

Chongqing Jiangjin District Jiangding Industrial Development Co., Ltd.

Sustainable Finance Framework

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1. Introduction

1.1 About Chongqing Jiangjin District Jiangding Industrial Development Co., Ltd.

Chongqing Jiangjin District Jiangding Industrial Development Co., Ltd. (The Company) is a construction and operation entity in Jiangjin District and is wholly-owned by Jiangjin District SASAC. Since its establishment in 2018 and the subsequent consolidation of Chongqing Jiangjin District Zhenxin Industrial Development Group Co., Ltd., the Company has become one of the major asset operation entity in Jiangjin District, primarily responsible for the operation of sewage treatment and the sales of land quotas in Jiangjin District. On top of the public development projects, the Company also undertakes various commercial activities, such as refined oil sales, human resource services, property leasing, and self-operating projects. To perform its function as the core construction and operation entity carrying out operations in Jiangjin District, the Company has developed diversified business portfolio, the principal business segments are as follows: sales of agricultural Land, sales of oil, employment agency business, wastewater treatment, waste treatment and parking.

1.2 The Objective of the Company's Sustainable Finance Framework

As the Company is wholly owned by the Jiangjin District SASAC, the Company has played an important role in the development of Jiangjin District, especially in the sectors of sales of agricultural land and employment agency. The Company has engaged in business segments that are of crucial importance to industrial development and modernization. The Company takes sustainable development very seriously, and integrates the philosophy of sustainable development into its overall business strategy. In accordance with the State Council's overall guidance on green development and goal of environmental protection under the national "14th Five-Year" Plan, the Company is committed to ensuring that its economic performance is conducive to the sustainable development of the environment and society. The "14th Five-Year" Plan for the Jiangjin District also put forward the requirements of making new progress in industrial modernization, reaching a new level of well-being of people's livelihoods, and making new progress in the construction of an ecological civilization. The Company regards sustainable development as its business foundation and ensures that its economic development is beneficial to the environment. The Company adheres to a positive sense of environmental and social responsibility, and integrates the spirit of sustainability into its rules, regulations and business development plans. In addition, the Company has adopted strict environmental and social measures and assessments to ensure compliance with national laws and regulations on sustainable development.

2. Sustainable 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 Sustainable Financing Transactions (“**SFTs**”).

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

- Bonds issued under the Framework will be aligned with the Green Bond Principles 2021 (with June 2022 Appendix 1) (“**GBP2021(with June 2022 Appendix 1)**”), Social Bond Principles 2023 (“**SBP2023**”), and Sustainability Bond Guidelines 2021 (“**SBG2021**”) by International Capital Market Association (“**ICMA**”), or as they may subsequently be updated;
- Loans issued under the Framework will be aligned with the Green Loan Principles 2023 (“**GLP2023**”), Social Loan Principles 2023 (“**SLP2023**”) or as they may be subsequently amended by Asia Pacific Loan Market Association (“**APLMA**”), the Loan Market Association (“**LMA**”) and the Loan Syndications and Trading Association (“**LSTA**”) from time to time.

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 green and/or social categories. Refinancing of Eligible Projects will have a look-back period of no longer than 36 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.

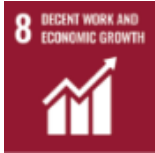
2.1.1 Eligible Green Projects


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

Green Projects Categories	Eligibility Criteria	UN SDG Mapping
- Sustainable water and wastewater management	<ul style="list-style-type: none"> ➤ Construction, operation and maintenance of wastewater treatment plants and supporting facilities: <ul style="list-style-type: none"> - Examples would include but not limited to renovation and expansion of sewage treatment plant. 	
- Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> ➤ Develop/redevelop green landscapes that facilitate the preservation or restoration of natural landscapes and enhance the ecological integrity. <ul style="list-style-type: none"> - Examples would include but not limited to construction of eco-sightseeing, recreation and culture facilities based on natural resources without damaging surface vegetation, biodiversity. 	

2.1.2 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	<ul style="list-style-type: none"> ➤ Investments in projects that have the capacity to generate employment and prevent unemployment stemming from socioeconomic crises. For example: construction of migrant workers' business bases, service centers, logistics centers, etc. targeted for adding value to generating employment and providing additional income opportunities for local rural 	

	<p>workforce.</p> <ul style="list-style-type: none"> ➤ Target Population: <ul style="list-style-type: none"> - rural residents with subdued employment prospect due to adverse socioeconomic changes, or - those living in underprivileged areas with less than adequate income from farm work. 	
<ul style="list-style-type: none"> - Affordable housing 	<ul style="list-style-type: none"> ➤ Construct and operate low-cost housing in accordance with local government and regulatory definitions. <ul style="list-style-type: none"> - Examples would include but not limited to public rental housing, social security housing and resettlement houses. ➤ Target Population: <ul style="list-style-type: none"> - resettlement households who require proper settlement. - migrant workers facing housing difficulties in industrial parks. 	

2.1.3 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 Sustainable 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:

- Engineering Management Department
- Investment Development Department
- Asset Operations Department
- Financial Management 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 Sustainable Project List (the Team has full discretion to object the inclusion of any project);
- Monitoring and managing the Sustainable 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 sustainable 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 Sustainable 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 green and/or 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
Sustainable water and wastewater management	➤ Annual absolute (gross) amount of wastewater treated (in tonnes p.a)
Environmentally sustainable management of living natural resources and land use	➤ Area of green landscape conserved/enhanced/created (in km2) ➤ Number of cultural centers based on natural resources
Employment generation	➤ Number of new jobs generated ➤ Average increase of individual income for the benefited population
Affordable housing	➤ Number of housing units constructed ➤ Number of individuals/households benefitted

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 GBP, SBP, SBG, GLP and SLP.