

# SECOND-PARTY OPINION REPORT

## FMM HOUSE SDN BHD

### External Review Parameters

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Scope of review	FMM House Sdn Bhd's ASEAN Green MTNs Framework
Instrument type	Green Bond
Relevant guidelines	<b>ASEAN Capital Market Forum (ACMF)</b> ❖ ASEAN Green Bond Standards (GBS)  <b>International Capital Market Association (ICMA)</b> ❖ Green Bond Principles (GBP)
Validity	Valid as long as the cited Framework remains unchanged from the publication of this report

Sustainable Finance Rating



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# EXECUTIVE SUMMARY

RAM Sustainability has assigned a *Gold* Sustainable Finance Rating to FMM House Sdn Bhd's (FMM or the Issuer) ASEAN Green Medium Term Notes (ASEAN Green MTNs) Framework (the Framework). FMM, an industrial property investment holding company, will be issuing green bonds under its ASEAN Green MTNs Programme with a nominal value of up to RM3.0 billion (the Programme).

The Framework's *Gold* rating is driven by the significant environmental benefit expected from FMM's investment and development of green industrial properties. Proceeds from the ASEAN Green MTNs will be channeled towards green industrial properties that carry minimum Gold green building certification. On top of this, FMM is also pursuing RESET International Standard (RESET) as a continuous monitoring tool to enhance its environmental performance. We have assigned its eligible green project category a Tier-1 Environmental Benefit (EB) ranking in view of its strong climate mitigation potential.

The first tranche of ASEAN Green MTNs of up to RM630 million to be issued under the Programme (Tranche 1) will be used to finance FMM's subsidiary, Jaroses Partner Sdn Bhd's (JPSB) development of three green logistic hubs with automated warehouse management system in Pulau Indah, Klang (the Logistic Hubs). The Logistic Hubs have achieved Leadership in Energy and Environmental Design (LEED) *Gold* precertification in October 2024 under the LEED v4 for Building Design and Construction (BD+C): Warehouses and Distribution Centers rating system, demonstrating JPSB's commitment in achieving a LEED certification once the Logistic Hubs are completed in Q2 2027. The Logistic Hubs are modelled to be 42% more energy efficient compared to the baseline as per ASHRAE 90.14 provisions, equipped with a solar photovoltaic (PV) energy system projected to supply 35% of the buildings' total annual energy requirement.

FMM's sustainability governance is viewed to be at an early stage given that the organisation is only recently established. That said, the Issuer has outlined its sustainability commitments in the Framework. Through the Programme, FMM will also continue its expansion into green industrial properties throughout Malaysia and is expected to contribute to the nation's international competitiveness as a sustainable regional logistic hub.

RAM Sustainability is of the view that the Framework is aligned with the transparency and disclosure requirements of the ICMA GBP and ASEAN GBS.

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RAM Sustainability is not aware of any conflict of interest relating to the opinion it provides in this report. RAM Sustainability will adequately disclose all related information in the report if there are such instances.

## METHODOLOGY

RAM Sustainability's Second-Party Opinion independently assesses an issuer/borrower's framework for bond, sukuk, loan or other relevant financial instruments against market best practices in adherence to regulations and guidelines, namely that of the SC, ACMF, ICMA and/or the Loan Market Association.

Our analytical process also examines the contribution of eligible projects to environmental and social benefits as well as climate change resilience and adaptation, and the issuer/borrower's sustainability governance. In most situations, we would also consider technological advancements, relevant peer comparisons, evolving best practices and, ultimately, the environmental and/or social impact created. As sustainable finance continues to evolve, RAM Sustainability will stay updated with new considerations and adapt accordingly to ensure that our approach stays current and consistent with prevailing best practices.

After considering the above, our opinion is consolidated into a Sustainable Finance Rating – **Bronze, Silver, Gold or Platinum**.

The framework reviewed by RAM Sustainability may meet the market or regulatory requirements to label bond, sukuk, loan and other sustainability-related instruments as 'green', 'social', 'sustainability', 'sustainability-linked', 'blue', climate', or meet United Nations Sustainable Development Goals (SDGs).

RAM Sustainability's Second-Party Opinion Report will display opinion on the Framework's characteristics and the current/future impacts of eligible projects to the environment, social and/or SDG as follows:







### Alignment to Relevant Guidelines

RAM Sustainability classifies the transparency and disclosure strength of green, social or sustainability bond/sukuk frameworks in comparison to applicable guidelines or best practices.

Level	Framework Characteristics
<b>Weak</b>	Not observable in the framework.
<b>Aligned</b>	Observable in the framework, but is below best practice.
<b>Strong</b>	Observable in the framework and in line with best practice.
<b>Advanced</b>	Observable in the framework and is more stringent, comprehensive, and establishes a new benchmark and new best practice.

