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GLOBAL VISION LOGISTICS SDN BHD
PRE-ISSUANCE GREEN FINANCE FRAMEWORK
ASSESSMENT

MARCH 2023



SUSTAINABLE FINANCE
FRAMEWORK ASSESSMENT

MARC Ratings Berhad (MARC Ratings) has been engaged by Global Vision Logistics Sdn Bhd (GVL) (Company Registration No.: 1253308-D) as an independent external reviewer for its Green Finance Framework. This external review was conducted according to the analytical framework in MARC Ratings' Impact Bond Assessment (IBA) methodology that is published on its website.

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SUMMARY

Global Vision Logistics Sdn Bhd (GVL) (Company Registration No.: 1253308-D) has engaged MARC Ratings Berhad (MARC Ratings) to review its Green Finance Framework (the Framework). The Framework has been established to set the guiding principles for GVL to enter Green Finance Transactions (GFT) to fund and refinance projects, that will deliver environmental benefits in accordance with GVL's strategic objectives. In assigning the assessment, MARC Ratings has relied on information provided by GVL and associated parties as well as information gathered from the public domain.

MARC Ratings' external review consists of three parts: an impact significance analysis based on GVL's Framework; an assessment of alignment with the Green Loan Principles (GLP) 2021 published by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association, Green Bond Principles (GBP) 2021 published by the International Capital Market Association, ASEAN Green Bond Standards (AGBS) 2018 published by the ASEAN Capital Markets Forum, the Sustainable and Responsible Investment (SRI) Sukuk Framework under the Guidelines on Unlisted Capital Market Products issued by the Securities Commission Malaysia, revised on November 28, 2022, and an evaluation of the issuer's sustainability implementation capacity and performance.

The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.

Fundraising will include bonds, loans, sukuk and other forms of financing with structures tailored to contribute to green sustainable development by application of the proceeds to Eligible Green/SRI Project(s) as defined by the Framework.

GVL intends to utilise financing to be procured, in part or in whole, for new or existing projects that directly support five of the 17 United Nations (UN) Sustainable Development Goals (SDGs). All seven Eligible Categories for the Use of Proceeds identified in the Framework are recognised by the GLP, GBP, AGBS and the SRI Sukuk Framework. Each of the Eligible Categories aligns with SDGs such as Green Buildings (SDGs 9 and 11), Renewable Energy (SDGs 7, 11 and 12), Energy Efficiency (SDGs 7 and 9), Waste Management (SDG 12), Sustainable Water Management (SDGs 6, 11 and 12), Clean Transportation (SDG 11) and Circular Economy adapted products, production technologies and processes (SDGs 11 and 12).

GVL is embarking on its maiden project and is pre-operational where the Board of Directors (BOD) is supported by a project director, finance manager, and a team of executives. Under the Framework, Eligible Green/SRI Project(s) are identified, selected, and approved by the Board of Directors according to the Framework. The net proceeds will be managed internally and on a portfolio basis (Portfolio). If an Eligible Asset ceases to meet the eligibility criteria and is removed from the Eligible Assets pool, on a best effort basis GVL would replace it with another Eligible Asset. GVL will continuously ensure that the aggregate value of the Eligible Assets portfolio matches or exceeds the balance of net proceeds.

MARC Ratings considers the process for the management of proceeds to be within market practice. The Framework aligns GVL's tracking and reporting on Use of Proceeds from the financing with the SC's SRI Sukuk Framework. It provides for annual reporting of the projects to which the proceeds have been allocated, the balance of unallocated proceeds and where such unutilised amount is placed or invested pending utilisation, as well as project impact indicators. Where feasible, GVL will disclose qualitative performance indicators, quantitative performance measures and the key underlying methodology and/or assumptions used.

Based on our review of the relevant documentation and assessment as per our Impact Bond Assessment (IBA) methodology, we have assigned a "Bronze" assessment to the Framework; no marks were given for social SDG alignment and impact. MARC Ratings also opines that the Framework is aligned with the core components of the GLP, GBP, AGBS and the SRI Sukuk Framework.

Introduction

GVL is a joint-venture company incorporated on October 27, 2017, with an issued and paid-up share capital of RM75.2 million (including Redeemable Preference Shares (RPS) of RM74.95 million). GVL's principal business activity is that of general warehousing and storage, property development and investment holding. GVL's four shareholders are: Hartamas Mentari Sdn Bhd (30%), Swift Haulage Berhad (25%), Ideal Force Sdn Bhd (15%) and Aspen Vision Properties Sdn Bhd (30%), representing a property investment holding company, an integrated logistics player, a private equity and investment holding firm, and a master property developer, respectively. In the absence of a majority shareholder, GVL's strategic direction is decided by consensus.

GVL is currently developing a logistics hub complex (the Project) in Shah Alam. The Project involves a four-storey warehouse and office inclusive of environmental and sustainable features and facilities. GVL has engaged GAC GreenA Consultants Sdn Bhd (GreenA), a sustainability consultancy and green value engineering firm to provide Environmentally Sustainable Design (ESD) consultancy services with a target to achieve two green accreditations, being EDGE Advance and GreenRE certification, for the Project. GreenA is a Sustainability Consultancy and Green Value Engineering firm established since 2009. It provides consultancy in the areas of Building Decarbonisation, Green Building Advisory and Certification Consultancy, Environmental Studies and Protocol Development, Energy and Environmental Audits. GreenA is Singapore's only consultancy firm to be listed under the Science Based Target Initiative (a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature).

GVL plans to raise funds via GFTs and has developed the Framework to guide its fundraising activities to comply with Green/SRI Sukuk principles. At the point of assessment until the completion of the Project, GVL is pre-operational and managed by its BOD, assisted by a project director, a finance manager and a team of executives.

The scope within the Framework covers green/sustainable project developments under GVL and/or its subsidiaries (GVL Group). Net proceeds raised from GFTs will be used exclusively to finance or refinance, in part or in full, new or existing, Eligible Green/SRI Project(s) as defined. For the avoidance of doubt, loan and bond/sukuk proceeds can be used by the GVL Group for working capital requirements, operating expenses, and other expenses if they fall within the Eligible Green/SRI Projects criteria. The BOD will be responsible for managing any future updates of the Framework, including any expansion of the Eligibility Criteria under the Use of Proceeds. If any project ceases to fulfil the Eligible green/SRI Project Criteria, GVL will on a best effort basis remove or replace the project(s) as soon as reasonably practicable.

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COMPLIANCE REVIEW FORM

01 IMPACT SIGNIFICANCE ANALYSIS

MARC Ratings' qualitative analysis of the Use of Proceeds and impact significance is conducted in the context of the UN SDGs. As a globally accepted guidepost for transition to sustainable development, the SDGs serve as a useful reference for project impact analysis. The 17 SDGs are at the heart of a global sustainability agenda covering three broad areas of economic, social, and environmental development to be reached by 2030.

