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**Huai'an Development Holdings Co., Ltd.**

淮安开发控股有限公司

**Assessment Summary**

CCX Green Finance International Limited (CCXGFI) provided a Second Party Opinion (SPO) on Huai'an Development Holdings Co., Ltd. Sustainable Finance Framework, assessing its alignment with the GBP2021 (with 2022 Appendix I), SBP2023, SBG2021, GLP2023 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 Huai'an Development Holdings Co., Ltd. Sustainable Finance Framework as Sf-2[Good].

**Framework Type**

Sustainability Finance

**Company Location**

Jiangsu, China

**Date**

Feb 10, 2025

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**Overall Score**

**Alignment**



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

Green Loan Principles 2023

Social Loan Principles 2023

Sf-3

Sf-1

Sf-2



**Analysts**

**Alignment**

**Ivy Zhang**

*ivyzhang@ccxgf.com.cn*

Moderate

Low

High

**Relevance**

**Quality Review**

High

Low

Moderate

**Zoe Li**

*zoeli@ccxgf.com.cn*

**Feasibility**

High

Low

Moderate

**Risk Management**

Robust

Ineffective

Adequate

* **Scope of work**

**CCXGFI has provided a SPO on Huai[2-1]'an Development Holdings 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**

Huai’an Development Holdings Co., Ltd. (the “[8-1]Company”, together with its subsidiaries, referred to as the “Group”) was established in April 2005. The Group is designated to carry out Huai’an Municipal Government’s blueprint for infrastructure construction and municipal development in Huai’an Economic and Technological Development Zone (“Huai’an ETDZ”). By focusing on urban construction and municipal development, carrying out capital operations and leveraging strong government support, the Group has established itself as a prominent state-owned asset investment company in Jiangsu Province which plays a critical role in the urbanisation of Huai’an, particularly in Huai’an ETDZ.

In light of the National Environmental Plan for the 14th Five-Year Strategic Plan for environmental protection and improvement, the Group is committed to ensuring that its economic performance will benefit the social and environmental development. Sustainable development is the cornerstone of the Group’s business. Coupled with development strategies and operating models, the Group strives to promote social responsibilities and meet the expectations of stakeholders including the government, industries, employees, business partners, and communities. The Group also aims to accelerate the upgrading of urban areas, cleanse the environment, and build civil culture.

Framework Highlight

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| --- |
| * For Use of Proceeds, the Eligible Green and Social Projects Categories include Green Building and Energy Efficiency, Sewage Management, Affordable Basic Infrastructure and Affordable Housing. * 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 temporarily held for short term deposits.[1-1] * For Reporting, the Group is committed to reporting the allocation of net proceeds at least annually until they are fully allocated or if there is a change of allocation during the outstanding period of the Sustainable Financing Transactions (“SFTs”). |
| **Relevant UN Sustainable Development Goals (SDGs):** |
| 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, 9, 11 and 12. Additionally, the Group has identified a list of excluded project types based on the International Finance Corporation’s exclusion list and selected the most pertinent criteria relevant to its operational circumstances and business priorities. * 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), SBP2023, SBG2021, GLP2023 and SLP2023. |

The Framework sets out how the Group intends to issue 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.

