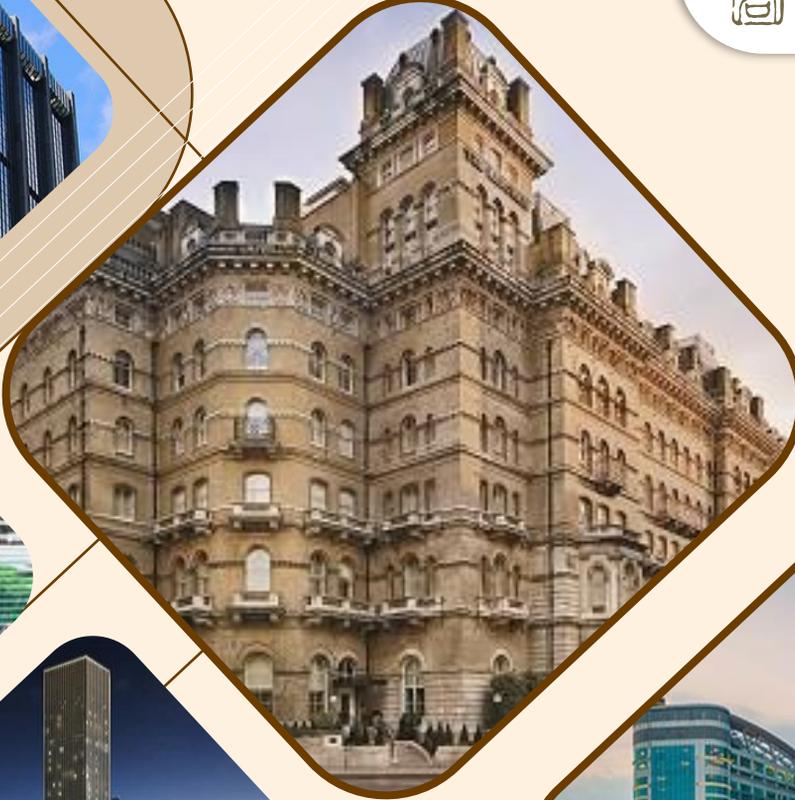




鷹君集團有限公司
Great Eagle
Holdings Limited



Great Eagle Holdings Limited

Sustainable Finance Framework

May 2022

Sustainable Finance Framework

Introduction

Great Eagle Holdings Limited¹ (“Great Eagle”, or the “Group”, HKEx Stock Code: 0041) was listed on the Hong Kong Stock Exchange in 1972. Founded and headquartered in Hong Kong since 1963, the Group has established a global presence with a variety of businesses around the world. With close to 60 years of history, Great Eagle is a leading real estate company that primarily engages in property investment, property development, and hotel business with prime assets in global gateway cities. The Group’s principal holdings include Champion Real Estate Investment Trust (“Champion REIT”, HKEx Stock Code: 2778) and Langham Hospitality Investments (“LHI”, HKEx Stock Code: 1270), which were listed in Hong Kong in 2006 and 2013, respectively.

Sustainability Vision, Strategy & Initiatives

“Where Eagles Fly, Sustainable Growth IS GREAT.”

At Great Eagle, sustainability is a concept whereby we would integrate environmental and social concerns in our business operations. We are committed to pursuing this business approach by embracing opportunities and managing risks derived from economic, environmental and social developments, and making informed decisions by engaging with our stakeholders. As a well-established multinational corporation with a rich history, we have been making strategic efforts to continuously create value for our stakeholders and improve quality of life in our workplace, local community and the world at large. Against the backdrop of rising challenges and technological advancement, the Group progresses with the times and strives to achieve its vision.

Great Eagle’s vision to achieve Sustainable Growth is not only limited to the future of the Group, instead it is intertwined with the development of society and the world. We strive to achieve development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

PROFIT, PEOPLE and PLANET constitute the three pillars of the Group’s Sustainable Development Framework (“SDF”). This approach facilitates the integration of sustainability into the core purpose of the Group’s business and ensures that the Group’s business practices remain beneficial in the long term.



