

PING AN REAL ESTATE

# PING AN REAL ESTATE CO., LTD.

## Green Financing Framework



June 2021

## Introduction

Ping An Real Estate Co., Ltd. (“Ping An Real Estate”) is a subsidiary of Ping An Insurance (Group) Company of China, Ltd., one of the Fortune Global 500 enterprises. As a specialized platform for investment in real estate and asset management of Ping An of China, Ping An Real Estate engages in such businesses as project development, industrial development, long-term rental apartments, and commercial real estate. Ping An Real Estate strives to become a top-ranking real estate asset management company by leveraging its excellent investment capabilities across the whole value chain, whole-process financial product design, and comprehensive risk management.

With its accurate and unique insight, Ping An Real Estate strives to unlock value from the real estate industry chain and seize investment opportunities by taking advantage of its integrated finance platform and great capital strength. Ping An Real Estate is expert at combining long-term and short-term businesses as well as flexibly managing equity and debt allocations, so as to diversify its real estate financial products. The well-developed risk management rules and procedures ensure the sustainable, healthy and stable growth.

## Sustainability focus with business impact

Ping An Real Estate is focused on long-term value creation. The company’s sustainability policy provides a framework for how the company operates in regards to sustainability issues. Our efforts relating to sustainability, including the sustainability policy, are based on applicable laws, regulations and internal policies.

## Green financing framework

As part of the broader sustainability strategy, Ping An Real Estate has established this Green Financing Framework (the “Framework”). The purpose of this framework is to have a single robust methodology in place for all future Green Financing issuances, ensuring that for each instrument (Green Bond and Green Syndication Loan etc.) issued the principles of this Framework applies to PRC and other Asian countries.

Generally, the Framework is aligned with the ICMA Green Bond Principles (GBP) and Green Loan Principles (GLP), which are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green financing market.

The Framework consists of the following core components, which will be described in more detail below:

- *Use of Proceeds*
- *Process for Project Evaluation and Selection*
- *Management of Proceeds*
- *Reporting*
- *External Review*

## Use of proceeds

Ping An Real Estate will finance Eligible Green Projects, in whole or in part, that support the transition towards low-carbon climate resilient growth with lower environmental impact. The cornerstone of the Green Financing is the utilization of the net proceeds for Eligible Green Projects. All proceeds will be allocated to the financing and refinancing of Eligible Green Projects as defined in this Framework. Refinancing of Eligible Projects will have a look-back

period of no longer than 36 months from the time of issuance. In order to be eligible, the project must fall in at least one of the categories described in the table below:

GBP category	Eligible Projects
Green buildings	<ul style="list-style-type: none"> <li>- Any project for an existing or new commercial and residential building that has received, or expected to receive, certification according to the third party verified green building standards, including a) Chinese Green Building Evaluation Label with a minimum certification level of 2 stars; b) LEED with a minimum certification of Gold; c) BREEAM with a minimum certification of Excellent; d) any other International green building certification that is an equivalent standard of the above. Building project types can include:               <ul style="list-style-type: none"> <li>o Building developments and redevelopments;</li> <li>o Acquisitions of buildings;</li> <li>o Land acquisition in relation to the green buildings.</li> </ul> </li> <li>- Building renovation are also eligible if energy savings of at least 20% in comparison to the baseline performance of the building prior the renovation will be achieved</li> </ul>
Renewable energy	<ul style="list-style-type: none"> <li>- Investments and expenditures in solar technologies for its project development, including but not limited to solar photovoltaic energy systems.</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>- Energy efficient building upgrades or improvements, including smart meters, heating ventilation and air conditioning systems, auto or LED lighting, lift system, and building controls to increase energy efficiency. Efficiency projects will improve building system performance</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>- Expenditures and investments in waste management that aim to prevent, minimize and/or recycle waste</li> <li>- Enforcement of dust control, during construction and/ or operation of buildings</li> </ul>
Sustainable Water Management	<ul style="list-style-type: none"> <li>- Construction, development, installation, operation and maintenance of infrastructure or equipment for collection, treatment, recycling or reuse water, rainwater or wastewater.</li> </ul>

**Process for Project Evaluation and Selection**

Projects financed through the net proceeds of the Green Financing issued under this Framework are evaluated and selected based on compliance with the Green Financing eligibility criteria outlined above. Ping An Real Estate has established an inter-departmental Green Financing Committee (the “Committee”) which is responsible to oversee the selection process and is responsible for:

- *Approving the inclusion of pre-selected Eligible Green Projects*
- *Monitoring and managing the Green Project Portfolio and corresponding Green Financing on an annual basis and taking measures to remedy and shortfall*
- *Observing developments in the Green Financing Principles and other markets standards relating to Green Financing instruments as well as developing market conventions and approve updates to this Framework accordingly*

The Committee is composed of representatives from the Treasury (chair), Legal, Engineering Management, Office Management and Investor Relations as well as relevant business units.