|  |  |  |
| --- | --- | --- |
| **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** |
| **Green Building and Energy Efficiency**  Alt Text  Alt Text | * Development, construction, refurbishment, maintenance, operations of buildings (including the factories) that meet the following regional, national or internationally recognised * standards for environmental performance (such as “PRC Green Building Evaluation Standard - GB/T50378-2019” or “Evaluation standard for green industrial building - GB50878-2013”, “Design Standard for Energy Conservation of Public Buildings - GB50189-2015”); or * certifications for environmental performance (such as “Chinese Green Building Evaluation Standard: basic or above”, or other similar recognised standards) * Project Details * Location: The location of the project will be approved by the planning department authority in accordance with national laws and regulations to avoid construction in protected areas * Measures to offset negative impacts on environment * Use permeable ground. It can enhance the water permeability of the ground and reduce the heat island effect * Control light pollution. Avoid large glass curtain walls * Adopt high-efficiency light source and lighting intelligent system to achieve the purpose of energy saving * 2.Adopt water-saving irrigation and water-saving appliances, and use simple decorative components to save material resources * 2.Sound insulation and noise reduction. For buildings adjacent to major traffic roads, effective sound insulation and noise reduction measures would be taken | * Climate change mitigation | * GBP2021 * GLP2023 * Consumption of green building materials/products meets the requirement of GBEPC2021 – 1.2.1.1 |
| **Sewage Management**  Alt Text | * Construction and maintenance of sewage treatment stations, supporting facilities and sewage collection pipes * The treated sewage will meet the relevant national discharge standards Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB18918-2002) * The domestic sewage from the discharge outlet is collected and sent to the sewage treatment plant for treatment by using the intercepting trunk pipe | * Pollution prevention and control * Natural resource conservation | * GBP2021 * GLP2023 * Trading of safety control equipment of drinking water which technical level aligns with standards meets GBEPC2021 – 1.3.1.1 * Construction and operation of sludge treatment and comprehensive utilization facilities of urban sewage treatment plants meets the requirement of GBEPC2021 – 1.5.3.3 * Construction and maintenance of sewage treatment stations, supporting facilities and sewage collection pipes meets the requirement of GBEPC2021 – 5.3.1.1 |

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| --- | --- | --- | --- |
| **Social Project Category** | **Eligible Projects Technical Screening Criteria** | **Identified Objective** | **Alignment** |
| **Affordable Basic Infrastructure**  Alt Text | * Construction of supporting affordable infrastructure (such as water supply, power supply, heating, roads, communications, etc.) to improve the mobility and living conditions of the middle-to-low-income residents * Construction of roads connecting urban areas and villages * Target group: residents in underdeveloped and remote areas (1) without road connecting between the village and the city at present; or (2) with weak and underdeveloped infrastructure * It will improve the traffic conditions in the surrounding areas, facilitate the input and output of production materials, improve the investment environment in the project area, and promote the development and utilisation of land along the project and industrial upgrading * It will bring convenience to the travel of residents and enterprise employees along the line, and provides great convenience for people’s livelihood | * Provide safe and reliable infrastructure * Develop and maintain accessible infrastructure | * SBP2023 * SLP2023 * SDGs 9.1 |
| **Affordable housing**  Alt Text | * Construction of affordable housing (such as affordable rental housing, economically affordable housing, rural residential areas, etc.) for the middle-to-low-income residents and the underprivileged, owing to a lack of quality access to essential goods and services * Target group[4-1]：middle-to-low-income groups with weak housing affordability and the underprivileged, owing to a lack of quality access to essential goods and services. Building affordable housing can provide them with accommodations nearby * For the application conditions and rental standard of the affordable housing, please refer to Article 2 of the “Q&A on Housing Security Policy of Huai’an City”and the government website, which is updated from time to time | * Provide affordable housing to meet the residential needs of low-income families. | * SBP2023 * SLP2023 * SDGs 1.4 * SDGs 11.1 |

**In any case, this Framework 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, 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 unbounded 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.
* **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 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023. |

The Sustainability Project Working Group (“SPWG”) of the Group consists of members from various functions, including the Office of the Board of Directors, Financing Management Department, Engineering Management Department, Capital Management Department, Internal Control Audit t Department and Financing Plan Department.

SPWG meets at least every 12 months. Its responsibilities include selecting eligible sustainable projects (“ESPs”) according to the Framework’s Eligibility Criteria and ensuring compliance with environmental guidelines and standards. SPWG also manages updates to the Framework, including the use of proceeds.

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

1. Discussing and selecting ESPs according to the Eligibility Criteria defined in section 2 of the Framework
2. Assessing each project based on the relevant feasibility report. The shortlisted projects will be presented to the Group’s board of directors for approval
3. After receiving the assessment and approval from the Group’s board of directors, the selected projects will become ESPs
4. Ensuring that each ESP complies not only with the Use of Proceeds section of the Framework, but also the environmental guidelines applicable to the Group and all applicable national and international environmental standards and local laws and regulations
5. Managing any future updates of the Framework, including any expansion of requirements of the use of proceeds

* **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 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023. * 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, 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)
* Allocation of Use of Proceeds
* Name and description of ESPs to which the proceeds of the SFT have been allocated in accordance with the Framework
* Amount and date of SFT proceeds allocated to each ESP
* The remaining balance of unallocated proceeds is yet to be earmarked for ESPs
* 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 for short term time deposits, 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 once annually until full allocation of the net proceeds of any SFT issued, or if there is a change of allocation during the outstanding period of the SFT 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 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023. 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 full allocation of the net proceeds of any SFT issued. The impact report associated with the Eligible Projects will be disclosed on an annual basis and subject to data availability.