Profit

Businesses are woven in the social fabric and underpin the prosperous development of the economy and society. Through good governance, the Group endeavors to gather sustainable investments and uphold a positive commercial environment



People

The Group’s thriving business is founded on its cohesive team of talents as well as a favorable environment in which it operates. It is the Group’s wish that its talents and the society grow continuously



Planet

The Group takes its role as an environmental steward seriously and strives to utilize resources in a manner that does not compromise future usage but facilitates development of the next generation

Sustainable Finance Framework

Sustainability Governance



The Board oversees the broader sustainability trends and has overall responsibility for the Group’s sustainability strategy and reporting. Items such as ESG strategy, planning and reporting are regularly on the agenda of the Board meetings for discussion. The Board is also responsible for evaluating and determining the Group’s ESG-related risk and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The Board is supported by the Sustainability Steering Committee (the “Committee”), which identifies, evaluates and manages sustainability matters of the Group. The Committee is chaired by the Board Executive Director and comprises members from the Board as well as management from key areas of the Group, serving as a senior-level working group for setting the sustainability policy and strategy.

The Committee shall consist of not less than three members, which shall include the Executive Director & General Manager and the Director of Human Resources. Other members of the Committee comprise heads from key areas of the Group, including:

- Company Secretarial & Administration
- Development & Project Management
- Eagle Asset Management
- Hotels
- Human Resources
- Properties Management
- Toptech/Champion Global Services

The composition of the Committee shall be reviewed annually by the Chairman of the Committee to ensure an appropriate balance and representation of expertise and experience.

Sustainability Department is responsible for day-to-day sustainability-related matters within the Group. It periodically engages internal and external stakeholders in order to understand their expectations such that material ESG issues to the Group could be identified. It integrates the Group’s ESG strategy into our business and operations as well as embedding a sustainability culture across all functions.

Sustainability Recognition

Throughout the years, Great Eagle has been awarded with a number of awards, including Green Building Award 2021 from Hong Kong Green Building Council and Professional Green Building Council as well as The Asset ESG Corporate Award on “Highly Commended Initiative in Environmental Responsibility” in 2019 and “Best Initiative in Environmental Responsibility” in 2018. Notably, we have achieved an “AA” rating from Hang Seng Corporate Sustainability Benchmark Index as well as recognised as “Low Risk” in Sustainalytics ESG Risk Rating.



Constituent of Hang Seng Corporate Sustainability Benchmark Index: AA rating



Sustainalytics ESG risk rating: low risk

Sustainable Finance Framework

Overview of Sustainable Finance Framework

This bespoke Sustainable Finance Framework (the “Framework”) has been developed to reinforce our commitment to the SDF and demonstrates how Great Eagle and its group entities, intend to enter into Sustainable Finance Transactions (“SFT”) to fund projects that will deliver environmental and social benefits to support the Group’s Sustainable Growth vision as mentioned above.

The Framework will provide guidance to future fundraising through sustainable debt instruments, including dated, perpetual, convertible bonds and loans with structures tailored to finance Eligible Projects as defined in this Framework.

The Group is closely monitoring ongoing work conducted by international organizations including the International Capital Market Association and Loan Market Association. The Framework aligns with *the Green Bond Principles 2021 (“GBP”), Social Bond Principles 2021 (“SBP”), Sustainability Bond Guidelines 2021 (“SBG”), Green Loan Principles 2021 including Guidance Notes (“GLP”) and Social Loan Principles 2021 (“SLP”)* and will also be updated as market practices evolve. Best practices including environmental thresholds set by *the European Union Sustainable Finance Taxonomy and Green Bond Endorsed Project Catalogue, a cross ministerial consensus green definition in China* are incorporated whenever possible.

Each SFT will adopt the following core areas in alignment with the requirements of the ICMA:

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

SFTs completed by the Group under the Framework will be in compliance with the 4 areas covered within the Framework. The Framework will be in force as long as there are existing SFT, and Great Eagle may update the Framework and commit that any new versions will keep or improve the current level of transparency and reporting.

