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**Wuxi Construction and Development Investment Co., Ltd.**

无锡市建设发展投资有限公司

**Assessment Summary**

CCX Green Finance International Limited (CCXGFI) provided a Second Party Opinion (SPO) on Wuxi Construction and Development Investment Co., Ltd. Sustainable Finance Framework, assessing its alignment with the GBP2021 (with 2022 Appendix I), SBG2021, GLP2023, SBP2023 and SLP2023, relevance to the Group’s sustainable development strategy, feasibility of achieving environmental and/or social objectives, and effectiveness in managing environmental and/or social risks. CCXGFI regards the rating of Wuxi Construction and Development Investment Co., Ltd. Sustainable Finance Framework as Sf-2[Good].

**Framework Type**

Sustainability Finance

**Company Location**

Jiangsu, China

**Date**

Feb 5, 2025

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**Overall Score**

**Alignment**



Green Bond Principles 2021 (with June 2022 Appendix I) Green Loan Principles 2023 Social Bond Principles 2023 Social Loan Principles 2023 Sustainability Bond Guidelines 2021

Sf-3

Sf-1

Sf-2



**Analysts**

**Alignment**

**Ivy Zhang**

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Moderate

Low

High

**Relevance**

**Quality Review**

High

Low

Moderate

**Zoe Li**

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**Feasibility**

High

Low

Moderate

**Risk Management**

Robust

Ineffective

Adequate

* **Scope of work**

**CCXGFI has provided a SPO on Wuxi Construction and Development Investment Co., Ltd. Sustainable Finance Framework (the “Sustainable Finance Framework” or “Framework”) with reference to the following criteria:**

* The alignment with the following principles (the “Principles”):
* GBP2021: Green Bond Principles 2021 (with June 2022 Appendix I) by ICMA
* SBP2023: Social Bond Principles 2023 by ICMA
* SBG2021: Sustainability Bond Guidelines 2021 by ICMA
* GLP2023: Green Loan Principles 2023 by LMA/APLMA/LSTA
* SLP2023: Social Loan Principles 2023 by LMA/APLMA/LSTA
* The relevance to the Group’s sustainable development strategy
* The feasibility of environmental and/or social objectives
* The effectiveness of environmental and/or social risk management
* **Issuer’s Profile**

Wuxi Construction and Development Investment Co., Ltd. (“Wuxi Construction and Development” or “the Group”) is a large comprehensive investment and financing platform established in Wuxi, Jiangsu Province, PRC. It serves as the important platform for the investments and operations of urban public infrastructure in Wuxi, responsible for the construction of roads, bridges, environmental projects, management of water environment of Taihu Lake, water, landscaping and responsible for urban public resource operation and management and asset operation and management in Wuxi. The Group’s business can be divided into four parts: urban infrastructure construction, financial services business, forest products business and other businesses. (1) The urban infrastructure construction is the Group’s main business segment, which is managed by the Group headquarters and is mainly engaged in the construction of urban infrastructure projects in Wuxi City. (2) The financial services business is mainly managed by Wuxi Caitong Financial Leasing Co., Ltd. (hereinafter referred to as “Caitong Leasing”) and Wuxi Caixin Commercial Factoring Co., Ltd. (hereinafter referred to as “Caixin Factoring”), which are mainly engaged in financial leasing, commercial factoring and consulting services. (3) The forest products business is mainly managed by the Group’s subsidiary Kangxin New Materials Co., Ltd. (hereinafter referred to as “Kangxin New Materials”), which is mainly engaged in the research and development, production and sales of high-quality, new wood composite materials such as container bottom plates. (4) Other business is mainly the Group’s leasing income.

During the 14th Five-Year Plan period, firstly, the Group does a good job in the investment, operation and management of operating state-owned assets included in the scope of centralized and unified supervision as a state-owned capital investment and operation company under Wuxi Municipal Government; secondly, the Group continues to play its original work advantages in the field of urban infrastructure investment and financing, actively complies with national policies, and actively participates in and develops urban infrastructure construction business; thirdly, the Group continues to promote the healthy and sustainable development of existing financial leasing, commercial factoring, equity investment, fund management and other businesses; at the same time, in light of actual conditions and under the premise of strictly controlling risks, continuously expands and improves the structure and layout of the financial industry chain and further enhances the operation level of the company’s financial business; fourthly, the Group carries out resource integration and business layout around industry and carries out market-oriented operation, R&D and other businesses through strategic investment, equity mergers and acquisitions, etc..

Framework Highlight

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| * For Use of Proceeds, the Eligible Green and Social Projects Categories include Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Sustainable Water and Wastewater Management, Circular Economy Adapted Products Production Technologies and Processes, Green Building, Affordable Basic Infrastructure, Employment Generation and Food Security and Sustainable Food Systems. * For Project Evaluation and Selection, the Group has set up a reasonable process and built a well-established control structure with different business departments. * For Management of Proceeds, the Group will maintain a register to keep track of the use of proceeds. The net proceeds will be reallocated to the eligible replacement projects if the designated projects cease to fulfil the criteria. Also, the unallocated proceeds will be held in temporary investment instruments 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. * For Reporting, the Group is committed to reporting the allocation of net proceeds or equivalent amount of the net proceeds at least annually until they are fully allocated. |
| **Relevant UN Sustainable Development Goals (SDGs):** |
| Alt Text-Alt Text-Alt Text-Alt Text-Alt Text-Alt Text-Alt Text-Alt Text-Alt Text-Alt Text- |