The Committee will be responsible to ensure compliance of project eligibility and will manage the allocation of proceeds to Eligible Green Projects. The Committee will monitor the Eligible Green Project Portfolio on an ongoing basis and will exclude projects that no longer comply with the eligibility criteria or have been disposed of and will replace them on a best effort basis.

An independent auditor or accredited verifier will review the alignment of financed projects with the eligibility criteria of this Framework.

## Management of Proceeds

Ping An Real Estate intends to allocate, within 36 months, an amount equal the net proceeds of the Green Financing to finance or refinance Eligible Green Projects, selected in accordance with the eligibility criteria, and using the evaluation and selection process outlined above.

Ping An Real Estate will set up a virtual Green Financing Register and an internal process to earmark and track the allocation of outstanding Green Financing net proceeds to Eligible Green Projects. Ping An Real Estate will manage the Green Financing proceeds on a portfolio basis. The net proceeds of the Green Financing will be deposited in the general account and an amount equal to the net proceeds will be earmarked for allocation to the Green Project Portfolio without legal segregation.

The Green Project Portfolio will be reviewed by the Green Financing Committee at least annually. On a best efforts basis, Ping An Real Estate intends to replace projects that no longer comply with the Eligibility Criteria or otherwise exits portfolio. Ping An Real Estate strives to maintain an amount of Eligible Green Assets at least equal of the total net proceeds of all green financing outstanding.

Pending full allocation, the Treasury team will temporarily hold the unallocated net proceeds at its own discretion in cash or cash equivalents, or in other short-term liquid marketable instruments.

## Reporting

Ping An Real Estate is committed to be as transparent as possible and is committed to publish relevant information and documents regarding the Green Financing activities. Ping An Real Estate will provide an Allocation Report to inform about the allocation of proceeds as well as an Impact Reporting to communicate the positive environmental impact of financed green projects. The reporting will be make available within one year from the issuance of any green financing and will be updated annually until full allocation of the Green Financing net proceeds. The reporting will be available on Ping An Real Estate homepage:

<http://realestate.pingan.com/realestate/html/abouten.html>

### - Allocation reporting

- Total amount of outstanding Green Financing
- Aggregated amount allocated to respective Eligible Green Projects
- Balance of unallocated net proceeds

### - Impact reporting

One a best effort basis, Ping An Real Estate intends to report on the environmental impacts achieved by Eligible Green Projects financed. The impact reporting will include a description of Eligible Green Projects and impact metrics such as listed below.

Where relevant, information may be provided on data reporting, and impact assessment methodologies, to increase transparency. Subject to the nature of Eligible Green Projects and availability of information, Ping An Real Estate aims to included, but not limited to, the following impact indicators:

GBP category	Potential impact indicators
Green buildings	<ul style="list-style-type: none"><li>- Level of certification by building</li><li>- Energy performance for buildings (in kWh per m2 and year)</li><li>- Annual energy savings (in MWh)</li></ul>
Renewable Energy	<ul style="list-style-type: none"><li>- Renewable Energy capacity installed (in MW)</li><li>- Renewable energy generated annually (in MWh)</li></ul>

Energy Efficiency	<ul style="list-style-type: none"><li>- Annual energy savings (in MWh)</li><li>- % annual energy efficiency gains relative to an established baseline</li></ul>
Pollution Prevention and Control Indicators	<ul style="list-style-type: none"><li>- Amount of waste produced (ton per person or ton per sqm)</li><li>- Amount of hygiene consumables (tissues etc. on ton per person)</li><li>- % annual efficiency gains related to above figures</li></ul>
Sustainable Water Management	<ul style="list-style-type: none"><li>- Amount of rain water collected and re-used (in m3)</li></ul>

### External Review

#### Second Party Opinion (pre-issuance)

Ping An Real Estate's Green Finance Framework has been reviewed by Sustainalytics who has issued a Second Party Opinion. Sustainalytics has reviewed the portfolio of Eligible Green Projects. The Second Party Opinion will be made available on Ping An Real Estate's website.

**PING AN REAL ESTATE**