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YANLORD

Yanlord Land Group Limited Green Finance Framework



April 2021

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1 Introduction

1.1 About Yanlord

Yanlord Land Group Limited (“Yanlord” or the “Company” and together with its subsidiaries, the “Group”) is a real estate developer focusing on developing high-end fully-fitted residential, commercial and integrated property projects in strategically selected key and high-growth cities in the People’s Republic of China (“PRC”) and in Singapore. Yanlord has been listed on the Mainboard of the Singapore Exchange since in June 2006. Since Yanlord’s foray into the PRC property market in 1993, it has successfully developed a number of large-scale residential property developments with international communities of residents. Building on its established track record for developing high-end residential property developments in prime locations within affluent cities of the PRC, the “Yanlord” name has been developed into a premium brand synonymous with quality within the property development industry. Typically, Yanlord’s residential property developments are characterised by large-scale, multi-phased projects designed and built by international architects, leading designers and reputable contractors.

Currently, the Group has an established presence in 18 key high-growth cities within the six major economic regions of the PRC, namely:

- Yangtze River Delta – Shanghai, Nanjing, Suzhou, Hangzhou, Nantong, Yancheng and Taicang;
- Western China – Chengdu ;
- Bohai Rim – Tianjin, Tangshan, Jinan and Shenyang;
- Greater Bay Area – Shenzhen, Zhuhai and Zhongshan;
- Hainan – Haikou and Sanya; and
- Central China – Wuhan.

In Singapore, Yanlord currently has two residential projects under development, namely Leedon Green and Dairy Farm Residences.

Since 2003, Yanlord has been developing high-quality commercial and integrated properties for long-term investment purpose, such as shopping malls, offices, serviced apartments and hotels. Currently, Yanlord holds a portfolio of core completed investment and hotel properties, including Yanlord Landmark and Hengye International Plaza in Chengdu; Yanlord Riverside Plaza in Tianjin; Yanlord Marina Centre in Zhuhai; Crowne Plaza Sanya Haitang Bay Resort in Sanya; and Yanlord International Apartments, Tower A and Yanlord Landmark in Nanjing, in the PRC. Through the acquisition of then another Singapore Exchange-listed company - United Engineers Limited (“UEL”), the Group holds a high-quality investment property portfolio and hotels in Singapore, including UE BizHub CITY (including Park Avenue Clemenceau), UE BizHub TOWER, UE BizHub WEST, Rochester Mall, Park Avenue Rochester and Park Avenue Robertson. These projects are generating a growing rental income and increase the asset value for the Group.

Property Contracted Pre-sales

For the full financial year ended 31 December 2020, the Group together with its joint ventures and associates recorded a total property contracted pre-sales from residential and commercial units, and car parks of approximately RMB78.455 billion, on a total contracted gross floor area of

2,141,352 square metres (“sqm”), representing a year-on-year increase of 40.8% and 14.0% respectively.

Core Value

Since establishment in 1993, the Group has strived to forge and establish the “Yanlord” brand name in the PRC with its progressive mission and strategic vision working in tandem. Yanlord’s strong capabilities and deep understanding of how to grow with every completed project reinforces its customers’ confidence in its abilities. Yanlord’s experience and long-standing track record have thus allowed it to mature into a builder of homes, dreams and icons.

Corporate Philosophy

Developing land with devotion, building quality accommodation with passion

Mission Statement

Managing with benevolence and integrity, achieving perpetuity through perseverance

1.2 Yanlord’s Business

Property Development - Residential, Commercial & Integrated Properties

Yanlord develops large-scale projects located in prime and high-end residential areas. Yanlord’s development comprises of apartment complexes and villas that are designed to provide its customers with an assurance of quality, a complete lifestyle experience and a sense of community living. Residential property developments are equipped with facilities and amenities such as child-care centers, kindergartens, dining facilities, gym facilities, swimming pools and other sporting facilities. Yanlord also develops high-end commercial and integrated properties such as offices, serviced apartments and retail shops for sale in the PRC.