* **Alignment with the Principles**

CCXGFI is of the opinion that the Sustainable Finance Framework is credible and impactful and aligns with the four core components of the GBP2021 (with June 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023

* **Use of Proceeds**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and evaluated the proposed use of proceeds. * The investments in eligible categories are anticipated to deliver significant social benefits while contributing to the achievement of several UN Sustainable Development Goals, specifically SDGs 1, 2, 6, 7, 8, 9, 11, 12, 13 and 15. Additionally, the Group has identified a list of excluded project types based on the International Finance Corporation’s exclusion list. * CCXGFI is of the opinion that the use of proceeds is clearly defined and in good alignment with the relevant requirement of the GBP2021 (with June 2022 Appendix I), GLP2023, SBP2023, SLP2023 and SBG2021. |

The Framework sets out how the Group intends to issue Sustainable Financing Transactions (“SFTs”). The Group will exclusively allocate an amount at least equivalent to the net proceeds of an SFT issued under this framework to finance or refinance, in whole or in part, new or existing projects which meet the eligibility criteria of the following eligible green and social projects categories, as defined in the Project Category table.

The Group expects each issuance under this framework to be fully allocated within 36 months from the date of issuance, and on a best-efforts basis. A maximum of 36 months look-back period would apply for refinanced projects. The proportion of financing and refinancing for the eligible green and social projects will be disclosed in the Group’s allocation report.

The following table summarizes the alignment of the Framework with the Principles’ requirements, detailing the factual findings for each requirement and confirming their alignment.

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| **Principles Requirement** | **Factual Finding** | **Alignment** |
| All designated eligible green/social projects should provide clear environmental or social benefits, which should be assessed and quantified when possible. | Eligible projects listed in the Framework have clear benefits; quantitative data will be disclosed when available. | ü |
| If proceeds are used for refinancing, it is recommended that issuers/borrowers provide an estimate of the financing vs. refinancing share and clarify which projects may be refinanced, including any look-back period. | The net use of proceeds will exclusively finance and/or refinance, in part or in full, projects under the listed categories with a look-back period of no longer than 36 months from the time of issuance, and the Group will provide an estimate of the share of financing vs. refinancing. | ü |
| Green Projects should contribute to environmental objectives recognised by GBP/GLP, and Social Projects should address or mitigate social issues and/or seek to achieve positive outcomes including for, but not limited to, a target population(s) recognised by SBP/SLP. | The eligible green projects listed in the Framework all contribute to environmental objectives in GBP/GLP; the eligible social projects listed in the Framework all contribute to addressing or mitigating a specific social issue and seek to achieve positive social outcomes. | ü |

After CCXGFI’s assessment of the Framework, the following table outlines the technical screening criteria of the eligible projects under each project category, the identified project objectives, and alignment with relevant principles. To enhance robustness, CCXGFI also assessed alignment with the Green Bond Endorsed Projects Catalogue (2021) (GBEPC) as part of the screening process. For details on the GBEPC catalogue and the Framework’s eligible projects, please refer to Appendix II.

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| **Green Project Category** | **Eligible Projects Technical Screening Criteria** | **Identified Objective** | **Alignment** |
| **Renewable Energy**  Alt Text | * Investment, construction, maintenance of renewable energy systems, associated infrastructure and related financial leasing activities: * Examples would include but not limited to solar photovoltaic power generation | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 3.2.3.1 * GBEPC2021 – 3.2.3.2 |
| **Energy Efficiency**  Alt Text | * Investment, construction, maintenance of energy storage projects, smart grids projects and financial leasing of relevant appliances and products: * Examples would include but not limited to efficient energy storage and de-peak facilities which improve the flexibility, stability and reliability of renewable energy power generation; smart grid facilities which achieve digital management, smart decision-making and interactive trading of electricity during the process of power generation, transmission, distribution and storage * Reducing building energy consumption by adopting energy-saving equipment and energy-efficient building materials and related financial leasing activities: * Examples would include but not limited to fluorescent tubes, energy efficient water pumps etc. | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 3.1.1.1 * GBEPC2021 – 3.1.1.2 |
| **Pollution Prevention and Control**  Alt Text | * Investment, construction, maintenance, purchase of facilities and products which achieve waste prevention, waste reduction, waste recycling and waste to energy as well as related financial leasing activities: * Examples would include but not limited to domestic waste sorting and treatment facilities, garbage incineration power plants and purchase of garbage trucks * Technology upgrading or construction of manufacturing facility using new technologies of using non-toxic, harmless or low - toxic and low -harm raw materials instead of the toxic and hazardous materials containing heavy metals * Examples would include but not limited to using Resin adhesive for plywood | * Pollution prevention and control | * GBP2021 * GLP2023 * GBEPC2021 – 2.1.4.1 |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use**  Alt Text | * Development/redevelopment of green landscapes that facilitate the preservation or restoration of natural landscapes and enhance the ecological integrity: * Examples would include but not limited to construction of eco-sightseeing, recreation, culture, sports, and health care facilities based on natural resources without damaging surface vegetation, biodiversity. * Development of environmentally sustainable forestry and financial leasing of relevant equipment: * Examples would include but not limited to afforestation or reforestation and under-forest economy of special plantation and animal farming | * Biodiversity conservation * Natural resource conservation | * GBP2021 * GLP2023 * GBEPC2021 – 4.2.2.2 * GBEPC2021 – 4.2.2.4 |
| **Clean Transportation**  Alt Text | * Investment, construction, manufacturing of the new energy vehicles, hybrid vehicles, construction, installation, maintenance relevant charging infrastructure and related financial leasing activities: * Examples would include but not limited to purchase new energy buses, manufacturing of new energy vehicles and batteries and electric vehicle batteries charging and replacement service facilities | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 1.6.1.1 |
| **Sustainable Water and Wastewater Management**  Alt Text | * Construction, operation, maintenance and financial leasing of wastewater treatment plants and supporting facilities: * Examples would include but not limited to wastewater pipe and treatment plants, water recycling systems, and water/rainwater collection pipes and other facilities * Construction, maintenance and financial leasing of sustainable urban drainage systems, river training, and other forms of flooding mitigation: * Examples would include but not limited to urban drainage systems, “Sponge City”, dam, levees and other forms of flooding prevention and mitigation | * Pollution prevention and control * Natural resource conservation | * GBP2021 * GLP2023 * GBEPC2021 – 5.4.2.4 * GBEPC2021 – 5.4.2.5 |
| **Circular Economy Adapted Products, Production Technologies and Processes**  Alt Text | * Design manufacturing and introduction of reusable, recyclable and refurbished materials, components and products: * Examples would include but not limited to FSC certificated Wood base board, FSC certificated COSB container base board and prefabricated building components | * Natural resource conservation | * GBP2021 * GLP2023 |
| **Green Building**  Alt Text | * Acquisition, construction, maintenance and renovation of building that have received, or expect to receive certified the below recognized green building certifications: * Chinese Green Building Evaluation Label – 1 Star or above (Design / Operations Label); or * Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or * U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or * Hong Kong BEAM Plus – Gold or above; or * Building and Construction Authority (BCA) Green Mark – Gold or above | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 5.2.1.5 |

