

SOCIAL BOND FRAMEWORK

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1. The Objective of the Group’s Social Bond Framework

The Group will adhere to the principle of social development, and finance the eligible social project (the “**ESP**”) in accordance with the Social Bond Framework (“**SBF**” or the “**Framework**”).

In terms of eligible social projects, it aims to meet the rising needs for affordable clean and sustainable energy and create employment opportunities for the local community.

2. Social Bond Framework

This SBF explains how the Group fund projects, assets and developments will deliver positive social benefits and support the business activities that are in light of the Group’s social responsibility vision, as well as its business strategy with Social Financing Transactions (the “**SFT(s)**”).

In practice, SFTs will utilise bonds and other financial instruments to fund the ESP conforming to the social finance principles listed below:

- Bonds issued under the Framework consistent with the Social Bond Principles 2023 (“**SBP (2023)**”) which may be subsequently amended and subject to the latest update by the International Capital Market Association (“**ICMA**”);
- Loans issued under the Framework consistent with the Social Loan Principles 2023 (“**SLP (2023)**”) which may be subsequently amended and subject to the latest update by Asia Pacific Loan Market Association (“**APLMA**”), the Loan Market Association (“**LMA**”) and the Loan Syndications and Trading Association (“**LSTA**”);
- Other types of fundraising complying with other suitable green or sustainable finance principles.

To meet the requirements of the above principles and guidelines, the Social Bond Framework is outlined through the four core components of the SBP (2023) and SLP (2023) as well as key recommendations for heightened transparency:




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

2.1. Use of Proceeds

The Group commits to allocating the proceeds or an equivalent amount of proceeds of each SFT exclusively for the financing and/or refinancing of the EPS at the Group, in whole or in part, including the acquisition, construction, development or re-development of the ESP that provides social benefits. Refinancing of the ESP will have a look-back period of no longer than 3 years from the time of issuance. The Group is committed to fully allocate the net proceeds of each SFT on a best effort basis within 3 years of issuance. Projects and assets eligible for social financing must fulfil the relevant eligibility criteria set forth below.



The eligible social project shall meet the following criteria:

A. Construction of Affordable Basic Infrastructure

SDGs	  
Eligible Criteria	<p>Taizhou High-Pressure Natural Gas Transmission and Distribution Project (the “ESP” or the “Project”) is an essential component of Taizhou City’s natural gas utilisation initiative and a fundamental part of its gas supply system, providing more cost-effective and affordable energy to both the residents and the industries.</p>
Remarks	<ul style="list-style-type: none"> - Location of the Project: The project is located within the urban area of Taizhou, including Huangyan District, Jiaojiang District, Luqiao District, and Economic Development Zone. - Current Situation of Natural Gas Supply: The current natural gas sources in Taizhou City are from small-scale Liquefied Petroleum Gas (“LPG”) and Liquefied Natural Gas (“LNG”) gasification stations with limited supply capacity, hard to meet the large demands in order for industrial development. - Advantages of the Project Under Current Situation: The ESP can be conducive to solve the limitation of LNG supply, that LNG is restricted in its supply scale and transportation conditions, and is also costly, which results in the urgent demand for the Project. - Economic and Social Significance of the Project: The Project ensures a stable and continuous supply of natural gas, a kind of clean energy, with lower transmission and distribution costs, leading to lower cost for terminal users, which is essential for both residential and industrial use, especially for residents living below the poverty line or populations who are underserved. The reliability of the Project reduces dependency on less stable energy sources, thereby enhancing the overall energy infrastructure of Taizhou City.

	- The Robust Supply Secures Urban Operation: The development of a high-pressure natural gas transmission and distribution network improves energy security by reducing the risk of supply interruptions. This is achieved through a robust infrastructure that can withstand various environmental and logistical challenges.
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B. Generation of Employment

SDGs	 
Eligible Criteria	The Project generates employment by creating jobs directly for the construction, operation, and maintenance of the pipeline, and also indirectly for more industries in Taizhou and other cities.
Remarks	<ul style="list-style-type: none"> - Direct Employment Opportunities: The construction, operation, and maintenance of the high-pressure gas transmission pipeline create numerous direct employment opportunities. These jobs range from engineering and technical positions to administrative and support roles, providing diverse job opportunities for the local workforce, which can effectively solve the employment difficulties for people living below the poverty line and other vulnerable groups. - Industrial Growth and Job Creation: By providing a stable and reliable energy supply, the project supports the growth and expansion of local industries. This energy security attracts new businesses and encourages existing ones to expand, leading to the creation of additional jobs in various sectors such as manufacturing, services, and logistics. - Expanding Natural Gas Utilisation: The project is crucial for expanding the utilisation of natural gas and developing new natural gas users such as natural gas vehicles and direct-fired gas engines. This expansion addresses the urgent need for diversified energy solutions, creating new markets and opportunities for employment.