### Environmental and Social Benefit Assessment

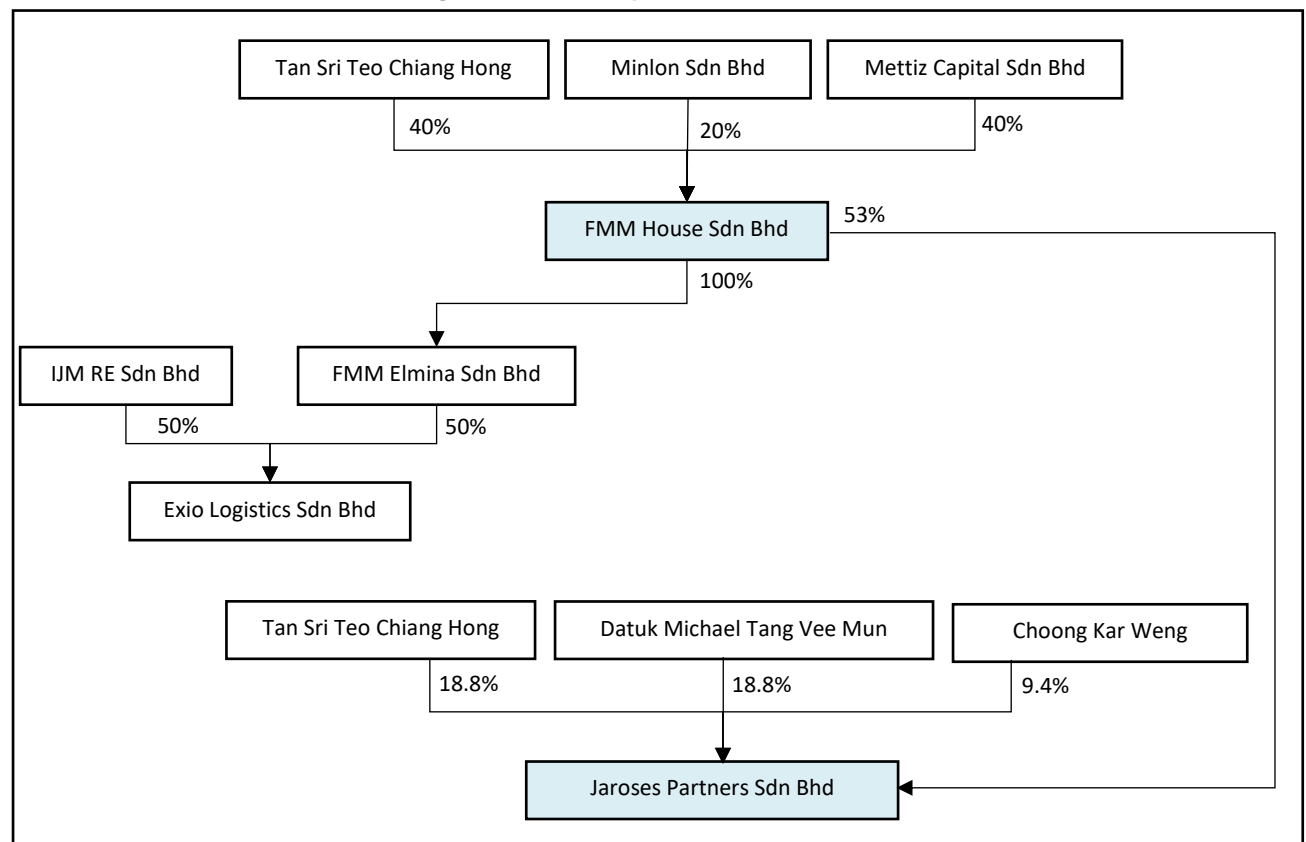
RAM Sustainability provides qualitative and quantitative assessments on the net impact – both green and social dimensions – of eligible projects, assets and/or categories and their contribution to a low-carbon future or social solutions, respectively. EB and Social Benefit (SB) tiers are assigned to individual eligible projects and/or categories, indicating the potential environmental and/or social impact.

Tiering	Definition
 Environmental Benefit <b>Tier-1</b>	Proceeds toward eligible project, asset or category has significant contribution towards climate and environmental benefit(s).
 Environmental Benefit <b>Tier-2</b>	Proceeds toward eligible project, asset or category has some contribution towards climate and environmental benefit(s).
 Environmental Benefit <b>Tier-3</b>	Proceeds toward eligible project, asset or category has small contribution towards climate and environmental benefit(s).
 Social Benefit <b>Tier-1</b>	Proceeds toward eligible project, asset or category provides significant social benefit(s) by contributing to measurable societal solutions on a significant scale, depth and duration.
 Social Benefit <b>Tier-2</b>	Proceeds toward eligible project, asset or category has considerable social benefit(s) by contributing to measurable societal solutions on a sizeable scale, depth and duration.
 Social Benefit <b>Tier-3</b>	Proceeds toward eligible project, asset or category has demonstrable social benefit(s) by contributing to measurable societal solutions on a minor scale, depth and duration.
<b>Not Applicable</b>	Unclear purpose of proceeds that may cause significant harm to the environment or directly cause social harm will not be assigned an EB or SB rating, respectively.