Property Investment and Hotel Operations

Since 2003, Yanlord has developed or acquired high-quality commercial and integrated properties for long-term recurring income generation and investment purpose, such as shopping malls, offices, serviced apartments and hotels. As part of its strategy to generate additional and recurrent revenue streams, Yanlord retains some of its commercial and integrated developments as investment properties for lease in order to maximise long-term benefits from the growth potential of the selected commercial property segments in key cities. Yanlord plans to build up a portfolio of investment properties selectively and progressively, while continuing to grow its core property development business.

Property Management Services

Yanlord also provides property management services for its commercial and residential properties. While Yanlord places strong emphasis on maintaining the quality of its property developments, provision of excellent property management services has also enhanced the value of its brand equity, strengthened the recognition by its customers and protected the image of its

developments. Yanlord believes that this business model preserves the value of its existing property developments and enhances its reputation as a responsible property developer.

Other Non-property Business

Through the acquisition of UEL, the Group expands its international business platform into various other businesses in various countries.

1.3 Commitment towards Sustainability

Since 1993, all of Yanlord's standard products were fully-fitted, ready to move-in condition properties as well as built by international architects, leading designers and reputable contractors. The development strategy has effectively reduced wastage and loss of construction material and on-going disturbances created by decoration of each of the individual property units. The fully-fitted product strategy brings excellent customers' experiences.

Yanlord has 2 LEED Platinum (Operation and Maintenance) Certifications, 1 Singapore Building and Construction Authority (BCA) Green Mark Gold Plus (Existing Building for Non Residential Building), 2 China Green Building Three-Star completed developments and 5 China Green Building Two-Star completed developments.

In 2020, Yanlord submitted application and obtained design review approval of 14 property developments for China National Green Building One to Three Star, of which, Yanlord Seacoast Royale in Suzhou obtained China Green Building Two Star (209,000 sqm), and Jingan Century in Shanghai (104,500 sqm) as well as the River Time in Nanjing (64,800 sqm) obtained pre-approval for China Green Building Three Star.

As of 31 December 2020, a total of 58 property developments under development, held and/or managed by the Group in PRC, were designed in compliance with the Chinese Green Building Evaluation Label. Yanlord has submitted application and obtained design review approval of these developments, with 3 Three-Star and 16 Two-Star developments.

Yanlord continues to intensify its efforts to incorporate sustainability initiatives and goals in its strategies and operations. Yanlord continually strives to strike a balance between conducting a sustainable business and delivering high-quality development projects to its customers. Yanlord's belief is that business success can be achieved through the integration of sustainability in its long-term strategies.

1.4 Health and Safety

As employees continue to play an essential role in contributing to business growth and success, Yanlord focuses on ensuring that the health and safety of its employees are safeguarded. Yanlord's commitment to maintaining proper health and safety measures remains steadfast.

In 2019, Yanlord continued to achieve its goal of zero occupational diseases and work-related fatalities in its residential and commercial properties (for sale, hospitality or held for rental

purposes). In the same year, the Company kept intensity rate of injuries below 1% on the back of an employee increase of 26% and an absolute reduction from 45 to 39 numbers of injuries.

Beyond advocating for others to give back to society, Yanlord leads by example to be a good corporate citizen by increasing its involvement in special needs and underprivileged communities. Yanlord has donated to various public welfare organisations in PRC.

Apart from integrating sustainability in its own operations, Yanlord has extended its pledge to sustainable business practices across its value chain. Yanlord aspires to encourage its business partners to be socially and environmentally responsible in their dealings. Yanlord believes that good sustainability governance, positive stakeholder relationships and respect for the environment and local communities are key to performance success.

1.5 Sustainability Governance Structure

To aid in driving and executing its sustainability efforts across the Group, Yanlord has put in place a sustainability governance structure. While the Board of Directors (“Board”) is ultimately responsible for the Company’s sustainability reporting, the Risk Management and Sustainability Committee has been assisting the Board in ensuring that there is an appropriate focus on sustainability by management in the design, implementation and monitoring of the Group’s risk management practices and procedures.