The Framework's major objective is to lay forth guidelines for entering into GFTs to fund and refinance projects, which will deliver environmental benefits that support GVL's sustainability objectives.

Fundraising will be carried out via bonds, loans, sukuk and other forms of financing with structures tailored to contribute to green/sustainable development by application of the proceeds to Eligible Green/SRI Project(s) as defined in the Framework.

Net proceeds raised from GFTs will be used exclusively to finance or refinance, in part or in full, new or existing Eligible Green/SRI Project(s) as defined below. For the avoidance of doubt, loan and bond/sukuk proceeds can be used by the GVL Group for working capital requirements, operating expenses and other expenses related to Eligible Green/SRI Projects, so long as the proceeds are not used to fund new or existing assets, businesses, projects and/or products falling outside of the Eligible Green/SRI Project criteria.

The Use of Proceeds will be divided into seven Eligible Categories as defined in the Framework, cumulatively supporting 5 of the 17 UN SDGs:

1. Green Buildings (SDGs 9 and 11)
2. Renewable energy (SDGs 7, 11 and 12)
3. Energy Efficiency (SDGs 7 and 9)
4. Waste Management (SDG 12)
5. Sustainable Water Management (SDGs 6, 11 and 12)
6. Clean Transportation (SDG 11)
7. Circular Economy adapted products, production technologies and processes (SDGs 11 and 12)

SDG Description:

SDG 6: ensure availability and sustainable management of water and sanitation for all.






SDG 7: ensure access to affordable, reliable, sustainable and modern energy for all.







SDG 9: build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.




SDG 11: make cities and human settlements inclusive, safe, resilient and sustainable.

SDG 12: ensure sustainable consumption and production patterns.

ELIGIBLE CATEGORIES

1	Green Buildings		
	<p>Eligibility Criteria: New, existing, or refurbished buildings which meet regional, national, or internationally recognised standards or certifications, which include: - Malaysia Green Building Index, Silver and above - EDGE Certified and above.</p>		
	Sustainability Objective	Sustainability Benefit	Corresponding SDG
	<ul style="list-style-type: none"> Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. Ensure sustainable consumption and production patterns. 	<ul style="list-style-type: none"> Open access to innovative solutions and sustainable infrastructure Avoidance / minimising of greenhouse gases (GHG) emissions Energy savings 	  <p>SDG 9: Industry, Innovation, and Infrastructure SDG 11: Sustainable Cities and Communities</p> <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Number and gross floor area (m2) of green buildings and green building certifications obtained. Total GHG emissions (TCO₂EQ) reduced.
2	Renewable Energy		
	<p>Eligibility Criteria: Capital expenditure for installation, maintenance, and operations of existing and new renewable energy generation facilities, such as rooftop solar panels and energy storage systems.</p>		
	Sustainability Objective	Sustainability Benefit	Corresponding SDG
	<ul style="list-style-type: none"> Promote usage of renewable energy Ensure access to affordable, reliable, sustainable and modern energy. Take urgent action to combat climate change and its impacts. 	<ul style="list-style-type: none"> Avoidance / minimising of GHG emissions Alternative energy generated; non-carbon based 	   <p>SDG 7: Affordable and Clean Energy SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production</p> <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Renewable energy generated (kWh) Tonnes of GHG or carbon dioxide equivalent (tCO₂e) avoided. Renewable energy installed capacity (kW)
3	Energy Efficiency		
	<p>Eligibility Criteria: Installation, operation, and upgrading projects that aim to reduce energy consumption or to improve energy efficiency. Examples include: Investment/expenditure for the installation, maintenance or replacement of chillers/ building's cooling systems, air conditioning, LED lighting and electrical equipment.</p>		

Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Ensure sustainable consumption and production patterns 	<ul style="list-style-type: none"> Improvement in energy efficiency infrastructure Energy savings 	  <ul style="list-style-type: none"> SDG 7 Affordable and Clean Energy SDG 9 Industry, Innovation, and Infrastructure <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Energy saved per year (kWh/year) Tonnes of GHG or carbon dioxide equivalent (tCO₂e) avoided. Energy intensity reduction (kWh/sqm)
4 Waste Management		
<p>Eligibility Criteria: Purchase and installation of recycling infrastructure, including waste minimisation, filtering, management, recycling and reuse.</p>		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Take urgent action to combat climate change and its impacts 	<ul style="list-style-type: none"> Waste reduction Recycling of waste Less demand on landfills 	 <p>SDG 12: Responsible Consumption and Production</p> <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Waste removed (tonnes) Waste that is prevented, minimised, reused or recycled before and after the project, in percentage of total waste and/or in absolute amount (tonnes/annum)
5 Sustainable Water Management		
<p>Eligibility Criteria: Capital expenditure on water efficient equipment and fittings with water saving features to reduce domestic and commercial water consumption.</p>		
Sustainability Objective	Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Ensure sustainable consumption and production patterns 	<ul style="list-style-type: none"> Water resource conservation 	   <p>SDG 6: Ensure availability and sustainable management of water and sanitation. SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production</p> <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Water saved per year (m³/year) Water intensity (m³/sqm)

6	Clean Transportation		
Eligibility Criteria: Project(s) that exclusively support environmentally friendly transportation modes with zero emission such as electric vehicles, public transportation, and public walking and cycling infrastructure, with the following direct emissions thresholds: i) zero tailpipe emissions for all vehicles, or ii) passenger cars and light commercial vehicles with tailpipe emission intensity no greater than 50g CO ₂ /km (Worldwide Harmonised Light Vehicle Test Procedure - WLTP).			
Sustainability Objective		Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Take urgent action to combat climate change and its impacts 		<ul style="list-style-type: none"> Avoidance/minimising of GHG emissions 	 <p>SDG 11: Sustainable Cities and Communities</p> <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> Number of EV charging lots installed Number of bicycle parking lots
7	Circular Economy adapted products, production technologies and processes		
Eligibility Criteria: The design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services.			
Sustainability Objective		Sustainability Benefit	Corresponding SDG
<ul style="list-style-type: none"> Take urgent action to combat climate change and its impacts 		<ul style="list-style-type: none"> Resource conservation 	  <p>SDG 11: Sustainable Cities and Communities</p> <p>SDG 12: Responsible Consumption and Production</p> <p>Indicative reporting criteria</p> <ul style="list-style-type: none"> The percentage increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of the project and/or in absolute amount in tonnes p.a. Increase in components, products or assets with circular design as a result of the project in valorised amount, in percentage of the total product portfolio, and/or absolute amount in tonnes p.a.

Overall Impact Significance

Any expenditure related to the following activities will be excluded from the Green Categories:

- Fossil fuel, fossil fuel-based electric power generation projects, and energy efficiency improvement projects for fossil fuel-based electric power generation
- Vehicles powered through fossil fuel combustion
- Nuclear energy
- Lethal defence goods
- Weaponry
- Gambling
- Conflict minerals
- Activities or projects associated with child labour or forced labour
- Alcoholic beverages and tobacco
- Pork products sector

Overall, the anticipated impact of the Use of Proceeds for Green Projects is assessed to be fairly significant, considering their potential to contribute to green sustainable development. The expected sustainability benefits of the Use of Proceeds are aligned with GVL's sustainability approach, the environmental SDGs and national sustainable environmental development priorities. The grading assigned correlates to lower qualifying target for green buildings and a new setup with minimal policies, processes and resources, increasing execution and sustainability risks.