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| **Social Project Category** | **Eligible Projects Technical Screening Criteria** | **Identified Objective** | **Alignment** |
| **Affordable Basic Infrastructure**  Alt Text | * Construction and maintenance of basic clean drinking water, sewers transport, infrastructure and relevant financial leasing activities: * Examples would include but not limited to construction, operation and renovation of public water supply facilities, urban and rural wastewater treatment facilities, urban sewerage network, high-capacity public transportation facilities and purchase of public transportation vehicles as well as financial leasing activities with relevant equipment as the leased property * Target Population: * Underserved, owing to a lack of quality access to essential goods and services in outlying regions * Citizens | * Provide safe and reliable 【basic infrastructure】 * Develop and maintain accessible 【basic infrastructure】 | * SBP2023 * SLP2023 * SDGs 11.1 * SDGs 11.2 |
| **Employment Generation**  Alt Text | * Employment generation through the potential effect of SMEs financing and construction of industry parks * Target Population: * Small and medium enterprises * Unemployed | * Provide employment chance | * SBP2023 * SLP2023 * SDGs 8.10 |
| **Food Security and Sustainable Food Systems**  Alt Text | * Financial leasing activities which are in order to ensure access to safe, nutritious, and sufficient food that meets dietary needs and requirements and to improve productivity of small-scale producers * Target Population: * Small-scale producers * Agricultural practitioners | * Provide employment chance | * SBP2023 * SLP2023 * SDGs 2.3 * SDGs 2.4 |

**In any case, this Framework will exclude the following activities from consideration for eligibility:**

* Activities that violate national laws and regulations, international conventions and agreements, or are subject to international bans and sanctions;
* 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 per cent.
* 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.
* **Process for Project Evaluation and Selection**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and examined the governance and process for the evaluation and selection of the Eligible Projects. * The Group has built a well-established control structure with different business departments and set up a reasonable process for project evaluation and selection. * CCXGFI is of the opinion that the process is formalised and reasonably structured, transparent, relevant and aligned with this component of the GBP2021 (with June 2022 Appendix I), GLP2023, SBP2023, SLP2023 and SBG2021. |

The Sustainable Financing Team (the “Team”) of the Group consists of members from various functions, including Investment and Development Department, Financing Management Department and Planning and Finance Department.

The Team holds meetings annually to discuss and select Eligible Sustainable Projects (“ESPs”) according to the Eligibility Criteria. The Team is responsible for evaluating project compliance, approving and managing the Sustainable Project List, and ensuring alignment with the Framework and relevant laws.

**The Framework builds a reasonable process for project evaluation and selection, including:**

1. Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework;
2. Approving the inclusion of preselected Eligible Projects in Sustainable Project List (the Team has full discretion to object the inclusion of any project);
3. Monitoring and managing the Sustainable Project List. The Group will maintain a register to keep track the use of an amount at least equivalent to net proceeds of the SFTs on an annual basis;
4. Replacing projects that no longer meet the Eligible Criteria or due to any divestments;
5. 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.

* **Management of Proceeds**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Sustainable Finance Framework and the Group’s policies on management of proceeds. * The Group has clearly defined the rules for the management of proceeds. CCXGFI is of the opinion that they would make a traceable and transparent allocation process which matches the requirements of the GBP2021 (with June 2022 Appendix I), GLP2023, SBP2023, SLP2023 and SBG2021. * It is recommended that if applicable, the Group could establish a special account instead of depositing proceeds in the general funding accounts and consider engaging external agencies to oversee the management of these funds, thereby showing a stronger signal about the Group’s commitment to sustainability. |

The Group intends to allocate an amount equal to the net proceeds of the SFTs over time to finance or refinance the eligible green and social projects, with each transaction’s proceeds deposited into general funding accounts and designated towards these projects.