1 Use of Proceeds

Proceeds of each SFT will be used exclusively for financing and/or re-financing of existing Eligible Projects within the Group, in whole or in part, including the acquisition, construction, development or re-development, renovation of such projects that provide clear environmental and sustainability benefits explicitly recognized by GBP, SBP, SBG, GLP and SLP.

- The proceeds of a Green Bond/Loan issued under this Framework will be applied to projects that fall under the Eligible Green Projects set out below
- The proceeds of a Sustainability Bond or Loan issued under this Framework will be applied to both Eligible Green Projects and Eligible Social Projects set out below

Eligible Projects may include the projects Great Eagle made during the 36 months prior to the issuance or signing date of the respective SFTs and during the life of the SFTs.

Great Eagle commits that proceeds raised from SFTs will not go towards financing or refinancing activities relating to the below:

- Fossil fuel and clean coal
- Nuclear related assets
- Alcohol
- Armament
- Mining
- Gaming

Sustainable Finance Framework

Project Category	Eligibility criteria	Examples	Alignment with UN SDGs
Eligible Green Projects			
Green buildings	<ul style="list-style-type: none"> • Certification and Alignment with Global Benchmarks: development, re-development or renovation of new or maintenance of existing Residential, Hotel, Commercial and Retail Buildings that are Certified by a third party in accordance with any one or more of the following green building standards (details of the building standards below mentioned refer to Appendix 1): <ul style="list-style-type: none"> – Hong Kong BEAM Plus (Gold or above) – LEED (Gold or above) – China Green Building Evaluation Standard (Two-star or above) – BREEAM (Excellent or above) – EDGE (Certified or above) – EarthCheck Building Planning and Design Standard (Gold or above) The above standard would apply to buildings without any green certificate. For buildings that already have existing green certificate(s), the expected energy improvement would be at least 20% or more as a result of the renovation. 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. • Development, design and procurement of high performance smart and green building concepts, technologies, innovations and solutions, and their implementation onto Projects that will ensure the abovementioned green or healthy building standards are successfully achieved • Refurbishment and/or tenant engagement initiatives that will reduce building environmental impact in accordance with Hong Kong BEAM Plus, LEED, China Green Building Evaluation Standard, BREEAM, EDGE or other equivalent green building label, to ensure that ESG goals are adhered to on an ongoing basis 	<ul style="list-style-type: none"> • Langham Place Mall - BEAM Plus (Platinum) • ONTOLO residential development - BEAM Plus (Gold) • Retail Tower of Langham Place – Edge (Certified) • Other green initiatives include: Green fit-out guide and rental concession for tenants who carry out their renovation work according to LEED Interior Design and Construction, or other green certification standards 	 
Energy efficiency	<ul style="list-style-type: none"> • Investment in projects that will achieve at least i) a 10% improvement in energy efficiency of the relevant operation or buildings; or ii) a 10 % reduction in energy intensity of the Group, including projects under below categories: <ul style="list-style-type: none"> – Facilities or equipment upgrades in existing / new buildings – Technology or solutions adoption (e.g. implementation of energy management system, smart metering or A.I. etc.) – Professional services (e.g. energy audit, relevant technical consultation or feasibility studies etc.) – Operational improvements – Retro-commissioning schemes – Monitor based commissioning schemes – Equipment and system replacement or modernization 	<ul style="list-style-type: none"> • Installation of LED lights • Installation of comprehensive ventilation and air conditioning systems with climate sensors to reduce energy wastage • Optimization on chiller plants through automation of pressure and temperature reset systems • Installation of Electronically Commutated (EC) plug fan • Centralized Control for BMS System for operational improvement • Installation of variable speed drives for air conditioning system for optimization control 	  
Renewable energy	<ul style="list-style-type: none"> • Deployment of renewable energy projects, including but not limited to: <ul style="list-style-type: none"> – On-site renewables including solar, geothermal and wind energy (install renewable energy generation systems for direct consumption, storage or export; with a direct emission threshold of 100gCO₂/kWh or lower) – Power Purchase Agreements (5 years or above) – Green tariffs; and – Carbon offsets¹ 	<ul style="list-style-type: none"> • Installation of solar panels and solar power systems • Installation of EV Charging Stations 	 
Climate change adaptation	<ul style="list-style-type: none"> • Enhancing the climate resilience of existing and new build assets by investing in sustainable, passive and active approaches to architectural and engineering systems design and selection • Projects that will enhance organizational preparedness of climate change, including but not limited to the adoption of climate risk scenario planning tools and vulnerability assessments 	<ul style="list-style-type: none"> • Conduct Vulnerability Assessment to formulate and implement Adaption / Risk Management Plan 	 