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

* the proportion of net proceeds allocated to financing and refinancing
* the proportion of net proceeds allocated to the sustainable project categories covered by the Framework
* the balance of the unallocated proceeds from each SFT and temporary placement thereof

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**

The Group, situated in Jiangsu Province, operates in a region characterized by robust economic growth and strategic importance within China. The infrastructure investment industry in China, to which the Group belongs, is currently seeing an increased focus on sustainable and green development, influenced by both domestic demand for urbanization and international sustainability trends. In response to this, the Chinese government has implemented stringent policies to ensure sustainable development in this sector. The Framework aligns with these national objectives, focusing on green and social projects that support environmental sustainability and social welfare, such as green building developments, sewage management, and affordable infrastructure, reflecting a commitment to reducing environmental impact and enhancing social equity. The Group’s efforts on sustainable development are evident in its dedication to financing projects that meet rigorous environmental and social criteria. By adhering to these criteria, the Group not only fulfills regulatory requirements but also contributes positively to regional sustainable development goals.

The Group defines Green Building and Energy Efficiency, Sewage Management, Affordable Basic Infrastructure and Affordable Housing as eligible green and social project categories. Furthermore, the SFTs issued under the Sustainable Finance Framework contribute to the 4 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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| **Green Building and Energy Efficiency** |  |
| * In China, the Green Building sector plays a pivotal role in the pursuit of national carbon neutrality goal, given that buildings are substantial contributors to both energy consumption and greenhouse gas emissions. The Group’s Green Building and Energy Efficiency initiative aligns with the objectives of the 14th Five-Year Plan, which emphasizes the advancement of low-carbon technologies and energy efficiency to achieve carbon peaking by 2030 and carbon neutrality by 2060. Green buildings and Energy Efficiency projects play a critical role in reducing carbon emissions and promoting ecological civilization, supporting national sustainability goals. * The Group ensures green building practices and energy efficiency improvements through well-regulated project site selection and a series of targeted environmental measures. By complying with national laws and obtaining planning department approval, construction in protected areas is avoided. To mitigate environmental impacts, the Group adopts permeable ground to enhance water absorption and reduce the heat island effect, controls light pollution by limiting large glass curtain walls, and integrates high-efficiency lighting and smart control systems to save energy. Additionally, water-saving irrigation and appliances, along with minimalist decorative components, contribute to resource conservation. For noise control, effective sound insulation measures are implemented for buildings near major roads. * These initiatives align with national sustainable development goals by promoting energy conservation, resource efficiency, and environmental protection. Through responsible construction and refurbishment practices, the Group actively supports the transition to a low-carbon economy and contributes to the broader objectives of sustainable urban development and ecological balance. | Alt Text  Alt Text |
| **Sewage Management** |  |
| * The Sewage Management projects undertaken by the Group align closely with the objectives of China’s 14th Five-Year Plan, which emphasizes sustainable development and environmental protection, advocating for comprehensive pollution control, improved water quality, and the advancement of green infrastructure. This alignment with national policy ensures that the project not only contributes to regional development but also adheres to the broader national strategy for sustainable urbanization and resource conservation. * The Sewage Management projects are expected to yield significant environmental and social benefits. By constructing and maintaining sewage treatment facilities, the projects aim to enhance water quality, reduce pollution, and ensure safe wastewater disposal, thus improving environmental conditions, enhancing public health. The projects also support the local infrastructure by integrating sewage collection and treatment systems, which are crucial for urban development and public health. * The projects are designed to meet rigorous national standards for wastewater treatment and pollution control, ensuring its effectiveness and sustainability. The projects focus on sustainable practices and their integration into the wider urban infrastructure plan underscore its potential to significantly contribute to the Group’s environmental and social objectives, thereby fostering sustainable urban development. | Alt Text |
| **Affordable Basic Infrastructure** |  |
| * China’s national strategy includes significant emphasis on developing affordable basic infrastructure to support socioeconomic development. The Affordable Basic Infrastructure projects under this Framework closely align with national policies and thses initiatives support China’s strategic goals to enhance infrastructure in less developed regions, thereby promoting equitable access to essential services. By constructing essential infrastructure such as roads, power, and water facilities, the projects enhance regional connectivity and promote equitable access to resources. * The Affordable Basic Infrastructure projects are expected to yield significant social benefits by improving the mobility and living conditions of middle-to-low-income residents in remote regions. The construction of roads and essential utilities facilitates better access to urban services, enhances mobility, and stimulates local economic activities by improving traffic conditions and investment environments. These initiatives not only contribute to the social upliftment of disadvantaged communities but also ensure compliance with stringent environmental standards, thereby promoting a balanced approach to development. * Affordable Basic Infrastructure projects are essential for achieving the social objectives outlined by the Group. The projects focus on improving infrastructure in underdeveloped areas, ensuring that economic benefits are distributed equitably, fostering long-term social cohesion and resilience. By aligning with national sustainability frameworks and emphasizing on social inclusivity, the projects demonstrate a comprehensive strategy for urban development. The feasibility of these projects is also supported by the Group’s Framework, ensuring that investments are directed efficiently towards sustainable outcomes, thereby fostering inclusive community development and economic vitality | Alt Text |
| **Affordable Housing** |  |
| * The 14th Five-Year Plan emphasizes urbanization and the improvement of living conditions, reflecting a commitment to sustainable development and social equity. Affordable Housing projects are integral to these goals, aiming to provide secure and affordable living conditions to middle-to-low-income residents. This alignment underscores the project’s potential in supporting national objectives by improving urban infrastructure and housing conditions, thereby contributing to broader socioeconomic development. * The Affordable Housing projects are expected to deliver significant social benefits by addressing housing affordability issues. This initiative targets vulnerable populations, including middle-to-low-income groups, by providing accessible and quality housing solutions. The expected outcomes include improved living standards and enhanced social stability, as access to affordable housing is a key determinant of quality of life. Additionally, the projects support local economic development by creating jobs during the construction phase and stimulating demand for local services. These benefits contribute to community development and social cohesion, making the projects a vital component of the Group’s strategy to fulfill its social responsibilities. * By focusing on providing affordable housing, the projects address a critical social need, thereby reinforcing the Group’s commitment to social equity and community welfare. Moreover, the initiative’s integration with sustainable finance principles ensures that it is well-positioned to secure necessary funding, further enhancing its implementation potential. Thus, the feasibility of the Affordable Housing projects in achieving the Group’s social goals is promising. | 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 real estate and 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.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **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** |
| **Sewage Management** | * 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 enhance the quality of the living environment for residents and promote sustainable community development.