<input type="checkbox"/>	Very Significant	This level of impact significance is assigned where underlying projects are expected to generate very visible positive ground level impact. Projects at this level support the realization of long-term integrated visions of sustainable development that are consistent with global sustainability goals, as well as national sustainable development goals and priorities.
<input type="checkbox"/>	Significant	This level of impact significance is assigned where underlying projects are expected to generate a visible positive ground level impact. Projects at this level have the potential to facilitate adjustments towards a more sustainable development trajectory and to meaningfully advance national level sustainable development goals.
<input checked="" type="checkbox"/>	Fairly Significant	This level of impact significance is assigned where underlying projects are expected to generate a ground level impact which, although at a lower magnitude than that expected for higher assessment levels, is still considered noteworthy.
<input type="checkbox"/>	Marginal	This level of impact significance is assigned where underlying projects are expected to generate a positive but limited ground level impact.
<input type="checkbox"/>	Not Significant	This level of impact significance is assigned where underlying projects are expected to have negligible ground level impact.

02 ASSESSMENT OF ALIGNMENT WITH THE GBP, ASEAN GBS, GLP AND SRI SUKUK FRAMEWORK

A summary of the findings of our review is given below. The detailed review is attached in this assessment's appendix.



Principle One:
Utilisation of Proceeds

The proceeds of the financing will be allocated to finance and/or refinance new or existing eligible assets from green project categories recognised by the Green Bond Principles (GBP), ASEAN Green Bond Standards (ASEAN GBS), Green Loan Principles (GLP) and the Securities Commission Malaysia's (SC) Sustainable and Responsible Investment (SRI) Sukuk Framework.

The Eligible Categories outlined in the Framework are aligned to the standards/principles mentioned above. Under para 7.08 of the SC's SRI Sukuk Framework, Eligible SRI projects may include, but are not limited to the following: (a) Green projects that relate to (i) renewable energy; (ii) energy efficiency; (iii) pollution prevention and control; (iv) environmentally sustainable management of living natural resources and land use; (v) terrestrial and aquatic biodiversity conservation; (vi) clean transportation; (vii) sustainable water and wastewater management; (viii) climate change adaptation; (ix) eco-efficient and/or circular economy adapted products, production technologies and processes; and (x) green buildings which meet regional, national or internationally recognised standards or certifications.

GVL may add Green Eligible Categories from time to time that are aligned to the GBP, ASEAN GBS, GLP and the SRI Sukuk Framework collectively. Clear exclusion criteria have also been defined by the Framework.

A register of Eligible Assets will be maintained by GVL, and it will be periodically reviewed to verify that all assets in the register continue to meet the criteria under the Framework. GVL has committed to annually disclose its allocation of proceeds to each Eligible Category in aggregate.

In MARC Ratings' opinion, the defined Eligible Use of Proceeds categories meet the criteria for Use of Proceeds as set forth in the GBP, ASEAN GBS, GLP and the SRI Sukuk Framework.

Project evaluation and selection is a key process in ensuring that the green projects financed by the GFTs meet the Eligibility Criteria set in the Framework. Under the Framework, Eligible Green/SRI Project(s) are identified, selected and approved via a process that closely references how an Eligible Green/SRI Project is evaluated and approved internally by GVL.



Principle Two:
Process for Project
Evaluation and Selection

The BOD will review and select the Eligible Green/SRI Project(s) according to the Eligible Criteria. The BOD will ensure that the selected Eligible Green/SRI Project(s) is(are) in line with the Framework and the environmental guidelines (such as national regulations and international standards) which are applicable within the GVL Group. In addition, the BOD will be responsible for managing any future updates of the Framework, including any expansion of the Eligibility Criteria under the Use of Proceeds. Any changes to the Framework will have to be approved by the BOD.

The BOD is currently setting the direction of the project and GVL. They are assisted by a project director, a finance manager and a team of executives.



Principle Three:
Management of
Proceeds

GVL will ensure the amount equal to the net proceeds of the GFTs will be used exclusively for allocation to the Eligible Green/SRI Project(s). As long as there are outstanding GFTs, the BOD will manage the listing through its internal system, and the balance of the tracked proceeds will be periodically monitored.

Where the aggregate amount in the Portfolio is less than the total outstanding amount of GVL's sustainable financing proceeds, GVL may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with GVL's liquidity policy until the amount is allocated to the Portfolio.

There will be no separate management of proceeds for the purpose of refinancing operating projects where the projects' costs were fully disbursed in the past.

If any project ceases to fulfil the Eligible green / SRI Project Criteria, GVL will, on a best effort basis, remove or replace the project(s) as soon as reasonably practicable. In MARC Ratings' opinion, GVL's ability to replace assets may be limited as a joint venture company with a maiden project.



Principle Four:
Reporting

GVL will prepare an annual Sustainability Financing Report and commits to transparent reporting on its GFTs and sustainability efforts.

For Green Loans, GVL will make the information readily available to its lenders upon request. For bonds and Sukuk, GVL will disclose the following information to the bondholders/Sukukholders annually on its website which includes, among others:

- Summary of projects details
- Amount of proceeds allocated to each eligible project
- Expected environmental and/or social impacts of Eligible Expenditures
- Aggregate amount of proceeds of Sustainable Financing allocated to Eligible Expenditures
- Removal or substitution of eligible projects
- The amount utilised for the Eligible SRI projects
- Remaining balance of unallocated proceeds and where such unallocated proceeds is placed or invested pending allocation; and
- Other necessary information.

GVL will include impact reporting in its progress update. The impact report will include:

- The impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact.
- The key performance indicators (KPIs) achieved in supporting 17 of the UNSDGs 2030 and GVL's 2030 Sustainability Goals.

Post-issuance, for Use of Proceeds directed towards the Eligible Green Building category, GVL will publish the green building certificate of the relevant eligible buildings from the respective external certification authority annually to demonstrate alignment of the allocation and impact reporting with the Framework, until full allocation and in case of material changes.

Additional post-issuance annual external verification on the alignment of the allocation and impact reporting with the Framework will be obtained when the Use of Proceeds are directed to project categories other than Green Buildings, such external reviewer's report will be made available on the designated website.

In MARC Ratings' opinion, the reporting commitments are aligned with the requirements of the GBP, ASEAN GBS, GLP, the SRI Sukuk Framework, and market practice.

Overall, MARC Ratings considers GVL’s Framework to be aligned with the core components of the SC’s SRI Sukuk Framework and the ASEAN GBS regarding the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting (including Disclosures). The grading assigned correlates to GVL’s pre-operational stage, its lower qualifying target for green buildings, and a new setup with minimal policies, processes and resources, increasing execution and sustainability risks.