Exclusions Criteria

Based on the latest International Finance Corporation Exclusion List, the Group has added the following activities to the Exclusion List. Projects under this SFT will exclude the following activities from consideration for eligibility:

- 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, PCBs, wildlife or products regulated under CITES (Convention on International Trade in Endangered Species)
- 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 IFC considers the radioactive source to be trivial and/or adequately shielded
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%

- Drift net fishing in the marine environment using nets in excess of 2.5 km in length
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour
- Commercial logging operations for use in primary tropical moist forest
- Production or trade in wood or other forestry products other than from sustainably managed forests
- Projects related to nuclear production
- Projects related to hydropower which installed capacity > 25M

2.2. Project Evaluation and Selection Process

The Group has established a Social Bond Working Group (“**SBWG**”) to be responsible for the management of this framework and the compliance of all finance instruments issued under this framework. The SBWG consists of senior representatives from the following department:

- Planning and Finance Department
- Investment and Management Department
- Audit Department
- Enterprise Management Department
- Security Management Department
- Discipline Inspection and Supervision Office

The SBWG will meet at least every 12 months or whenever necessary to discuss, assess and select Eligible Social Projects according to the eligibility and exclusion criteria under this Framework and comply with related policies and regulations enforcing social responsibility considerations.

The Investment and Management Department, together with Planning and Finance Department, screens and evaluates potential social projects on their social impact, project design and feasibility, and will submit projects which pass screening to the SBWG for further evaluation and endorsement. The endorsed projects will be shortlisted and presented to the Board of Directors of the Group for final approval. After receiving the assessment and approval from the Board of Directors, the selected projects will be included in the Eligible Social Projects list.

SBWG will ensure that each social project complies not only with the Use of Proceeds section of the Framework but also local laws and regulations. Controls and mitigating measures will also be strictly implemented and monitored through the life cycle of the projects to avoid or minimise any negative social impacts.

SBWG will be responsible for managing any future updates of the Framework, including any expansion of requirements of the use of proceeds.

2.3. Management of Proceeds

The Group intends to allocate an amount equal to the net proceeds over time to finance or refinance the ESP, which is selected according to the Eligibility Criteria, and using the evaluation and selection process outlined above.

The net proceeds from each SFT will be managed by the Group’s finance team and the proceeds from each SFT will be deposited in general funding accounts and be earmarked for the ESPs. The Group will maintain a register to keep track of the use of proceeds for each SFT.

The register will contain the following information:

- (1) Type of Funding Transaction:
 - Key information includes Group/borrower entity, transaction date, tranche(s) information, the

principal amount of proceeds, repayment or amortisation profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number)

(2) Allocation of Use of Proceeds

- Name and description of ESP to which the proceeds of the SFT have been allocated in accordance with the Framework
- Amount and date of SFT proceeds allocated to the ESP
- The remaining balance of unallocated proceeds is yet to be earmarked for the ESP
- Other relevant information such as information in relation to temporary investment for unallocated proceeds (the investment amount and investment type)

When the proceeds are used, the project entity must submit an application and plan for use for approval. According to the group's measures for fund management and hierarchical authorisation management methods, the application will be submitted to the relevant departments and leaders for approval, after which the proceeds will be allocated by the Planning and Finance Department.

The Group will keep monitoring the net proceeds of all outstanding SFTs, which includes appropriately tracking the proceeds and adjusting the balance of net proceeds to match allocations to the ESP. Any balance of issuance proceeds that are not yet allocated to the ESP will be held for short term time deposits. The Group will disclose to investors the types of temporary placement they use for unallocated proceeds. The Group commits not to invest unallocated proceeds to any projects that conflict with the Eligibility Criteria under SBF.

During the life of the SFTs issued, if the ESP ceases to fulfil the Eligibility Criteria, the net proceeds or an amount equal to these net proceeds will be re-allocated to replacement ESPs that comply with the Eligibility Criteria, as soon as reasonably practicable. The Group strives to maintain an amount of the ESP at least equal to the total net proceeds of all SFTs outstanding.

2.4. Reporting

On an annual basis, the Group will produce an allocation report and an impact report on its Eligible Social Projects, as detailed below. This reporting will be updated annually until full allocation of the net proceeds of any Social Bond issued, or until the Social Bond is no longer outstanding.

2.4.1. Allocation Reporting

The Group is committed to reporting the allocation of net proceeds and impact of financed projects at least annually until full allocation of the net proceeds of any Social Bond issued, or until the Social Bond is no longer outstanding through the Group's social media, including but not limited to:

- the proportion of net proceeds allocated to financing vs. refinancing
- the balance of the unallocated proceeds from each SFT and temporary placement thereof

2.4.2. Impact Reporting

The Group is committed to reporting the allocation of net proceeds and impact of financed projects at least annually until full allocation of the net proceeds of any Social Bond issued, or until the Social Bond is no longer outstanding. The Group will make available a report on the social impacts resulting from the ESP based on availability of project data. The report may include the following impact indicators (including the expected and actual figures).

Eligible Sustainable Project Category	Impact Indicators
Construction of Affordable Basic Infrastructure	<ul style="list-style-type: none"> - Decrease in the cost of accessing basic services due to improved infrastructure - Number of people increase in access to infrastructure among marginalized or underserved communities
Generation of Employment	<ul style="list-style-type: none"> - Number of new jobs - Number of new enterprises

2.5. External Review

The Group has appointed CCXGF to assess this Social Bond Framework and its alignment with the SBP (2023) and SLP (2023) and issue a Second Party Opinion accordingly.