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**Suzhou SND Group Company Limited**

苏州苏高新集团有限公司

**Assessment Summary**

CCX Green Finance International Limited (CCXGFI) provided a Second Party Opinion (SPO) on Suzhou SND Group Company Limited 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 Suzhou SND Group Company Limited Sustainable Finance Framework as Sf-2[Good].

**Framework Type**

Sustainability Finance

**Company Location**

Jiangsu, China

**Date**

Mar 24, 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**

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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 Suzhou SND Group [8-1]Company Limited 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**

Suzhou SND Group [8-2]Company Limited (“SND Group” or “Group”) is the key state-owned enterprise directly owned by Suzhou New District Administrative Committee (“SND Administrative Committee”), with 90.34% of the shares controlled by SND Administrative Committee and 9.66% of the shares held by the Jiangsu Department of Finance, and SND Group is the most important infrastructure construction, investment and financing platform in Suzhou New District. Under the guidance of SND Administrative Committee, with the vision of being the integrated regional development and operation service provider, SND Group focuses on urban construction, land acquisition and industry development, and provide comprehensive solutions for urban and rural construction and development, people’s well beings and advanced industry integration.

In accordance with the State Council’s overall guidance on green development and the national “14th Five-Year” Strategic Plan of “Environmental Protection and Development of Low-Carbon Economy”, the Group is committed to ensuring that its economic performance is conducive to the sustainable development of the environment and society. The Group regards sustainable development as its business foundation and ensures that its economic development is beneficial to the environment and society. The company adheres to a positive sense of environmental and social responsibility, and integrates the spirit of sustainability into its rules, regulations and business development plans. Based on its major business segment of infrastructure construction and real estate development, etc., the Group actively integrates sustainability into the economic development of Suzhou New District and is committed to making contributions in the fields of [12-10]green building, sustainable water and wastewater management, affordable basic infrastructure and employment generation. Meanwhile, the [8-3]Company also insists on reducing the negative impact on the environment during the engineering design and construction process, in doing so, ensuring it applies its principle of environmental protection to every work stage.

Framework Highlight

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| * For Use of Proceeds, the Eligible Green and Social Projects Categories include Green Building, Energy Efficiency, Pollution Prevention and Control, Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-efficient Products, Sustainable Water and Wastewater Management, Environmentally Sustainable Management of Living Natural Resources and Land Use, Affordable Basic Infrastructure and Employment Generation. * 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 deposited into the designated account for the sustainable bond, or invested into qualified money market products or debt instruments. * For Reporting, the Group is committed to reporting the allocation of net proceeds annually until they are fully allocated and to disclosing the impact of financed projects through quantitative indicators where possible. |
| **Relevant UN Sustainable Development Goals (SDGs):** |
| 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 environmental and social benefits while contributing to the achievement of several UN Sustainable Development Goals, specifically SDGs 6, 7, 8, 9, 11 and 13. 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), SBP2023, SBG2021, GLP2023 and SLP2023. |

