framework sets out the guidelines for FMM'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.

### 4. Utilisation of Proceeds

#### 4.1 Utilisation of Proceeds from Tranche 1

The proceeds raised from Tranche 1 shall be utilised for the following purposes:-

Purpose of Utilization	Proposed Timeline	Amount (RM)
To finance or reimburse up to 90% of purchase price for acquisition of Pulau Indah land	November 2024	RM76,500,000
1. To finance or reimburse up to 90% of construction of three (3) Logistics Hubs on Pulau Indah land and all expenses and fees in relation to sustainability/green consultancy for the Project 2. To finance or reimburse up to 90% of procurement, installation and set-up of ASRS for the Logistics Hubs	May 2025	RM550,000,000

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.

Refer to Attachment C for Key Green Features of Logistics Hubs.

JPSB seeks to lease the entire property to Storio Sdn Bhd (**“Storio”**). Storio Sdn Bhd is a joint venture by the same shareholders of FMM. Storio will sub-let out to their tenants and is responsible to maintain the building and ASRS daily. Storio is currently in negotiations with two (2) potential tenants. Storio is targeting to sign LOI with these tenants by end of 2024 or Q1 2025.

## 4.2 Utilisation of Proceeds from Future Tranches

The proceeds to be raised from future Tranches will be utilised for the below purposes:

1. For investment, development financing or management of green industrial properties; or industrial developments that meet the widely accepted green certification standards locally or such as, but not limited to the following:
  - a. Leadership in Energy and Environmental Design (LEED) (minimum Gold)
  - b. Green Building Index (GBI) (minimum Gold)
  - c. GreenRE (minimum Gold)
  - d. RESET International Standard
2. For investment or purchase of industrial properties with the purpose of upgrading to meet the widely accepted green certification standards (see above point).
3. For procurement, installation and set-up of automation and technology to improve efficiency and reduce carbon emissions.

## 5. Project evaluation and selection

The Board of Directors (“**Board**”) have the ultimate oversight over the FMM’s and JPSB’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.

The management committee consists of:

- Choong Kar Fai, Director of Minlon Sdn Bhd
- Sharon Seah, Director of Minlon Sdn Bhd
- Patrick Kan, Project Manager of Bandar Utama City Sdn Bhd
- Shazrin Suhami, Project Manager of Storio Sdn Bhd

FMM’s and JPSB’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 mostly be used in the picking area only.

In order to manage the environmental risks and to be aligned with FMM's and JPSB'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 the Leadership in Energy and Environmental Design ("LEED") certifications. The Logistic Hubs aims to attain LEEDv4 Warehouse and Distribution Center GOLD.

JPSB has appointed BSD Consultancy Sdn Bhd to be the green consultant for the Project. Information on BSD Consultancy can be found on their website [bsd.com.sg](http://bsd.com.sg).

JPSB will conduct Environmental and Social Impact Assessments on the local community after discussions with local authorities on the requirements and needs.

Some of the assessment criterias of 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, JPSB, through its contractor, targets to divert most of construction waste from landfill.

