

GEELY

**GEELY AUTOMOBILE HOLDINGS LIMITED
SUSTAINABLE FINANCE FRAMEWORK**

May 2022



Contents

- I. Introduction 1
- II. Introduction of Sustainable Finance Framework..... 5
- III. Use of Proceeds..... 5
- IV. Process for Project Evaluation and Selection..... 9
- V. Management of Proceeds..... 10
- VI. Reporting..... 10
- VII. External Review..... 12

I. Introduction

Geely Automobile Holdings Limited Sustainable Finance Framework

This document sets out the Sustainable Finance Framework (the “Framework”) for Geely Automobile Holdings Limited’s (or “Geely Auto”) sustainable financing program, under which Geely Auto intends to issue debt instruments (“Sustainable Debt Instruments”) for the purpose of financing or refinancing projects promoting sustainable mobility and low-carbon transportation that are aligned with the sustainability strategy of Zhejiang Geely Holding Group (“Geely Holding”), the controlling shareholder of Geely Auto. Sustainable Debt Instruments may include Sustainable Bonds, Sustainable Private Placements, Sustainable Loans and Sustainable Asset-Backed Securities.

Geely Auto’s Mission, Vision and Core Values

Overview

Zhejiang Geely Holding Group is a global mobility technology group headquartered in Hangzhou, China. Commenced its business since 1986 and entered the automobile industry in 1997, Geely Holding is committed to becoming a globally competitive and influential smart electric mobility technology enterprise and energy service provider, engaged in the passenger vehicle, commercial vehicle, mobility services, digital technology, financial services, and education. Geely Holding has joined the United Nations Global Compact as a participant as of 6 January 2022.

Geely Auto, controlled by Geely Holding, and listed on the main board of The Stock Exchange of Hong Kong Limited (SEHK stock code: 175). It manages and operates five brands, i.e. GEELY, LYNK & CO (a JV with Geely Holding and Volvo Cars), GEOMETRY, ZEEKR and LIVAN (a JV with Lifan Technology) in which the products are mainly produced in 17 vehicle production plants in China. Geely Auto achieved 1.3mn unit sales in 2021 (including the sales volume of Lynk & Co), among which 82,806 were new energy vehicles.

Geely Auto has published its “Blue Geely Action Plans” in 2021, focusing on both fuel-efficient vehicles and pure electric vehicles. The “Blue Geely Action Plans” should enable Geely Auto to compete more efficiently in the rapidly changing vehicle market globally. By 2025, Geely Auto aims to sell 3.65mn vehicles per year across the aforementioned five brands, with new energy vehicles accounting for over 30%.

Geely Auto has also publicly announced its carbon emission reduction targets. With 2020 as baseline, Geely Auto plans to reduce full value chain carbon emission per car by 25%+ in 2025. In the longer term, Geely Auto commits to achieve carbon neutrality by 2045. Geely Auto is also committed to set science-based targets under the Science Based Targets Initiative.

Under the vision “*A Sustainable Future, a Better World*”, the mission “*Create an Exceptional Mobility Experience*”, and the core values “*People-oriented, Innovation and Excellence*”, Geely Auto highly recognizes global climate change’s risks and opportunities, and actively takes economic, environmental and social factors into consideration and integrates ESG management into all aspects of business operations to improve the sustainability performance. Geely Auto also actively follows and supports both the Sustainable Development Goals from the United Nations (“UN SDGs”) from a global

perspective, as well as the Chinese government's goals of *"hit peak carbon emissions before 2030 and achieve carbon neutrality before 2060"*.

Sustainable, Innovative and Exceptional Mobility Experience by Geely Auto

Geely Auto's mission is to create an exceptional mobility experience. Upholding the core values of "People-oriented, Innovation, Excellence", Geely Auto persists in innovative R&D, safety & quality and considerate service. Innovation not only drives Geely Auto to meet the challenges of transformation in the global automobile and mobility industry but also enables it to seize the opportunity to become a global leader in mobility technology, and brings revolutionary changes to the industry as well as creates more value for global consumers and the society, thus achieving sustainable development.

In addition, Geely Auto proactively promotes the application of new energy and electrification technology in its vehicle products. Decent efforts are also put in Sustainable Experience Architecture ("SEA"), shared mobility, and intelligent technologies like autonomous driving, to create the sustainable and exceptional mobility experience.

