

SUSTAINABLE FINANCE FRAMEWORK OVERVIEW

BACKGROUND

Guangzhou Development District Investment Group Co., Ltd is a leading state-owned capital investment and operation platform in Guangzhou, Guangdong Province and is the only transportation infrastructure investment, construction, and operation platform in the Guangzhou Development District. Founded in January 1992 with the approval and funding of the Guangzhou Development District Administrative Committee (“GDDAC”), the Group undertakes the basic functions of state capital investment, state-owned asset operation and state-owned equity management of major industries in the Guangzhou Development District. The Group is directly 100%-owned by the Guangzhou Development District State-owned Asset Supervision and Administration Commission of the State Council. Leveraging strong government support, it plays a strategically important role in transportation infrastructure investment, construction and operation in the Guangzhou Development District.

In accordance with the State Council's overall guidance on green development and the national “14th Five-Year” Strategic Plan of “Environmental Protection and Development of Low-Carbon Economy”, the Group is committed to ensuring that its economic performance is conducive to the sustainable development of the environment and society. The Group regards sustainable development as its business foundation and ensures that its economic development is beneficial to the environment and society. The company adheres to a positive sense of environmental and social responsibility, and integrates the spirit of sustainability into its rules, regulations and business development plans. Based on its major business segment of infrastructure construction and urban renewal, etc., the Group actively integrates sustainability into the economic development of Guangzhou Development District and is committed to making contributions in the fields of green building, green transportation, and sustainable infrastructure. Meanwhile, the Company also insists on reducing the negative impact on the environment during the engineering design and construction process, in doing so, ensuring it applies its principle of environmental protection to every work stage.

THE RATIONALE OF THE GROUP’S SUSTAINABLE FINANCE FRAMEWORK

The Group adheres to high environmental standards with sustainable development at low carbon emissions and regards environmental protection and sustainable development as its core values. The Group is acutely aware of the need to control and mitigate the impact of its actions on the environment and the communities in order to fulfill its green commitment towards creating long-lasting value. The Group’s Board is responsible for leading and guiding the Group’s policies on sustainable development at low carbon emissions and working together with management to identify, evaluate and address environmental issues on an ongoing basis. The Group’s Board also oversees environmental and social affairs and plans the Group’s long-term environmentally-friendly sustainable development goals.

In order to have an enhanced dialogue with socially responsible investors, the Group’s Sustainable Finance Framework (“SFF”) will be an opportunity to emphasize the Group’s core strategy in terms of sustainable development and combating climate change, and to diversify the Group’s investor base, and will also help ensure the State Council and national vision of sustainable development as well as carbon peaking and neutrality goals under the 14th Five-Year Plan and beyond, is fulfilled.

FRAMEWORK OVERVIEW

The SFF aims to describe how the Group could, with Sustainable Financing Transactions (each an “SFT”, the issuance of Sustainable Financing Instruments, each an “SFI”, including green bonds, social bonds, sustainability bonds, green loans, social loans, or any other debt-like sustainable financing instruments), to finance the projects that have positive environmental and/or social impact and align with its business strategy and goals (the “Eligible Projects”, including “Eligible Green Projects” and “Eligible Social Projects”). The net proceeds of SFTs will be applied exclusively to the Eligible Projects that will deliver environmental and/or social benefits, and support the Group’s business strategy and sustainability commitment.

- With respect to bonds, bonds issued under the SFF will be in alignment with the Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP) ⁽¹⁾ released by the International Capital Market Association (ICMA) as they may be subsequently amended.
- With respect to loans, loans issued under the Framework will be aligned to the Loan Market Association (“LMA”), Asia Pacific Loan Market Association (“APLMA”), Loan Syndications and Trading Association (“LSTA”) Green Loan Principles 2021⁽³⁾ and Social Loan Principles 2021 (“SLP”)⁽⁴⁾ or as they may be subsequently amended.
- Other forms of financing may conform to other well-established green and/or social and/or sustainable finance principles as may have been established at the time.

SFTs do not place restriction on the tenor and currency and can include other terms and conditions (including covenants) to reflect the financing strategy and plans of the Group, as well as the outcome of the commercial discussions between the Issuer/Borrower and the Manager/Arranger/Lender.

SFTs may be issued in any jurisdiction and market reflecting the Group’s current and future business needs.

