

GREEN FINANCING FRAMEWORK

BACKGROUND

The Company is fully committed to promoting green and low-carbon transformation in its operations and management and intends to actively support sustainable development through its operations, including adhering to corporate social responsibility strategies which it believes contribute to the United Nations' Sustainable Development Goals (“SDGs”).

In response to the national decision to reach peak carbon emissions and achieve carbon neutrality, the Company has prioritised the development of green finance as one of its major strategies during the “14th Five-Year Plan” period. The Company has developed the Green Financing Framework to enable it to further integrate green elements and sustainable concepts into its operations. The Company seeks to accelerate the optimisation of its green projects, innovation in its products and services, and transformation of its governance system. Its goal is to build a distinct and widely recognised “green” brand, providing strong support for China’s green, low-carbon, and high-quality development.

PURPOSE

The Green Financing Framework has been developed to further clarify the internal management requirements for the issuance of green bonds, loans or any other similar debt instruments (the “**Green Finance Products**”), strengthen the management of Green Finance Products, ensure that the funds raised for Green Finance Products are used exclusively for eligible green projects, and actively promote the Company’s green development goals.

The Green Financing Framework sets out the governance and processes under which the Company intends to issue the Green Finance Products, and in doing so contribute to positive environmental impacts.


The Green Financing Framework adopts the following key pillars:



- Use of Proceeds
- Project Evaluation and Selection
- Management of Proceeds
- Disclosure of Information
- External Review

USE OF PROCEEDS

The net proceeds raised under this Framework will be used to finance and/or refinance, in whole or in part, projects that are consistent with the eligibility criteria set out below (the “**Eligible Green Projects**”).

Eligible Green Projects

Category	Description	Eligibility Criteria	Contribution to SDGs
Sustainable Water Resources and Wastewater Management	Technologies and infrastructure for water recovery, treatment, and recycling	Technologies and infrastructure for water recovery, treatment, and recycling, including: <ul style="list-style-type: none">• Sewage (stormwater) pipelines and sewage (stormwater) detention facilities;• Facilities for collecting, treating, and utilising rainwater and facilities related to regional recycled water recycling systems;• Construction of wastewater treatment facilities and recycling	 Goal 6 – Ensure availability and sustainable management of water and sanitation for all

		facilities.	
Green Building	Green buildings that comply with regionally, nationally or internationally recognised standards or certifications	<ul style="list-style-type: none"> Buildings that: <ul style="list-style-type: none"> are designed and constructed in accordance with national green building codes and standards, with pre-evaluation of construction drawings meeting the green building star rating standards within the validity period; are built in accordance with the green building star rating standards; meet the national green building operation evaluation star rating standards within the validity period; and meet the requirements of the “Green Building Evaluation Standards” (GB/T 50378) at one-star or above, or have achieved LEED Gold or above; Ultra-low energy consumption buildings with technical indicators meeting the requirements of the “Technical Standards for Near Zero Energy Buildings” (GB/T 51350). 	 <p>Goal 11 – Make cities and human settlements inclusive, safe, resilient and sustainable</p>
Waste Management	Waste management facilities for waste reduction, harmless treatment and disposal, and resource utilisation	<ul style="list-style-type: none"> Facilities for collection, transfer, storage, and sorting of municipal solid waste; Facilities for producing biogas from organic waste, with a total methane emission of $\leq 1285\text{g CH}_4/\text{ton}$ of waste; Facilities for waste incineration and heat supply that meet the relevant environmental requirements. 	 <p>Goal 12 – Ensure sustainable consumption and production patterns</p>

Exclusion Criteria

The following industries or activities will be excluded from the Eligible Green Projects:

- The production or trade of any products or activities that are deemed illegal under the laws, regulations, or international conventions and agreements of the host country or subject to international sanctions;
- The production or trade of any products or activities that are deemed not compliant with the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization’s Declaration on

Fundamental Principles and Rights at Work, the Universal Declaration of Human Rights and the Responsible Business Alliance Code of Conduct.

PROJECT EVALUATION AND SELECTION

The Company has established a green finance working group (the “**GFWG**”) responsible for the evaluation and selection of green projects. The GFWG is composed of the general manager and the heads and members of the engineering department, financing department, finance department and asset management department of the Company. The GFWG will hold meetings at least once every 12 months to discuss and select eligible green projects based on the definition of Eligible Green Projects in this Green Financing Framework.

The general manager leads the evaluation and selection of green projects and coordinates the relevant departments to fulfill their respective responsibilities. The list of projects selected by the GFWG will be submitted to the board of directors for approval before they can be financed as eligible green projects.

MANAGEMENT OF PROCEEDS

After the issuance of Green Finance Products, the raised funds will be transferred to the Company's account and managed by the finance department, which will establish a dedicated account or ledger to record the receipt, transfer, and use of funds to ensure that all funds are used for eligible green projects. The GFWG team will use an internal fund management system or financial management system to track the allocation and use of raised funds for eligible green projects.

If required in the jurisdiction or by the lender, the Company will also set up an escrow account to monitor the receipt, transfer, and use of raised funds.

DISCLOSURE OF INFORMATION

During the tenor of the Green Finance Products, the Company will disclose information about the use of funds raised and the environmental and social impacts of green projects on an annual basis in the annual report or on the Company's official website, specially including the following:

- Key information of Green Finance Products, including: lenders, transaction dates, transaction times, amount of funds raised, repayment or amortisation status, maturity dates, and interest status;
- The use of funds raised in the previous year, including: names and descriptions of green projects funded by raised funds, the financing of green projects funded by raised funds, idle balance of raised funds, and temporary investment of idle raised funds;
- Examples of green projects funded by raised funds; and
- The environmental impacts of green projects, subject to data availability and information confidentiality.

EXTERNAL REVIEW

The Company has engaged CCX Green Finance International Limited to provide external review to assess and confirm that the Green Finance Framework complies with the Green Bond Principles and the Green Loan Principles. The external review report will be published on the Company's website.

The Company will engage an independent third party to conduct post-issuance assurance on the allocation of proceeds, project evaluation and selection, and disclosure of information.