Blue Geely Action Plans for Low-Carbon Development

To actively respond to climate change and support China's goal of carbon neutrality before 2060, Geely Auto follows its "Blue Geely Action Plans" as the core, implements green production, and promotes green value chain.

For example, Geely Auto seizes the opportunities from new energy and gradually increase the proportion of energy-saving, low-carbon and zero-emission products to reduce the vehicles' carbon footprint through the Blue Geely Action Plans. Geely Auto also promotes energy saving and consumption reduction throughout the product life cycle, including product design, green factory, low-carbon manufacturing and green logistics to further reduce the carbon footprint in its operations. Geely Auto is actively working on developing new energy and electrification technologies which mainly cover: 48 V Mild-Hybrid Technology, Hybrid Technologies (HEV/PHEV), Electrification Technology, and Methanol Technology. Geely Auto also acts in strict accordance with national and local environmental protection laws and regulations in its production process and dedicate itself to reducing the environmental impact of air pollutants, wastewater, and solid waste along the value chain.

Geely Auto continues its effort in building a low-carbon value chain through improvements in technology, manufacturing process, and business model to implement low-carbon management throughout the product life cycle, and actively fulfill the environmental responsibility and strive for high-quality, eco-friendly, and sustainable development.

Geely Auto's Rationale for Sustainable Financing

Becoming one of the world's leading providers of exceptional and sustainable mobility requires substantial capital expenditure.

Geely Auto believes that Sustainable Debt Instruments are effective tools to channel investments to projects that have demonstrated climate benefits and thereby contributes to the achievement of the UN SDGs and China's 2060 carbon-neutrality goal. By issuing Sustainable Debt Instruments, Geely Auto intends to align its funding strategy with its vision, mission and core values.

Under the Framework, Geely Auto has the ambition to issue Sustainable Debt Instruments to finance and / or refinance projects related to sustainable mobility and low-carbon transportation in accordance with Geely Auto's core business and sustainability strategy.

Geely Auto's ESG Governance

Geely Auto highly recognizes the importance of ESG management and actively integrates ESG management into all aspects of enterprise management by strengthening ESG responsibilities at all levels. Geely Auto sufficiently considers stakeholders' demands and opinions in the business development process. Taking economic, environmental, and social factors into consideration, Geely Auto continuously improves the sustainability performance.

In order to enhance the governance structure, the Board of Directors has approved the establishment of the Sustainability Committee on the 11 December 2020, appointing Executive Director, Mr. An Cong Hui, as the Chairman of the Sustainability Committee, and Executive Director and Chief Executive Officer, Mr. Gui Sheng Yue, and Independent Non-executive Director, Mr. Wang Yang, as members of the Sustainability Committee. The Sustainability Committee is responsible for assisting the Board of Directors in overseeing Geely Auto's development in ESG and providing guidance in the implementation of related measures, in order to promote the Geely Auto's sustainability.

Geely Auto has established a top-down ESG governance structure, which consists of four tiers: The Board of Directors, the Sustainability Committee, the ESG Joint Working Group, as well as the Departments Relevant to ESG. Various tiers' responsibilities are clearly defined and their tasks are coordinated. Meanwhile, Geely Auto has referred to the ISO 26000 Guidance on Social Responsibility and strengthened the ESG responsibilities of each tier based on the PDCA (Plan-Do-Check-Act) model.



ESG Governance Structure	ESG Roles and Major Responsibilities
Board of Directors	<ul style="list-style-type: none"> • Oversee and approve material ESG issues; • Discuss the recommendations made by the Sustainability Committee and make decisions.
Sustainability Committee	<ul style="list-style-type: none"> • Review sustainability’s strategy, risk & opportunities and material issues, and make recommendations to the Board; • Monitor the implementation of sustainability strategy and coordinate required resources; • Evaluate sustainability’s progress and performance, and effectiveness of improvement measures.
ESG Joint Working Group	<ul style="list-style-type: none"> • Handle ESG reporting and continuously follow up on the requirements of regulators, investors, and rating agencies; • Carry out ESG gap analysis and feedback to the relevant parties within the ESG governance structure; • Support the departments relevant to ESG to set ESG goals and plans aligning with sustainability strategy; • Review improvement plans made by relevant departments to

	<p>ensure meeting the requirements of ESG goals and plans;</p> <ul style="list-style-type: none"> Assist the Sustainability Committee to carry out monitoring and evaluation.
Departments Relevant to ESG	<ul style="list-style-type: none"> Set ESG-related goals and implement the corresponding measures; Carry out self-check to ensure ESG goals are accomplished effectively; Develop ESG improvement plan and integrate into next year’s work plan.

