

Megaford Development Limited

萬輝發展有限公司

Sino Land Green Loan 2018

Environmental Method Statement

Sino Land Company Limited ("Sino Land") Green Finance Framework serves as the documented Environmental Method Statement for this application. It states Sino Land's method to achieve the intended positive environmental effect of the specified Green Loan. The applicant, Megaford Development Limited, is a wholly owned subsidiary of Sino Land Company Limited (Stock Code: 0083).



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Sino Land Company Limited Green Finance Framework

Sino Land Company Limited ("**Sino Land**"), listed on The Stock Exchange of Hong Kong Limited, is one of the leading property developers in Hong Kong.

Sino Land's principal business activities comprises of development of properties for sale and investment in Hong Kong, China and Singapore. Sino Land's core business is complemented by a range of associated business such as property development, property investment, hotel operations and property services, including property management, car park management, cleaning and environmental services and security services. Sino Land owns a total land bank of 21.9m sq. ft. of attributable floor area in Mainland China, Hong Kong, Singapore and Sydney as at 30 June 2018, including 9.3m sq. ft. of properties under development and 11.8m sq. ft. of properties for investment and hotels.

Sino Land publishes an annual Sustainability Review in which it details its environmental and social policies. As per its environmental policy, Sino Land has implemented targets and programmes in energy conservation, waste reduction, pollution prevention, and green procurement. Sino Land monitors and reports on major key performance indicators on its sustainability performance. For instance, Sino Land has set a carbon reduction target of 16% reduction in carbon emissions by 2020, based on the 2012 level. To achieve this, Sino Land has identified projects such as energy efficient lighting, chiller replacement and variable speed drives to improve energy efficiency to which the proceeds of green finance may be applied (Please refer to Use of Proceeds). Sino Land successfully reduced carbon emissions by 13.11% in FY2017-18 against the 2012 levels across properties it manages.

As a part of its emission control efforts, Sino Land is also actively involved in waste reduction and pollution prevention, through waste recycling and other waste management measures. It recycles a range of waste material, such as plastic, used cooking oil, aluminum cans, grease trap waste, paper, and metals. In order to maximise energy efficiency, since 2012 Sino Land has been supporting the Energy Saving Charter ("Charter") initiated by the Environment Bureau and the Electrical and Mechanical Services Department, whereby it pledges to maintain an average indoor temperature between 24°C and 26°C during summer time.

Framework Overview

This bespoke Sino Land Green Finance Framework ("GFF") has been developed to demonstrate how Sino Land and its other entities intend to enter into Green financing transactions to fund projects that will deliver environmental benefits to support Sino Land's business strategy and vision.

Green Financing Transactions ("GFT") includes loans, bonds, and/or other debt or financing structures tailored to contribute to sustainable development and clean energy development by application of the proceeds to Eligible Projects as defined in this Framework.



- With respect to loans, loans issued under GFF will be in alignment with the Green Loan Principles ("GLP") or as they may be subsequently amended
- With respect to bonds, bonds issued under GFF will be in alignment with the Green Bond Principles ("GBP") or as they may be subsequently amended
- Other forms of financing may conform to other sustainable or green finance principles as may have been established at the time of such financing transaction being undertaken

GFTs may be done in any currency or tenor and with other terms and conditions including covenants, to reflect the financing strategy and plan of Sino Land as well as the outcome of the commercial discussions between the Issuer/ Borrower and Manager/ Arranger/ Lender.

GFTs may be done in any jurisdiction and market reflecting Sino Land's current and future business needs.

For each GFTs, Sino Land commits to address the four key pillars of the GLP and GBP:

- 1. Use of proceeds;
- 2. Process for project evaluation and selection;
- 3. Management of proceeds; and
- 4. Reporting.