Overall Assessment

	Clarity of Issuance Process and Disclosure	Total Score
<input type="checkbox"/>	High	10- 12 points
<input type="checkbox"/>	Good	7 -9 points
<input checked="" type="checkbox"/>	Satisfactory	4 – 6 points
<input type="checkbox"/>	Low	Below 4 points

Equal weighting is given to each of the four principles in arriving at the total score which is then expressed on the above four-point descriptive scale which ranges from High to Low.

Assessment Grade	High	Good	Satisfactory	Low
	3	2	1	0

03 ANALYSIS OF SUSTAINABILITY PERFORMANCE

As its maiden green development, GVL is developing a logistics hub in Shah Alam as follows:

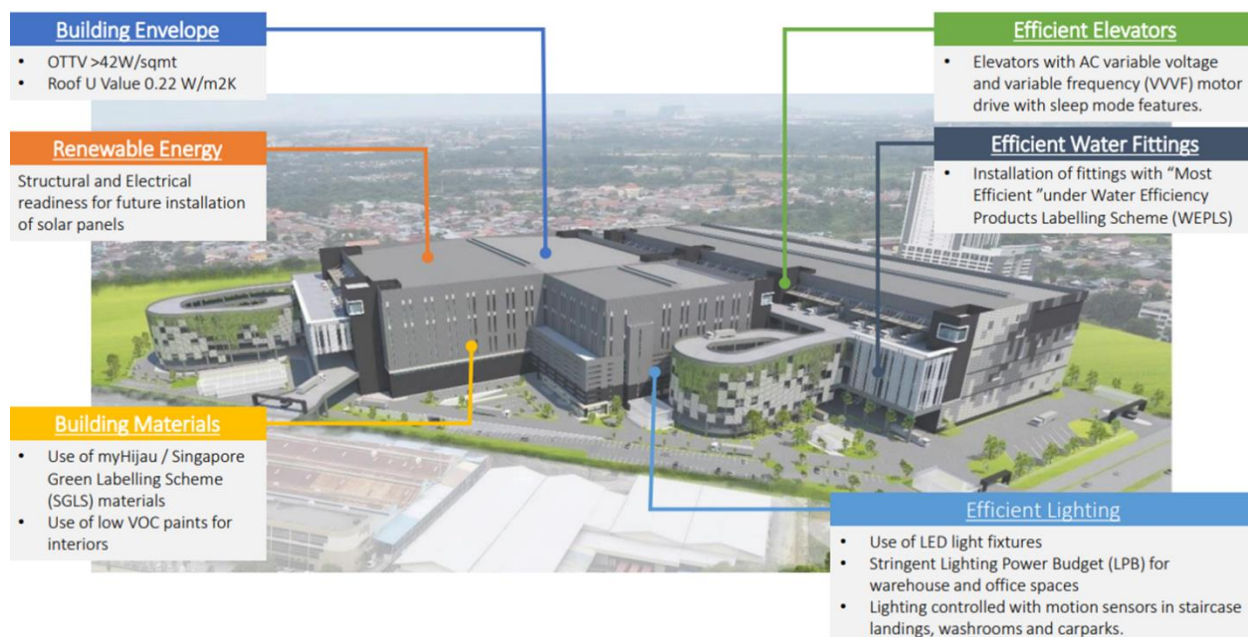
Phase 1A

- 4 storey logistic warehouse (Ground Floor – 3rd level) inclusive of Mezzanine floor at each level
- 1 Level of Office Space (Ground Floor)
- 4 Levels of Car Park (Ground Floor – 3rd level)
- 1 Unit Workers Canteen (1 Level)
- 3 Guard Houses (1 and 2 Levels)
- 1 Electrical Substation TNB (2 Levels)
- 1 Unit of Building Utilities (M & E) (1 Level)
- 1 Unit of Waste Chamber (1 Level)

Phase 1B

- 2 Blocks of Workers Dormitory that consists of:
 - 1 Level of Facilities (Ground Floor)
 - 4 Levels of Workers Dormitory (Levels 1 -4)
 - 1 Unit of Waste Chamber (1 Level)
 - 1 Unit of Guard House (1 Level)

The green requirements for certification have been incorporated in the tender construction documents. Green Building certification design requirements take into consideration the following: building and roof specification, renewable energy, concrete usage and embodied carbon, green label materials/products, landscaping, recycle bin, green transport, air conditioning system, lighting, lifts, water fittings, and water sub metering.

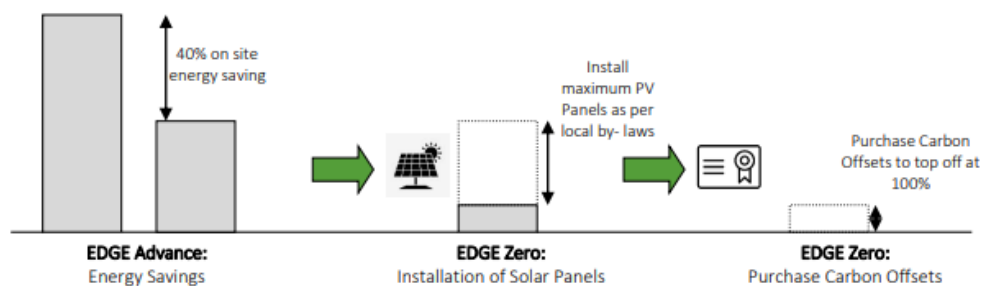


GreenA was appointed to provide Environmentally Sustainable Design (ESD) consultancy services with a target to achieve **EDGE Advance** and **GreenRE** certification for GVL’s logistics hub project.

EDGE Certification

There are three choices for EDGE certification:

- LEVEL 1: EDGE Certified: 20% or more savings in energy, water, and embodied energy in materials.
- LEVEL 2: EDGE Advanced: EDGE certified with 40% or more on-site energy savings.
- LEVEL 3: Zero Carbon: EDGE Advanced with 100% renewables on-site or off-site or purchased carbon offsets to top off at 100%. All energy must be accounted for, including diesel and liquefied petroleum gas (LPG).



To achieve Edge Zero, GVL needs to install PV panels on-site to meet 75% of Maximum Demand. Preliminary computations: PV panels must be installed to generate 13,217.26 MWh/yr. Annual Renewable Energy Certificates (REC) should be purchased to offset the remaining energy consumed. As per preliminary computations, 5,287 RECs are to be purchased.

GreenRE Certification

GreenRE (Green Real Estate) was set up by the Real Estate and Housing Developers' Association Malaysia (REHDA) and is supported and recognised by the Malaysian Government and local authorities. Certified projects qualify for Income Tax Allowances and Incentives under the Green Tax Incentive Scheme of MIDA and Ministry of Finance (MOF).

Preliminary computation places the Project at GreenRE Silver.