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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 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) |

|  |  |
| --- | --- |
| **Catalogue** | **Program** |
| * **GBEPC2021 – 1.2.1.1** | * Manufacturing of Green Building Materials |
| * **GBEPC2021 – 1.3.1.1** | * Equipment Manufacturing for Water Pollution Prevention and Control |
| * **GBEPC2021 – 1.5.3.3** | * Comprehensive Utilisation of Sludge from Urban Sewage Treatment Plants |
| * **GBEPC2021 – 5.3.1.1** | * Construction and Operation of Facilities for Sewage Treatment, Recycling, and Sludge Treatment and Disposal |
| * **SDGs 1.4** | * By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services, including microfinance. |
| * **SDGs 9.1** | * Develop quality, reliable, sustainable, and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. |
| * **SDGs 11.1** | * Strengthen efforts to protect and safeguard the world’s cultural and natural heritage. |

**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

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| **Project Category** | **Impact Indicator** |
| **Green Building and Energy Efficiency** | * Level of certification by building * Approval of the green building construction plan issued by local authorities * The amount of green building constructed * The area of water-saving irrigation and water-saving appliances (square metres) * The area of permeable ground (square metres) * Energy savings (including water and electricity) |
| **Sewage Management** | * Sewage treatment volume (10,000 tons/day) * Sewage treatment rate (%) |
| **Affordable Basic Infrastructure** | * The length of the road constructed (km) * Additional water supply network (km) * Renovation area of remote villages (square metres) * Number of target people benefited (people) |
| **Affordable Housing** | * Units of affordable houses constructed |

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