

MINMETALS LAND LIMITED

**SUSTAINABLE FINANCE
FRAMEWORK**

December 2023

BACKGROUND

Purpose

The Sustainable Finance Framework (“Framework”) serves to demonstrate how Minmetals Land Limited (“MML” or “Company”), a subsidiary of China Minmetals Corporation (one of the largest State-owned conglomerates), will enter into green and social financing transactions (“Sustainable Financing Transactions”, or SFTs) to fund new and existing projects and businesses with environmental and/or social benefits that are aligned with¹:

- [Green Bond Principles \(“GBP”\) 2021 by International Capital Markets Association \(ICMA\)](#)
- [Social Bond Principles \(“SBP”\) 2021 by ICMA](#)
- [Sustainability Bond Guidelines \(“SBG”\) 2021 by ICMA](#)
- [Green Loan Principles 2023 by Loan Market Association \(LMA\)](#)
- [Social Loan Principles 2023 by Loan Market Association \(LMA\)](#)

Fundraising from SFTs will include bonds, loans and other forms of debt-equivalent financing with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Projects as defined in this Framework. The Framework will be updated as market practices evolve.

Financing transactions that are already in place may be designated as SFTs under this Framework if these SFTs meet the criteria set out herein and a material portion of the funding remains to be drawn or allocated at the time of such designation.

About MML

MML is the sole listed real estate flagship of China Minmetals Corporation in Hong Kong. MML’s principal business includes real estate development, property management services and property investment. Currently, its real estate development business covers Pan Bohai Rim, Yangtze River Delta, Central China, Pearl River Delta, and Hong Kong regions.

MML has evolved into an urban operator to consolidate different kind of resources to facilitate urban development or regeneration as well as provide services to the local government, financial institutions and individual/corporate customers. Also, MML commits to high quality development with innovative technology applications and design concepts.

MML is in the business of property management where realise the “37°C Caring Service” principle to provide attractive, caring and value added services to the property residents with safe and comfortable living environment. All of the service teams are accredited with QES (Quality, Environmental and Occupational Health and Safety) certification, the international triple standard certification. MML is also in the investment property business both in Hong Kong and the People’s Republic of China (PRC), mainly commercial office buildings and shopping mall.

In 2022, MML was awarded the “2022 Real Estate Outstanding Enterprise Performance”, “2022 Top 100 Chinese Real Estate Brand Influential”, “2022 Chinese Real Estate Brand Social Contribution Enterprise”, “2022 Quality Real Estate Benchmarking Enterprise” and “2022 Annual Top 20 Real Estate Enterprises with Investment Value” and China Minmetals Tower was honoured the “Honorable Managed Property Award”, “Quality Water Supply Scheme for Buildings - Fresh Water (Management System) (Gold)” and “Indoor Air Quality Certificate”. Apart from the existing project developments, MML is also actively seeking investment opportunities arising from PRC’s urbanization development so as to enhance rapid expansion with an aim of promoting MML as a leading and sustainable real estate developer in the PRC.

¹ While the GBP, SBP and SBG by ICMA are voluntary in nature, these are well recognised and commonly used by bond issuances in international capital markets. This is similar for GLP in loan markets

MML's Sustainability Objectives

MML has envisioned itself to be a leading innovative and sustainable real estate developer – with sustainability is the Company's top business priority. It is an integral part of MML's mission to create shared value and long-term commitment to building sustainable communities and is a core consideration for MML's property business. MML strives to incorporate its corporate mission "Building the Best, Creating a Legend" into its business operation to perform its corporate and social obligations while developing the business. The Company strives to maximise its sustainability impact by prioritising issues that are most material to its business and stakeholders.

With the deepening of the national "dual carbon" target, the importance of green sustainable development in the real estate industry has become increasingly prominent. As a state-owned enterprise, MML has actively responded to the national strategy and strived to help the country in achieving the "Carbon Neutral" target. MML has successfully obtained the "Green Finance Pre-issuance Stage Certificate" issued by the Hong Kong Quality Assurance Agency, and successfully issued a US\$300 million five-year green concept sustainability bond. The Board has reviewed MML's instrumental environmental targets and their progress, and will continue to focus on the implementation progress of the targets as a basis for setting quantitative environmental objectives in the future. At the same time, MML has also promoted green building in its daily operations to facilitate the achievement of environmental objectives by leveraging its professional strengths.