In accordance with the above principles and guidelines, the Group’s SFF is presented through four core components as well as its recommendations for external review and amendments to the SFF as necessary from time to time:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review
6. Amendments to the SFF

1. Use of Proceeds

The Group will allocate an amount at least equivalent to the net proceeds of the SFTs issued under the SFF to finance and/or re-finance, in whole or in part, new and/or existing projects which meet the eligibility criteria of the following Eligible Green/Social Project Categories (“Eligible Green/Social Projects”), as defined below.

A maximum 3-year look-back period would apply for refinanced projects and the Group expects each issuance under the SFF to be fully allocated while the bond remains outstanding.

Eligible Green Project Categories and Description/Conditions of Eligible Green Projects.

(1) In alignment with ICMA Green Bond Principles and Social Bond Principles, June 2021, <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>,

<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

(2) In alignment with the Green Bond Endorsed Projects Catalogue (2021 Edition)



http://www.gov.cn/zhengce/zhengceku/2021-04/22/content_5601284.htm



(3) In alignment with LMA Green Loan Principles, February 2021,




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

(4) In alignment with LMA Social Loan Principles, April 2021,



<https://www.lsta.org/content/social-loan-principles-slp/>


Eligible Green Project Categories	Examples of Eligible Green Projects
<p>Green Building</p>  	<p><u>Acquisition, construction, maintenance and renovation of buildings that have received, or expect to receive the below recognized green building certifications:</u></p> <ul style="list-style-type: none"> - Chinese Assessment standard for green building – 2-Star or above (Design / Operations Label); or - Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or - U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or - Hong Kong BEAM Plus – Gold or above; or - Building and Construction Authority (BCA) Green Mark – Gold or above; or - Construction of Ultra-Low Energy Consumption Buildings: Construction of public and residential buildings adapted to climate characteristics and site-specific conditions that reduce the demand for heating, air conditioning and lighting through passive building designs, and adopt active technical measures to improve the efficiency of building energy equipment and systems in public and residential buildings as well as the acquisition of consumption building technical indicators needed to meet the requirements of the “<i>Technical Standard for Near-Zero Energy Building</i>” (GB/T 51350); or - Green Warehousing Logistics: Construction, operation and renovation of logistics warehouses in accordance with the national green building codes and standards, for which they have obtained national green building evaluation marks. For example, the technical indicators of green logistics warehouse building shall meet the requirements of the “<i>Green Warehouse Requirements and Evaluation</i>” (SB/T 11164) 2 Stars or above; or - Any other green building label, that is an equivalent standard of the above.
<p>Energy Efficiency</p> 	<p>Increase energy efficiency and reduce building and facility energy consumption by at least 15 percent by investing in and spending on projects such as, but not limited to:</p> <ul style="list-style-type: none"> - In the design and construction process, in accordance with the requirements of "Intelligent Building Design Standards (GB/T50314-2015)", adopt timely and feasible intelligent technology to realize the functions of saving resources and optimizing environmental quality management, including but not limited to effective utilization and management of renewable energy based on building equipment monitoring systems, Building Information Modeling (BIM) technology, etc.; or - Install energy-efficient equipment, replace and/or maintain existing equipment to reduce energy consumption or avoid greenhouse gas emissions, including but not limited to smart metering systems, high-efficiency HVAC systems, etc. Relevant products should comply with the current national standards "Energy-saving Design Standards for Public Buildings" (GB50189-2015), "Energy-saving Domestic Water Appliances" (CJ/T164-2014) and other standards; or - Renovation of green lighting, using LED lamps, high/low pressure sodium lamps, metal halide lamps, tri-color double-ended straight fluorescent lamps (Type T8, T5), etc., as well as the use of natural light sources, intelligent