With effect from 26 February 2021, Yanlord renamed its Risk Management Committee to “Risk Management and Sustainability Committee” to better reflect the current duties and functions of this Committee and reaffirm the Group’s commitment and efforts towards sustainability, the environmental, social and governance (“ESG”) factors that are material and pertinent to the Group’s business as well as the Company’s approach to sustainability reporting in ensuring that there is an appropriate focus on sustainability by the management. The Risk Management and Sustainability Committee, chaired by independent non-executive director (“INED”), comprises of 4 members, including the Chairman and CEO and 3 INEDs.

The Risk Management and Sustainability Committee oversees the ESG Management Committee, made up of senior management personnel, which in turn is supported by ESG Task Force, comprising cross functional team. The Group’s four-tier sustainability governance structure that comprises of the Board, Risk Management and Sustainability Committee, ESG Management Committee and ESG Task Force proactively assessing ESG risks, setting up strategies, policies and systems, implementation plans and key performance indicators as well as reviewing, monitoring and managing ESG related material topics and objectives on an on-going basis.

Board of Directors

- comprises of 9 directors, of whom 4 are executive directors and 5 are INEDs
- collectively responsible to ensure that there is an appropriate focus on sustainability
- determines the ESG factors identified as material and pertinent to the business of the Group and ensures that they are appropriately monitored and managed
- has ultimate responsibility for Yanlord's sustainability reporting

Risk Management and Sustainability Committee

- comprises of 4 members, of whom majority including the chairman are INEDs
- assists the Board in reviewing the Group's risk management system and sustainability related issues
- recommends the ESG factors identified as material and pertinent to the business of the Group as well as the Company's approach to sustainability reporting to the Board
- ensuring the appropriateness of the monitoring and management of ESG factors as well as sustainability related issues

ESG Management Committee

- comprises of senior management personnel
- formulates and supervises policies and implements measures relating to sustainability issues
- provides periodical update to the Risk Management and Sustainability Committee on the effectiveness and progress of sustainability plans and review the performance of the present sustainability targets

ESG Task Force

- comprises of cross functional team
- formulates and executes the strategies, policies and implementation plans as well as coordinates the communication with stakeholders both internally and externally
- focuses on various ESG workstreams such as:
 - Compliance operation, anti-corruption and risk management, customer privacy
 - Climate change - green buildings and operations
 - Quality product and services, and customer satisfaction
 - Occupational health and safety
 - Employment and training; and
 - Others

1.6 Awards

2020

- China Top 100 Real Estate Developer in terms of Profitability by China Real Estate TOP10 Research
- China Top 10 Foreign Enterprise Real Estate Developer
- China Top 50 Real Estate Developer by Shanghai E-House Real Estate Research Institute China Real Estate Evaluation Center
- The Edge Singapore Billion Dollar Club 2020 by Singapore The Edge
- Shanghai Jing-an Century – Pro+ Landscape Design Gold Award & Public Building Silver Award by Shanghai Architectural Society
- Shanghai Chongming Curtilage – MUSE Design Platinum Awards in Interior Design
- Hangzhou Yanlord Gardens – Italy A'Design Award International Design Award
- Yanlord Stream in Cloud Library – China Building CULTURE Landmark by China Building Economy Global Cooperation Conference
- Yanlord Jinan Century Gardens – State Buildings Construction Safety Standards(年度省建筑施工安全文明标准化工地) by Housing and Urban-Rural Development Department of Shandong Province
- Yanlord Marina Centre B1-B4 – China Civil Engineering Zhan Tianyou Award Outstanding Residential District Gold Award by Housing Engineering Steering Committee of China Civil Engineering Society
- Yanlord Hainan – Quality Construction by Hainan Construction Engineering Quality and Safety Inspection Association
- Yanlord Wuhan – Advanced COVID-19 Alleviation Efforts by Wuhan Real Estate Development Association
- Yanlord Shenzhen awarded Poverty Alleviation, Precise Assistance and Caring Enterprise by the Industry and Commerce Federation of Shenzhen City Long-gang District
- Yanlord Nanjing Economic Contribution Selection of Jiangsu Nanjing Eco-Tech Island Economic Development Zone – Runner up