1. Use of Proceeds

The net proceeds of GFTs will be used to fund or refinance, in whole or in part, new or existing eligible green projects that are eligible as per the criteria specified below:

Eligibility Criteria

In order for net proceeds of GFTs to be allocated to a project, the project must meet one or more of the following eligibility criteria:

- 1. Any project for an existing or new building that has received, or expects to receive, certification according to third party verified green building standards including a) Hong Kong BEAM Silver, Gold or Platinum; or b) LEED Silver, Gold or Platinum. Building project types can include:
 - a. Building developments and redevelopments
 - b. Renovations to existing buildings
 - c. Tenant improvements
- 2. Projects which result in achieving, based on third-party assessment, at least a 15% improvement in energy efficiency.
- 3. Projects such as those that reduce waste to landfill, improve water efficiency, promote adoption of low carbon transportation including electric vehicles ("EVs"), and improve climate change resilience.

The net proceeds of GFTs will be used to fund or refinance, in whole or in part, new or existing eligible green projects that meet one or more of the following categories of eligibility ("Eligible Green Projects"):



Project Category	Eligible Green Assets and Projects for	Sample Projects
	Sino Land	
	New construction and major renovation of buildings that target to have or will receive, subject to concerned authority's jurisdiction, a certification of either:	Various buildings in Sai Kung, Pak Shek Kok, Ma On Shan, Kwai Chung and Argyle Street
Green Buildings	 U.S. Leadership in Energy and Environmental Design ("LEED") – minimum certification of Silver Grade or above. BEAM Plus – minimum certification of Silver Grade or above. Any other Green Building label, that is an equivalent standard to the above 	
	In addition to securing green building certification, the proceeds may also address the wellbeing of building occupiers and target to achieve and meet U.S. WELL Building Standard [™] . Such projects may include the development or redevelopment of such green buildings and renovations and/or tenant improvements relating to such buildings. <i>Please refer to Appendix 1 for details on these certifications.</i>	
Energy Efficiency	Projects relating to adoption of smart technologies and/or systems and flexible management strategy for optimizing energy management in new and existing developments, to improve energy efficiency, reduce carbon footprint and GHG emission and adoption of clean renewable energy system into buildings with good potential to do so.	 HVAC / MVAC Installation to increase Coefficient of Performance of the whole system performance for extra energy saving & reducing carbon footprint Plumbing Installation to adopt of high efficiency booster/ upfeed water pumps with variable speed drive features, to cater varied load demand condition and optimized operation To adopt Renewable Energy such as Solar energy to convert Solar energy into electricity supply to enhance the saving by using new technology of photovoltaic system To adopt smart tariff meter and remote meter reading system into buildings to allow customer with more hands on information and in a better



		position to manage their energy
		consumption and demand so that they achieve better energy efficiency
Sustainable Waste Management	Projects which contributes to waste reduction and pollution prevention.	 Building Information Modelling which envisages virtual construction of a building(s) prior to its actual physical construction, in order to reduce uncertainty and work out problems. Waste can be minimized on-site Adoption of standardized and modular design and precast concrete and metal technologies/ system formwork in construction such as beam, slab, wall, column, staircase, decking, windows/ door frames, wall tiling, bridges, etc. to minimize in-situ waste and redundant. Installation of three colour recycle bins at major collection location Installation of Reverse Vending Machines to collect plastic bottles Installation of water dispensers at clubhouses and hotels
Sustainable Water Management	Installation of water saving features to reduce domestic and commercial water consumption and adoption of water harvesting and recycling system into building.	 Smart control & monitoring use of irrigation water amount to planting soil Installation of water-saving equipment, such as water saving mixer / taps on kitchen faucets and in restrooms, low-flush toilets Rain water harvesting and recycling system for irrigation / cleansing Grey water harvesting and recycling system for irrigation
Clean Transportation	Promoting the use of EVs and reducing air pollutants emission from car combustion engine.	 Infrastructure which make sure all car park space are EV ready Installation of high quality power supply cables and transformers to meet EV demand To adopt smart parking mobility apps to get real-time information on parking vacancies and advance planning shortest route to improve road user experience and roadside air quality



2. Process for Project Evaluation and Selection

The Eligible Green Projects are identified and selected via a process that involves participants from various functional areas. Representatives from different departments will form a working group to review and select Eligible Green Projects according to the criteria outlined above and manage their environmental and social risks. The shortlisted projects will be presented to Sustainability Steering Committee or equivalent benchmarking/ review committee of Sino Land for final approval.

