

# ETERNAL ICON SDN BHD

## SECURED GREEN COLLATERAL BOND FRAMEWORK



February 2022

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## 1. Introduction

Eternal Icon Sdn Bhd (“**EISB**” or “**the Issuer**”) is a bankruptcy remote special purpose vehicle incorporated on 28 April 2014 under the Companies Act 1965 as a private limited company. EISB is a special-purpose vehicle set up to undertake a securitisation exercise involving the Building (as defined herein) (excluding Level 11 and Level 12, Plaza33, Tower A (“**Excluded Parcels**”)) and all amenities, structures, fixtures and fittings on all that piece of leasehold land held under issue document of title H.S.(D) 323339, No. PT 31, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor (“**Land**”) (collectively, “**Property**”).

A respective RM86.0 million of senior class medium term notes (“**MTNs**”) and RM253.665 million of subordinated class MTNs were issued under a medium term notes programme of up to RM400.0 million in nominal value that was established by EISB (“**MTN Programme**”) to undertake the securitisation exercise of the Property which was completed on 31 March 2015.

Plaza 33 Sdn Bhd (“**PSB**”) was incorporated on 6 November 2006 under the Companies Act 1965. The principal activity of PSB is to serve as a servicer to the Property.

## 2. Secured Green Collateral Bond Framework

EISB intends to issue MTNs in compliance with the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum in October 2018 (as amended or modified or revised or substituted from time to time) (“**ASEAN GBS**”) with the aim of promoting the green financing in supporting sustainable growth in ASEAN. Such MTNs issued in compliance with the ASEAN GBS are referred to as “**ASEAN Green MTNs**” and references to the MTNs shall include the ASEAN Green MTNs, unless otherwise specified.

In conjunction with the proposed issuance, EISB has decided to develop a green bond framework (“**EISB Secured Green Collateral Bond Framework**”) aims to improve transparency and in turn, integrity of its ASEAN Green MTNs. The EISB Secured Green Collateral Bond Framework is prepared in accordance with the Green Bond Principles issued by the International Capital Market Association in June 2021 (with June 2022 Appendix 1) (as amended or modified or revised or substituted from time to time) (“**GBP**”), ASEAN GBS and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia on 9 March 2015, effective on 15 June 2015 and revised on 28 November 2022 (as amended or modified or revised or substituted from time to time) (collectively, “**the Standards**”).

The EISB Secured Green Collateral Bond Framework is developed based on four (4) key pillars principles:

- (i) utilisation of proceeds;
- (ii) project evaluation and selection;
- (iii) management of proceeds; and
- (iv) reporting.

### 3. Type of Green Bond

In accordance with the GBP, the ASEAN Green MTNs is categorised as a Secured Green Collateral Bond as it is securitised against Plaza33 (excluding the Excluded Parcels).

Plaza 33 is a certified green building with Multimedia Super Corridor (or MSC) status and attained the “LEED Gold” certification under the Leadership in Energy and Environmental Design (“LEED”) rating system certification established by the U.S. Green Building Council in May 2022.

### 4. Utilisation of Proceeds

The First ASEAN Green MTNs will be utilised for a full refinancing of the existing of RM86.0 million of senior class MTN and RM253.665 million of subordinated class MTNs under the MTN Programme.

For future subsequent issuances, the proceeds of the ASEAN Green MTNs will be utilised to:

- (i) refinance any MTNs; and
- (ii) finance any capital expenditure on the Property and/or for working capital purposes including payment to the debt service reserve account under the MTN Programme.

### 5. Project evaluation and selection

EISB's environmental sustainability objective is to operates the Building (as defined herein) as an eco-friendly building with utmost optimisation and economising of resources vis-à-vis efficiently use of energy, water, and other resources. This includes the use of renewable energy, materials that are non-toxic, ethical, and sustainable as well as encourage reuse and recycling in order to reduce pollution and waste, provides a good indoor environmental quality and comfortable working environment for its occupants.

The building is a multilevel commercial building identified as “Plaza33” comprising two (2) office towers (namely, Towers A and Tower B), each having fourteen (14) floors of office space, seven (7) levels of elevated parking and two (2) levels of retail space respectively and together having a combined net lettable area of 523,707 square feet, bearing postal address No. 1, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya, Selangor (“**Building**”). The Building is a certified green building with Multimedia Super Corridor (or MSC) status.