Eligible Green Project Categories	Examples of Eligible Green Projects
	<p>lighting control systems, etc. Relevant lighting products should meet the first-level energy efficiency requirements of relevant national and/or regional energy efficiency standards.</p> <ul style="list-style-type: none"> - Prefabricated Buildings: Construction of buildings using prefabricated components at construction sites through the method of assembly construction. The building-related technical indicators should meet or exceed the requirements of Grade AA and under the “<i>Evaluation Standard for Assembled Buildings</i>” (GB/T 51129) within the validity period; or - Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the “<i>Statistical Standard for Civil Buildings</i>” (GB 50352), the “<i>Standard for Energy-Saving in Public Buildings</i>” (GB 50189) and the “Standard for the Evaluation of Green Retrofit of Existing Buildings” (GBT 51141).
<p>Renewable Energy</p> 	<p>Procurement and/or installation of renewable energy systems and associated infrastructure, including but not limited to:</p> <ul style="list-style-type: none"> - Solar energy <p>Application of Renewable Energy in Buildings: Design, construction and application of renewable energy application systems for buildings that use solar photovoltaic devices installed on roofs and walls of buildings to supply electricity to buildings, as well as the use of heat pumps and other facilities to provide cooling and heating to buildings.</p>
<p>Low Carbon Transportation</p> 	<p><u>Technology Research & Development and Preliminary Planning</u></p> <ul style="list-style-type: none"> - Research costs associated with but not limited to survey, planning and site suitability assessment. <p><u>Electric Rail Infrastructure and Rolling Stock</u></p> <ul style="list-style-type: none"> - Development, construction and operation of electric mass transit rail system, as well as expansions, maintenance and upgrades of these infrastructures that result in improved service levels or extended asset lifespan with preserved carrying capacity. This includes: <ul style="list-style-type: none"> o Purchase and maintenance of electric rolling stock (excluding projects or assets which advance the use or generation of fossil fuel, diesel, or nuclear energy) / carriages; o Construction of the related infrastructure (including tunnels), including but not limited to track construction. <p><u>Rail Transit Stations</u></p> <ul style="list-style-type: none"> - Construction of station buildings, including internal modernization/ investment into ventilation / lighting / fire / water / waste management.

Eligible Green Project Categories	Examples of Eligible Green Projects
	<p><u>Associated Rail Infrastructure</u></p> <ul style="list-style-type: none"> - Construction of infrastructure that supports low carbon transportation such as signaling equipment, network interfaces including passenger access, facilities required for the safe, clean, and efficient operation of the network, utilities and other enabling infrastructure.
<p>Pollution Prevention and Control</p>  	<p><u>Investments and expenditures in projects that prevent and reduce waste and pollution, such as but not limited to:</u></p> <ul style="list-style-type: none"> - Adoption of equipment and technologies for low resource consumption and pollution emissions. - Constructing garbage sorting and/or recycling facilities; or - Enforcement of dust control and noise reduction, during construction and/or operation of buildings.
<p>Sustainable Water and Wastewater Management</p> 	<p><u>Sustainable water resources and wastewater management by installing integrated rainwater utilization systems, including but not limited to collection systems, water conservation systems, water recycling and treatment systems, etc.</u></p> <ul style="list-style-type: none"> - Investing in the construction of rainwater and sewage diversion systems; - Designing and building a comprehensive rainwater utilization system to provide water for greening, landscaping, road flushing, toilet flushing, etc.; - Constructing and installing sewage treatment works to reduce environmental pollution.

Eligible Social Project Categories and Description/Conditions of Eligible Social Projects.

Eligible Social Projects Categories	Examples of Eligible Social Projects
<p>Affordable Infrastructure Basic</p> 	<p><u>Construction of industrial parks and supporting facilities</u></p> <ul style="list-style-type: none"> - Construction, maintenance, operation and upgrading of infrastructure and supporting living facilities, including but not limited to tram railways, roads, barrier free facilities, and leisure facilities.
<p>Employment Generation</p> 	<p><u>Building industrial parks to attract companies to settle in</u></p> <ul style="list-style-type: none"> - Construction, operation and maintenance of industrial parks and supporting commercial facilities; - Providing a good business and production environment for small and medium-sized enterprises (SMEs) to create jobs.

Eligible Social Projects Categories	Examples of Eligible Social Projects
<p data-bbox="204 262 493 320">Access to Essential Services</p> 	<p data-bbox="515 262 1342 291"><u>Develop public education and training facilities in targeted communities</u></p> <ul data-bbox="515 331 1007 356" style="list-style-type: none"> - Construction and maintenance of schools

2. Process for Project Evaluation and Selection

In terms of the process for project evaluation and selection, the Group has established a relatively refined control system. The process for green/social project evaluation and selection consists of two parts, namely project screening and project review.