Bronze	50 to <75
Silver	75 to <85
Gold	85 to <90
Platinum	90 <



Overall, MARC Ratings assessed that GVL’s green/sustainability performance is subject to achievement of the targeted certification. Being a maiden project of a joint venture company, ability to replace non-compliant assets appears limited.




At present, GVL is unable to quantify social benefits to the Project, hence no marks were assigned for social SDG alignment or impacts.

Sustainability Performance Assessment

<input type="checkbox"/>	Excellent/Highest Assurance	The issuer positions itself as a sustainability leader in its industry, ranking in the "top tiers" of performance across multiple categories of engagement, ranging from supply chain management to environmental performance. Sustainability-related risks and opportunities are integrated with the business strategy. Well-defined sustainability policies and practices are augmented by strong accountability systems which allow for a benchmarking of the issuer's performance against stated objectives and the incorporation of external assurance in its sustainability reporting framework.
<input type="checkbox"/>	Very Good/High	The issuer has integrated risk-based sustainability considerations in its operations and has a robust process for assessing significant sustainability risks exposures to minimize adverse impacts on its business. The focus of the issuer's sustainability performance monitoring and evaluation is on managing risk exposures to minimize downside risk. Globally recognized best practice reporting frameworks guide the issuer's sustainability reporting.
<input type="checkbox"/>	Good/Medium	The issuer has adopted a CSR-centric sustainability strategy that prioritizes stakeholder engagement and goodwill building. Sustainability is a small part of the issuer's business strategy, nonetheless there is evidence to suggest that its sustainability performance has progressed beyond maintaining regulatory compliance. The issuer has implemented general sustainability reporting to investors.
<input checked="" type="checkbox"/>	Fair/Basic	The issuer has a policy of regulatory compliance but has yet to incorporate sustainability considerations into its business operations. At this performance level, the goal of sustainability management is to achieve and maintain compliance with health, safety, and environmental requirements mandated by government laws and regulations.
<input type="checkbox"/>	Poor/Weak	The issuer has a record of poor sustainability performance or operates in unsustainable industries.

MARC Ratings assessment of the issuer’s sustainability implementation capabilities and performance is expressed on a five-level descriptive scale that runs from “Excellent” to “Poor” which corresponds to five levels of assurance (Highest, High, Medium, Basic, and Weak). The assurance level can be interpreted as a measure of MARC Ratings’ confidence in the issuer’s continuing performance of its sustainability obligations in line with marketplace expectations and in compliance with its framework for financing issuance.

04 RATING SCALE

GRADE	DESCRIPTION
	<p>Bonds assessed at this level are judged to offer very significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support high standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support good standards of accountability and transparency.</p>
	<p>Bonds assessed at this level are judged to offer fairly significant environmental and/or social sustainability impact based on the projects supported or expected to be supported by the bond issuance. The processes used or to be used for the allocation and administration of proceeds, decision making process of eligible projects and the reporting of performance indicators are consistent with the core principles of the GBP and/or SBP and applicable market guidance or standards and should support satisfactory standards of accountability and transparency. Minor shortcomings exist in the areas assessed but none of major concern.</p>

MARC RATINGS BERHAD

MARC Ratings Berhad was incorporated as a public limited company to undertake the business of providing credit rating services, as well as economic and fixed-income research publications, on behalf of the MARC group of companies.

Effective January 1, 2022, Malaysian Rating Corporation Berhad (MARC) transferred its regulatory license as a credit rating agency with the SC and the Bank Negara Malaysia-accredited External Credit Assessment Institution (ECAI) status under Basel II to its wholly-owned subsidiary MARC Ratings. MARC Ratings continues to adopt practices and procedures for Domestic Credit Rating Agencies based on the guidance on the Code of Conduct Fundamentals provided by the International Organisation of Securities Commissions (IOSCO) and the Association of Credit Rating Agencies in Asia (ACRAA). MARC Ratings continues to consult international best practices and the International Capital Market Association's Guidelines for Green, Social and Sustainability Bonds External Reviews in its conduct of external reviews, particularly in relation to the organisation and content of external reviews.

Following a series of outreach and external reviewer capacity building initiatives jointly undertaken by domestic market regulators and World Bank Group, MARC published its proposed criteria for rating green, social or sustainability bonds in April 2018. The version that was adopted in July 2018 after public consultation can be accessed on MARC's corporate website at https://www.marc.com.my/images/Rating_Methodologies/201912_/Impact-Bonds-Assessment-Criteria-201912-newlogo-.pdf. As explained in the criteria, the analytical framework consists of three components that provide insights to the green, social and sustainability credentials of green, social and sustainability bonds: (1) an assessment of environmental and/or social benefits of the underlying funded project(s); (2) an assessment of compliance with internationally recognised principles and market standards for the evaluation of such bonds; and (3) an evaluation of the issuer's sustainability strategy and performance. Bonds which meet the minimum thresholds in each of the three analytical components will be rated Gold, Silver or Bronze.

For more information, visit <https://www.marc.com.my/> or contact us at ratings@marc.com.my.

Review of Compliance with Green Bond Principles (GBP), ASEAN Green Bond Standards (GBS), and Sustainable and Responsible Investment (SRI) Sukuk Framework

Issuer: Global Vision Logistics Sdn Bhd's (GVL) Green Finance Framework

Key Additional Features to comply with for sukuk issuance:

- The proceeds allocated for the Project must not be used for ineligible projects specified by the ASEAN GBS (i.e. fossil fuel power generation projects) as well as the ASEAN SBS (i.e. projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry).
- Continuous accessibility of information on Use of Proceeds, process for project evaluation and selection, and management of proceeds to investors throughout the tenure of the sukuk.
- Periodic reporting on the allocation of the sukuk proceeds.
- The external reviewer's credentials and scope of review conducted to be made publicly accessible from a website designated by the Issuer throughout the tenure of the sukuk.

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Issuer <u>ASEAN GBS/SBS</u> 3.1 <i>The issuer must be an ASEAN issuer, or the eligible green and/or social project(s) must be in an ASEAN country.</i></p> <p><u>SRI Sukuk Framework</u> 7.02 <i>The proceeds (of sukuk) will be applied exclusively for funding of any activities or transactions relating to the Eligible SRI projects.</i></p> <p>7.03 <i>An issuer must not – (a) use or adopt the term “SRI sukuk”; or (b) hold itself out as an issuer of such SRI sukuk, unless the issuance of the SRI sukuk has complied with these Guidelines.</i></p> <p>7.04 <i>An issuer who wishes to issue an SRI sukuk must establish policies and processes to ensure compliance with the SRI Sukuk Framework as set out in these Guidelines.</i></p> <p>7.05 <i>The information relating to the issuer and the details of the issuer's SRI Sukuk Framework must be made publicly accessible via a designated website to be disclosed by the issuer. Such information in the designated website must be made available at the point of issuance and throughout the tenure of the SRI sukuk.</i></p>	<p><i>GVL is an ASEAN issuer.</i></p> <p><i>The net sukuk proceeds will exclusively be allocated to finance and/or refinance new and/or existing projects that fulfil the criteria for Eligible Green/SRI projects.</i></p> <p><i>The issuer intends to issue SRI sukuk that complies with the Guidelines.</i></p> <p><i>GVL commits to comply with the SRI Sukuk Framework.</i></p> <p><i>The Issuer's Framework will be made available at the point of issuance and throughout the tenure of the SRI sukuk via its corporate website currently under construction at the point of assessment.</i></p>	