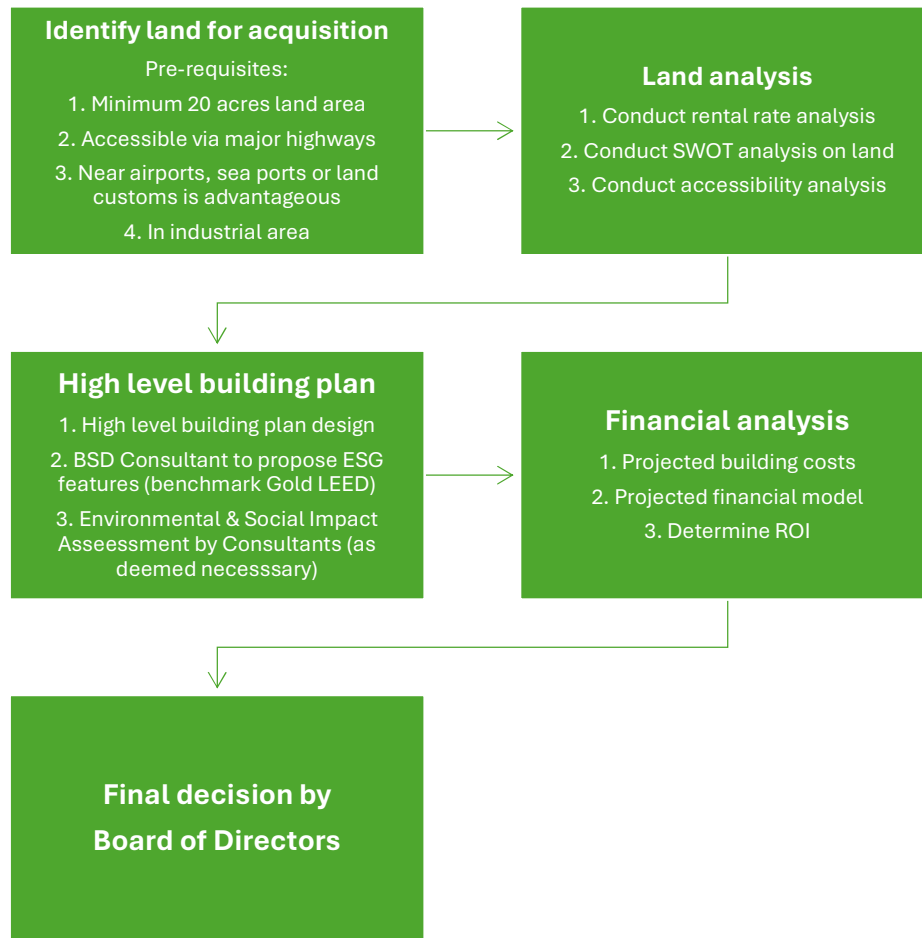
JPSB has a commitment to ensure social sustainability. Though the Logistic Hubs is expected to maintain a minimal number of workforces as the Logistic Hubs will be leased to an operator in entirety, JPSB is determined to provide a comfortable, safe, and healthy working environment to all its employees.



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 FMM.

Evaluation Process for future projects undertaken by FMM:



## 6. 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 jointly operated by JPSB and Security Trustee prior to occurrence of an event of default under the ASEAN Green MTN Programme).

FMM and JPSB have 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.
- (iii) treasury bills, money market instruments, and bond/sukuk issued by BNM or the Government of Malaysia (“GOM”); or
- (iv) unit trust that invests in money market instruments; or
- (v) bonds/Sukuk issued by quasi government or government related corporations with a short term rating of P1/MARC-1 and a minimum long term rating of AA3/AA- or their equivalent or bonds/Sukuk guaranteed by the GOM; or
- (vi) bonds/Sukuk issued by corporations with a short term rating of P1/MARC-1 and a minimum long term rating of AA3/AA- or their equivalent, or by financial institutions or guaranteed by licensed financial institutions with a short term rating of P1/MARC-1 or a minimum long term rating of AA3/AA- or their equivalent.

FMM and JPSB current investment policy for unutilised funds is to invest into fixed deposits, accounts and/or money market instruments. In the event that there are intentions for other type of investments (as per above permitted investment list), FMM and JPSB will review its investment policy to ensure that the investment is compliant with FMM’s and JPSB’s ESG policies.

## 7. Reporting

### 7.1 Allocation Reporting

FMM and JPSB 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).