**The use of proceeds will be maintained in a Sustainability Finance Register, containing 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 or An Equivalent Amount:
* 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 or an equivalent amount 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 balance of issuance proceeds which are not yet allocated to eligible green and social projects 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 hat do not include projects, assets or activities that are inconsistent with the nature of green and/or social debt instruments, and the Group commits not to invest such unallocated net proceeds to the projects which are subject to exclusions criteria under this Framework.

During the life of the SFTs issued, if the designated projects cease to fulfil the eligibility criteria, the net proceeds will be reallocated to replacement projects that comply with the eligibility criteria as soon as reasonably practicable.

* **Reporting**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and examined the reporting mechanism. * The Group is committed to reporting the allocation of net proceeds at least annually until all the net proceeds of the SFTs have been fully allocated and disclosing the impact of financed projects through quantitative indicators defined by ICMA’s handbook where possible. * CCXGFI is of the opinion that the report disclosure under the Framework aligns with the GBP2021 (with June 2022 Appendix I), GLP2023, SBP2023, SLP2023 and SBG2021. CCXGFI recommends the Group keep reporting until maturity if it is possible. |

The Group is committed to providing an allocation report on its eligible green and social projects annually with updates continuing until all the net proceeds of the SFTs have been fully allocated. The impact report associated with the Eligible Projects will be disclosed on a best-efforts basis and subject to data availability.

The **Allocation Report** will include the following information where applicable:

* Amount of allocated proceed or an equivalent amount 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.

The **Impact Report** will cover the environmental and social benefits arising from the eligible projects where available, taking reference from the relevant indicators suggested in ICMA’s “Handbook – Harmonized Framework for Impact Reporting (2024)” and “Harmonized Framework for Impact Reporting for Social Bonds (2024)”. For the detailed indicators to be disclosed in the impact report, please refer to Appendix IV.

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| **CCXGFI is of the opinion that the Framework is moderately aligned with the four core components of the Principles.** |

* **Relevance to Group’s Sustainable Development Strategy**

Wuxi is located in Jiangsu Province, one of China’s most economically developed regions. The urban infrastructure industry in China is experiencing transformative growth, driven by advanced technologies and significant governmental investments to support sustainable urban development. China has implemented robust sustainable development policies, particularly focusing on reducing carbon emissions and enhancing urban infrastructure resilience. The Group aligns with these policies through integrating comprehensive sustainability strategy into its main business, dedicating to reducing carbon footprints and enhancing sustainable urban environment. In conclusion, the Framework of the Group is deeply integrated with its sustainability strategy, ensuring compliance and fostering regional economic growth while promoting environmental sustainability.

The Group defines Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Sustainable Water and Wastewater Management, Circular Economy Adapted Products Production Technologies and Processes, Green Building, Affordable Basic Infrastructure, Employment Generation, Food Security and Sustainable Food Systems as eligible green and social project categories. Furthermore, the SFTs issued under the Sustainable Finance Framework contribute to the 10 SDGs, systematically advancing the Group. In particular, the eligible projects are closely related to the Group’s major business activities, and at the same time, the Group’s current development provides overall guidance for the establishment of the Framework. Hence, the outlined Framework is expected to be consistent with Group’s future development, indicating to long run sustainability.

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| **CCXGFI is of the opinion that the Framework is of high relevance with the overall sustainability strategy and initiatives of the Group.** |