II. Introduction of Sustainable Finance Framework

In accordance with our sustainability strategy, Geely Auto has established the Framework under which it can obtain financing through Green, Social and Sustainability transactions.

Transactions may include senior unsecured notes, securitizations, loans, commercial paper (each a Sustainable Debt Instrument).

The Framework has been developed in alignment with the International Capital Market Association (the ICMA) Green Bond Principles, 2021¹, the ICMA Social Bond Principles, 2021¹ (together, the Principles), the ICMA Sustainability Bond Guidelines, 2021¹ (the SBG) and the Green Loan Principles, 2021² (the GLP) and Social Loan Principles, 2021³ (the SLP) as administered by LMA, APLMA, and LSTA, all of which recommend transparency and disclosure and promote integrity with respect to “sustainable” financing.

In line with the Principles, the SBG, the GLP and the SLP, the Framework covers the following key pillars:

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

III. Use of Proceeds

Geely Auto defines the individual elements of Eligible Projects, including Eligible Green Projects and Eligible Social Projects, as "Eligibility Criteria".

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>





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











³ <https://www.lsta.org/content/social-loan-principles-slp/>


The net proceeds raised under the Framework will be used to finance or refinance in whole or in part, expenditure on projects that are consistent with Geely Auto’s policies and that meet the Eligibility Criteria set out below.

Geely Auto’s Eligible Projects will have occurred not more than 36 months prior to the issuance date of the related financing. Geely Auto’s intention is to fully allocate the net proceeds of each Sustainable Financing within 36 months of its issuance.


Eligible Green Projects

Eligible Green Categories	Eligibility Criteria & Examples	UN SDG Mapping
Clean Transportation	<p>Investments and expenditures for the design, development and manufacturing of zero emission vehicles that are battery electric vehicles (“BEV”), hybrid electric vehicles (“HEV”), plug-in hybrid electric vehicles (“PHEV”) and methanol hybrid vehicles.</p> <ul style="list-style-type: none"> - Research and development dedicated to the technology and production of zero emission vehicles or hybrid vehicles with an emission threshold at or below 75gCO₂/km or 120.7gCO₂/mile, which include testing, development of facilities, tooling and manufacturing of the abovementioned vehicles - Projects related to the development and installation of vehicle charging infrastructure dedicated to electrified transport and intelligent battery swapping ecosystem (when separable from fossil fuel filling stations and garages) - Investment in BEV companies <p>Investments and expenditures in Projects related to the manufacturing and / or procurement of components for battery electric vehicles (“BEV”), hybrid electric vehicles (“HEV”), plug-in hybrid electric vehicles (“PHEV”), and methanol hybrid vehicles such as batteries and powertrains, as well as remanufacturing and/or recycling of batteries.</p>	  
Green Buildings	<p>Expenditures related to the acquisition, design, construction, operation and maintenance of buildings which meet or expected to meet regional, national or internationally verified certification scheme:</p> <ul style="list-style-type: none"> - China Green Building Evaluation Label with a minimum of 2 Stars 	

Eligible Green Categories	Eligibility Criteria & Examples	UN SDG Mapping
	<ul style="list-style-type: none"> - LEED Certification Gold Level or above - BREEAM Certification Excellent Level or above 	
Renewable Energy	New or existing investments in or expenditures related to the construction, development, acquisition, maintenance, and operation of renewable energy projects including solar (i.e. onshore photovoltaic (PV) generation), procurement of hydropower, and Renewable Energy Certificate procurement from I-REC	  
Energy Efficiency	Investments and expenditures related to renovation of existing facilities from non-fossil fuel sources for energy savings and emission reductions to improve energy efficiency	  
Sustainable Water and Wastewater Management	Investments and expenditures related to water conservation, water efficiency and improved water quality in production and office facilities including recycling, reuse and sustainable water management in industrial processes.	
Waste Management and Circular Economy	<p>Investments and expenditures related to projects that decrease waste generation, increase waste diversion from landfills and reduce consumption of natural resources and energy, including:</p> <ul style="list-style-type: none"> - Increasing the use of renewable, recycled, or reused materials - Improving the separation and recovery of commodities from materials - Implementing waste sorting and recycling 	 