2019

- China Top 100 Real Estate Developers
- Silver Award for the Best Futura Project (Architectural Design) by MIPIM Asia – Cangjie, an integrated development located in the historical area of Suzhou
- National Award for Civil Engineering by China Construction Industry Association – Yanlord Riverbay (Phase 2) in Chengdu
- Best Employer in Real Estate Industry in China by the Chinese Real Estate Association and Real Estate Research Institute of China E-House

2 Yanlord's Green Finance Framework

This bespoke Green Finance Framework has been developed to demonstrate how Yanlord could fund projects that deliver positive environmental impacts via Green Financing Instruments.

The Green Finance Framework articulates how Yanlord intends to raise fund through Green Bonds, Loans and other debt-like instrument (collectively known as “Green Financing Instruments”) to finance or refinance, in whole or in part, new and/or existing projects which contribute to environmental objectives that conform to the principles listed below (“Principles”):

- International Capital Market Association (“ICMA”) Green Bond Principles (“GBP”) 2018¹;
- LMA / APLMA / LSTA Green Loan Principles (“GLP”) 2020².

In aligning with the Principles, Yanlord's Green Finance Framework is presented through the GBP's four core components as well as its recommendation for external review:

(a) Use of Proceeds

(b) Process for Project Evaluation and Selection

(c) Management of Proceeds

(d) Reporting

Green Financing Instruments issued under this Green Finance Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such Green Finance Instruments issued under this Green Finance Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>





² <https://www.aplma.com/en/gsl/43>







2.1 Use of Proceeds

Yanlord will allocate an amount at least equivalent to the net proceeds of any Green Financing Instruments issued under this Green Finance Framework towards financing or refinancing, in whole or in part, new and/or existing eligible projects (“Eligible Green Projects”) in the eligible categories as described below, together forming the “Eligible Green Project Portfolio”.

A maximum three-year look-back period would apply for refinanced projects and Yanlord expects each issuance under this Green Finance Framework to be fully allocated within two years from the date of issuance.

Categories of Eligible Green Projects:

Project Category (GBP)	Criteria	Sample Projects
<p>Green Buildings</p>  	<ul style="list-style-type: none"> - Construction of new buildings and/or retrofit of existing buildings to the following levels: - Investment or refinancing buildings certified to an acceptable level under an internationally recognised green building certification scheme <ul style="list-style-type: none"> o LEED (Gold or above) o Chinese Green Building Evaluation Label (Two-Star or higher) o BEAM Plus (Gold or higher) o BREEAM (Excellent or higher) o Singapore Building and Construction Authority (BCA) Green Mark - These buildings may additionally achieve the WELL Building Standard™ (Silver/Gold/Platinum) certification with an aim of improving the well-being of occupier 	<ul style="list-style-type: none"> - Chengdu Yanlord Landmark – LEED Platinum (Operation and Maintenance) - Tianjin Yanlord Riverside Plaza Phase 2 – China Three-Star & LEED Platinum (Operation and Maintenance) - Tianjin Yanlord Riverside Gardens Phase 1 – China Three-Star - UE BizHub TOWER – Singapore BCA Green Mark Gold Plus (Existing Building for Non-Residential Buildings) - Yanlord Seacoast Royale in Suzhou obtained China Green Building Two Star Certification
<p>Energy Efficiency</p>  	<ul style="list-style-type: none"> - Projects relating to adoption of smart technologies and/or systems for tracking, monitoring and managing energy usage in new and existing buildings to ensure achieving certain energy savings targets. - Buildings that achieve a minimum 30% improvement in energy use and/or carbon emissions compared to a mandated local or regional baseline or code - Projects involving the upgrades of facilities/equipment (e.g. air conditioning system, lift system, LED lighting system, fresh air supply system of existing development, building controls) 	<ul style="list-style-type: none"> - Investments in <ul style="list-style-type: none"> • Energy efficient air conditioners • Variable speed drivers for air handling units • T5 lighting panels • LED lights • Lighting with sensors • Variable voltage variable frequency (VVVF) type lift power system