* **Feasibility of Environmental and/or Social Objective**

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| **Renewable Energy** |  |
| * The Renewable Energy projects under this Framework align with China’s 14th Five-Year Plan, supporting national objectives of energy transition and carbon neutrality, contributing to a sustainable energy future. * These projects are expected to bring significant environmental and economic benefits. Investing in solar photovoltaic power generation supports sustainable development goals, promots affordable and clean energy, as well as innovation and infrastructure. The initiative is projected to enhance the stability and reliability of renewable energy systems, reduce carbon emissions, and create local employment opportunities through infrastructure development and maintenance. Such projects are integral to decreasing reliance on fossil fuels, thus fostering ecological sustainability and economic resilience. * The feasibility of the Renewable Energy projects in achieving the Group’s environmental and social goals is promising. The strategic focus on renewable energy aligns with national goals for green development and carbon neutrality. The anticipated outcomes, including reduced emissions and enhanced energy security, underscore the projects’ capability to drive sustainable growth. The government emphasizes on reducing reliance on fossil fuels and enhancing energy efficiency through supportive tax policies and subsidies, which indirectly incentivize renewable energy investments. These policies not only facilitate the financial viability of renewable energy projects but also underscore their critical role in achieving sustainable urban development and environmental resilience. | Alt Text |
| **Energy Efficiency** |  |
| * The Energy Efficiency projects is significantly aligned with China’s national policies aiming for sustainable development. The 14th Five-Year Plan emphasizes green development and energy conservation as key priorities for achieving carbon neutrality by 2060. This Framework is integrated with policies favoring the green, low-carbon, and circular economy. The Group’s engagement in energy-efficient infrastructure and renewable energy initiatives demonstrates a strong alignment with these national strategies, supporting both regional and national goals for energy efficiency and low-carbon development. * Energy efficiency projects bring multifaceted benefits, including reductions in energy consumption and greenhouse gas emissions, which contribute to cost savings and environmental sustainability. By implementing smart grids and energy-efficient building materials, the Group can enhance energy system flexibility and reliability while reducing operational costs. Furthermore, energy efficiency improvements in urban infrastructure can lead to enhanced urban livability by providing cleaner air and reduced environmental footprints. * The Energy Efficiency projects not only lower carbon emissions but also foster economic growth through the creation of green jobs and the promotion of a sustainable industrial base. The integration of energy-efficient technologies within urban infrastructure can substantially decrease energy demand and contribute to the national target of peaking carbon emissions by 2030. Additionally, the emphasis on renewable energy and smart grid technologies positions the Group to play a pivotal role in China’s transition to a low-carbon economy, reflecting a feasible path toward achieving both environmental sustainability and economic resilience. | Alt Text |
| **Pollution Prevention and Control** |  |
| * Pollution prevention and control is pivotal to achieving China’s sustainable development goals, as emphasized in the national 14th Five-Year Plan which underscores the necessity for green development and environmental protection. This aligns with the Group strategy, which integrates sustainable development into its business operations. By adopting strict environmental measures and ensuring compliance with national regulations, the Group aims to contribute positively to environmental and social sustainability. * The Pollution Prevention and Control projects within the Group’s framework aim to enhance waste management through investment in waste sorting, treatment facilities, and waste-to-energy technologies. These efforts are expected to reduce waste generation and promote recycling, thereby contributing to resource conservation and environmental protection. Additionally, upgrading manufacturing technologies to use non-toxic materials reduces hazardous waste and aligns with sustainable production practices. As a result, the project not only addresses environmental concerns but also supports economic benefits by potentially lowering waste management costs and improving resource efficiency. * The feasibility of the Pollution Prevention and Control projects in achieving the Group’s environmental and social objectives is supported by several factors. Firstly, the alignment with national policies ensures regulatory compliance and potential access to government support. Secondly, the project’s focus on sustainable waste management and technology upgrades indicates a strong commitment to reducing environmental impact. Finally, the Group’s strategic integration of sustainability into its broader business model enhances its capability to execute the project effectively. Thus, the Pollution Prevention and Control project is well-positioned to contribute significantly to the Group’s sustainability goals, reflecting both environmental responsibility and social accountability. | Alt Text |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use** |  |
| * The Environmentally Sustainable Management of Living Natural Resources and Land Use initiative is integral to China’s overarching strategy for sustainable development. This aligns with China’s national policies emphasizing ecological civilization and sustainable development, particularly the 14th Five-Year Plan, which prioritizes ecological and environmental protection. The Environmentally Sustainable Management of Living Natural Resources and Land Use projects under this Framework focusing on sustainable practices in agriculture, forestry, and land use directly correlates with the national goals of environmental preservation and sustainable resource use, reflecting a strong alignment with regional policies aimed at reducing carbon emissions and enhancing biodiversity. * The Projects under the Framework are expected to yield substantial benefits. These include the development and rehabilitation of green landscapes, which facilitate ecological integrity and biodiversity. The projects aim to create eco-friendly cultural and recreational facilities, enhancing community engagement with natural environments without compromising ecological stability. Additionally, sustainable forestry practices such as afforestation and reforestation contribute to carbon sequestration, helping mitigate climate change impacts. Such projects are not only pivotal in reducing environmental degradation but also in promoting sustainable agriculture and aquaculture practices, further supporting food security and resource efficiency. Additionally, these projects are poised to generate employment opportunities and foster economic development in rural areas, thereby contributing to poverty alleviation and improved livelihoods. * The integration of sustainable management practices within living natural resources and land use projects supports the Group’s vision of Green, Environmental Protection development. The projects’ contribution to both environmental and social dimensions reinforce their potential in meeting sustainability goals. With strategic implementation and continuous alignment with evolving policies, these projects are well-positioned to achieve the Group’s sustainability targets effectively. | Alt Text |
| **Clean Transportation** |  |
| * The Clean Transportation projects align well with China’s national policies aimed at achieving carbon peaking and neutrality. China’s action plan for peaking carbon dioxide emissions by 2030 makes promoting green and low-carbon transportation as a crucial element. The push for the development and adoption of new-energy vehicles, such as electric and hybrid vehicles, and the construction of related infrastructure like charging stations, is a clear indication of the policy alignment. * The Clean Transportation projects are anticipated to yield significant environmental and economic benefits. These projects reduce dependency on fossil fuels and lower greenhouse gas emissions, which is essential for improving urban air quality and public health. The development of infrastructure for new-energy vehicles, such as charging stations, promotes the adoption of clean vehicles and stimulates advancements in related technologies. Moreover, these projects can foster economic growth by creating new job opportunities in the manufacturing and maintenance of clean transportation technologies. And efficient and eco-friendly transportation systems will be critical in ensuring sustainable urban growth and improving the quality of life for residents. * The alignment with national policies on carbon reduction and green urban planning provides a strong foundation for the implementation of these projects. The anticipated reduction in emissions and enhancement of urban air quality directly contribute to the Group’s sustainability vision. Additionally, the economic benefits, such as job creation and technological innovation, support the broader social objectives of economic development and improved urban living standards. By integrating these projects into its operational framework, the Group is well-positioned to meet its sustainability targets, contributing to both local and national environmental goals. | Alt Text |
| **Sustainable Water and Wastewater Management** |  |