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** |
| **Green Building**  Alt Text | * Acquisition, construction, maintenance and renovation of buildings that have received, or expect to receive the below recognized [12-1]green building certifications: * Chinese Green Building Evaluation Label — 2-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; or * Construction of Ultra-Low Energy Consumption Buildings: Construction of public and residential buildings adapted to climate characteristics and site-specific conditions that reduce the demand for heating, air conditioning and lighting through passive building designs, and adopt active technical measures to improve the efficiency of building energy equipment and systems in public and residential buildings as well as the acquisition of consumption building technical indicators needed to meet the requirements of the “Technical Standard for Near-Zero Energy Building” (GB/T 51350); or * Green Warehousing Logistics: Construction, operation and renovation of logistics warehouses in accordance with the national [12-3]green building codes and standards, for which they have obtained national [12-2]green building evaluation marks. For example, the technical indicators of green logistics warehouse building shall meet the requirements of the “Green Warehouse Requirements and Evaluation” (SB/T 11164) 2 Stars or above; or * Any other [12-4]green building label, that is an equivalent standard of the above | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 5.2.1.1 * GBEPC2021 – 5.2.1.2 * GBEPC2021 – 5.2.1.4 * GBEPC2021 – 5.2.1.5 * GBEPC2021 – 5.2.1.6 |
| **Energy Efficiency**  Alt Text | * Increase energy efficiency and reduce building and facility energy consumption by at least 15 per cent. by investing in and spending on projects such as, but not limited to: * In the design and construction process, in accordance with the requirements of “Intelligent Building Design Standards (GB/T50314-2015)”, adopt timely and feasible intelligent technology to realize the functions of saving resources and optimizing environmental quality management, including but not limited to effective utilization and management of renewable energy based on building equipment monitoring systems, building Information Modeling (BIM) technology, etc.; or * Install energy-efficient equipment, replace and/or maintain existing equipment to reduce energy consumption or avoid greenhouse gas emissions, including but not limited to smart metering systems, high-efficiency HVAC systems, etc. Relevant products should comply with the current national standards “Energy-saving Design Standards for Public Buildings” (GB50189-2015), “Energy-saving Domestic Water Appliances” (CJ/T164-2014) and other standards; or * Renovation of green lighting, using LED lamps, high/low pressure sodium lamps, metal halide lamps, tri-color double-ended straight fluorescent lamps (Type T8, T5), etc., as well as the use of natural light sources, intelligent lighting control systems, etc. Relevant lighting products should meet the first-level energy efficiency requirements of relevant national and/or regional energy efficiency standards; or * Prefabricated Buildings: Construction of buildings using prefabricated components at construction sites through the method of assembly construction. The building-related technical indicators should meet or exceed the requirements of Grade AA and under the “Evaluation Standard for Assembled Buildings” (GB/T 51129) within the validity period; or * Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national [12-5]green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant [12-6]green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the “Statistical Standard for Civil Buildings” (GB 50352), the “Standard for Energy-Saving in Public Buildings” (GB 50189) and the “Standard for the Evaluation of Green Retrofit of Existing Buildings” (GBT 51141) | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 1.1.1.13 * GBEPC2021 – 1.1.2.5 * GBEPC2021 – 5.1.1.2 |
| **Pollution Prevention and Control**  Alt Text | * Pollution control of traffic vehicles by renovating and replacing old high-energy-consumption and high-emission operating vehicles with the new vehicles that meet new energy efficiency and pollutant emission standards, by constructing real-time monitoring systems for pollution emissions from motor vehicles and non-road mobile machinery, by building road remote sensing, monitoring, and positioning systems, and by controlling pollution of vehicle maintenance waste oil, wastewater and exhaust gas * Treatment and control of construction land pollution including detailed investigation and monitoring, and risk assessment of construction land pollution, reduction of the level of soil pollutants by the use of physical, chemical and biological engineering technical measures such as the use of vegetation, soil degradation, etc., so as to ensure that the soil quality of construction land meets the environmental requirements for that of relevant planned sites and to improve the value of soil use | * Pollution prevention and control | * GBP2021 * GLP2023 * GBEPC2021 – 1.3.3.1 * GBEPC2021 – 1.3.4.1 |
| **Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-efficient Products**  Alt Text | * Recycling of waste resources such as waste metal, waste rubber, waste plastic, waste glass, waste electrical and electronic products, waste solar equipment, waste textiles, waste mineral oil, waste biomass, waste paper (waste printed products, etc.), waste denitrification catalyst, waste cloth bag for dust removal, etc. For example, the construction and operation of facilities for recycling, sorting, and processing of waste resources, in line with the Guidelines for Calculation Methods of Product Recyclable Utilization Rate (GB/T 20862), the Technical Specifications for Waste Product Treatment of Enterprises (GB/T 27873), the Statistical Indicator System for Waste Product Recycling and Treatment of Enterprises (GB/T 28744), the Technical Specifications for Waste Plastic Recycling and Utilization (GB/T 37521), the Technical Specifications for Waste Textile Recycling (GB/T 38926), and other national standards | * Natural resource conservation | * GBP2021 * GLP2023 * GBEPC2021 – 1.5.2.2 |
| **Sustainable Water and Wastewater Management**  Alt Text | * Construction and operation of sewage pretreatment systems, sewage collection systems, and sewage centralized treatment and recovery facilities in industrial areas, such as the Economic and Technological Development Zones, High-Tech Industrial Development Zones, Export Processing Zones, etc. that comply with national standards, such as the Principles and Requirements for the Classification and Recycling of Water in the Industrial Parks (GB/T 36575) | * Pollution prevention and control * Natural resource conservation | * GBP2021 * GLP2023 * GBEPC2021 – 2.1.2.2 |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use**  Alt Text | * Construction, maintenance, and operation of wetland parks, etc. | * Biodiversity conservation * Natural resource conservation | * GBP2021 * GLP2023 * GBEPC2021 – 4.2.2.5 |