Note (1):

1. accounts for minority of net proceeds (less than 5-10%); and
2. certified with Gold Standard (certification designed by WWF to ensure real and verifiable carbon credits); and
3. not for the purpose of offsetting Scope 1 emissions from core operations of Great Eagle

Sustainable Finance Framework

Project Category	Eligibility criteria	Examples	Alignment with UN SDGs
Climate change adaptation (con't)	<ul style="list-style-type: none"> Enhancing the climate resilience of existing and new build assets by investing in sustainable, passive and active approaches to architectural and engineering systems design and selection Projects that will enhance organizational preparedness of climate change, including but not limited to the adoption of climate risk scenario planning tools and vulnerability assessments 	<ul style="list-style-type: none"> Measures to address potential climate risks such as flooding: enhance automatic detection, deploy asset-specific anti-flooding measures, including water pumps and piping for water discharge, ground-level drainage systems, sea walls, flood gates and flood barriers 	 
Waste management and recycling	<ul style="list-style-type: none"> Projects that will help to reduce waste volume or direct waste to landfills Projects that will increase recycling or upcycling capabilities 	<ul style="list-style-type: none"> Installation of recycling stations in shopping mall and office buildings which supports the segregation of waste Host year-round recycling campaign to collect recyclable waste from tenants and shoppers including old books, toys, clothes, office furniture and festive decoration Facilitate recycling of Festive Items through setting up of recycling stations Collaborate with "Food for Good" to collect food waste from our food courts; installation of onsite food waste composter 	  
Sustainable water management	<ul style="list-style-type: none"> Projects that will enhance water efficiency through measures including by not limited to: <ul style="list-style-type: none"> Sustainable design and system installation (e.g., rainwater harvesting, water recycling, drainage management, etc.) Facilities and equipment upgrades, application/retrofit of water saving apparatus 	<ul style="list-style-type: none"> Installation of automatic low flow water faucet for wash basin Utilization of grey / reclaimed water and rainwater for irrigation purposes 	

Eligibility criteria	Examples	Target Population ¹	Alignment with UN SDGs	
Eligible Social Projects				
Socio-economic advancement and employment generation	<ul style="list-style-type: none"> Renovation of public area making them more accessible to disabled persons Provide vocational support in terms of training programs for MSMEs² that are majority-owned by the Target Population 	<ul style="list-style-type: none"> Introduction of tactile guide paths and ramps for wheelchair users Provide accessible toilets and parking spaces Induction loop system at the concierge for hearing aid users and height modification of concierge suitable for wheelchair users Start-up accelerations to support entrepreneurship and young generation employments Schemes to improve sustainability performance of supply chain partners and to support local suppliers/entrepreneurs as part of the Target Population through enhancing their knowledge and best practices in terms of ESG 	<ul style="list-style-type: none"> Vulnerable and underserved population³ such as single parents, physically, mentally, or socially disadvantaged persons 	  
Pandemic response	<ul style="list-style-type: none"> Projects that are related to aiding prevention and alleviating impact of the pandemic 	<ul style="list-style-type: none"> Installation of intelligent disinfection stations and application of Smart UV disinfection to surfaces of public areas and escalators Installation of antimicrobial filters in the air conditioning system Installation of plasma cluster ion generators 	<ul style="list-style-type: none"> General public / population that is affected by the pandemic 	

Sustainable Finance Framework

2 Process for Project Evaluation and Selection

The Eligible Projects are identified and selected via a process that involves contributions from various functional teams. A sustainability task force (the “Task Force”), constitutes of representatives from sustainability department, project development, property management, hotel technical service team and operation team, finance team, will be formed to review and select Eligible Projects based on the criteria outlined above. The Task Force will identify and manage potentially material environment and social risks in relation to the Eligible Projects, if applicable. The shortlisted projects will be presented to the Executive Committee of the Group for approval. The Task Force will review the list of Eligible Projects regularly and will identify potential material environmental and social risks associated with it. If there is a risk identified, it will be reviewed and escalated on an ad hoc basis to the Committee.

