

Geely Automobile Holdings Limited

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In August 2022, Geely Automobile Holdings Limited (Geely Auto) issued its sustainable club loan intended to finance automobile R&D and automobile component procurement.¹ In March 2023, Geely Auto engaged Sustainalytics to review the projects financed with proceeds from issued sustainability loan (USD 400 million) and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Geely Automobile Holdings Limited Sustainable Finance Framework (the "Framework").² Sustainalytics provided a Second-Party Opinion on the Framework in April 2022.³

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the sustainability loan based on whether the projects and programmes:

1. Met the Use of Proceeds and eligibility criteria outlined in the Framework; and
2. Reported on at least one Key Performance Indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria⁴

Use of Proceeds Category	Use of Proceeds Sub-category	Eligibility Criteria
Clean Transportation	Electric Vehicles	<ul style="list-style-type: none"> • 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. <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

¹ Geely Auto, "Geely Auto Secures US\$400m Sustainable Club Loan to Accelerate Green Transformation", (2022), at: <https://global.geely.com/en/news/2022/geely-auto-sustainable-club-loan>.

² The Framework is published on Geely Auto's website and is available at:

http://www.geelyauto.com.hk/core/files/corporate_governance/en/Sustainable%20Finance%20Framework.pdf

³ Geely Automobile Holdings Limited Sustainable Finance Framework Second-Party Opinion is on Geely Auto's website at:

http://www.geelyauto.com.hk/core/files/corporate_governance/en/Second%20Party%20Opinion%20on%20Sustainable%20Finance%20Framework.pdf

⁴ The Framework defines seven green use of proceeds categories and one social use of proceeds category. Geely Auto allocated proceeds to one green category: Clean Transportation

		<p>dedicated to electrified transport and intelligent battery swapping ecosystem (when separable from fossil fuel filling stations and garages)</p> <ul style="list-style-type: none"> ○ Investment in BEV companies
	Electric Vehicle Batteries	<ul style="list-style-type: none"> ● 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.

Table 2: Key Performance Indicators

Use of Proceeds	Key Performance Indicators
Clean Transportation	<ul style="list-style-type: none"> ● Reduction in Scope 3 GHG emissions per vehicle kilometre from use of sold products ● 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

Issuer's Responsibility

Geely Auto is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of Geely Auto's sustainability loan Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Geely Auto and review of said documentation to assess conformance with the Geely Automobile Holdings Limited Sustainable Finance Framework.

Sustainalytics relied on the information and the facts presented by Geely Auto. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Geely Auto.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Geely Automobile Holdings Limited Sustainable Finance Framework. Geely Auto has disclosed to Sustainalytics that the proceeds from the sustainability loan were fully allocated as at January 10, 2023.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the 2022 sustainability loan from August 2022 to January 2023 to determine if projects aligned with the use of proceeds criteria outlined in the Framework and Table 2.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the 2022 sustainability loan from August 2022 to January 2023 to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 2. For a list of KPIs reported, please refer to Appendix 2.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting by Eligibility Criteria

Use of Proceeds Category	Use of Proceeds Sub-category	Project Number	Project Description	Net Loan Proceeds Allocation (RMB in million)	Net Loan Proceeds Allocation (USD in million)	Project Type
Clean Transportation	Electric Vehicles	Project 1	R&D of Model GE13	382.76	55.18	Refinancing
		Project 2	R&D of Model GE11-AB	203.99	29.41	
	Electric Vehicle Batteries	Project 3	Battery Procurement of Geely BEV Models	2188.05	315.42	
Total				2774.80	400.00	-

Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Use of Proceeds Sub-category	Project Number	Number of BEVs, HEVs, PHEVs, and Methanol Hybrid Vehicles Manufactured ⁶
Clean Transportation	Electric Vehicles	Project 1	23,357
		Project 2	97,710
	Electric Vehicle Batteries	Project 3	39,072

⁶ Data as of February 28, 2023

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