If such project is considered as an Eligible Green Project in accordance with this Framework, it may be earmarked for the use of proceeds under this Framework.

3. Management of Proceeds

The net proceeds from each GFT will be managed by Sino Land's treasury team, ensuring that a green project is not double counted towards multiple GFTs. Sino Land will keep an internal register of information containing:

- i. Green loan details including principal amount, maturity date, interest, etc.;
- ii. Green bond details including principal amount, maturity date, coupon, etc.;
- iii. List of Eligible Green Projects and brief description of the projects; and
- iv. The amount of net proceeds allocated to the projects.

Pending allocation, the net proceeds from GFT(s) would be kept in Sino Land's or its wholly owned subsidiary's bank account, and may be invested according to the treasury department's general liquidity guidelines for short term time deposits or investments, or used to repay existing borrowings within the group. Nevertheless, the net proceeds would not invest in any of the activities found on the IFC Exclusion List.

4. Reporting

On an annual basis, Sino Land will provide information on the allocation of the net proceeds of its GFT(s) on Sino Land's website and in its Sustainability Review. Such information will be provided until all the net proceeds have been allocated. The information will contain at least the following details:

i. A list of Eligible Green Projects funded through Sino Land's GFT(s), including amounts allocated; and

ii. Remaining balance of unallocated proceeds.

The allocation of the net proceeds will be subject to an external audit by auditors.

In addition, where feasible, Sino Land will provide qualitative and where possible, quantitative environmental performance indicators of the Eligible Green Projects funded. Performance indicators monitored by Sino Land include:



Eligible Green Asset Categories	Impact Indicators
Green Buildings	 Energy consumption (kWh) or Energy savings (kWh) GHG emission reduced (tonnes of CO₂e)
Energy Efficiency	 Reduction in energy consumption (kWh) Amount of renewal energy collected (kWh)
Sustainable Waste Management	 Waste recycled (kg) Amount in terms of volume in adopting standardized & modular design and pre-casted technologies in construction(m³)
Sustainable Water Management	 Reduction in water consumption (m³) Amount of water being harvested and recycled (m³)
Clean Transportation	 GHG emission reduced (tonnes of CO₂e) Increment in number of car parking space with EV infrastructure ready



Appendix 1 (External Certifications)

Leadership in Energy and Environmental Design[™] ("LEED")

LEED is a voluntary, third party building certification process developed by the U.S. Green Building Council[®]. LEED certification provides independent verification of a building or neighborhood's green features, allowing for the design, construction, operations and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings. LEED works for all buildings at all phases of development, from new construction to existing buildings, as well as all building sectors, from homes to hospitals to corporate headquarters. For more information, please visit www.usgbc.org/LEED.

Building Environmental Assessment Method (BEAM) Plus ("BEAM Plus")

Recognised and certified by the Hong Kong Green Building Council, BEAM Plus offers a comprehensive set of performance criteria for a wide range of sustainability issues relating to the planning, design, construction, commissioning, management, operation and maintenance of a building. By providing a fair and objective assessment of a building's overall performance throughout its life cycle, BEAM Plus enables organisations and companies of all sizes to demonstrate their commitment to sustainable development. For more information, please visit www.hkgbc.org.hk.

WELL Building Standard[™] ("WELL")

WELL is a performance-based system for measuring, certifying, and monitoring features of the built environment that impact the health and wellness of the people who live, work, and learn in the buildings. WELL focuses on seven categories of building performance: air, water, nourishment, light, fitness, comfort, and mind. It is administered by the International WELL Building Institute[™] and third party certified by Green Business Certification Inc. For more information, please visit www.wellcertified.com.