Eligible Green Categories	Eligibility Criteria & Examples	UN SDG Mapping
Pollution Prevention and Control	<p>Investments and expenditures in projects that prevent and reduce waste and pollution:</p> <ul style="list-style-type: none"> - Equipment and technologies for reducing resource consumption and pollution emission using non-fossil fuel sources 	 <p>The UN SDG Mapping column contains four vertically stacked icons. From top to bottom: 1. A green box with the number '3', the text 'GOOD HEALTH AND WELL-BEING', and a white icon of a heartbeat line with a heart. 2. A blue box with the number '6', the text 'CLEAN WATER AND SANITATION', and a white icon of a water tap with a drop. 3. An orange box with the number '11', the text 'SUSTAINABLE CITIES AND COMMUNITIES', and a white icon of a city skyline. 4. A brown box with the number '12', the text 'RESPONSIBLE CONSUMPTION AND PRODUCTION', and a white icon of an infinity symbol.</p>

Eligible Social Projects

Eligible Social Categories	Eligibility Criteria & Examples	UN SDG Mapping
Making Lives Better	<p>Expenditures focused on advancing economic opportunity and equity for underrepresented and /or disadvantaged populations (i.e. women, people with low income⁴, and people with disabilities). Examples include:</p> <ul style="list-style-type: none"> - Star projects including “Green Running Tracks” in supporting children living in the village, the disabled, or the autistic children to realize sports dream - Procurement and donation of medical equipment as well as R&D of CN95 Healthy Car and donation of anti-pandemic vehicles during pandemic - Poverty alleviation through industrial development, education, and employment 	 <p>4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES</p>

Geely Auto may, at its discretion, add Eligible Green Projects and Eligible Social Projects to the list. Geely Auto will use its best efforts to update the Framework to reflect any such changes.

IV. Process for Project Evaluation and Selection

Geely Auto has established a cross-departmental Sustainable Finance Committee (“SFC”), which is coordinated by Sustainability Committee. The Sustainability Committee will manage sustainability’s strategy, risk, and opportunities according to Company’s risk and investment policy, and make corresponding recommendations to the Board. SFC is responsible for overseeing the process of selecting, evaluating and monitoring Eligible Sustainable Projects for an Eligible Sustainable Project Portfolio, as well as setting the Eligibility Criteria with a look-back period of up to 36 months from the date of issuance.

The SFC is responsible for:

- On a best efforts basis, reviewing and updating the content of the Framework and managing any future updates of this document to reflect relevant changes in the Geely Auto’s corporate strategy, technology and market developments
- On a best efforts basis, excluding or replacing projects that no longer comply with the Eligibility Criteria or which the SFC has otherwise determined should not be funded under the Framework
- Designating, reviewing and updating the Eligible Sustainable Project Portfolio

⁴ Low income population, is defined as per Chinese National Standard for Rural Poverty Alleviation Standard which defines low income people as people with annual income of RMB 2,736 (USD 430) or less as of 2013.

- As Sustainable Debt Instruments mature, removing the oldest projects for an equivalent investment amount, to ensure that Sustainable Debt Instruments continue to fund new projects
- Preparing allocation and impact reports associated with the Sustainable Debt Instruments in accordance with the Framework
- Managing and allocating the Net Proceeds of each Sustainable Debt Instrument

The Sustainable Finance Committee is composed of members from Treasury, ESG, Accounting and other relevant departments. The SFC will meet at least annually to review project submissions from Geely Auto’s business units. Project submissions will be assessed to ensure they conform with the Eligibility Criteria, including aligning with the Eligible Categories, Use of Proceeds and the objective of making a positive impact on sustainable mobility.