# SECOND-PARTY OPINION ON THE FRAMEWORK

## 1. Corporate Profile

Figure 1: FMM's Corporate Structure



Source: FMM

FMM is an investment company incorporated on 11 April 2022. It was set up and is owned by three shareholders: Tan Sri Teo Chiang Hong, Mettiz Capital Sdn Bhd and Minlon Sdn Bhd. FMM focuses on investing in companies involved in industrial property development, particularly properties featuring automation and green technologies.

JPSB, incorporated on 14 November 2023, is a special purpose vehicle owned by FMM and three individual shareholders related to FMM. It is responsible for constructing, developing, owning and managing the Logistic Hubs. These hubs will have a gross floor area of approximately 1,670,000 sqft and a capacity of around 218,000 pallets. Upon completion of the Logistic Hubs, JPSB will lease the logistic hubs to Storio Sdn Bhd or one of FMM's subsidiaries (FMMS), which will provide automated warehouse operation services to sub-lessees.

Both FMM and JPSB operate without dedicated staff. Instead, they are managed and overseen by their respective Board of Directors (BOD).

FMM also holds a 50 percent joint venture with IJM RE Sdn Bhd in Exio Logistics Sdn Bhd, a developer of LEED gold-certified green logistic hubs located in Elmina, Shah Alam, which provides automated solutions to support businesses' warehousing needs.

## 2. Alignment to Relevant Guidelines

Our review examines the four core components under the Framework in accordance with the relevant guidelines:

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

We find the Framework to have an *Aligned* level of disclosure. Table 1 shows the level of alignment of each component to relevant guidelines. For a detailed review, please see Appendix 1 for the ASEAN GBS Checklist and Appendix 2 for the ICMA GBP External Review Form.

**Table 1: RAM Sustainability's Assessment of FMM's Framework**

Components	GBP	ASEAN GBS
<b>Use of Proceeds</b> <b>(By Asset/Project Category):</b>	<b><i>Strong</i></b>	<b><i>Strong</i></b>
<b>i) Indicative Proceeds Allocation</b>	<b><i>Strong</i></b>	<b><i>Strong</i></b>
<b>ii) Exclusion List:</b>		
- Issue Transaction-level	<b><i>Strong</i></b>	<b><i>Strong</i></b>
- Group-level	<b><i>FMM is an investment holding company established by three shareholders. One of FMM's shareholders, Mettiz Capital Sdn Bhd, has investments in coal, and oil and gas.</i></b>	
<b>Project Evaluation &amp; Selection Process</b>	<b><i>Aligned</i></b>	<b><i>Aligned</i></b>
<b>Management of Proceeds</b>	<b><i>Aligned</i></b>	<b><i>Aligned</i></b>
<b>Reporting Commitments:</b>	<b><i>Aligned</i></b>	<b><i>Aligned</i></b>
<b>i) Allocation reporting</b>	<b><i>Aligned</i></b>	<b><i>Aligned</i></b>
<b>ii) Impact reporting</b>	<b><i>Aligned</i></b>	<b><i>Aligned</i></b>

## 2.1 Use of Proceeds

The proceeds from the ASEAN Green MTNs will be used to finance and/or refinance new or existing certified and/or to-be-certified green industrial properties, including the procurement, installation and set-up of Automated Storage and Retrieval System (ASRS). We view this as being aligned with ICMA GBP and ASEAN GBS's Green Building eligible project category for immediate and future issuances. Broadly defined, green projects refer to innovative, climate-friendly solutions that help deliver clear environmental benefits.

The first utilisation under the Programme is estimated to be up to RM630 million of ASEAN Green MTNs, where proceeds will be primarily utilised for JPSB's acquisition of the project land and development and construction of the green Logistic Hubs in Pulau Indah (Table 2).

**Table 2: The estimated utilisation of proceeds from FMM's first issuance by JPSB.**

No	Purpose of Utilisation	Amount (RM million)
1	To part-finance or reimburse up to 90% of purchase price for acquisition of Pulau Indah land	76.5
2	To part-finance or reimburse up to 90% of construction of three (3) Logistic Hubs on Pulau Indah land and all expenses and fees in relation to sustainability/green consultancy for the project	550.0
3	To part-finance or reimburse up to 90% of procurement, installation and set-up of ASRS for the Logistic Hubs	
4	Any balance unutilised, to fund working capital requirements for the Logistic Hubs (including reimbursement)	
	<b>Total</b>	<b>626.5</b>

Source: FMM

The Logistic Hubs have achieved pre-certified Gold certification by LEED, an internationally recognised green building rating system developed by the United States Green Building Council (USGBC).

