



金水控股
JINSHUI HOLDINGS

Zhengzhou Jinshui Holdings Group Co., Ltd.

Social Finance Framework

November 2024

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1. Introduction

1.1 About Zhengzhou Jinshui Holdings Group Co., Ltd.

Established in 1988, the Zhengzhou Jinshui Holdings Group Co., Ltd. (the “Company”) is a leading state-owned company based in Jinshui District, Zhengzhou City, Henan Province, the PRC. It is wholly owned and ultimately controlled by the Jinshui Finance Bureau. The Company is an important entity for municipal infrastructure investment, financing and construction and state-owned assets operation in Jinshui District under the administration of Henan Province. It is mainly responsible for resettlement housing development and infrastructure construction in Jinshui District. The Company is also engaged in businesses such as management fee, properties sales, green maintenance, parking service, property management service and leasing. The Company plays an important role in promoting the economic and social development of Jinshui District, and its business operation and strategic planning have been aligned with the Jinshui Government's development plans.

1.2 The Objective of the Company's Social Finance Framework

The Zhengzhou Jinshui Holdings Group Co., Ltd. places a high priority on sustainable development, integrating this philosophy into its comprehensive business strategy, investment, construction, and operations. It actively embraces social responsibility to support sustainable economic growth and urban function transformation, which includes economic, people's livelihood, and ecological diversification. This aligns with the city's efforts to build an ecological civilization system and deeply implement sustainable development strategies. As a key wholly owned state-owned enterprise of Jinshui District government, the Company guides government investment direction in accordance with national sustainable development and industrial layout requirements. It has implemented stringent environmental and social measures and assessments to ensure compliance with national sustainable development laws and regulations. The Company's operations are not currently subject to any environmental proceedings or investigations.

In line with the local policies of Zhengzhou government, the Company's Social Finance Framework is designed to contribute to the United Nations' Sustainable Development Goals (SDGs), particularly focusing on employment generation. This aligns with Zhengzhou's political economy as an emerging megacity, where the Company plays a crucial role in driving sustainable urban development and managing social impacts. The Company's efforts in generating employment also reflect a commitment to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

2. Social Finance Framework

The Framework has been developed to demonstrate how the Company could fund projects that would deliver positive social impacts and foster sustainable practices in support of its sustainability strategy through Social Financing Transactions (“SFTs”).

SFTs will include bonds, loans and other forms of debt financing instruments, the proceeds of which will be applied to eligible social projects (“Eligible Projects” or “ESPs”) under the Framework.

- Bonds issued under the Framework will be aligned with the Social Bond Principles 2023 by International Capital Markets Association (“ICMA”), or as they may subsequently be updated;
- Loans issued under the Framework will be aligned with the Social Loan Principles 2023 by Loan Market Association (“LMA”), Asia Pacific Loan Market Association (“APLMA”), and Loan Syndications and Trading Association (“LSTA”) or as they may subsequently be updated.

For each SFT, the Company is committed to aligning with the following elements:


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

2.1 Use of Proceeds

An amount equivalent to net proceeds from each SFT will be used exclusively to finance and/or refinance, in whole or in part, new or existing assets and projects aligned with one or more of the following eligible social categories. Refinancing of Eligible Projects will have a look-back period of no longer than 12 months from the time of issuance. The Company is committed to fully allocating the net proceeds of each SFT on a best effort basis within 12 months of issuance.

2.1.1 Eligible Social Projects

The Eligible Social Project Categories that may be utilised under the Framework, together with associated selection criteria are set out below:

Social Projects Categories	Eligibility Criteria	UN SDG Mapping
- Employment generation	➤ Programs designed to generate employment or/and alleviate unemployment stemming from socioeconomic crises. For example: the construction of business centers, innovation centers, international hotel and office buildings, etc. targeted for adding value to generating employment and providing additional income opportunities for the local rural workforce.	

2.1.2 Exclusion List

In any case, ESPs (including the temporary placement of unallocated proceed) exclude the type of activities listed in the latest International Finance Corporation Exclusion List as well as projects supporting and/or related to the fossil fuel industry:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos, and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where any international financial company considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent.
- Drift net fishing in the marine environment using nets over 2.5 kilometres in length.

- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.
- Commercial logging operations for use in primary tropical forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Projects related to fossil fuel.