The Group's Sustainable Finance Working Group ("SFWG") members collect compliance documents of the proposed green/social projects and check whether the documents are complete, thereafter examining the compliance documents to assess the green/social features of the projects against the Green Bond Principles 2021 (GBP) and the Social Bond Principles 2021 (SBP) released by International Capital Market Association (ICMA) or the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the People's Bank of China (PBOC), the National Development and Reform Commission (NDRC) and the China Securities Regulatory Commission (CSRC), or the Green Loan Principles 2021 (GLP) and Sustainable Loan Principles 2021 (SLP) published by the Asia Pacific Loan Market Association (APLMA), the Loan Market Association (LMA) and the Loan Syndications and Trading Association (LSTA). For the potentially qualified green/social projects, the SFWG members will perform a preliminary calculation on its environmental and social impact, and submit the compliance documents and preliminary calculation results to the SFWG for project review.

Accountability Mechanism for the Group's Sustainable Finance

The SFWG is responsible for the management of this SFF and the compliance of all financing instruments issued under the SFF. The SFWG consists of senior representatives from the following departments, including

- General Management Department
- Financial Management Department
- Investment Management Department
- Risk Management and Legal Department
- Engineering Management Department

The SFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams. The SFWG will convene meetings at least twice a year and will be responsible for the following matters:

- Ratifying of Eligible Green/Social Projects, which are initially proposed by the SFWG members, and it is at the SFWG members' discretion to reject any project.
- Undertaking of regular monitoring of the asset pool to ensure the eligibility of Green/Social Projects with the criteria set out in the Group's SFF Section 1, Use of Proceeds, whilst replacing any ineligible Green/Social Projects with Eligible Green/Social Projects
- Ensuring that projects comply with the Group's risk management requirements as well as applicable local government regulations. In cases where funds are withdrawn from the projects, or the projects are no longer

eligible for the green/social project criteria, ensuring that the funds will be re-allocated to other Eligible Green/Social Projects.

- Facilitation of regular reporting on any green, social or sustainability issues in alignment with the Group's reporting commitments
- Managing any future updates to the SFF
- Ensuring that the approval of Eligible Green/Social Projects will follow the Group's existing credit/loan/investment approval processes

Stakeholder Management

The Group has established a process for conducting stakeholder engagement at the corporate level. In addition, the SFWG would be responsible for conducting stakeholder engagement at the project level. Project level stakeholder engagement activities would be carried out subject to local regulatory requirements. Where applicable, stakeholder engagement exercises would be conducted by the Group along with the environmental and social impact assessment. The Group would obtain a copy of the environmental/social impact assessment report prepared either by itself or by professional agencies/consultancies, and the applicable local regulator's approval document for the Eligible Projects.

Stakeholder engagement activities would be carried out in the project design, operation, and construction stages throughout the project lifecycle. According to the analysis (e.g., materiality analysis) performed at corporate level, stakeholders include but are not limited to government, corporate clients, industry peers and industrial organizations, employees, partners, and communities. The SFWG would communicate with the stakeholders of the corresponding project through two-way communication channels, such as surveys, interviews, public disclosures and company hotlines and emails, to gather opinions and comments on environmental (e.g., environmental impact) and social (e.g., potential impact on people's lives) issues. The Group would categorize the stakeholders' comments and opinions collected and then assign relevant department(s) to address the issues (e.g., Human Resource Department will handle employee-related issues) and respond to stakeholder feedback. Opinions would be responded to through the company website, telephone feedback, etc.

The Group confirms that records on the results of stakeholder engagements, including a summary of the engagement, identified stakeholders, engagement method, feedback collected, and relevant responses would be retained.

3. Management of Proceeds

The proceeds of each of the Group's SFT can be managed through using an earmarked account or keeping a SFT Register. Under the SFT Register method, the proceeds will be deposited in the general funding accounts and earmarked for allocation towards the Eligible Green/Social Projects. The Group will maintain a SFT Register to track the use of proceeds for the SFT. An SFT Register will be established to ensure and monitor the allocation of green and/or social finance proceeds.

The Register will contain, for each SFT launched, information including:

1. SFT Details: ISIN (if applicable), Pricing Date, Maturity Date and etc.
2. Eligible Green/Social Project Allocation List: Information including:
 - The Eligible Green/Social Projects List, including for each Eligible Green/Social Project, the Eligible Green/Social Project Category, project description, project location, Group's ownership percentage, total project cost, amount allocated, settled currency, etc.
 - Amount of unallocated proceeds.