One of the green building criteria or standards that FMM is working to achieve includes RESET. RESET is a building certification that emphasises the operational performance of buildings and indoor spaces. It focuses on continuous, real-time monitoring of indoor air quality and other environmental factors critical to the health and well-being of occupants. The certification is divided into two main categories: *Embodied*, which evaluates the materials and products of construction processes at a level of detail and scale, and *Operational*, which centres on the ongoing performance of building systems.<sup>1</sup>

Unlike other green building certifications, RESET differentiates itself through its reliance on real-time performance data that is continuously monitored throughout the project's lifecycle. According to management, FMM plans to pursue green building certification and incorporate RESET as a continuous monitoring tool to enhance its environmental performance.

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<sup>1</sup> [Standard | RESET®](#) (RESET, 2024)

## Ineligible Projects

The Framework incorporates a list of activities for which the use of proceeds to the projects involving such activities is prohibited. It aligns with the exclusions outlined in the ASEAN GBS and includes additional exclusions found under the ASEAN Social Bond Standards (SBS), albeit not necessarily fully aligned to the SBS. The Framework's ineligible activities are as follows:

- 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.

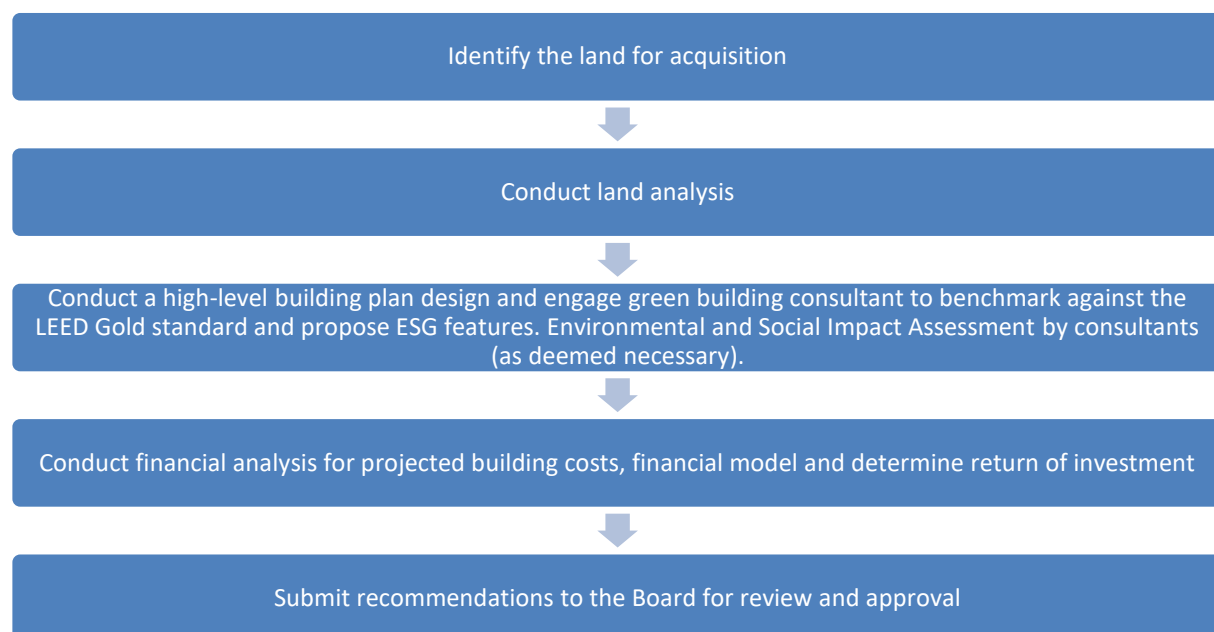
## 2.2 Project Evaluation and Selection Process

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 management committee will evaluate suitable projects for investment after which recommendations will be made to the BOD for review and approval.

The management committee comprises members from Minlon Sdn Bhd and the property managers from Tan Sri Teo Chiang Hong's company as follows:

- 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
- Representative(s) of FMMS

This committee will conduct the following step-by-step process for the evaluation and selection of eligible assets as described in the Framework:



**Figure 2: FMM's Internal Process for Selecting Eligible Assets/Projects.**

Source: FMM



The land identified for acquisition must meet the pre-requisites: minimum land area of 20 acres, accessible via major highways and located in an industrial area. Proximity to airports, seaports or land customs is considered advantageous. The green features for its eligible projects/assets are selected based on the green building certification's assessment criteria, using LEED Gold as the benchmark.