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Eligible Projects</p> <p><u>SRI Sukuk Framework</u></p> <p>7.07 An eligible SRI project refers to a project that seeks to achieve any one or a combination of the following objectives:</p> <ol style="list-style-type: none"> Preserving and protecting the environment and natural resources; Conserving the use of energy; Promoting the use of renewable energy; Reducing GHG emission; Addressing or mitigating a specific social issue or seeking to achieve positive social outcomes especially but not exclusively for a target population; or Improving the quality of life of the society. <p>7.08 The Eligible SRI projects may include but are not limited to the following:</p> <ol style="list-style-type: none"> Green projects that relate to – renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity conservation; clean transportation; sustainable water and waste water management; climate change adaptation; eco-efficient and/ or circular economy adapted products, production technologies and processes; and green buildings which meet regional, national or internationally recognised standards or certifications. Social projects that relate to, among others – affordable basic infrastructure; access to essential services; affordable housing; employment generation including the potential effects of SME financing and microfinance; food security; and socioeconomic advancement and empowerment. Projects which are the combination of Green and Social projects as described in (a) and (b) above; and Waqf projects that relate to the development of waqf properties or assets. 	<p>The eligible projects as defined by the Framework will achieve any one or a combination of objectives set out in paragraph 7.07 of the SRI Sukuk Framework.</p> <p>The Eligible Categories outlined in the Framework are aligned to one or more of the following Green and/or Social project categories specified in paragraph 7.08 (a) of the SRI Sukuk Framework:</p> <ul style="list-style-type: none"> Green Buildings (SDGs 9 and 11) Renewable Energy (SDGs 7, 11 and 12) Energy Efficiency (SDGs 7 and 9) Waste Management (SDG 12) Sustainable Water Management (SDGs 6, 11 and 12) Clean Transportation (SDG 11) Circular Economy adapted products, production technologies and processes (SDGs 11 and 12) 	<p>GVL intends to use the net proceeds issued under the Framework to finance and/or refinance, in whole or in part, new or existing projects within the categories of green buildings, renewable energy, energy efficiency, waste management, sustainable water management, clean transportation, circular economy adapted products and production technologies and processes.</p> <p>Environmental Use of Proceeds impacts are linked to SDGs 6 – Availability and Sustainable Management of Water and Sanitation; 7 – Affordable and Clean Energy; 9 – Industry, Innovation and Infrastructure; 11 – Sustainable Human Settlements; and 12 – Responsible Consumption and Production.</p> <p>GVL may add Green and/or Social Eligible Categories from time to time that are aligned with the SC’s SRI Sukuk Framework, ICMA’s GBP/SBP and ACMF’s ASEAN GBS/SBS collectively.</p> <p>The BOD will be responsible for managing any future updates of the Framework, including any expansion of the Eligibility Criteria under the Use of Proceeds. Any changes to the Framework will have to be approved by the BOD.</p>

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Use of Proceeds</p> <p><u>ASEAN GBS/SBS</u></p> <p>4.1</p> <p>4.1.1 The utilisation of issue proceeds must be described in the documentation for issuance.</p> <p>4.1.2 The Issuer must disclose the following information: The categories of eligible Green and/or Social Projects to which the issue proceeds will be allocated; and/or the information on specific Green and/or Social Projects in the case where the issuer has identified the specific Green and/or Social Projects to which the issue proceeds will be allocated.</p> <p>4.1.3 All designated Green and/or Social Projects must provide clear environmental/social benefits, which will be assessed and, where feasible, quantified by the Issuer.</p> <p>4.1.4 In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that Issuers provide an estimate of the share of financing and refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced and, to the extent relevant, the expected look-back period for refinanced projects.</p>	<p>The utilisation of proceeds is described in the Framework.</p> <p>The eligible Use of Proceeds categories identified by the Framework are aligned with the Green and/or Social project categories recognised by the ASEAN GBS/SBS.</p> <p>The eligible Use of Proceeds project categories set out in the Framework are recognised as impactful by ASEAN GBS/SBS.</p> <p>The issuer has committed to provide information on the allocation of proceeds to new financing and refinancing. Lookback period of refinanced Eligible Green/SRI Project(s) where applicable will be included in its reporting.</p>	<p>The proceeds will be used to finance and/or refinance, in part or in whole, new or existing eligible assets falling within the green and/or social categories recognised by the GBP/SBP, ASEAN GBS/SBS and the SC's SRI Sukuk Framework.</p> <p>MARC Ratings has reviewed the Green and/or Social Eligible Categories and concluded that the eligible projects/financing fulfill the applicable criteria and would be considered green for the purposes of the GBP/SBP, ASEAN GBS/SBS and the SC's SRI Sukuk Framework.</p>
<p>Criteria</p> <p>Process for Project Evaluation and Selection</p> <p><u>SRI Sukuk Framework</u></p> <p>7.12 An issuer must establish internal processes for evaluation and selection of the Eligible SRI projects as identified in paragraph 7.08 above.</p> <p><u>ASEAN GBS/SBS</u></p> <p>4.2.1 The issuer must clearly communicate to investors:</p> <p>(i) The environmental/social sustainability objectives; The Eligible Categories are framed in the context of SDGs with specific environmental and social (E&S) objectives;</p>	<p>The issuer has established internal processes for project evaluation and selection with the BOD's direct involvement. The Eligible Categories are framed in the context of SDGs with specific environmental objectives.</p>	<p>The Framework details an internal process by which Eligible SRI projects are assessed and selected. Sustainability at GVL is guided by the BOD directly.</p> <p>The eligibility criteria are clearly communicated in the Framework.</p>