Supplementary information:

HKQAA obtained below information in assessment stage which served as supplementary information of the 5 eligible types of project activities listed in above Environmental Method Statement.

Item 1: Green Buildings		
Primary Category:	 Green Track 1: Energy Conservation and Efficiency Red Track <i>Please specific the project technology and justification</i> 	
Secondary Category:	1.2 Sustainable Building	
Major related environmental dimensions ¹	Live & Prosper Sustainably	
SDG's Target(s) and Indicator(s) ²	SDG11: Sustainable cities and communities Target 11.b: By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels	
Item's Objectives and Targets	 New construction and major renovation of buildings that target to have or will receive, subject to concerned authority's jurisdiction a certification of either: LEED, minimum of Silver Grade or above; or BEAM Plus, minimum certification of Silver Grade or above; or Any other Green Building label, that is an equivalent standard to the above. Impact Indicators of the framework, i.e.: Energy consumption (kWh) or Energy savings (kWh), GHG emission reduced (tonnes of CO₂e). Sino Land has set a target to reduce 16% carbon emissions by 2020 based on the 2012 level across common areas of Sino Land's wholly-owned buildings. 	
Benchmark level	 ☐ International Standard ☐ National Standard ⊠ Industry Standard ⊠ Self-development Standard ☐ Others, Please specific: 	
Significant / major environmental and social impact constituted by this type of project	Where feasible, the Group will report on the environmental performance (where relevant) of the Eligible Green Projects funded. Examples of indicators include GHG emissions reduction (tonnes of CO ₂ e), Reduction in energy consumption (kWh).	



activities

Item 2: Energy Efficiency			
Primary Category:	Green Track I. Energy Conservation and Efficiency Red Track Please specific the project technology and justification		
Secondary Category:	1.2 Sustainable Building		
Major related environmental dimensions ¹	Increase Resource Efficiency		
SDG's Target(s) and Indicator(s) ²	SDG12: Sustainable consumption and production: Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources		
Item's Objectives and Targets	Projects which result in achieving, based on third-party assessment, at least a 15% improvement in energy efficiency. Projects relating to adoption of smart technologies and/or systems and flexible		
	management strategy for optimizing energy management in new and existing developments, to improve energy efficiency, reduce carbon footprint and GHG emission and adoption of clean renewable energy system into buildings with good potential to do so.		
Benchmark level	International Standard		
	National Standard		
	Industry Standard		
	Self-development Standard		
	Others, Please specific:		
Significant / major environmental and social impact constituted by this type of project activities	Where feasible, Sino Land will report on the environmental performance (where relevant) of the Eligible Green Projects funded. Examples of indicators include reduction in energy consumption (kWh) and amount of renewal energy collected (kWh).		