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| **Social Project Category** | **Eligible Projects Technical Screening Criteria** | **Identified Objective** | **Alignment** |
| **Affordable Basic Infrastructure**  Alt Text | * Tap water supply for people living in areas with no or insufficient access to safe drinking water | * Provide safe and reliable 【XXX】 * Develop and maintain accessible 【XXX】 | * SBP2023 * SLP2023 * SDGs 11.1 * SDGs 11.6 * SDGs 11.7 |
| **Employment Generation**  Alt Text | * Providing small and medium-sized enterprises (SMEs) with financial services including but not limited to, financial leasing and small-size loan | * Provide employment chance | * SBP2023 * SLP2023 * SDGs 8.3 * SDGs 8.10 |

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

* XXX
* XXX
* XXX
* **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), SBP2023, SBG2021, GLP2023 and SLP2023. |

The Group’s Sustainable Finance Working Group (“SFWG”) consists of senior representatives from various departments, including the Group Party and Government Office, Group Financial Management Department, Group Investment Management Department, Group Safety Management Office, Group Internal Control Department and Group Operation Management Department.

The SFWG convenes meetings at least twice a year. Their responsibilities include ratifying eligible green/social projects, monitoring the asset pool for eligibility, and ensuring compliance with risk management and local regulations. They also manage updates to the Sustainable Finance Framework (“SFF”) and facilitate regular reporting on sustainability issues.

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

1. Ratifying of Eligible Green/Social Projects, which are initially proposed by the SFWG members, and it is at the SFWG members’ discretion to reject any project.
2. Undertaking of regular monitoring of the asset pool to ensure the eligibility of Green/Social Projects with the criteria set out in the Group’s SFF Section 1, Use of Proceeds, whilst replacing any ineligible Green/Social Projects with Eligible Green/Social Projects.
3. Ensuring that projects comply with the Group’s risk management requirements as well as applicable local government regulations. In cases where funds are withdrawn from the projects, or the projects are no longer eligible for the green/social project criteria, ensuring that the funds will be reallocated to other Eligible Green/Social Projects.
4. Facilitation of regular reporting on any green, social or sustainability issues in alignment with the Group’s reporting commitments.
5. Managing any future updates to the SFF.
6. Ensuring that the approval of Eligible Green/Social Projects will follow the Group’s existing credit/loan/investment approval processes.

* **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), SBP2023, SBG2021, GLP2023 and SLP2023. * It is recommended that if applicable, the Group could consider engaging external agencies to oversee the management of [9-1]GFTs, 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 the following information:**

* SFT Details: ISIN (if applicable), Issue Date, Maturity Date and etc.
* Eligible Green/Social Project Allocation List: Information including:
* The Eligible Green/Social Projects List, including for each Eligible Green/Social Project, the Eligible Green/Social Project Category, project description, project location, Group’s ownership percentage, total project cost, amount allocated, settled currency, etc.
* Amount of unallocated proceeds

Any balance of issuance proceeds which are not yet allocated to eligible green and social projects will be deposited into the designated account for the sustainable bond, or invested into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities, 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 annually until full allocation of the net proceeds of any SFT issued 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), 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 a best- efforts basis and subject to data availability.

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

* List of Eligible Green/Social Projects for the current year
* The amount of proceeds allocated to each Eligible Green/Social Project category
* When possible, descriptions of the Eligible Green/Social Projects financed, such as project locations, amount allocated, etc.
* Selected examples of projects financed
* Percentage of financing vs. refinancing
* Amount of unallocated proceeds

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)”. The methodology and assumptions used for calculation will be provided subject to the nature of Eligible Projects and the availability of information. 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**

Suzhou, located in China’s economically vibrant Jiangsu Province, is a significant hub for industrialization and innovation, contributing notably to regional economic advancement within the Yangtze River Delta. As a key player in the infrastructure domain, the Group is at the forefront of urban development, focusing on sustainable practices in construction and investment. The infrastructure industry in China is currently experiencing a transformation driven by government policies emphasizing sustainability and green development. The Chinese government has laid out rigorous requirements for sustainable development in infrastructure, encouraging low-carbon initiatives and environmental protection. The Group’s Sustainable Finance Framework aligns with these directives, and supports projects in the fields of [12-11]green building, sustainable water management, affordable basic infrastructure and employment generation, etc, demonstrating the Group’s commitment to sustainability. In conclusion, the Group’s Framework is intrinsic to its sustainable development strategy, ensuring that its projects not only adhere to but also advance the national and regional sustainability agendas, thus reinforcing its role as a leader in sustainable infrastructure development in Suzhou.