For the Logistic Hubs, FMM and JPSB will design and construct the hubs with the following green features to reduce environmental risk:

- i. 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;
- ii. Energy efficient air conditioning system, lighting system and electrical appliances to reduce energy consumption;
- iii. Rooftop solar PV energy system for on-site generation of renewable energy;
- iv. Rainwater harvesting system for indoor water usage and landscape irrigation;
- v. Water efficient fittings to reduce indoor water usage.

During the construction phase, the Issuer aims to divert construction waste from landfills, aligning with LEED recycling standards. According to management, FMM plans to pursue recertification in order to maintain these standards. BSD Consultancy Sdn Bhd has been appointed as the green building consultant for this certification process.

## 2.3 Management of Proceeds

FMM has defined the internal process linked to the management of proceeds. The issuance proceeds will be transferred directly to the Designated Accounts (DA) under the Programme subject to the purpose of the utilisation. The Security Trustee of the Programme is the sole operator of the DA and is responsible for controlling and monitoring issuance proceeds and ensuring the proceeds are channeled into the DA, save and except for the Revenue Account which will be jointly operated by JPSB and Security Trustee prior to the occurrence of an event of default under the Programme and the Operating Account which shall be operated by JPSB prior to occurrence of an event of default under the Programme.

FMM and JPSB have set out permitted investments for unutilised funds in the DA as follows:

- i. deposits or accounts with licensed financial institutions in Malaysia; or
- ii. bankers acceptances, bills and other money market instruments by licensed financial institutions with a short term rating of P1/MARC-1 and a minimum long term rating of AA3/AA- or their equivalent; or
- iii. treasury bills, money market instruments, and bond/sukuk issued by Bank Negara Malaysia 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.

Despite the list of permitted investments above, FMM has outlined in the Framework that the unutilised funds will be limited to investments in fixed deposits, accounts, and/or money market instruments. We note that the Issuer has stated in the Framework that any intention to pursue other types of investments will prompt FMM and JPSB to review their investment policy to ensure alignment with ESG-compliant investment.

## 2.4 Reporting Commitments

The Issuer is required to establish a formal process to communicate the allocation of proceeds and the positive impact created. FMM is committed to annual allocation and impact reporting on an annual basis until proceeds are fully allocated on a timely basis. The reporting may include the following information.

**Table 3: FMM's Reporting Commitments**

<b>Allocation Reporting</b>	<ul style="list-style-type: none"> <li>• The purpose of utilisation of which the ASEAN Green MTNs proceeds have been allocated</li> <li>• The total amount of proceeds allocated</li> <li>• The balance of any unallocated proceeds (if any)</li> </ul>
<b>Impact Reporting</b>	<p>Where relevant and feasible, 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.</p> <p>FMM may provide the following indicators:</p> <ol style="list-style-type: none"> <li>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> </li> <li>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> </li> <li>Water Management <ul style="list-style-type: none"> <li>• Reduction rate in water consumption compared to a baseline year or standard</li> </ul> </li> <li>Waste Management <ul style="list-style-type: none"> <li>• Estimated amount of waste recycled (by tonnes) year-on-year</li> </ul> </li> <li>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> </li> </ol>

Source: The Framework

The Framework, this Second Opinion Report, and the annual reports will be made publicly available on FMM's corporate website. This Second Opinion Report will also be available on RAM Sustainability's website (<https://www.ram.com.my/sustainability>).

### 3. Sustainability Impact

#### 3.1 Environmental Benefit Assessment

RAM Sustainability has assigned an EB Rating to FMM's eligible project category.