Item 3: Sustainable Waste Management



Primary Category:	Green Track
	2. Pollution Prevention and Control
	Red Track
	Please specific the project technology and justification
Secondary Category:	2.1 Pollution Prevention and Control
	2.4 Waste Management and Prevention
Major related	Increase Resource Efficiency
environmental	
dimensions ¹	
SDG's Target(s) and $Indicator(a)^2$	SDG12: Ensure sustainable consumption and production patterns:
Indicator(s) ²	Target 12.2: By 2030, achieve the sustainable management and efficient use of natural
	Target 12.5: By 2030, substantially reduce waste generation through prevention,
	reduction, recycling and reuse
Item's Objectives and	Projects which contributes to waste reduction and pollution prevention.
Targets	
	Projects such as those that reduce waste to landfill
Benchmark level	
Benchmark level	International Standard
Benchmark level	
Benchmark level	International Standard National Standard
Benchmark level	
Benchmark level	National Standard
Benchmark level	 National Standard Industry Standard Self-development Standard
Benchmark level	 National Standard Industry Standard
Benchmark level	 National Standard Industry Standard Self-development Standard
	 National Standard Industry Standard Self-development Standard Others, Please specific:
Significant / major	 National Standard Industry Standard Self-development Standard Others, Please specific: Where feasible, Sino Land will report on the environmental performance (where relevant)
Significant / major environmental and	 National Standard Industry Standard Self-development Standard Others, Please specific: Where feasible, Sino Land will report on the environmental performance (where relevant) of the Eligible Green Projects funded. Examples of indicators include waste reduction
Significant / major	 National Standard Industry Standard Self-development Standard Others, Please specific: Where feasible, Sino Land will report on the environmental performance (where relevant) of the Eligible Green Projects funded. Examples of indicators include waste reduction and pollution prevention in waste recycled (kg), and amount in terms of volume in adopting standardized & modular design and pre-casted technologies in construction
Significant / major environmental and social impact constituted by this type of project	 National Standard Industry Standard Self-development Standard Others, Please specific: Where feasible, Sino Land will report on the environmental performance (where relevant) of the Eligible Green Projects funded. Examples of indicators include waste reduction and pollution prevention in waste recycled (kg), and amount in terms of volume in
Significant / major environmental and social impact constituted by this	 National Standard Industry Standard Self-development Standard Others, Please specific: Where feasible, Sino Land will report on the environmental performance (where relevant) of the Eligible Green Projects funded. Examples of indicators include waste reduction and pollution prevention in waste recycled (kg), and amount in terms of volume in adopting standardized & modular design and pre-casted technologies in construction

Item 4: Sustainable Water Management	
Primary Category:	Green Track
	4. Sustainable Water
	Please specific the project technology and justification
Secondary Category:	4.1 Water Saving and Unconventional Water Use
Major related	Increase Resource Efficiency



environmental dimensions ¹	
aimensions	
SDG's Target(s) and Indicator(s) ²	SDG6: Clean water and sanitation:
indicator(s)	Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
	Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Item's Objectives and Targets	Installation of water saving features to reduce domestic and commercial water consumption and adoption of water harvesting and recycling system into building.
	Projects such as those that improve water efficiency.
Benchmark level	International Standard
	National Standard
	Industry Standard
	Self-development Standard
	Others, Please specific:
Significant / major environmental and social impact constituted by this type of project activities	Where feasible, the Group will report on the environmental performance (where relevant) of the Eligible Green Projects funded. Examples of indicators include reduction in water consumption (m ³), and amount of water recycled (m ³).

Item 5: Clean Transportation	
Primary Category:	 Green Track Sustainable Transportation Red Track <i>Please specific the project technology and justification</i>
Secondary Category:	5.5 New Energy Vehicle
Major related environmental dimensions ¹	Increase Resource Efficiency
SDG's Target(s) and Indicator(s) ²	SDG7: Affordable and clean energy: <i>Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy</i>



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	services
Item's Objectives and Targets	Promoting the use of electric vehicles (EVs) and reducing air pollutants emission from car combustion engine.
Benchmark level	International Standard
	National Standard
	Industry Standard
	Self-development Standard
	Others, Please specific:
Significant / major environmental and social impact constituted by this type of project activities	Where feasible, the Group will report on the environmental performance (where relevant) of the Eligible Green Projects funded. Examples of indicators include GHG emission reduced (tonnes of CO ₂ e) and Increment in number of car parking space with EV infrastructure ready.



Remarks:

Reference Number	Author	Title
1	United Nations Environmental Programme (UNEP)	Sustainable Development Goals: United Nations Environment Programme: Annual Report 2015 https://wedocs.unep.org/bitstream/handle/20.500.11822/7506/- Sustainable_Development_GoalsUNEP_annual_report_2015-2016UNEP-AR- 2015-SustainableDevelopmentGoals.pdf.pdf?sequence=3&isAllowed=y
2	UNEP	About the Sustainable Development Goals on UNEP https://www.unenvironment.org/explore-topics/sustainable-development-goals/about-sustainable-development-goals https://sustainable-development-goals https://sustainabledevelopment-goals