| * The Sustainable Water and Wastewater Management projects align with China’s national policies emphasizing green development and environmental protection as outlined in the 14th Five-Year Plan. These projects aim to enhance water conservation and reduce industrial wastewater discharge, thus supporting regional and national sustainability targets. * The Sustainable Water and Wastewater Management projects are expected to yield significant environmental and social benefits. These projects aim to enhance urban drainage systems, promote water recycling, and improve wastewater treatment facilities, which are essential in mitigating urban flooding, enhancing public health, and ensuring sustainable water use. The projects also supports the reduction of chemical oxygen demand and ammonia emissions, crucial for maintaining water quality and eliminating malodorous water bodies in urban areas. By improving water management infrastructure, the projects are set to improve local ecosystems, contribute to public health, and support urban resilience against climate change impacts. * The national sustainable development policies and government’s emphasis on integrating water conservation technologies and improving wastewater treatment provide a conducive environment for successful implementation of these projects. The projected improvements in water quality and urban infrastructure will likely contribute to broader sustainability targets, demonstrating these projects’ potential in realizing the Group’s environmental and social objectives. | Alt Text |
| **Circular Economy Adapted Products, Production Technologies and Processes** |  |
| * The Circular Economy Adapted Products, Production Technologies, and Processes projects are critical for sustainable development, particularly under China’s national policies like the 14th Five-Year Plan, which emphasizes green innovation and resource efficiency. These projects under this Framework aim to incorporate reusable and recyclable materials, improving resource efficiency and reducing environmental impact in accordance with national standards and international agreements aimed at fostering eco-friendly industrial practices. The circular economy focuses on reducing waste and promoting the reuse of resources, aligning with China’s goals to cut carbon emissions and enhance environmental sustainability. This approach supports the national strategy for a greener economy by integrating sustainable practices into manufacturing and production processes. * The Circular Economy Adapted Products, Production Technologies, and Processes projects are poised to deliver significant environmental benefits. It aims to reduce reliance on fossil fuels by enhancing the use of renewable energy and improving energy efficiency in production processes, contributing to a more sustainable industrial ecosystem by utilizing recyclable and reusable materials. Such initiatives are expected to lead to a decrease in pollution and an improvement in resource usage efficiency, thereby fostering a healthier interaction between industrial activities and natural ecosystems. These efforts are anticipated to result in not only an environmental benefit but also economic advantages by lowering material costs and creating new markets for recycled products. * The Group is strategically positioned to implement these projects through its comprehensive investment and financing platform, which integrates urban public infrastructure and environmental management. By focusing on green development and leveraging financial resources effectively, the Group can implement innovative technologies and processes that support a circular economy framework. This strategic alignment, coupled with a clear commitment to sustainability, suggests that the Group is well-equipped to meet its environmental and social objectives through these projects under this Framework, contributing to regional and national sustainability targets. | Alt Text |
| **Green Buildings** |  |
| * The Chinese government has outlined ambitious targets to increase non-fossil energy consumption and promote low-carbon and energy-efficient buildings. The Green Building projects align significantly with China’s national policies on sustainable developmen, directly supporting the national sustainability goals. * The Green Building projects bring several tangible benefits. Firstly, it significantly reduces carbon emissions by using wooden materials instead of traditional high-emission materials. This transition supports the national goal of reducing greenhouse gas emissions from the building sector. Additionally, the projects promote the use of energy-efficient building materials, contributing to lower energy consumption in urban infrastructure. These efforts are aligned with China’s move towards integrating renewable energy in building operations, thereby reducing reliance on fossil fuels. * Given China’s emphasis on green transformation, the adherence to energy conservation and low-carbon building standards, and the alignment with policies that support green and low-carbon urban planning these projects show the potential to contribute effectively to national targets. By integrating sustainable practices, such as the use of low-energy materials and renewable energy sources, the projects not only meets environmental goals but also supports social objectives by promoting healthier urban living environments. | Alt Text |
| **Affordable Basic Infrastructure** |  |
| * The 14th Five-Year Plan emphasizes green development, ecological conservation, and sustainable urbanization as key priorities. The Affordable Basic Infrastructure projects support the construction and maintenance of critical infrastructure such as clean drinking water and transportation systems, not only adhering to national policy directives but also contributing to the objectives of improving living conditions and fostering economic growth in underserved regions. * The Affordable Basic Infrastructure initiative is projected to deliver substantial social benefits by enhancing access to essential services for underserved populations. It aims to improve public transportation and water supply facilities, leading to better quality of life and economic opportunities for citizens. These improvements are anticipated to foster social equity by providing equitable access to infrastructure and services, thus reducing socioeconomic disparities. * The strategic alignment of these projects with national policies underscores the Group’s commitment to enhancing urban and rural access to essential services, thereby supporting underserved populations and contributing to sustainable urbanization goals. This alignment not only reflects compliance but also points to the potential for significant social impact, particularly in improving the quality of life for citizens in outlying regions. | Alt Text |
| **Employment Generation and Programmes** |  |
| * The Employment Generation projects align with China’s 14th Five-Year Plan, which emphasizes sustainable development and socioeconomic stability through employment creation. These projects support national goals by addressing unemployment and fostering economic growth, particularly by enhancing the capacity of small and medium enterprises (SMEs) and constructing industrial parks. * The initiative is projected to create job opportunities, thereby reducing unemployment and increasing average incomes among targeted populations. Such projects are crucial in stimulating local economies, providing additional income opportunities, and reducing socioeconomic inequalities. The focus on sustainable practices also ensures that these economic benefits do not come at the expense of environmental health, thereby fostering a balanced approach to development. * By integrating employment generation into their sustainable finance framework, the Group ensures that economic growth is inclusive and environmentally sound. With strategic investments in infrastructure that prioritize both economic and ecological well-being, the Group is well-positioned to meet its sustainability vision. This integrated approach not only supports the local economy but also contributes to broader societal goals such as poverty alleviation and sustainable urban development. * Food Security and Sustainable Food Systems * China’s national policies emphasize the integration of sustainable practices in various sectors, prioritizing the provision of safe, nutritious, and sufficient food, while promoting agricultural productivity and the reduction of food waste. The Group’s Food Security and Sustainable Food Systems projects align with these national directives by potentially enhancing agricultural practices and ensuring food security, thereby supporting the objectives outlined in China’s 14th Five-Year Plan. * The Food Security and Sustainable Food Systems projects offer considerable benefits by ensuring the availability of nutritious food and supporting small-scale producers through financial leasing activities. This initiative is expected to bolster local economies by increasing agricultural productivity and reducing food waste. Moreover, it facilitates the development of resilient agricultural practices that are vital in adapting to climate change and environmental challenges. The projects focus on empowering agricultural practitioners and small-scale producers aligns with sustainable development goals by enhancing food security and promoting socio-economic advancement. * By aligning with national strategies and leveraging financial mechanisms such as leasing, the projects can effectively contribute to sustainable agricultural practices and food security. This initiative not only supports environmental goals by promoting efficient resource use but also addresses social imperatives by empowering local communities and improving livelihoods. Through integrating sustainable practices, the projects within the Framework are well-positioned to fulfill their intended impact. | Alt Text |