When a project ceases to be eligible, it will be removed and replaced as soon as practicable. New project could be in a different category depending on prevailing Eligible Projects in the pipeline.

3 Management of Proceeds

Net proceeds from each Green or Sustainable Bond / Loan issued will be managed by the Group’s treasury team. The Group will keep proper internal records, which contain information including:

- A. Sustainable Finance Transaction: key information including issuer/borrower entity, transaction date, principal amount of proceeds, repayment or amortization schedule, maturity date, and interest or coupon, and in the case of bonds, the ISIN code
- B. Allocation of Proceeds, information including:
 - Name and description of Eligible Projects to which the proceeds of the SFT have been allocated in accordance to this Framework
 - Confirmation of the Executive Committee’s endorsement that a project is considered as an Eligible Project
 - Amount of SFT proceeds allocated to each project
 - Amount of remaining balance of unallocated proceeds; and
 - Other relevant information such as information for temporary investment for unallocated proceeds

The Group commits to allocating proceeds raised from each SFT within 36 months of the issuance.

Any remaining balance of proceeds that are not yet allocated to Eligible Projects will be held in accordance with the Group’s normal treasury and liquidity management policy. The Group commits not to invest any unallocated proceeds to projects or activities in fossil fuel, clean coal, nuclear-related assets, alcohol, armament, mining or gaming.

Sustainable Finance Framework

4 Reporting

The Group will provide information on the allocation of the net proceeds of its SFTs on its corporate website or annual reports. Such information will be provided on an annual basis until all the net proceeds have been allocated. Disclosures will also be made on a timely basis on the corporate website in case of material developments. The information will contain at least the following details:

- i. A list of Eligible Projects funded through the Group's SFTs, including amounts allocated;
- ii. Remaining balance of unallocated proceeds; and
- iii. Share of financing vs refinancing

The allocation of the net proceeds will be reviewed by an independent auditor. In addition, where feasible, the Group will provide qualitative and (if reasonably practicable) quantitative environmental / social performance indicators of the Eligible Projects funded. Such performance indicators include:

- i. Energy consumption reduction (kWh)
- ii. Carbon emission reduction (tonnes of CO₂e)
- iii. Water consumption reduction (m³); and
- iv. Amount of waste diverted from landfills (tonnes)
- v. Increase in employment rate / new job creation within the Target Population

External Review

The Group has engaged an external review of the Framework from an independent party, Sustainalytics, to provide a Second Party Opinion. Sustainalytics reviewed the Framework for its alignment with GBP, SBP, SBG, GLP and SLP. The objective of the Second Party Opinion is to provide investors with an independent assessment. The Second Party Opinion, as well as the Sustainable Finance Framework hereof, will be published and will make available at <https://www.greateagle.com.hk/>



鷹君集團有限公司
Great Eagle
Holdings Limited

Appendix

Overview of Green and WELL Building / Landscape Certification

Overview of Green and WELL Building/ Landscape Certification

i. **Building Environmental Assessment Method (BEAM) Plus (“BEAM Plus”)**

Developed by BEAM Society Limited, BEAM Plus is a green building assessment tool tailor-made for measuring building sustainability performance in Hong Kong. With the Hong Kong Green Building Council being its certification body, BEAM Plus provides a fair and objective assessment of the overall building quality covering its planning, design, construction, commissioning, management, operation and maintenance. Four ratings are available for a project after completing the assessment: Bronze, Silver, Gold and Platinum. For more information, please visit www.hkgbc.org.hk.