5M intelligent health product system

MML strives to adhere to the focus of developing high quality products. In 2020, MML implemented during the 5M intelligent health product system which promote and implement the concept of health life, smart system, delicate management, comfortable environment and green materials into its product lines. 5M intelligent health product system in projects concerning Merit in healthy living, Mutual and intelligent system for households and community, Mindful of the need to provide caring services and protective security system, Merry and comfortable lifestyle and environment and to Master green construction. Accordingly, the intelligent applications, environmental and green elements are integrated into the design of the Company's real estate development projects. The Company will continue to innovate designs for residential development, sales and marketing models, branding effect and property management services to realise the "people-oriented" principle to bring about high-quality products and services to residents.

Now MML's 5M Intelligent Health System has been successfully transformed from technology research and development to products based on the following three dimensions: green operation, green construction, and green materials, applying environmentally-friendly equipment and processes such as new wind turbines, graphene floor heating, full bathrooms, and quantum purification tiles to new projects. Among them, the multi-mode new wind turbine and multimode new wind intelligent control, developed in collaboration with the Chinese Academy of Sciences, have been granted two patents by the State Intellectual Property Office, and the new wind turbine, as the result of their application, has won the leading position in the market with the advantages of "stronger function at the same price" and "lower price at the same function".



Sustainable Procurement

To reduce the potential environmental impact, MML works closely with suppliers and other organisations for environmentally friendly materials and equipment. Since 2017, MML joined the first voluntary emission reduction programme formed by renowned property developers such as the SEE Conservation, China Urban Realty Association and China Real Estate Chamber of Commerce, and becomes one of the pioneer members of the “China Real Estate Industry Green Supply Chain Initiative” (the “Green Chain Initiative”).

Through frequent interaction with members of the “Green Chain Initiative”, MML continuously improves the procurement management mechanism. The Company adheres to the consideration of suppliers’ legal compliance, quality control and suppliers’ performance on environmental protection to promote sustainable procurement practices in the industry.

Sustainable Construction

To enhance environmental protection during project construction, the Company has formulated the “Minmetals Land Safe Construction Standards” in accordance with the “Green Construction Management Regulations” (DB11/513–2008) as well as national, industry standards and local regulations, which require employees and contractors on site to comply with the construction safety, environmental protection and social-related regulations. The Company has carried out works in accordance with the local regulations on environmental protection for construction projects and has controlled emissions and pollution (such as dust, waste, noise and exhaust) at compliant levels. The Company also strive to use renewable energy to reduce the use of electricity or large-scale equipment to minimize the impact on the environment.

ABOUT THIS FRAMEWORK

Scope

The Framework applies to all activities under MML – which includes its subsidiaries, associates and joint ventures. The Framework will guide future fundraising through various SFTs, including green/social/sustainability bonds and green/social loans with structures tailored to finance Eligible Projects as defined in “Use of Proceeds” section of this Framework to address global environmental and/or social challenges by achieving the Company’s sustainability targets.





Use of Proceeds

Based on MML’s business model, the Company’s the net proceeds of each SFT will be used to fund or refinance, in whole or in part, new or existing projects that meet one or more of the following categories in Table 1 (“Eligible Projects”). The Company has also identified how each of the eligible green and social category is contributing to the targets of the United Nations Sustainable Development Goals² (SDGs).









The Eligible Projects could be within and/or outside of PRC and Hong Kong, as well as meet the definition of more than one category. If the Eligible Projects fit into more than one category, MML can choose to attribute that Eligible Project to a specific category that is deemed to have the largest impact.

The list of Eligible Projects will be reviewed annually and projects will be removed (and replaced as soon as practicable) if they no longer meet the criteria (listed in Table 1).

Table 1: Eligible Green Projects.