2.2 Process for Project Evaluation and Selection

The evaluation and selection process ensures that an amount equivalent to net proceeds from each SFT will be allocated to projects that meet the criteria set out in the Use of Proceeds under the Framework.

The Company has established a Social Financing Team (the “**Team**”), which is dedicated to ensuring that the proceeds from each SFT will be allocated to eligible projects under the Framework. The Team will also be responsible for managing any future updates of the Framework, including any expansion of requirements on the use of proceeds. The Team consists of representative of senior management at the Company’s level and senior representatives from the following departments, including:

- Financial Department
- Capital Management Department
- Supervisory Department

The Team will hold meetings on an annual basis to discuss and select ESPs according to the Eligibility Criteria defined in section 2.1 of the Framework.

The Team is responsible for:

- Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework;
- Approving the inclusion of pre-selected Eligible Projects in Social Project List (the Team has full discretion to object the inclusion of any project);
- Monitoring and managing the Social Project List. The Company will maintain a register to keep track the use of net proceeds of the SFTs through the internal information system on an annual basis;
- Replacing projects that no longer meet the Eligible Criteria or due to any divestments;
- Observing the development of social financing market and approving updates to this Framework accordingly to reflect relevant changes in our corporate strategy or market development.

The Team will ensure that each ESP not only aligns with the Use of Proceeds section of the Framework but also adheres to the mission and vision that are applicable to the Company, as well as all local laws and regulations. The ESPs will also be selected with reference to the United Nations Sustainable Development Goals. At the same time, the Team will assess each project by its feasibility study report, Environment Impact Assessment Report and other information to ensure that project’s environmental and social risks are at a controllable level.

2.3 Management of Proceeds

The Company intends to allocate the net proceeds to finance or refinance the ESPs, which are selected according to the Eligibility Criteria with the evaluation and selection process outlined above.

The net proceeds or the equivalent amount of the net proceeds of each SFT will be deposited in general funding accounts, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. Net proceeds of each SFT awaiting allocation will be held in accordance with the Company's normal liquidity management policy. The Team will track the allocation of net proceeds from the issuance of any SFTs to Eligible Projects.

The Company will maintain a register to keep track the use of an amount equivalent to net proceeds of each SFT through the internal information system, and the Team will review the Social Project List annually. If any of the Eligible Projects cease to fulfil requirements of Use of Proceeds under the Framework, the Company will identify other projects that comply with the Framework and re-allocate to those assets as soon as is practicable. The balance of the tracked net proceeds will be on a best effort basis annually adjusted to match allocations to Eligible Projects made during the outstanding of the SFT(s).

The register will contain the following information:

- Type of Funding Transaction
- Key information includes issuer/borrower entity, transaction date, the principal amount of proceeds, repayment or amortization profile, maturity date; interest or coupon, the ISIN number etc.
- Allocation of Use of Proceeds
- Name and description of the eligible projects to which the proceeds of the SFT have been allocated in accordance with the Framework
- Amount and date of the SFT proceeds allocated to each eligible project
- The remaining balance of unallocated proceeds is yet to be earmarked for eligible projects
- Other relevant information such as information in relation to temporary investment for unallocated proceeds (the investment amount and investment type)

Any remaining balance of issuance proceeds that are not yet allocated to the ESPs will be:

- held in temporary investment instruments that are assets with high liquidity and safety such as cash or cash equivalent instruments; or
- held in temporary placements that do not include projects, assets or activities that are inconsistent with the nature of green and/or social debt instruments.

2.4 Reporting

The Company will provide information on the allocation of the net proceeds or equivalent amount of the net proceeds of the SFTs via the website, social media, or report. Such information will be

updated on an annual basis until all the net proceeds of the SFTs have been fully allocated.

2.4.1 Allocation Reporting

The report includes but not limited to:

- Amount of allocated proceed by Eligible Categories, with a brief description of social projects;
- The remaining balance of funds which have not yet been allocated;
- Share of financing vs. refinancing.

2.4.2 Impact Reporting

Where possible, the Company will report on the environmental and/or social impacts associated with the Eligible Projects.

Impact Report may contain, on a best effort basis and subject to data availability, such as but not limited to the following information:

Eligible Project Category	Impact Indicators
Employment generation	<ul style="list-style-type: none">➤ Number of new jobs generated➤ Average increase of individual income for the benefited population

3. External Review

The Company has engaged CCX Green Finance International Limited as the external reviewers to evaluate the appropriateness of the Framework, and alignment with the SBP and SLP.