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| **CCXGFI is of the opinion that the expected environmental and/or social objectives are moderately feasible.** |

* **Effectiveness of Environmental and/or Social Risk Management**

**Process for Environmental and/or Social Risk Management**

The Group has adopted environmental and social risk management measures to ensure compliance with national laws and regulations on sustainable development governing air and gas pollution, noise emissions, hazardous substances, water and waste discharge, etc.

As the basis for investment decision-making, feasibility study report is a necessary requirement in project investment and is usually conducted by the third-party agent or professional consultant team in the evaluation and selection process. Based on the feasibility reports, the Group can identify and assess the environmental risks or social risks related to the eligible projects.

The environmental and social assessments will be conducted before the investment of each operation project to help the Group identify and manage the sustainability-related risks. It is recommended that the Group continuously monitors for significant environmental and/or social risks throughout the construction and operational process of the financed projects in addition to checking feasibility study reports.

**Environmental and/or Social Risk Identification**

***Environmental Risk***

The eligible projects included in the Framework are mainly realized through the construction of infrastructure programs. Generally, the Group has identified potential negative environmental impacts during both the construction and operation process, including water pollution, solid wastes, dust and noise.

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|  | **Water** | **Wastes** | **Noise** | **Air** |
| **Construction Process** | * Production wastewater * Domestic sewage | * Construction waste * Workers’ household waste | * Construction Machine | * Dust from land levelling, excavation, transportation, and the accumulation of soil |
| **Operation Process** | * Domestic sewage | * Household waste | * Machine Transportation | * Exhaust emissions * Dust from transportation |

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| --- | --- |
|  | **Project-specific Impact** |
| **Pollution Prevention and Control** | * xxx |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use** | * xxx |
| **Clean Transportation** | * xxx |
| **Sustainable Water and Wastewater Management** | * xxx |
| **Circular Economy Adapted Products, Production Technologies and Processes** | * xxx |
| **Food Security and Sustainable Food Systems** | * xxx |

The Group has committed to controlling the environmental risks by doing environmental impact assessments and taking measures according to expert recommendations for each project.

***Social Risk***

Social risks related to mentioned eligible projects are expected to remain at a low level. In particular, the eligible projects would neither have negative impacts on cultures, living habits, employment nor the income of surrounding people. The eligible projects are expected to improve urban infrastructure, improve community environment, and create employment opportunities.

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| **CCXGFI is of the opinion that Group’s environmental and/or social risk management is adequate.** |

**Appendix**

**I – About CCXGFI**

CCX [13-1]Green Finance International Limited (CCXGFI) is a third-party service organization under China Chengxin International Credit Rating Co., Ltd. (CCXI) that specializes in green and sustainable finance-related businesses and focuses on business development in Hong Kong and overseas regions.

In June 2023, CCXGFI was the first to obtain the external review qualification of the Hong Kong Monetary Authority’s Green and Sustainable Finance Funding Program. The services currently provided by CCXGFI include green bond and green loan assessment and certification services, green financial services for financial institutions, comprehensive green financial development services for local governments, ESG reports, ESG ratings and data services.

**II – Associations and standards**

The following outlines the associations and standards applied in the assessment process. To enhance robustness, CCXGFI also incorporated the Green Bond Endorsed Projects Catalogue (2021) (GBEPC), listed below, as part of the screening process.

|  |  |
| --- | --- |
| **Association** | **Standard** |
| * **ICMA -** International Capital Market Association | * Green Bond Principles (GBP) 2021 (with June 2022 Appendix I) * Social Bond Principles (SBP) 2023 * Sustainability Bond Guidelines (SBG) 2021 |
| * **LMA -** Loan Market Association * **LSTA -** Loan Syndications and Trading Association * **APLMA -** Asia Pacific Loan Market Association | * Social Loan Principles (SLP) 2023 * Green Loan Principles (GLP) 2023 |
| * **PBOC -** People’s Bank of China * **NDRC -** National Development and Reform Commission * **CSRC -** China Securities Regulatory Commission | * Green Bond Endorsed Projects Catalogue (GBEPC) (2021) |