Eligible Green Category	Description of Category	Example of Eligible Projects
<p>Green Buildings</p> 	<p>New development and/or redevelopment of existing buildings that have or will receive any one of the certification systems mentioned in the examples.</p> <p>These green buildings may additionally achieve a certification (any level) of any version of the WELL Building Standard to improve the environmental health of the buildings and the overall well-being of their occupants.</p>	<ul style="list-style-type: none"> • BEAM PLUS – minimum rating of BEAM Plus (Gold) or above • BREEAM – minimum certification of Excellent or above; or • Chinese Green Building Label – minimum certification of Two-stars); • U.S. Leadership in Energy and Environmental Design (LEED) – minimum certification of Gold; or • Living Building Challenge (any level)
<p>Renewable Energy</p>  	<ul style="list-style-type: none"> • Renewable energy system (solar and wind) of solar and wind adoption as an alternative to fossil fuel-based sources. • Renewable energy investments, including but not limited to purchasing Renewable Energy Certificates recognised by international standards/organisations • Procure offsite renewable energy through Power Purchase Agreements (PPAs) with 3rd party energy providers and local partners in Hong Kong and PRC. 	<ul style="list-style-type: none"> • Pursue on-site renewable energy installations (i.e. solar and wind) to maximise capacity of renewable power generation in all its new properties, and retrofit renewable technologies into existing buildings, whenever possible • Purchase bundled Renewable Energy Certificates (RECs) from 3rd party energy providers and local partners in Hong Kong and PRC to support renewable energy development, whenever possible
<p>Energy Efficiency</p> 	<ul style="list-style-type: none"> • Projects relating to adoption of smart technologies and/or systems for optimising energy management in new and existing buildings (e.g. lighting and motion sensors) or retrofitting projects (e.g. replacing air-conditioning chiller or lift systems). Such projects will result in achieving a minimum 15% reduction in energy 	<ul style="list-style-type: none"> • Investment in raising performance of building fittings and equipment such as aircon chillers, lift systems, light fittings, glass curtain walls, ventilation and greening technologies that reduce interior heat and contribute to higher energy efficiency

² [SDGs \(or UN SDGs\)](#), adopted by all United Nations Member States in 2015, is a set of 17 goals that addresses the global challenges the world is facing, and is the blueprint to achieve a sustainable future for all.

Eligible Green Category	Description of Category	Example of Eligible Projects
	<p>usage intensity for new and existing buildings compared to its baseline.</p>	
<p>Pollution Prevention and Control</p>   	<ul style="list-style-type: none"> Facilities, systems and equipment that are used for the collection, treatment, and recycling of waste (excluding landfilling) 	<ul style="list-style-type: none"> Management of waste for tenants and occupants
<p>Sustainable Water and Wastewater Management</p> 	<ul style="list-style-type: none"> Water saving features to reduce domestic and commercial water consumption Facilities, systems and equipment that are used for the collection, treatment, and recycling of wastewater Such projects will result in achieving a minimum 15% reduction in water usage intensity for new and existing buildings compared to its baseline 	<ul style="list-style-type: none"> Water recycling system such as rainwater harvesting, wastewater recycling and treatment, drip irrigation, drainage management Investments including but not limited to initiatives that improve water efficiency management (e.g. water audits and installation of sub-meters for detection of water leakage) and subsequent equipment or technology upgrades Wastewater treatment systems to improve quality of treated wastewater
<p>Climate Change Adaption</p>  	<ul style="list-style-type: none"> Development of buildings /assets to enhance resilience towards material physical climate risk of flood risk 	<ul style="list-style-type: none"> Structural measures (e.g. humps or mechanised flood barriers) in low-lying areas (e.g. carpark basement) Investment to develop “sponge cities” that aim to reduce flood risk and replenish ground water
<p>Clean Transportation</p> 	<ul style="list-style-type: none"> Electric vehicles (EVs) and related infrastructure that utilizes technology to replace direct use of fossil fuels, which generate greenhouse gas (GHG) emissions 	<ul style="list-style-type: none"> Construction and maintenance of infrastructure for EVs and EV charges Installation of EV charging stations and construction of dedicated parking spaces for EVs

Governance Structure

The Governance Structure of MML's sustainable development structure is a three-tier working mechanism (Figure 1) which is comprised of supervision level, decision-making level and execution level. The Board of Directors is the highest level to set sustainability objectives and oversee all aspects of sustainable development. Executive Committee ("EC") comprises of all executive directors of MML to strengthen the systematic management of sustainable development. Sustainable Development Working Group ("SDWG") comprises of the senior members from various departments including Operations, Design, Finance, Investor Relations and Company Secretary.