### 7.2 Impact Reporting

As long as there is outstanding ASEAN Green MTNs, where relevant and possible, FMM 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. FMM may also include information on the methodology and assumptions adopted to measure the impact. Examples of the impact indicator include:

Categories	Indicative Impact Indicators
Green Building	<ul style="list-style-type: none"><li>• Number and Gross Floor Area (m2) of Green Buildings and Green Building Certifications obtained</li></ul>
Energy Management	<ul style="list-style-type: none"><li>• Reduction rate of energy consumption</li><li>• Estimated renewable energy generated (kWh)</li><li>• Comparison of energy usage year-on-year</li></ul>
Water Management	<ul style="list-style-type: none"><li>• Reduction rate in water consumption compared to a baseline year or standard</li></ul>
Waste Management	<ul style="list-style-type: none"><li>• Estimated amount of waste recycled (by tonnes) year-on-year</li></ul>
Community Engagement	<ul style="list-style-type: none"><li>• Digital tenant portal to engage tenants regarding social initiatives</li><li>• Total number of programmes launched with local communities and tenants</li></ul>

## 8. Assurance

FMM 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 FMM’s corporate website.

## 9. Sustainability Policy/Focus

FMM recognizes that businesses can negatively impact the environment. We are committed to and finding ways to reduce the impact of our work.

### 9.1 Environmental Goals

- Optimise the utilisation of natural resources through effective land use and water management.
- Manage waste responsibly to minimise adverse effects on human health and the environment.
- Strive to comply with environmental laws and regulations.

### 9.2 Social Goals

- Safeguard labour rights of our employees based on the relevant legislation and align our business operation with the industry best practises.
- Strive to sustain a high performing culture with enhanced employee experience.
- Advocate and enforce safety standards to promote the safety and long term well-being of our workforce.
- Comply with relevant labour laws.
- Safeguarding customer data and privacy from security breach.

### 9.3 Governance Goals

- Uphold high standards of corporate governance.
- Embracing ethical business conducts through compliance with relevant regulations.
- Implementing best practices in our risk management and seizing opportunities.

## 10. Sustainability Management

FMM is committed to sustainable investment practices that prioritize environmental responsibility, social equity, and economic viability. FMM is dedicated to making sustainable investments that create lasting value for investors, tenants, and communities while protecting the environment. The following outlines the sustainable policies that will guide our investments.

### 10.1 Sustainable Investment Policy

FMM's main investment criteria is to focus on investments in properties that meet recognized sustainability certifications such as LEED, GBI, or similar.

### 10.2 Energy Management Policy

Energy Efficiency:

- Invest in properties that feature energy-efficient systems, including high-performance HVAC, LED lighting, and smart energy management systems.
- Encourage tenants to adopt energy-saving practices through incentive programs and guidelines.

Renewable Energy Initiatives:

- Promote the installation of renewable energy technologies (e.g., solar panels) in our properties.

### 10.3 Water Conservation Policy

Water Efficiency:

- Implement water conservation measures in all new investments, including rainwater harvesting, low-flow fixtures.
- Encourage tenants to adopt sustainable water management practices to reduce overall water consumption.

Wastewater Management:

- Invest in properties with systems for treating and reusing wastewater to minimize environmental impact.

### 10.4 Materials and Waste Management Policy

Sustainable Materials:

- Prioritize the use of sustainable, locally sourced, and recycled materials in the construction and renovation of properties.

- Collaborate with suppliers who are committed to sustainable practices and environmental responsibility.

Waste Reduction:

- Implement waste management plans that include reducing, reusing, and recycling materials during throughout the life of the building.

## 10.5 Community Engagement and Social Responsibility Policy

Stakeholder Engagement:

- Engage with local communities and stakeholders to incorporate their feedback into development plans.
- Support local initiatives and partnerships that promote environmental sustainability and social equity.

## 10.6 Continuous Improvement Policy

Research and Development:

- Invest in research and development of innovative sustainable practices and technologies relevant to industrial properties.
- Stay informed on emerging trends in sustainability and green building practices to continually enhance our investment strategies.

Review and Update:

- Review and update sustainable policies annually to adapt to changes in regulations, technologies, and best practices.