Management of the unallocated proceeds

The Group plans to deploy proceeds of each of the Group’s SFT to Eligible Green/Social Projects while the SFT remains outstanding. If part of the proceeds cannot be allocated to Eligible Green/Social Projects at the moment, the Group can deposit the unallocated proceeds into the designated account for the sustainable bond, or invest the unallocated proceeds into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities. In the meanwhile, the Group declares that the proceeds will not be used for the following purposes:

- 1) activities that violate national laws, regulations or international conventions and agreements, or are subject to international bans
- 2) production or trade in arms and ammunition;
- 3) production or trade in alcoholic beverages (other than beer and wine);
- 4) production or trade in tobacco;
- 5) gambling, casinos and equivalent businesses;
- 6) production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered);
- 7) production or activities involving harmful or exploitative forms of forced labor or harmful child labor.

4. Reporting

Allocation Reporting

The Group will consolidate information on the allocation of the net proceeds of its SFIs. Such information will be prepared on an annual basis until all the net proceeds have been allocated. The information will contain at least the following details:

- 8) List of Eligible Green/Social Projects for the current year
- 9) The amount of proceeds allocated to each Eligible Green/Social Project category
- 10) When possible, descriptions of the Eligible Green/Social Projects financed and/or refinanced, such as project locations, amount allocated, etc.
- 11) Selected examples of projects financed and/or refinanced
- 12) Percentage of financing vs. refinancing
- 13) Amount of unallocated proceeds

Furthermore, the Group will confirm that the use of proceeds of the SFT conforms to this SFF.

Impact Reporting

Where possible and subject to data availability, the Group will prepare to report on the environmental and social benefits of the Eligible Green and/or Social Projects potentially with the following environmental and social impact indicators. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Project Categories	Impact Indicators
Green Building	<ul style="list-style-type: none"> ▪ Type and level of green building certifications obtained ▪ Annual energy savings (in MW)

Eligible Project Categories	Impact Indicators
	<ul style="list-style-type: none"> ▪ Annual greenhouse gas (GHG) emissions reduced / avoided (in t CO₂ eq) ▪ Annual reduction in water consumption (in m³)
Energy Efficiency	<ul style="list-style-type: none"> ▪ Amount of energy saved (in MWh) Annual energy efficiency improvement in percentage
Renewable Energy	<ul style="list-style-type: none"> ▪ Annual estimated amount of CO₂ emissions reduced due to the solar heating system (in tCO₂ eq) purchased/installed
Low Carbon Transportation	<ul style="list-style-type: none"> ▪ Total kilometres of new or improved tracks ▪ Number of clean vehicles deployed ▪ Annual estimated amount of GHG emissions reduced/avoided (in tCO₂ eq)
Pollution Prevention and Control	<ul style="list-style-type: none"> ▪ Reduction in NO_x, PM10, PM2.5, and SO_x emissions (in tonnes) ▪ Waste that is prevented, minimized, reused or recycled before and after the project in the percentage of total waste and/or in an absolute amount (in tonnes p.a). ▪ Waste that is separated and/or collected, and treated (including composted) or disposed of in an environmentally sound manner before and after the project (in tonnes p.a. and in the percentage of total waste)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> ▪ Annual amount of water / rainwater / wastewater collected / treated / recycled / reused (in m³)
Affordable Basic Infrastructure	<ul style="list-style-type: none"> ▪ Kilometers of municipal road construction (in km) ▪ Kilometers of railways rehabilitated/constructed (in km) ▪ Number of barrier-free facilities built/upgraded Square meters of leisure facilities built (in m²)
Employment Generation	<ul style="list-style-type: none"> ▪ Number of SMEs settled in Number of job positions created
Access to Essential Services	<ul style="list-style-type: none"> ▪ Number of education and training facilities built and deployed

5. External Review

The Group has engaged CECEP Environmental Consulting Group Limited to assess this SFF and its alignment with the relevant principles, standards and catalogues released by the relevant organizations or authorities mentioned earlier in the Group's SFF, and issue a Second-party Opinion (SPO).

The Group's SFF, together with the report(s) issued by the external third-party organization(s) will be disclosed according to the relevant requirements.

6. Amendments to the SFF

The SFWG will review the SFF on a regular basis, including its alignment to updated versions of the principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in the SFF being updated and amended. Any future updated version of the SFF that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated SFF, if any, will be published on the Group's website and will replace the previous SFF.