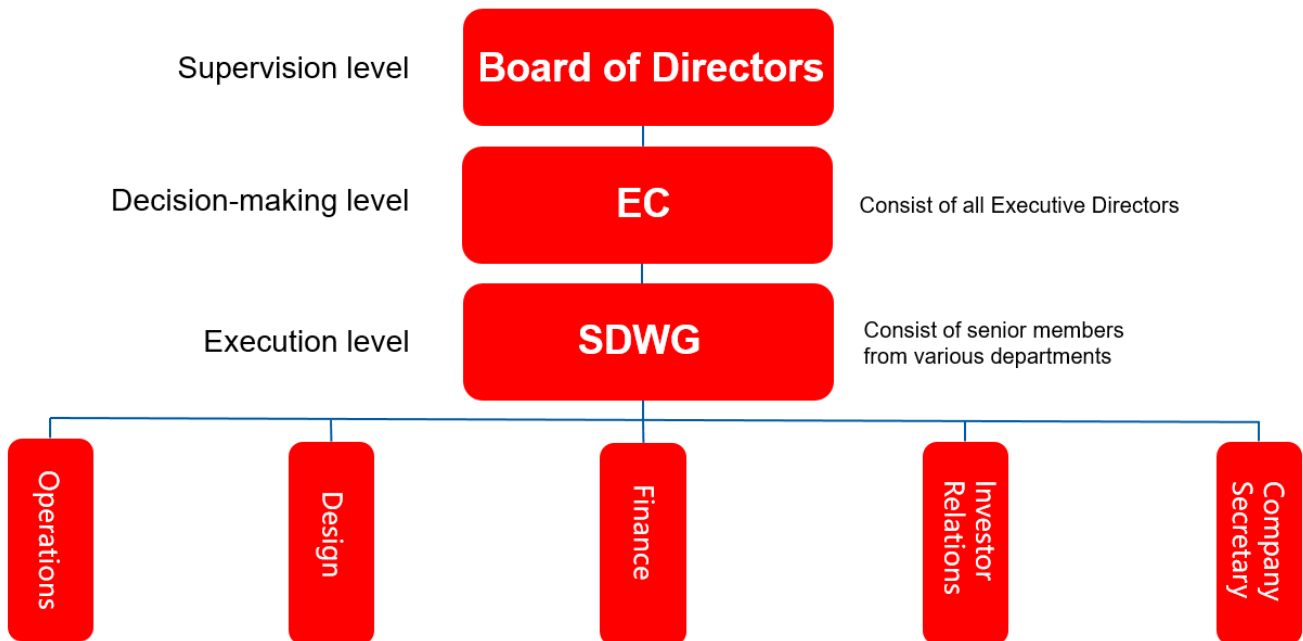


Figure 1: Governance Structure for Framework

EC and SDWG have overall responsibility for implementing this Framework. The main responsibilities include – but not limited to – amending the scope of financial instruments covered by this Framework, eligibility for Use of Proceeds, updating the process to align the purpose of this Framework relevant to MML business activities, and reviewing and approving nominated Eligible Projects.

The shortlisted projects will be presented by SDWG for the approval from EC.

Process for Selection and Evaluation

All respective business units within MML shall consider and nominate any Eligible Project(s) set out as described in Table 1 to the EC. The shortlisted projects will be reviewed by EC and SDWG to ensure that the nominated Eligible Project(s) meet the criteria under the Framework.

All Eligible Projects will be endorsed by SDWG and approved by EC. After such projects are approved and considered as an Eligible Project in accordance with this Framework, it will be earmarked for the Use of Proceeds under this Framework.

