



China Overseas Land & Investment Ltd.
Green Finance Framework

A. Introduction

China Overseas Land & Investment Ltd. (“COLI” or “the Company”) is the flagship real estate platform of China State Construction Engineering Corporation. It was founded in Hong Kong in 1979 and listed on The Stock Exchange of Hong Kong Limited in 1992 (stock code: 00688). COLI has been a constituent stock of Hong Kong Hang Seng Index since 2007, being a forerunner in the mainland China real estate industry.

Having gone through multiple rounds of economic cycles over 41 years, COLI remains committed to the vision of “becoming an exceptional global property development corporation”, continuing to position its development in “major cities, mainstream areas and mainstream products. It expands its business around three major services: “Residential Development”, “Urban Services” as well as “Design Services”. It focuses on the challenges and opportunities arising from sustainable development. In addition to deeply cultivating the principal business of residential development, it also commits resources to commercial projects, and look into the education, senior care, logistics and public utilities, to strategically grow new profit engines.

B. COLI’s Sustainable and Green Development Strategy

COLI regards sustainable development as an essential pathway to realize the company's vision and mission, and hence proactively integrates environmental, social and governance and other sustainable development focus into our operating model. By way of developing green, health conscious and sustainable buildings and technologies, and integrating environmental and social considerations into our business operation decisions, we are committed to helping the new generation cope with the challenges posed by climate change and urban development.

The Company is committed to promote sustainable development and moving towards the strategic goal of "Becoming an exceptional global property development corporation " by following “a Company of Four Excellences” (Good Products, Good Services, Good Effectiveness, Good Products), working with partners to uphold our core values and strictly comply with the principles of ethical, social and environmental responsibility in our business activities.

Sustainable development refers to while providing "Good Products" and "Good Services" to customers and creating "Good Effectiveness" for shareholders, we continue developing business with operation philosophy of "Good Citizen" that will not be at the expense of the needs of future generations. COLI is committed to create long-term value for shareholders and believes that this pursuance depends on the business and operations of the communities possessing sustainable development.



C. COLI’s Green Finance Framework

According to the above green and sustainable development strategies, COLI insists on green building practices and establishing the Green Finance Framework (“the Framework”) in order to explore green financing opportunities for eligible projects.

The purpose of the Framework is to ensure the Company (and its wholly-owned subsidiaries)’s potential green bonds and green loans to align with the International Capital Market Association (ICMA)’s Green Bond Principles¹, the structural guidelines of Green Loan Principles² jointly published by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA). The Framework has four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds, and
4. Reporting

1. Use of Proceeds

COLI will fully utilize the net proceeds raised from green bonds and loans for financing and/or refinancing of eligible assets belonging to the Company or its subsidiaries.

"Eligible Assets" refers to projects/assets that meet the eligibility criteria defined in any of the following categories below. The projects/assets must bring obvious environmental sustainability benefits and support the low-carbon development of society:



Eligible Categories	Eligible Conditions	United Nations SDGs ³
<p>(i) Green Building</p>	<p>1. New construction or renovation of existing residential and commercial projects, which are certified or expected to be certified in accordance with one or more of the following third-party green building certification systems (“Eligible GB Standards”):</p> <ul style="list-style-type: none"> ▪ Chinese Green Building Evaluation Label: <ul style="list-style-type: none"> – 2019 revised standard (GB/T50378 –2019): Pre-evaluation/ Final Evaluation level reaching 1 star or above – 2014 standard(GB/T50378 –2014): Design or Operation level reaching 2 stars or above 	

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp>

² https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

³ Referencing ICMA’s “Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals”



Eligible Categories	Eligible Conditions	United Nations SDGs ³
	<ul style="list-style-type: none"> ▪ BREEAM (Building Research Establishment Environmental Assessment Method): Excellent or above ▪ LEED (Leadership in Energy and Environmental Design): Gold or above <p>2. 2. Research and development of third party recognized green building related technologies which are aligned with the above Eligible GB Standards, such as the development of green building material technologies and green shading.</p>	
(ii) Energy Efficiency Enhancement /Renewable Energy	<p>Projects related to the renovation/maintenance of existing buildings, or buildings under/pending construction, which meet the following criteria:</p> <ul style="list-style-type: none"> ▪ Energy-saving or renewable energy-related projects, such as HVAC facility renovation, installation of solar power plants; and ▪ An independent third party verifies that the project will improve energy performance of the renovated part for at least 10%. 	
(iii) Adapting Climate Change	<p>Projects aimed at enhancing the resilience of buildings and building sites to climate change (such as responding to extreme weather events including typhoons and floods), for example rainwater storage systems; design & installation and upgrade of flood control systems.</p>	
(iv) Sustainable Water Resources Management	<p>Water resources management systems to improve water use efficiency and/or reuse water, such as rainwater collection and reuse systems.</p>	

2. Process for Project Evaluation and Selection

Before issuing green bonds or launching green loans, the Sustainable Products Group under the ESG Working Group will review and approve the preliminary list of Eligible Assets based on the project’s information about the environment. The ESG Working Group leader (i.e. the Chief Operating Officer) will make a final approval of the list of eligible assets.

3. Management of Proceeds

The Company's Finance Department will manage and track the use of proceeds, and maintain independent and formal internal records. Any proceeds that have not yet been



allocated to Eligible Assets will be managed and utilized by the Finance Department in accordance with the Company's liquidity management policy.

After the full allocation of proceeds is completed, the Company's Finance Department will inspect the Eligible Assets allocated on a per annum basis during the duration of the green bonds and/or green loans, and will make necessary supplements or replacements in a timely manner to ensure that the proceeds are properly allocated in Eligible Assets.

4. Reporting

(1) Green Bond

Until the proceeds are fully allocated, information regarding the status of the use of proceeds from green bonds will be disclosed in COLI's ESG Report, which will be publicly available via annual updates on the Company's official website (<http://www.coli.com.hk/>). The below information will be disclosed for each green bond issued:

- (i) List of Eligible Assets that have been allocated (including brief introduction of the project(s), building type, construction progress, allocated amount, total project size, etc.), and the geographical distribution of the allocated assets; and
- (ii) Remaining balance of funds which have not yet been allocated.

The Company will provide information regarding the environmental benefits expected from the Eligible Asset(s) financed on a best-effort basis, such as the Eligible GB certification level acquired, energy-saving data, carbon emission reduction amount and related calculation methods, etc.

(2) Green Loan

The Company will provide a report on the use of proceeds from green loans as required by the lender(s), and provide information on the environmental benefits expected from Eligible Asset(s) financed on a best-effort basis. Subject to the lenders' consent, the Company will disclose such information in the COLI's ESG Report via the Company's official website.