



Green Financing Framework

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1. Introduction

China Vanke Co., Ltd. (hereinafter “Vanke”, “the Group” or “the Company”, Stock code of A shares: 000002, Stock code of H shares: 2202) was established in 1984. After 30 years of development, it has become a leading city and town developer and service provider in China. The Group focuses on the three most vibrant economic circles nationwide and key cities in Midwest China. The Group first appeared in the Fortune Global 500 list in 2016, ranking 356th. It has since remained on the league table for four consecutive years, ranking 307th, 332nd, 254th and 208th respectively.

Vanke has been persistently providing good products and good services to the general public, satisfying people’s various demands for a good life with its best efforts. In 2014, Vanke had expanded its positioning as a company offering “good houses, good services, good community” to an “integrated city service provider”. In 2018, the Group further upgraded such positioning to “city and town developer and service provider”. While consolidating its existing advantages of residential property development and property service, the Group’s businesses have been expanded to areas such as commercial development, rental housing, logistics and warehousing services, hotel and resorts, and education.

万科核心价值观

大道
当然
合伙
奋斗

2. Vanke’s Green and Sustainable Development

Vanke has been actively pursuing sustainable development by improving the management of environmental, social and governance (ESG) performance on an ongoing basis. We organize regular training sessions on ESG to promote our ESG management concepts, measures and the latest regulatory rules. We have strategically positioned ourselves as a “city and town developer and service provider”, and aim to become a lifestyle creator, a mainstay of the real economy, an innovator and pioneer, and a contributor to harmony. We are committed to becoming an ecological platform that contributes to the harmonious growth of both urban and rural areas, and meets customers’ needs for a better life. In September 2020, MSCI has uplifted Vanke’s ESG rating to BBB, continue to maintain a leading rating among real estate developers in China. Vanke’s shares are also included in the MSCI China ESG Leaders 10-40 Index, Hang Seng ESG 50 Index, and Hang Seng Corporate Sustainability Index Series.

In 2019, Vanke’s Board of Directors deliberated and clarified the environmental, social and governance (ESG) management system, and established the ESG working organizations, further improving the Company’s ESG management level. The Board of Directors is the highest decision-making body of Vanke’s ESG management, which is responsible for overseeing the ESG management framework and management strategy of the Company.

Vanke also incorporates the concept and practice of environmental protection throughout materials procurement, design and construction in an effort to save energy and resources, reduce pollution, and promote green lifestyle with green human habitat.

3. Vanke’s Green Financing Framework (“Framework”)


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). This Framework has four key pillars:

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

(i) Use of Proceeds:

Any Green Bonds and / or Green Loans (collectively referred to as “Green Financing Instruments”) issued by Vanke (or any of its subsidiaries) will be used to finance and / or refinance eligible assets as defined below (“Eligible Assets”)




GBP/GLP Eligible Project Categories	Eligibility Criteria	United Nations Sustainable Development Goals (SDGs)
Green Buildings	<ul style="list-style-type: none"> • Construction of new buildings, including commercial and residential building, which have received or are expected to receive the below recognized green building certifications: <ul style="list-style-type: none"> ○ Chinese Green Building Evaluation Label – 2 Star or above (Design / Operations Label); or ○ Building Research Establishment Environmental Assessment Method (BREEAM)³ – Excellent or above; or ○ U.S. Leadership in Energy and Environmental Design (LEED)⁴ – Gold or above; or ○ Any other green building label, that is an equivalent standard of the above • Energy efficient building upgrades or improvements project, such as installation or replacement of energy efficient air conditioners, LED / energy efficient / automated lighting systems, energy efficient windows and doors. Energy efficient projects shall improve energy efficiency or reduce energy consumption in building by a minimum of 10% 	

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

² <https://www.lsta.org/content/green-loan-principles>

³ <https://www.breeam.com>

⁴ <https://www.usgbc.org/leed>

<p>Renewable Energy</p>	<ul style="list-style-type: none"> • Installation and connection of renewable energy systems, (including solar and wind) in commercial, residential buildings and other facilities 	
<p>Pollution Prevention and Control</p>	<ul style="list-style-type: none"> • Research, development, construction and maintenance of solid waste treatment facilities that support waste classification, recycling or recovery • Procurement of recycled materials • Facilities, system and equipment that are used to mitigate environmental pollution (e.g. air, noise, water) during the construction and/or operation of buildings. The relevant environmental pollution mitigation projects shall go beyond the requirements of the relevant local environmental law 	
<p>Sustainable Water and Wastewater Management</p>	<ul style="list-style-type: none"> • Research, development, construction and maintenance of wastewater treatment facilities • Research, development, construction and maintenance of facilities or systems that can enhance water saving, efficiency or recycling 	

(ii) Process for Project Evaluation and Selection:

Prior to issuance of any Green Bonds or Green Loans, Vanke’s ESG working group and Investment Banking Department shall review and approve the preliminary list of Eligible Projects in accordance with the criteria and standards described in the “Use of Proceeds” section in this framework, the Group’s Chief Executive Officer shall make the final approval of the list of Eligible Projects.

After the allocation of proceeds, the ESG working group and Investment Banking Department shall review the list of Eligible Projects on an annual basis for the term of the Green Financing Instruments and determine if any additions or replacement of projects are necessary, ensuring that the proceeds are allocated to the Eligible Projects.

(iii) Management of Proceeds:

Vanke shall establish an independent and formal register (the “Register”) to record, track and manage the allocation of the proceeds from each Issuance. The proceeds shall be managed and tracked through a formal internal process to ensure the link of the Proceeds to the Eligible Green Assets.

Any balance of issuance proceeds not earmarked to fund eligible green investments shall be held in accordance with Vanke’s normal treasury or liquidity management policy.

(iv) Reporting:

1. Green Bonds

Until full allocation of the Green Bonds proceeds, Vanke shall report the information on the allocation of proceeds on an annual basis in the annual Corporate Social Responsibility Report or in a standalone Green Financing Report. The allocation reporting shall include the following information:

- (i) The list of allocated Eligible Projects, including the GBP Eligible Project Categories, project descriptions, construction progress, and the amount of allocated proceeds
- (ii) The amount of unallocated proceeds

If feasible, Vanke shall disclose the relevant information on the expected environmental benefits of the allocated Eligible Projects in the annual Corporate Social Responsibility Report or in a standalone Green Financing Report. Such information will include but not be limited to the green building certifications obtained, energy savings data, amount of carbon dioxide emissions avoided, and the relevant calculation methodologies.

2. Green Loans

Subject to lenders' requests, Vanke shall disclose the above-mentioned allocation reporting on the use of proceeds, and provide relevant information on the environmental impacts of Eligible Projects on the best effort basis. Subject to the authorization of the lenders, Vanke may disclose the relevant information in the annual Corporate Social Responsibility Report or in a standalone Green Financing Report.

(v) External Review:

Vanke has obtained a Second Party Opinion from Sustainalytics on this Green Financing Framework, which confirms the Framework's alignment with the ICMA Green Bond Principles, and the Green Loan Principles. This Second Party Opinion report is publicly available on Vanke's website (<https://www.vanke.com>).