**Table 4: RAM Sustainability's EB Assessment of FMM's Eligible Project Category**

Eligible Project Category under Relevant Guidelines	FMM's Eligible Project	RAM Sustainability EB Tier Ranking
Green Building	Green Building	 Environmental Benefit <b>Tier-1</b>
<p><b>Rationale:</b></p> <p>FMM has specified within the Framework that the eligible projects under this category will meet either of the following criteria:</p> <ul style="list-style-type: none"> <li>i. LEED (minimum Gold)</li> <li>ii. Green Building Index (GBI) (minimum Gold)</li> <li>iii. GreenRE (minimum Gold)</li> <li>iv. RESET*</li> </ul> <p>*According to management representation, RESET certification may be obtained to complement any of the other green building certifications and will not be pursued singularly.</p> <p>We have assigned the eligible green building project category an EB Tier-1 ranking which reflects the Issuer's dedication to achieving high-level green building certifications and demonstrating energy efficiency that exceeds the baseline, ultimately contributing to net positive environmental impact.</p> <p>For the immediate issuance, the Logistic Hubs have achieved LEED Gold precertification under the LEED v4 BD+C: Warehouses and Distribution Centers rating system. This rating system is specifically designed for buildings that store goods, manufactured products, merchandise, raw materials, or personal belongings such as self-storage units.</p> <p>The LEED v4 BD+C rating system evaluates buildings based on a comprehensive set of criteria, including Integrative Process, Location and Transportation, Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, Indoor Environmental Quality, Innovation, and Regional Priority. In the green building precertification process, FMM has achieved a preliminary score of 65 out of 110. Notably, the 'Energy and Atmosphere' category contributes the highest score, highlighting FMM's strong commitment to energy efficiency.</p> <p>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 PV energy system, rainwater harvesting system and ASRS. The installation of ASRS is to enhance efficiency, reduce labour costs, and maximise the use of space within warehouses or distribution centers. Overall, in terms of energy efficiency, the Logistic Hubs are modelled to be 42% more energy efficient compared to the baseline as per ASHRAE 90.14 provisions, with the solar PV system projected to supply 35% of the buildings' total required energy annually.</p> <p>According to the International Energy Agency, the operations of buildings consumed 30% of global final energy and contributed 26% of global energy-related emissions in 2022. A building's operational phase accounts for 80-90% of its total lifecycle emissions due to required energy use<sup>2</sup>. To meet the 2050 Net Zero Emissions target called for in the Paris Agreement, the energy intensity of the buildings sector must be around 35% less in 2030 than in 2022.</p>		

<sup>2</sup> Common Carbon Metric for Measuring Energy Use & Reporting Greenhouse Gas Emissions from Building Operations (UNEP SBCEI) [Source: <https://c2e2.unepccc.org/wp-content/uploads/sites/3/2016/09/unep-sbcei-common-carbon-metric.pdf>]

### 3.2 National-Level Drivers and High-Level Mapping to UNSDGs

RAM Sustainability opines that FMM's ASEAN Green MTNs will support the following national-level objectives, plans and relevant UNSD<sup>1</sup> that are related to the areas defined under the eligible asset/project categories.

**Table 5: National-Level Drivers and FMM's Green Project Category Mapping to UNSDGs based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the SDGs**

<b>Green Building</b>	
<p><u>Emphasis on green building</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 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>FMM will utilise the ASEAN Green MTNs to invest in, develop, finance, and/or refinance new or existing green industrial properties that are certified and/or to-be-certified.</p>	

## 4. Sustainability Assessment

### Sustainability Governance

In terms of board structure, the BOD, supported by the management committee, holds ultimate responsibility for overseeing sustainability governance within the organisation. This includes overseeing the business plans and key initiatives regarding sustainability considerations, policies and risk management, including climate-related risks.

FMM recognises the environmental impact of business activities and has outlined its Sustainability Policy in the Framework. This policy, approved by the BOD, demonstrates FMM's commitment to addressing sustainability challenges. The introduction of the Sustainability Policy provides a framework to guide the Issuer in balancing business growth with environmental, social and governance responsibility.

**Table 6: FMM's Sustainability Policy**

Environmental Goals	Social Goals	Governance Goals
a. Optimise the utilisation of natural resources through effective land use and water management.	a. Safeguard labour rights of our employees based on the relevant legislation and align our business operation with the industry best practices.	a. Uphold high standards of corporate governance.
b. Manage waste responsibly to minimise adverse effects on human health and the environment.	b. Strive to sustain a high performing culture with enhanced employee experience.	b. Embracing ethical business conduct through compliance with relevant regulations.
c. Strive to comply with environmental laws and regulations.	c. Advocate and enforce safety standards to promote the safety and long-term well-being of our workforce.	c. Implementing best practices in our risk management and seizing opportunities.
	d. Comply with relevant labour laws.	
	e. Safeguarding customer data and privacy from security breach.	

Source: FMM

While FMM is in the early stages of incorporating sustainability governance into its operations, it has shown strong ESG commitment through the establishment of the Programme and investment in green industrial properties.

### Sustainability Strategies

The Issuer plans to expand its portfolio by investing in more green properties which signifies a strategic move aligned with its Sustainable Investment Policy described in the Framework. FMM also leverages advanced technology, including automation and AI, to enhance operational strategies while achieving return on investments.

## Sustainability Management

FMM is focused on managing its assets effectively, ensuring that each aspect of its portfolio aligns with its internal sustainability management policies as follows:

- a. Energy Management Policy**
  - Energy efficiency and renewable energy initiatives
- b. Water Conservation Policy**
  - Water efficiency and wastewater management
- c. Materials and Waste Management Policy**
  - Sustainable materials and waste reduction
- d. Community Engagement and Social Responsibility Policy**
  - Stakeholder engagement
- e. Continuous Improvement Policy**
  - Research and development
  - Annual review and update

## Controversy Scan

Our review of public records on FMM up to 14 January 2025 did not find any controversy pertaining to ESG practices.