Project Category (GBP)	Criteria	Sample Projects
Sustainable Water and Wastewater Management 	<ul style="list-style-type: none"> - Construction, development, installation, operation and maintenance of infrastructure or equipment for collection, treatment, recycling or reuse water, rainwater or wastewater. 	<ul style="list-style-type: none"> - Investment and development of water recycling system - Wastewater treatment systems to improve quality of wastewater
Renewable Energy  	<ul style="list-style-type: none"> - Development and installation of technologies that employs any form of renewable energy 	<ul style="list-style-type: none"> - Investment in solar and energy storage technologies for its project development
Pollution Prevention and Control  	<ul style="list-style-type: none"> - Reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling 	<ul style="list-style-type: none"> - Expenditures and investments in waste management that aim to prevent, minimise and/or recycle waste that includes but not limited to food waste, construction waste - Enforcement of dust control and noise reduction, during construction and/or operation of buildings
Clean Transportation 	<ul style="list-style-type: none"> - Construction and maintenance of infrastructure for electric vehicles and electric vehicle charges 	<ul style="list-style-type: none"> - Provision of electric vehicle (“EV”) charging facilities

Businesses and projects that are involved in the following operations will not be Eligible Green Projects (“Overall Exclusions List”):

- Any activity or technology associated with the extraction, production, storage, refining, transmission and distribution of fossil fuels
- Child labour
- Forced labour

2.2 Process for Project Evaluation and Selection

To ensure eligibility for green financing, Yanlord’s ESG Task Force will be responsible for the evaluation and selection of the Eligible Green Projects, in accordance with the eligibility criteria defined in the Use of Proceeds.

The ESG Task Force comprises of cross functional team from:

- Finance;
- Design and architecture;
- Building engineering and procurement;
- Operation management;
- Property management; and
- Investor Relations

The ESG Task Force will meet at least once on an annual basis, and on an ad hoc basis if warranted by circumstances including when amendments are required to the Eligible Green Project Portfolio.

The ESG Task Force is responsible for:

- Reviewing and ratifying eligible projects to ensure eligibility for green financing.
- Proposing the eligible projects to the Yanlord senior management to review and approve. **ESG Management Committee and the Group Financial Controller** have final say over eligibility of projects under this Green Finance Framework.
- Undertaking regular monitoring of the asset pool to ensure the eligibility of projects, whilst replacing any ineligible projects with new green assets.
- Verifying compliance of the green projects with Yanlord’s overall objectives, strategy and policy and internal environmental and social risk management standards.
- Facilitating regular reporting on any green issuance in alignment with the section 4 on ‘Reporting’.
- Managing any future updates to this Green Finance Framework.

2.3 Management of Proceeds

The net proceeds of any Green Financing Instruments issued under this Green Finance Framework will be managed on a portfolio approach by the **ESG Management Committee and Group Financial Controller**; and would be allocated as follows to Green Financing Instruments in the Eligible Green Projects.

The net proceeds from Green Financing Instruments will be deposited in the general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects in accordance with this Green Finance Framework. Yanlord will attempt to maintain an Eligible Green Project Portfolio that at least matches or exceeds the net proceeds from its outstanding Green Financing Instruments issued under this Green Finance Framework.

During the life of Green Financing Instruments issued under this Green Finance Framework if a project ceases to fulfil the eligibility criteria, Yanlord will remove the same from the portfolio upon becoming aware and replace it with another eligible green project as soon as reasonably practicable.