<p>(ii) The process by which the Issuer determines how the projects fit within the identified eligible project categories; and</p> <p>(iii) The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material E&S risks associated with the selected projects.</p> <p>4.2.2 The Issuer must establish the process for project evaluation and selection prior to the issuance of the Bonds and disclose the same to investors in the documentation for the issuance of the Bonds.</p> <p>4.2.3 Issuers are encouraged to position this information within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability. Issuers are also encouraged to disclose any green and social standards or certifications referenced in project selection.</p> <p>4.2.4 It is recommended that the Issuer's process for project evaluation and selection be supported by an external review.</p> <p>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 the Bonds: (i) The process for project evaluation; (ii) The Use of Proceeds; and (iii) External review report on the process (if any)</p>	<p>The exclusion criteria of the proceeds include the financing of alcohol; adult entertainment; child labour or forced labour; gambling; fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels); large-scale hydro-power projects with a generating capacity of over 25 megawatts; nuclear; production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; tobacco; and weapons and military contracting.</p> <p>The issuer has described in the Framework an internal process for project evaluation and selection which involves the Board directly. The Issuer has positioned this information within the context of the Issuer's sustainability strategy, its focus SDGs, and its processes relating to environmental sustainability.</p> <p>The issuer has appointed MARC Ratings as external reviewer for its Framework.</p> <p>The issuer has committed to make the required information available on its corporate website at www.sailoghub.com.</p>	<p>The Framework outlines the internal process and governance structure by which Eligible Projects are assessed and selected to ensure the eligibility of the projects.</p> <p>Where applicable, GVL will undertake necessary processes to identify and manage potentially material environmental and social risks associated with the Eligible Project and Eligible Assets.</p> <p>The Issuer has also disclosed that review of the Eligible Projects will be conducted annually to confirm the continued eligibility of the Eligible Assets, and the course of action to be taken where the project/financing no longer meets the Framework's Eligibility Criteria. Projects/financing that are no longer eligible will be removed from the register of Eligible Assets and replaced with projects/financing that are compliant with the Framework on best effort basis.</p> <p>The Framework will provide information on the process for project evaluation, and it will issue a progress report on an annual basis that will provide information on the allocation and impacts throughout the tenure of the Sukuk. MARC Ratings' external review assessment will also be made available on the GVL corporate website.</p>
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>Management of Proceeds</p> <p><u>SRI Sukuk Framework</u> 7.13 An issuer must ensure that the proceeds allocated for the Eligible SRI projects are credited into a designated account or otherwise tracked in an appropriate manner.</p>	<p>GVL will monitor the allocation of the Sukuk proceeds and the Eligible Assets portfolio internally.</p>	

<p><u>ASEAN GBS/SBS</u></p> <p>4.3.1 Prior to the issuance of the Bonds, the Issuer must disclose to investors in the documentation for the issuance of the Bonds the process for managing the net proceeds from the Bonds.</p> <p>4.3.2 The net proceeds of the Bonds, or an amount equal to these net proceeds, must be credited into a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process. The total amount deployed from the net proceeds for the eligible projects need not occur simultaneously.</p> <p>4.3.3 As long as the Bonds are outstanding, the balance of the tracked net proceeds must be periodically adjusted to match allocations to eligible projects made during that period.</p> <p>4.3.4 The Issuer must also disclose to investors in the documentation for the issuance of the Bonds the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>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 Bonds proceeds.</p>	<p>Prior to issuance, the issuer will make the Framework available to investors. The Framework describes the process for managing the net proceeds from the Sukuk.</p> <p>GVL will invest the balance of unallocated financing instrument proceeds in the permitted investment instruments in accordance with GVL's cash management policy.</p> <p>The Issuer has committed that until full allocation, the allocation of Eligible Projects will be continuously monitored to ensure that the aggregate value of the Eligible Projects is at a level that is equal to the net proceeds raised from the outstanding Sukuk. The Framework discloses the intended types of temporary placement for the balance of unallocated net proceeds.</p> <p>External auditor will be appointed as the auditor to verify the internal tracking and allocation process where required.</p>	<p>Where the aggregate amount in the Portfolio is less than the total outstanding amount of GVL's sustainable financing proceeds, GVL may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with GVL's liquidity policy until the amount is allocated to the Portfolio.</p> <p>The appointment of a third party to verify the internal tracking method and the allocation of funds from the Sukuk proceeds is encouraged by the ASEAN Standards to provide a high level of transparency.</p>
<p>Criteria</p>	<p>Compliance with criteria</p>	<p>Remarks/Scope of Work Undertaken</p>
<p>Reporting</p> <p><u>ASEAN GBS/SBS</u></p> <p>4.4.1 Issuers must report to investors at least on an annual basis and are encouraged to make more frequent reporting on the Use of Proceeds until full allocation, and on a timely basis in the case of material developments. The annual report should include a list of the projects to which the Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.</p> <p>4.4.2 Where confidentiality agreements, competitive considerations, or a large</p>	<p>GVL will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the financing instrument proceeds. This report will include, among others:</p> <ul style="list-style-type: none"> • The original amount earmarked for the Eligible Projects and/or Eligible Assets; • The amount of financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects and/or Eligible Assets defined as the whole or part of new or existing 	

<p>number of underlying projects limit the amount of detail that can be made available, the Issuer may present the information in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</p> <p>4.4.3 It is recommended that Issuers use qualitative performance indicators, and where feasible, quantitative performance measures and disclose the key underlying methodology and/or assumptions used in the quantitative determination.</p> <p>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.</p> <p>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 Bonds.</p> <p>Disclosure Requirements</p> <p><u>SRI Sukuk Framework</u></p> <p>7.16 The following information must be included:</p> <p>a) The overall SRI objectives that the issuer intends to achieve;</p> <p>b) The utilisation of proceeds from the issuance of the SRI sukuk. Where all or part of the proceeds are used for refinancing, an issuer must provide the amount of proceeds being allocated for refinancing and which Eligible SRI projects to be refinanced;</p> <p>c) The Eligible SRI projects in which the proceeds will be allocated; d) The details of the Eligible SRI projects and to the extent possible,</p> <p>d) impact objectives from the Eligible SRI projects;</p> <p>e) The processes used by the issuer to evaluate and select the Eligible SRI projects;</p> <p>f) The criteria used by the issuer to identify and manage material environmental or social risks associated with the Eligible SRI projects;</p>	<p>projects, under construction and/or in operation, either individually or by category;</p> <ul style="list-style-type: none"> • The unutilised amount and where such unutilised amount is placed or invested pending utilisation; • The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions; • Expected impact metrics, where feasible; and • The outstanding amount of net financing instrument proceeds yet to be allocated to Eligible Projects and/or Eligible Assets at the end of the reporting period. <p>The Issuer has committed to provide information items (a) through (h) annually through its corporate website in its progress report under its Framework.</p>	<p>Updates of the external review are encouraged by the ASEAN Standards but are strictly voluntary.</p>
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<p>g) <i>The processes used by the issuer to manage the proceeds from the issuance of the SRI sukuk; and</i></p> <p>h) <i>A statement that the issuer has complied with the relevant environmental, social and governance standards or recognised best practices relating to the Eligible SRI projects.</i></p>		
Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p>External Review</p> <p><u>SRI Sukuk Framework</u> 7.17 <i>If an external reviewer is appointed to assess and provide report on the Eligible SRI projects or the issuer's compliance with the requirements under these Guidelines, such external reviewer's report must be made available on the designated website.</i></p> <p><u>ASEAN GBS/SBS</u> 5.1 <i>Issuers are recommended to appoint external review providers for the bond issuances or programmes.</i></p> <p>5.2 <i>The external review may be partial, covering only certain aspects of the bonds framework or full, assessing alignment with all four core components as stated in the relevant standards.</i></p> <p>5.3 <i>The external review provider must have the relevant expertise and experience in the components of the Bonds which they are reviewing.</i></p> <p>5.4 <i>The external review provider must also disclose their relevant credentials and expertise, and the scope of the review conducted in the external review report.</i></p>	<p><i>MARC Ratings has been engaged as independent external reviewer for the Framework. The external reviewer's report will be made available on a designated website.</i></p> <p><i>The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</i></p>	<p><i>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on our website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>

Review of Compliance with Green Loan Principles (GLP)

Issuer: Global Vision Logistics Sdn Bhd (GVL)'s Green Finance Framework

Note:

The Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA) view that it is important to provide market practitioners with clarity on their application of financing guidelines and promote a harmonised approach. Hence, APLMA, LMA and LSTA has produced a guideline to harmonise with Green Loan Principles (GLP).