## APPENDIX 1: ASEAN GBS CHECKLIST

### Reference:

ASEAN Capital Markets Forum – ASEAN GBS

No.	Item	Requirement	Alignment	Comment
3.1	Eligible Issuers and Issuance	(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	FMM is incorporated under the laws of Malaysia and is therefore an ASEAN Issuer.
3.2		ASEAN Green Bonds issuances must be originated from any of the ASEAN member countries.	Yes	The ASEAN Green MTNs to be issued under the Framework will originate from Malaysia.
4.1.5	Eligible Green Projects	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	Proceeds from the ASEAN Green MTNs will be used to invest in, develop, finance, and/or refinance new or existing green industrial properties that are certified and/or to be certified including the procurement, installation and set-up of ASRS. In Tranche 1, the proceeds from the ASEAN Green MTNs will be utilised to part finance or reimburse up to 90% of the Pulau Land acquisition purchase price, the construction cost of the Logistic Hubs, the procurement, installation and setup of the Logistic Hubs' ASRS, and to finance all fees and expenses relating to the sustainability/green consultancy for the Logistic Hubs.
4.1.6	Ineligible Projects	For clarification purposes, fossil fuel power generation projects are excluded from the ASEAN GBS.	Yes	FMM has stipulated in the Framework that projects utilising fossil fuel for power generation are not eligible for funding.
4.2.1	Continuous Accessibility to Information and Reporting	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	Yes	Through the ASEAN Green MTNs, FMM aims to invest in green sustainable industrial properties while leveraging on advanced technology, including automation and AI and to enhance operational efficiency.  The process for the evaluation and selection of the eligible project is detailed in the Framework.  The eligibility criteria and exclusion criteria are detailed in the

No.	Item	Requirement	Alignment	Comment
		material environmental and social risks associated with the Green Projects.		Framework. The Issuer will engage with the green building consultant to identify and manage the environmental and social risks associated with the green building projects.
4.2.5		<p>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:</p> <p>(i) The process for project evaluation;  (ii) The use of proceeds; and  (iii) External review report on the process (if any).</p>	Yes	<p>The Issuer is committed to publishing the Framework on FMM'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 FMM's corporate website, and RAM's website (<a href="http://www.ram.com.my">www.ram.com.my</a>).</p> <p>For more details, refer to section 2.4.</p>
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	<p>FMM has stipulated in the Framework that issuance proceeds from the ASEAN Green MTNs will be transferred directly to relevant designated accounts under the ASEAN Green MTNs Programme, subject to the purpose of the utilisation.</p> <p>The Security Trustee of the ASEAN Green MTNs 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 JPSB prior to occurrence of an event of default under the ASEAN Green MTNs Programme and the Operating Account which shall be operated by JPSB prior to occurrence of an event of default under the Programme.</p>



No.	Item	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	<p>The Issuer may invest unutilised funds in:</p> <ul style="list-style-type: none"> <li>i. deposits or accounts with licensed financial institutions in Malaysia; or</li> <li>ii. bankers acceptances, bills and other money market instruments by licensed financial institutions with a short term rating of P1/MARC-1 and a minimum long term rating of AA3/AA- or their equivalent; or</li> <li>iii. treasury bills, money market instruments, and bond/sukuk issued by Bank Negara Malaysia or the Government of Malaysia (GOM); or</li> <li>iv. unit trust that invests in money market instruments; or</li> <li>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</li> <li>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.</li> </ul> <p>The process for managing net proceeds is described in the Framework.</p>

No.	Item	Requirement	Alignment	Comment
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	FMM is committed to annual allocation and impact reporting on an annual basis until fully allocated on a timely basis.  The annual reports will be made publicly available on FMM's website (to be established).  For more details, refer to section 2.4.
4.4.1	Encourage More Frequent Reporting	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	FMM is committed to annual allocation and impact reporting on an annual basis until fully allocated on a timely basis.  The annual reports will be made publicly available on FMM's website (to be established).  For more details, refer to section 2.4.
5.1	External Review	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 Group's Framework against disclosure requirements of the ASEAN GBS and the ICMA GBP, as well as the Issuer's sustainability responsibilities.
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.	-	This is a voluntary process. FMM may appoint an auditor or other third party to verify the internal tracking method and allocation of issuance proceeds from the ASEAN Green MTNs issuances.