In May 2022, the Building has been certified as “LEED Gold” under the LEED rating system certification established by the U.S Green Building Council, a non-profit organisation focused on promoting on sustainability in building design, construction and operation, with a performance score of 66 of 100 points. The certification attained is based on the LEED Operational and Maintenance: Existing Buildings criteria. LEED-certified buildings can contribute to climate mitigation in several ways amongst other by reducing the consumption of energy and water, considering the life cycle impacts, supporting the sustainable strategies and shrinking the carbon footprints. The performance score is based on a weighted composite of five performance categories including energy, water, waste, transportation, and human experience. Each of the assessment categories contain

credits that require actual building performance measurements such as annual energy consumption, potable water use, occupant feedback, indoor air quality (“**IAQ**”) audit test results, transport usage data and waste generation.

Among the measurements and efforts that had been in placed to achieve the LEED Gold certification include:-

- (a) American Society of Heating, Refrigerating and Air-Conditioning Engineers (“**ASHRAE**”) Level 1 (One) Energy Audit by independent third party auditor;
- (b) analysis of water consumption and water fitting flow rates;
- (c) upgrading the capacity of the fresh air fans in spaces to ensure that ventilation in occupied spaces meets the minimum recommended in the ASHRAE standard 62.1, Ventilation for Acceptable Indoor Air Quality;
- (d) conduct an IAQ test to determine levels of total volatile organic compounds and formaldehyde in occupied spaces;
- (e) conduct a transport survey to determine uptake of alternative modes of transportation such as bus, train, walking and cycling;
- (f) assessment of site management practices and upgrade to use of only organic fertilizers and electric or manually powered equipment;
- (g) purchase and implementation of an on-site waste composting system;
- (h) set in place a waste management plan, implement it and conduct a waste audit to determine volume of waste that is being successfully diverted from the landfill;
- (i) implement an integrated pest management system to reduce the use of pesticides and take into consideration occupants’ health when applying pesticides on-site; and
- (j) implementation of various policies including green cleaning policy and facility maintenance and renovation policy.

EISB remains firmly committed in ensuring the building specifications continue to be in line with the LEED Gold certification requirements, propelling continued growth through active asset management in order to enhancing the value proposition of the Building. PSB was appointed as the servicer (“**Servicer**”) by EISB to, amongst others, maintain, administer, manage and operate the Building generally.

There is a project team set up by the Servicer, which works to ensure the Building’s continuous maintenance, progress and improvement in its green building journey. The project team is also responsible for the building policies adoption and implementation and periodic review will be carried out to ensure compliance of the relevant policies.

Among the key green initiatives that have been implemented at the Building include installation of photovoltaic panels on the rooftop to generate renewable energy for the building consumption, use of sustainable and green certified products, promoting the use of public transportation and carpooling, and provision of electrical vehicle charging stations for public use.

EISB/the Servicer has identified the following salient risks that the business activities may have pose on the environment and strategies the mitigating factors as follows:

No	Salient risks	Mitigating factors
1	Greenhouse Gas (“GHG”) emissions from the Building contributes to climate change and the use of transportation by our tenants to commute to the Building contributes to GHG emissions.	Energy efficient LED lighting have been installed in all the Buildings parking levels and common areas, install rooftop solar power system and EV charging stations at the Building. We also encourages the tenants and our employees to use public transit or carpooling and at the same time provides bicycle parking facility in the Building.
2	The water usage at the Building reduces the availability of fresh water supply.	The Building is currently using low flow auto sensor faucets in toilets.
3	The wastes generated at the Building and development sites contributes to landfills	In partnership with the tenants, PSB has implemented waste and e-waste recycling programs within the Building. PSB will also make use of the existing space to fit in the new tenants without substantial refurbishment in order to reduce debris.
4	Indoor air quality	Annual IAQ test will be carried out at the tenants premise and post-test review will be conducted to explore the action required to improve the IAQ in the event that the acceptable IAQ standards are not met.

For the avoidance of doubt, fossil fuel power generation projects are ineligible for the use of the proceeds of the ASEAN Green MTNs.