Criteria	Compliance with criteria	Remarks/Scope of Work Undertaken
<p><u>GLP/APLMA/LMA/LSTA</u></p> <p>Use of Proceeds <i>The GLP explicitly recognise several broad categories of eligibility for Green and/or Social projects with the objective of addressing key areas of environmental concern such as climate change, natural resources depletion, loss of biodiversity, and air, water and soil pollution.</i></p> <p><i>The utilisation of loan proceeds for Green and/or Social projects (including other related and supporting expenditures, including R&D), should be appropriately described in the finance documents.</i></p> <p><i>Where funds are to be used, in whole or part, for refinancing, it is recommended that borrowers provide an estimate of the share of financing versus refinancing.</i></p> <p><i>A green loan may take the form of one or more tranches of a loan facility. In such cases, the green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</i></p> <p>Process for Project Evaluation and Selection <i>The borrower of a green loan should clearly communicate to its lenders:</i></p> <ul style="list-style-type: none"> • <i>their environmental sustainability objectives;</i> • <i>the process by which the borrower determines how its projects fit within the Eligible Categories; and</i> • <i>the related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material</i> 	<p><i>All designated Green projects have clear environmental benefits, which will be assessed, and where feasible, quantified, measured and reported by the company.</i></p> <p><i>Where appropriate, the company will clarify which investments or project portfolios may be refinanced.</i></p> <p><i>The company has established internal processes for project evaluation and selection supervised by the BOD directly. The Eligible Categories are framed in the context of SDGs with specific environmental objectives.</i></p>	

<p><i>environmental risks associated with the proposed projects.</i></p> <ul style="list-style-type: none"> <i>Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability.</i> <p><i>Borrowers are also encouraged to disclose any green standards or certifications to which they are seeking to conform.</i></p> <p>Management of Proceeds <i>The proceeds of a green loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.</i></p> <p><i>Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</i></p> <p><i>Borrowers are encouraged to establish an internal governance process through which they can track the allocation of funds towards Green and/or Social projects.</i></p> <p>Reporting <i>Borrowers should make and keep readily available up to date information on the Use of Proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments.</i></p> <p><i>This should include a list of the Green and/or Social projects to which the green loan proceeds have been allocated and a brief description of the projects and the amounts allocated and their expected impact.</i></p> <p><i>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GLP recommend that information is presented in generic terms or on an aggregated project portfolio basis. Information need only be provided to those institutions participating in the loan.</i></p>	<p><i>The net proceeds from the Green Finance Transactions will be internally tracked. An external auditor will be appointed as the auditor to verify the internal tracking and allocation process where required. GVL will invest the balance of unallocated financing instrument proceeds in permitted investment instruments in accordance with GVL’s cash management policy.</i></p> <p><i>GVL will publish a progress report annually, and on a timely basis in the event of any material developments until full allocation of the financing instrument proceeds. This report will include, among others:</i></p> <ul style="list-style-type: none"> <i>The original amount earmarked for the Eligible Projects and/or Eligible Assets;</i> <i>The amount of financing instrument proceeds that have been utilised/allocated to one or more Eligible Projects and/or Eligible Assets defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent);</i> <i>The unutilised amount and where such unutilised amount is placed or invested pending utilisation;</i> 	<p><i>Where the aggregate amount in the Portfolio is less than the total outstanding amount of GVL’s sustainable financing proceeds, GVL may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments, all of which shall be in accordance with GVL’s liquidity policy until the amount is allocated to the Portfolio.</i></p>
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<p><i>Transparency is of particular value in communicating the expected impact of projects. The GLP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures (for example, energy capacity, electricity generation, GHG emissions reduced/avoided, etc.) and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Borrowers with the ability to monitor achieved impacts are encouraged to include those in regular reports.</i></p> <p>External Review <i>When appropriate, an external review is recommended. There are a variety of ways for borrowers to obtain outside input into the formulation of their green loan process and there are several levels and types of review that can be provided to those institutions participating in the loan.</i></p> <p><i>An external review may be partial, covering only certain aspects of a borrower's green loan or associated green loan framework or full, assessing alignment with all four core components of the GLP. It should be made available to all institutions participating in the green loan on request. When appropriate, and taking into account confidentiality and competitive considerations, borrowers should make publicly available the external review, or an appropriate summary, via their website or otherwise.</i></p>	<ul style="list-style-type: none"> • <i>The list of Eligible Projects and/or Eligible Assets with a selection of brief descriptions;</i> • <i>Expected impact metrics, where feasible; and</i> • <i>The outstanding amount of net financing instrument proceeds yet to be allocated to Eligible Projects and/or Eligible Assets at the end of the reporting period.</i> <p><i>MARC Ratings has been engaged as independent external reviewer for the Framework. The review conducted by MARC Ratings is a full review and addresses alignment with all four components of the relevant standards.</i></p> <p><i>MARC Ratings is registered with the Securities Commission Malaysia as a credit rating agency. The scope of MARC Ratings' external review is set out in MARC Ratings' Impact Bond Assessment (IBA) methodology that is publicly accessible from its corporate website.</i></p>	<p><i>MARC Ratings has established a transparent score-based framework for its green, social and sustainability bond assessments analysis that is published on its website. The differentiated approach taken recognises that some projects offer more environmental and/or social benefits than others.</i></p>
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THE UN SUSTAINABLE DEVELOPMENT GOALS

	GOAL 1: End poverty in all its forms everywhere		GOAL 10: Reduce inequality within and among countries
	GOAL 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture		GOAL 11: Make cities and human settlements inclusive, safe, resilient and sustainable
	GOAL 3: Ensure healthy lives and promote well-being for all at all ages		GOAL 12: Ensure sustainable consumption and production patterns
	GOAL 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		GOAL 13: Take urgent action to combat climate change and its impacts
	GOAL 5: Achieve gender equality and empower all women and girls		GOAL 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	GOAL 6: Ensure availability and sustainable management of water and sanitation for all		GOAL 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	GOAL 7: Ensure access to affordable, reliable, sustainable and modern energy for all		GOAL 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	GOAL 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		GOAL 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
	GOAL 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		

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