No.	Item	Requirement	Alignment	Comment
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.	-	This is a voluntary process. FMM may appoint an auditor or other third party to verify the internal tracking method and allocation of issuance proceeds from the ASEAN Green MTNs issuances.
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.	-	This is a voluntary process. FMM 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: ICMA EXTERNAL REVIEW FORM



### 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:** FMM House Berhad

**Bond ISIN<sup>3</sup>:** Not Available

**Independent External Review provider's name:** RAM Sustainability Sdn Bhd

**Completion date of this form:** 9 June 2025

**Date of the review:** 9 June 2025

#### 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 ☐ Certification
- ☐ Verification ☒ Scoring/Rating
- ☐ Other (*please specify*):

<sup>3</sup> The ISIN code is mandatory for publishing the form in the Sustainable Bond Issuers Database.

**Does the review include a sustainability quality score<sup>4</sup>?**

- |  |  |
|--|--|
| <input type="checkbox"/> Of the issuer               | <input checked="" type="checkbox"/> Of the project |
| <input checked="" type="checkbox"/> Of the framework | <input type="checkbox"/> Other (please specify):   |
| <input type="checkbox"/> 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 STRATEGY<sup>5</sup>**

**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

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<sup>4</sup> 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.

<sup>5</sup> 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](#).

transition pathways<sup>6</sup> that are deemed necessary to limit climate change to targeted levels?

☐ The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically<sup>7</sup>?

**Overall comment on this section:**

*Not applicable*

## 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:**

Proceeds from the ASEAN Green MTNs will be used to invest in, develop, finance, and/or refinance new or existing green industrial properties that are certified and/or to be certified including the procurement, installation and set-up of ASRS. In Tranche 1, the proceeds will be utilised to part finance or reimburse up to 90% of the Pulau Indah Land acquisition purchase price, the construction of the Logistic Hubs, the procurement, installation and setup of the Logistic Hubs' ASRS, to finance all fees and expenses relating to the green consultancy for the Logistic Hubs and any balance unutilised from the above, to fund working capital requirements for the Logistic Hubs (including reimbursement). The Framework describes eligibility criteria for the eligible project under the Green Building category.

For more details, refer to section 2.1.

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<sup>6</sup> 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..

<sup>7</sup> 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.

## 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.<sup>8</sup>
- ☒ 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.

## 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:

Please see Section 2.3 Management of Proceeds.

## 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:

Please see Section 2.4 Reporting Commitments.

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<sup>8</sup> The EU Taxonomy, CBI Taxonomy, UK Taxonomy, China catalogue, etc.

## 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 FMM'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 RAM SUSTAINABILITY

RAM Sustainability Sdn Bhd 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 ESG 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. 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 RAM Group

The RAM Group, formerly known as Rating Agency Malaysia Berhad, is a leading provider of independent credit ratings, research, training, risk analysis and bond pricing. Established in November 1990 as Malaysia's first credit rating agency, RAM Group transferred its rating operations to RAM Rating Services Berhad (RAM Ratings) on 1 July 2007. RAM Ratings is a wholly owned subsidiary of the Group.

As the largest credit rating agency in Malaysia and ASEAN, RAM Ratings has assessed over USD 480 billion in bonds from more than 750 entities. Its diverse portfolio includes corporates, sovereign nations, financial institutions, insurance companies, project finance and structured finance obligations. Renowned for rating Islamic securities (sukuk), RAM Ratings has won numerous awards in this arena, including the GIFA Power Award (Islamic Rating) at the Global Islamic Finance Awards (GIFA) in 2021, 2022, and 2023, and The Best Islamic Rating Agency (Malaysia) award at The Asset Triple A Islamic Finance Awards 2022. It recently received FocusEconomics Analyst Forecast Awards for first place in Interest Rate Forecasting and second in Inflation Rate Forecasting.

On 26 May 2016, RAM Ratings joined the United Nations-supported Principles for Responsible Investment's Statement on ESG in Credit Ratings, committing to a systematic incorporation of ESG into credit ratings. RAM Group became a member of the United Nations Global Compact on 9 April 2024, reinforcing its dedication to sustainability and corporate responsibility.

RAM Solutions Sdn Bhd, effective from 1 March 2023, integrated sustainability solutions into its credit opinion business, operating independently of external reviewers. Another subsidiary, Bond Pricing Agency Malaysia Sdn Bhd, is the sole provider of bond-pricing and valuation data on the Malaysian bond market.

Bursa Malaysia RAM Capital Sdn Bhd (BR Capital), incorporated on 27 December 2022 as a joint venture between Bursa Malaysia Berhad (51%) and RAM Holdings Berhad (49%), is a recognised market operator registered with the Securities Commission Malaysia. BR Capital operates a digital platform that allows eligible issuers to raise debt financing through the issuance of investment notes.

For further details, go to <https://www.ram.com.my>.



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