Management of Proceeds

MML will establish a register of SFTs (“Register”) under this Framework with Finance teams being responsible for the management of proceeds. The Register will include the following information for each SFT:

- (i) Funding Transaction: key information including, issuer/borrower entity transaction date, the principal amount of proceeds, repayment or amortisation profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number).
- (ii) Allocation of Use of Proceeds:
 - a. Information including:
 - i. Name and basic details of Eligible Projects to which SFT proceeds have been allocated in accordance with this Framework;
 - ii. Amount of SFT proceeds allocated to each project;
 - iii. Confirmation of EC’s endorsement that a project is considered to be an Eligible Project; and
 - iv. The remaining amount of proceeds of a SFT that have not been allocated to Eligible Projects.

Any balance of proceeds of any SFT not earmarked to fund Eligible Projects will be held in accordance with MML’s normal treasury or liquidity management policy.

If any of the Eligible Projects cease to fulfil requirements of Use of Proceeds under the Framework, the Company will identify other projects that comply with the Framework and allocate the SFT to those assets as soon as is practicable.

Reporting on Use of Proceeds

MML will prepare a progress report on an annual basis to disclose the allocation of the borrowed funds or the net proceeds of its SFTs on its corporate website (<http://www.minmetalsland.com>) or annual report until the proceeds are fully allocated. Such information will be provided until all the net proceeds have been allocated. Where applicable, this progress report will consist mainly information from the Register:

(1) Allocation Reporting

- Amount of allocated proceed by eligible category (in first column of Table 1)
- Amount of allocated proceed for financing and refinancing
- Remaining balance of unallocated proceeds at the end of reporting period (if any)
- Lookback period of refinanced projects
- Description of green and/or social projects

(2) Impact Reporting

MML will report the environmental and/or social impact of allocated Eligible Projects, where relevant and application. Subject to the nature of Eligible Projects and availability of information, the Company will consider the following impact indicators:

Table 2: List of indicative impact indicators that may be included in impact reporting

Eligible Category	Indicative Impact Indicators
Green Buildings	<ul style="list-style-type: none">• Green building certification obtained• Total floor area of certified green buildings (m²)
Renewable energy	<ul style="list-style-type: none">• Amount of power generated from renewable energy (kWh)• Amount of Greenhouse Gases avoided (tonnes)
Energy efficiency	<ul style="list-style-type: none">• Energy saved (MWh)• CO₂ and other GHG avoided (tonnes)• Reduction in energy usage intensity for existing buildings compared to its baseline (%)
Pollution prevention and control	<ul style="list-style-type: none">• Amount of waste reduced and/or diverted from landfills (tonnes)

Eligible Category	Indicative Impact Indicators
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Amount of water saved (m³) • Efforts in providing facility for rainwater harvesting • Reduction in water usage intensity for existing buildings compared to its baseline (%)
Climate Change Adoption	<ul style="list-style-type: none"> • Area covered by sponge city-related projects in (km²) • Number of people benefitted from reduced flood risk and associated benefits of sponge city-related projects
Clean Transportation	<ul style="list-style-type: none"> • Amount of CO₂ avoided due to EVs when compared with conventional vehicles • Amount of harmful emissions when compared with conventional vehicles
Equitable Access to Essential Services	<ul style="list-style-type: none"> • Number of facilities built and the corresponding less-privileged community served • Number of healthcare devices/facilities deployed • Number of education and training devices/facilities deployed

Note: The examples provided for impact indicators are not an exhaustive list. The Company could report in equivalent impact indicators (e.g. square feet instead of square metres).

The contents of the reporting will be reviewed and approved by SDWG. MML may engage an independent third party to independently assure the contents of the reporting.

External Review

Pre-Issuance Review

MML has engaged HKQAA as the independent provider to evaluate on the environmental and social benefit from Eligible Projects. Unless there are material changes to Table 1, this evaluation will be done on a one-off basis.

Post-Issuance Review

MML may engage an independent third party to conduct post issuance assurance on the allocation of proceeds and impact reporting.

The Framework, pre-issuance review and post-issuance review will be made available on www.minmetalsland.com.