Yanlord will track the use of net proceeds of Green Financing Instruments issued under this Green Finance Framework via its internal information system on an annual basis. Key information that will be included in relevant tracking report as follows, as appropriate, includes:

- Issuer/borrower entity;
- Transaction date;
- Number of transactions;
- Principal amount of proceeds;
- Repayment or amortisation profile;
- Maturity date;
- Interest or coupon; and
- The ISIN number in case of bond transaction.

The balance of the tracked proceeds should be adjusted on an annual basis, in order to match the allocation to Eligible Green Projects refinanced during this period.

For any net proceeds of Green Financing Instruments issued under this Green Finance Framework that remain unallocated, Yanlord will hold the proceeds in cash and/or invest in other short-term liquid instruments, in line with Yanlord's policy and not part of the Overall Exclusion List.

2.4 Reporting

Yanlord intends to report the allocation of the net proceeds to the Eligible Green Project Portfolio. The reporting will take place within a year following the issuance of the applicable instrument issued under this Green Finance Framework and will be renewed annually until full allocation.

Wherever feasible, Yanlord intends to report on the aggregated impact of the Eligible Green Project Portfolio on a category level on an annual basis, starting one year from the first Green Financing Instrument issuance, up to the date of full allocation of the 'Use of Proceeds' as defined

under section 1 and on a timely basis in case of material developments. Yanlord will align, on a best efforts basis, the reporting with the portfolio approach described in ICMA’s Harmonized Framework for Impact Reporting (June 2019)³.

The reports will be made available on Yanlord’s website.

Allocation reporting:

Until full allocation of the net proceeds of any Green Financing Instruments issued under this Green Finance Framework, or until the Green Financing Instruments are no longer outstanding. The **Company / ESG Management Committee** will prepare a report annually to update investors on the allocation of the net proceeds. Reports will provide information such as:

- The issuance amount or percentage of allocation to the Eligible Green Project Portfolio
- Examples of projects being financed or refinanced
- The amount of proceeds allocated by Project Category
- The portion of net proceeds used for financing vs. refinancing
- The balance of unallocated proceeds

Impact reporting:

On an annual basis, Yanlord intends to report on the impact of the Eligible Green Project Portfolio by category from environmental perspective, subject to the availability of information and baseline data and based on methodologies that will be publicly available.

The impact reporting will also provide information on the methodology and assumptions used for calculation of the impact metrics.

Examples of indicators and metrics:

Eligible Green Projects Categories	Examples of impact indicators
Green Buildings	<ul style="list-style-type: none"> • Level of certification by property • Energy efficiency gains in MWh or % vs. baseline • Estimated avoided GHG emissions (tCO2eq) • Annual energy savings (MWh pa) • Annual reduction in water consumption

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/impact-reporting>

Eligible Green Projects Categories	Examples of impact indicators
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Amount of water recycled (litres) • Amount of water reused (litres) • Amount of rainwater collected and re-used (in m³)
Renewable Energy	<ul style="list-style-type: none"> • Renewable Energy capacity installed (in MW) • Renewable energy generated annually (in MWh) • Annual GHG emission avoided (in tCO₂eq)
Pollution Prevention and Control	<ul style="list-style-type: none"> • Amount of waste reused or recycled (tons or in % of total waste) • Waste that is separated and/or collected, and treated (including composted) or disposed of in an environmentally sound manner before and after the project • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent

3 External Review

This Green Finance Framework is supported by a Second Party Opinion (SPO) by Sustainalytics. The SPO, which is being made available on Yanlord's website, ensures this Green Finance Framework follows the highest standards as defined by the Green Bond Principles 2018, Asia Pacific Green Loan Principles 2020, and the best market practices.

Amendments to this Green Finance Framework

The **Company / ESG Management Committee** will review this Green Finance Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market.

Such review may result in this Green Finance Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior internal approval of Yanlord. Any future updated version of this Green Finance Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Green Finance Framework, if any, will be published on Yanlord's website and will replace the existing Green Finance Framework.