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| --- | --- |
| **Catalogue** | **Program** |
| * **GBEPC2021 – 1.6.1.1** | * Manufacturing of Key Components of New Energy Vehicles and its Industrialization |
| * **GBEPC2021 – 2.1.4.1** | * The Production and Usage of Non-hazardous Materials as Alternatives |
| * **GBEPC2021 – 3.1.1.1** | * Production of Smart Grid Products and Equipment |
| * **GBEPC2021 – 3.1.1.2** | * Construction and Operation of Smart Grids |
| * **GBEPC2021 – 3.2.3.1** | * Construction and Operation of Multi-energy Complementary Projects |
| * **GBEPC2021 – 3.2.3.2** | * Operation and Construction of Energy Efficient Storage Facilities |
| * **GBEPC2021 – 4.2.2.2** | * Under-forest Economy of Planting and Animal Farming Industry |
| * **GBEPC2021 – 4.2.2.4** | * Forest Recreation and Health Rehabilitation Industry |
| * **GBEPC2021 – 5.2.1.5** | * Energy Conservation and Environmental-friendly Renovation of Existing Buildings |
| * **GBEPC2021 – 5.4.2.4** | * Construction, Operation and Renovation of Up-to-standard Urban Drainage Facilities |
| * **GBEPC2021 – 5.4.2.5** | * Restoration of the Natural Ecology of Urban Water Bodies |
| * **SDGs 2.3** | * By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment |
| * **SDGs 2.4** | * By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality |
| * **SDGs 8.10** | * Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all |
| * **SDGs 11.1** | * By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums |
| * **SDGs 11.2** | * By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons |

**III – Methodology**

CCXGFI offers pertinent and forward-thinking environmental, social, and governance (ESG) data, performance assessments and the CCXGFI Green Bond Evaluation Methodology.

The organization establishes a comprehensive indicator system using the Analytic Hierarchy Process (AHP), which encompasses 4 first-level indicators, 9 second-level indicators, 18 third-level indicators, and 33 fourth-level indicators. A judgment matrix is constructed using this method to compare and rank each indicator based on its importance. The single ranking weight is then calculated for each indicator at every level. Subsequently, the total ranking weight is determined by multiplying the single ranking weight by the weight of the previous factor. Finally, the sustainable finance framework’s comprehensive score is obtained by scoring each indicator and multiplying it by the total ranking weight of each indicator.

Analysts employing the scoring methodology, assign an overall score to the sustainable finance Framework and, when compared with the criteria of the CCXGFI Sustainability Assessment, furnish descriptions for one of the subsequent three rating levels.

|  |  |
| --- | --- |
| **Level** | **Standard** |
| **Sf-1**  **Excellent** | * The four core components of the Framework present **high** level of alignment with the Principles * The relevance of the Framework to Group’s sustainable development strategy is **high** * The feasibility of environmental and/or social objectives is **high** * The environmental and/or social risk management is **robust** |
| **Sf-2**  **Good** | * The four core components of the Framework present **moderate** level of alignment with the Principles * The relevance of the Framework to Group’s sustainable development strategy is **moderate** * The feasibility of environmental and/or social objectives is **moderate** * The environmental and/or social risk management is **adequate** |
| **Sf-3**  **Weak** | * The four core components of the Framework present **low** level of alignment with the Principles * The relevance of the Framework to Group’s sustainable development strategy is **low** * The feasibility of environmental and/or social objectives is **low** * The environmental and/or social risk management is **ineffective** |

For more information, please visit: [*https://www.ccxgfi.com/*](https://www.ccxgfi.com/)

**IV – Summary of Eligible Categories’ Details**

* Reporting indicators of impact report

|  |  |
| --- | --- |
| **Project Category** | **Impact Indicator** |
| **Renewable Energy** | * Renewable energy generation (MWh) * Annual greenhouse gas emissions avoided/reduced (in tonnes of CO2e) |
| **Energy Efficiency** | * Amount of energy saved (MWh) * Annual greenhouse gas emissions avoided (in tonnes of CO2e) |
| **Pollution Prevention and Control** | * Waste that is prevented, minimised, reused or recycled in absolute amount (in tonnes p.a.) |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use** | * Area of green landscape conserved/enhanced/created (in km²) |
| **Clean Transportation** | * Number of new energy vehicles deployed (e.g. electric) * Number and type of new energy transportation infrastructure built |
| **Sustainable Water and Wastewater Management** | * Amount of rainwater collected and re-used (in m³) * Annual absolute (gross) amount of wastewater treated (in tonnes p.a) |
| **Circular Economy Adapted Products, Production Technologies and Processes** | * The materials, components and products that are reusable, recyclable as a result of the project in absolute amount (in tonnes p.a.) |
| **Green Building** | * Level of certification by building * The amount of green building |
| **Affordable Basic Infrastructure** | * Number of water infrastructure projects built/financed * Number of transport units purchased/financed |
| **Employment Generation** | * Number of SMEs financed |
| **Food Security and Sustainable Food Systems** | * Number of people benefiting from agricultural projects and using improved farming technology |

In preparing this Second Party Opinion, CCX Green Finance International Limited (CCXGFI) has complied with applicable laws, relevant regulations, and internal rules. It has also observed internal workflows and operating standards, fulfilling its duties related to due diligence and integrity. As a result, CCXGFI considers the Opinion to be independently produced, objective, and unbiased.

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