V. Management of Proceeds

Geely Auto intends to allocate an amount equal to the net proceeds from the issue of any Sustainable Debt Instruments to a Sustainable Green Project Portfolio, selected in accordance with the Eligibility Criteria and evaluation and selection process presented above. Additional Eligible Sustainable Projects will be added over time to the Eligible Sustainable Project Portfolio.

Geely Auto is able to track investments and or expenditures and or costs that are related to the Eligible Projects based on internal reporting systems.

Geely Auto will strive, over time, to achieve a level of allocation for the Eligible Sustainable Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding Sustainable Debt Instruments. Geely Auto intends to add Eligible Sustainable Projects over time to the Eligible Sustainable Project Portfolio to the extent required to ensure that the net proceeds from outstanding Sustainable Debt Instruments will be allocated to Eligible Sustainable Projects.

Pending the allocation or reallocation of the net proceeds, Geely Auto will invest the balance of the net proceeds, at its own discretion, in cash or other liquid marketable instruments.

VI. Reporting

Annually, until full allocation of the net proceeds, the issuing entity will publish a Sustainable Financing Report on its website that will include:

- The amount of any Sustainable Debt Instruments that has been allocated to the relevant Eligible Portfolio by category, subject to confidentiality considerations
- The outstanding amount of net proceeds from the sale of any Sustainable Debt Instruments yet to be allocated to Eligible Projects at the end of the reporting period
- Expected impact metrics, where feasible

Sample Impact Metrics:

	Eligible Green / Social Categories	Example Expected Impact Metrics
Eligible Green Categories	Clean Transportation	- Reduction in Scope 3 GHG emissions per vehicle kilometre from use of sold products

	Eligible Green / Social Categories	Example Expected Impact Metrics
		<ul style="list-style-type: none"> - Expected/achieved new production capacity of EVs - Number of BEVs, HEVs, PHEVs, and methanol hybrid vehicles manufactured - Number of EV charging ports/stations installed - Number of BEVs, HEVs, PHEVs, and methanol hybrid vehicles financed - Estimate of the lifetime reduction in CO₂ emissions achieved by the BEVs, HEVs, PHEVs and methanol hybrid vehicles financed by the Sustainable Debt Instrument proceeds
	Green Buildings	<ul style="list-style-type: none"> - Type/number of green building certifications obtained - Total floor area of certified green buildings
	Renewable Energy	<ul style="list-style-type: none"> - Reduction in Scope 1 and 2 GHG emissions - Annual GHG emissions reduced/avoided (tons of CO₂ equivalent)
	Energy Efficiency	<ul style="list-style-type: none"> - Reduction in GHG emissions - Annual GHG emissions reduced/avoided (tons of CO₂ equivalent)
	Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> - Volume of water saved, reduced or treated (m³) - Improved water-use efficiency expected/achieved compared to pre-investment (in percent)
	Waste Management and Circular Economy	<ul style="list-style-type: none"> - Waste recycled or diverted from landfill (metric tons) - Waste reduced/avoided (tons) - Percentage recycled or renewable plastic content
	Pollution Prevention and Control	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided (tons of CO₂ equivalent)
Eligible Social Categories	Making Lives Better	<ul style="list-style-type: none"> - Qualitative description of the projects - Number of beneficiaries

Geely Auto has committed to report on the Use of Proceeds annually, until the full allocation of the Geely Auto's transactions. The report will be publicly available on the Geely Auto's website, and will be included in the annual ESG report as part of the HKEX requirements. The reporting will cover relevant information related to the allocation of proceeds and the expected sustainable benefits at Issuance and Eligible Category levels. Geely Auto has also committed to report on material developments related to the projects.

The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Categories will be publicly disclosed.

VII. External Review

Second Party Opinion

We have obtained and made publicly available a Second Party Opinion (SPO) from Sustainalytics with recognized environmental and social expertise on the environmental and social benefits of the Framework as well as the alignment to the Principles, SBG, GLP and SLP. The SPO is available on Sustainalytics' website.

Verification

We expect that the Sustainable Financing Report will be accompanied by (i) assertions by Geely Auto's management that an amount equal to the net proceeds of any Sustainable Debt Instruments has been allocated to Eligible Projects and (ii) a report from an independent third party who will examine and verify the management of the net proceeds and provide assurance as to the compatibility of the selected Eligible Projects with the Framework.