ii. **China Green Building Evaluation Label (GB/T 50378) (“Three Star System”)**

Introduced by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China, the Three Star System is a voluntary green building rating standard used in Mainland China for residential and public buildings (including commercial, hotel and government-owned). The areas of assessment cover land savings and outdoor environmental management, the saving and utilisation of energy, water and materials, indoor environmental quality, construction and operational management. The Three-Star System grants three levels of ratings: one-star, two-star and three-star. For more information, please visit www.cngb.org.cn/.

iii. **Leadership in Energy and Environmental Design (“LEED”)**

LEED is a worldwide green building rating and certification system developed by the U.S. Green Building Council. To motivate developers and building operators to be environmentally responsible and use resources efficiently, LEED includes comprehensive rating mechanisms to verify a building or neighbourhood’s green features. The rating covers the entire building lifecycle including design, construction, maintenance and operation. LEED applies to all buildings at all phases of development and all building sectors, while a project can earn one of the four LEED rating levels: Certified, Silver, Gold and Platinum. For more information, please visit www.usgbc.org/LEED.

iv. **WELL Building Standard (“WELL”)**

The WELL Building Standard is a performance-based building certification system that promotes the health and well-being of building occupants. Building on the v1 of the Standard, WELL v2 measures, certifies and monitors features of the built environment addressing 10 wellness concepts: air, water, nourishment, light, movement, thermal comfort, sound, materials, mind and community. The certification is awarded at one of the three levels: Silver, Gold and Platinum. WELL is managed and administered by the International WELL Building Institute and is third-party certified by the Green Business Certification Incorporation. For more information, please visit www.wellcertified.com.

v. **The Sustainable SITES Initiative (“SITES”)**

SITES is a sustainability-focused framework that ushers landscape architects, engineers and others toward practices that protect ecosystems and enhance the benefits they continuously provide for the communities, such as climate regulation, carbon storage and flood mitigation. SITES-certified landscapes help reduce water demand, filter and reduce stormwater runoff, provide wildlife habitat, reduce energy consumption, improve air quality, improve human health and increase outdoor recreation opportunities. SITES certification is for development projects located on sites with or without buildings – ranging from national parks to corporate campuses, streetscapes to homes, and more. There are four levels of certification: Certified, Silver, Gold and Platinum. For more information, please visit <http://www.sustainable-sites.org/certification-guide>.

Overview of Green and WELL Building/ Landscape Certification (Cont)

vii. Living Building Challenge (“LBC”)

The Living Building Challenge is the world’s most rigorous proven performance standard for buildings. People from around the world use our regenerative design framework to create spaces that, like a flower, give more than they take. There are 2 levels of certification: Petal and Living. For more information, please visit <https://living-future.org/lbc/>.

vii. Building Research Establishment Environmental Assessment Method (“BREEAM”)

BREEAM is an international scheme that provides independent third party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects. The rating enables comparability between projects and provides reassurance to customers and users, in turn underpinning the quality and value of the asset. The BREEAM ratings range from Acceptable (In-Use scheme only) to Pass, Good, Very Good, Excellent to Outstanding and it is reflected in a series of stars on the BREEAM certificate. For more information, please visit <https://www.breeam.com/>.

viii. Excellence in Design for Greater Efficiencies (“EDGE”)

EDGE, an innovation of International Finance Corporation (IFC), is a green building certification system focused on making buildings more resource-efficient. EDGE is comprised of a web-based software application, a universal standard and a certification system. EDGE focuses the certification process on technical aspects that yield meaningful results. There are three choices for EDGE certification, Certified, Advanced and Zero Carbon based on using the EDGE App to reach at savings in energy, water and materials. For more information, please visit <https://edgebuildings.com/>.

ix. EarthCheck Building Planning and Design Standard (“BPDS”)

Created specifically for the travel and tourism industry, EarthCheck BPDS facilitates sustainable design and construction management of individual buildings and associated infrastructure. The BPDS sets out the requirements to undertake an integrated assessment of the expected environmental, social, cultural, and community outcomes of a project. Three outcomes may be achieved from the BPDS, Silver, Gold or Platinum Certified. For more information, please visit <https://earthcheck.org/products-services/certification/design/>.