## 6. Management of proceeds

The proceeds of the ASEAN Green MTNs will be utilised for purposes as mentioned in Section 3 above and in accordance with the terms and conditions under the transaction documents of the ASEAN Green MTNs where the proceeds will be channelled/transferred directly to (i) the relevant parties or (ii) the relevant designated accounts under the MTN Programme subject to the purpose of the utilisation. The proceeds of the ASEAN Green MTNs will be tracked by the Issuer in an appropriate manner and attested to by a formal internal process linked to the Issuer’s lending and investment operations. For any issuances where the proceeds are to be channelled to the relevant designated account of the MTN Programme, the proceeds will be controlled/monitored by the Security Trustee of the MTN Programme as the designated accounts are to be solely operated by the Security Trustee (save and except for the operating account of which shall be operated by the Servicer prior to occurrence of a trigger event or an event of default under the MTN Programme).

The first issuance of the ASEAN Green MTNs (“**First ASEAN Green MTNs**”) by EISB will be fully utilised to refinance the outstanding MTNs upon receipt.

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

1. deposits in accounts (including repos) and negotiable certificates of deposits issued by licensed financial institutions with a minimum rating of AA<sub>3</sub> by the RAM Rating Services Sdn Bhd ("**RAM**") or their equivalent rating by such other approved rating agencies;
2. money market instruments (such as bankers' acceptance or promissory notes or certificates of deposit) issued by any bank licensed pursuant to the Financial Services Act 2013 or Bank Rakyat and having a minimum long term rating of AA<sub>3</sub> and short term rating of P1 by RAM or their equivalent rating by such other approved rating agencies or money market funds where there is the flexibility of early withdrawal without incurring any penalty;
3. promissory notes, bonds, treasury bills and similar instruments issued or guaranteed by the Government of Malaysia ("**GOM's Securities**"); and
4. unit trusts which invest one hundred per centum (100%) in money market instruments and deposits,

subject to the condition that the money market instruments or the GOM's Securities must account for at least fifty per centum (50%) of the permitted investments.

## 7. Reporting

### 6.1 Allocation Reporting

An information document will be issued prior to each issuance of the ASEAN Green MTNs to detail out the allocation of the funds. EISB/PSB will report to the investors at least on an annual basis on the use of proceeds until full allocation, and on a timely basis in the case of material developments. The annual report will include the purpose of utilisation of which the ASEAN Green MTNs proceeds have been allocated, as well as the amounts allocated and unutilised balance of proceeds (if any).

For avoidance of doubt, the reporting on allocation for the First ASEAN Green MTNs will not be applicable given that all proceeds raised will be fully utilised immediately for refinancing of the outstanding MTNs upon receipt.

### 6.2 Impact Reporting

As long as there is outstanding ASEAN Green MTNs, where relevant and possible, EISB/PSB will report on the selected impact indicator on an annual basis which may be measured using the indicative impact indicator examples provided in the table below:

Categories	Indicative Impact Indicators
Energy performance	Building Energy Intensity (BEI), kWh/m <sup>2</sup>
Water consumption/saving	% of water usage reduced against the baseline certification level

Waste management	% of waste diverted from landfill against the total waste per annum
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The methodologies used in achieving the indicative impact indicators above are as follows:

- (i) PSB will engage and prepare the Energy Audit annually to review the usage of Electricity and Water using the ASHRAE Level 1 Energy Audit. The audit utilises a benchmark of current electrical and water consumption and compares it with other similar building. The method for the energy benchmarking is a locally accepted utilisation formula known as Building Energy Intensity ("**BEI**"); and
- (ii) PSB will prepare a Bi-annual report on the total amount of waste generated by the building operations and tenants as well as calculate and segregate waste that can be recycled and divert from landfills. Recyclable waste will be collected, weighted and sent to recycle waste collection.

## 8. Assurance

The Issuer has appointed RAM Sustainability Sdn Bhd as an independent party to provide a second party opinion ("**RAM's Second Party Opinion**") on the alignment of the EISB Secured Green Collateral Bond Framework to the Standards. The EISB Secured Green Collateral Bond Framework, RAM's Second Party Opinion and any annual reporting (the allocation reporting and impact reporting) will be made publicly available on PSB's website at <https://plaza33.com.my/>.