The Group defines Green Building, Energy Efficiency, Pollution Prevention and Control, Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-efficient Products, Sustainable Water and Wastewater Management, Environmentally Sustainable Management of Living Natural Resources and Land Use, Affordable Basic Infrastructure and Employment Generation as eligible green and social project categories. Furthermore, the SFTs issued under the Sustainable Finance Framework contribute to the 6 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 the 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 Buildings** |  |
| * The national 14th Five-Year Plan emphasizes environmental protection and the development of a low-carbon economy. [12-7]Green buildings is pivotal to China’s sustainable development strategy, aligning with national objectives to reduce carbon emissions and encourage energy efficiency. The Green Building projects under the Framework demonstrate a commitment to sustainable development by adhering to national and international certifications such as the Chinese Green Building Evaluation Label and U.S. LEED. * The Green Building projects are designed to reduce the use of fossil fuels and decrease carbon emissions. Statistical data indicates that green buildings can achieve energy savings of at least 30% compared to conventional buildings. The reduction in energy consumption translates into lower greenhouse gas emissions, contributing to climate change mitigation efforts. Therefore such projects enhance the utilization rate of clean energy and promote the harmonious coexistence of humans and nature. Furthermore, green buildings can increase property value and reduce operational costs, thus providing a competitive edge in the real estate market. * The projects are supported by rigorous criteria, including adherence to recognized [12-8]green building certifications and standards. These measures contribute to pollution prevention and natural resource conservation, ensuring that the buildings meet both energy efficiency goals and environmental objectives. Additionally, the projects’ alignment with both national and international standards reduces regulatory risks and enhances its appeal to socially responsible investors. Consequently, the Green Building initiative is well-positioned to achieve its intended environmental and social outcomes. | Alt Text |
| **Energy Efficiency** |  |
| * China’s 14th Five-Year Development Plan prioritizes energy efficiency as a pivotal driver for achieving sustainable economic transformation and outlines comprehensive strategies for accelerating the transition toward energy conservation and low-carbon practices across key sectors including urban construction, transportation networks, and public infrastructure. The Energy Efficiency projects under this Framework support these national policies by integrating smart technologies and energy efficient systems to improve resource utilization and reduce energy consumption, reflecting the Group’s strong commitment to sustainable practices in urban infrastructure. * These projects typically result in reduced energy consumption, lower greenhouse gas emissions, and decreased operational costs. For instance, implementing energy-efficient technologies, such as smart metering systems and high-efficiency HVAC systems, can lead to energy reductions. Additionally, the use of prefabricated building methods and green lighting renovation projects contributes to further energy savings and environmental protection. These measures not only improve the sustainability of operations but also enhance the market competitiveness of organizations by reducing their carbon footprint and operational expenses. * These projects align with the sustainable development policies of both national and regional governments, ensuring they can effectively leverage regulatory support and potential financial incentives. Additionally, the anticipated reductions in energy consumption and emissions will contribute to achieving carbon neutrality and improving public health outcomes. By fostering innovation and adopting advanced technologies in energy management, the Group can meaningfully contribute to the realization of its long-term environmental and social objectives. * Pollution Prevention and Control * Pollution prevention and control plays a critical role in the sustainable development of China as outlined in the national policies and the 14th Five-Year Plan, with the focus on reducing emissions, improving air and water quality, and enhancing resource efficiency. The Chinese government emphasizes the integration of pollution control measures in urban planning and industrial processes as a means to balance economic growth with environmental stewardship. The Pollution Prevention and Control projects under this Framework focus on Pollution control of traffic vehicles and Treatment and control of construction land pollution, not only helping in mitigating environmental pollution but also supporting the sustainable use of land resources and the protection of public health, aligning with the goal of achieving carbon neutrality by 2060. * By implementing real-time monitoring systems for emissions and upgrading vehicle fleets to meet new energy efficiency standards, the project aims to significantly reduce air pollutants and greenhouse gas emissions. Additionally, the project involves soil remediation activities that enhance the land’s value and usability, contributing to urban resilience and sustainability. These efforts are expected to result in a reduction of waste and improvement in soil and air quality, thereby fostering a healthier environment and promoting sustainable urban development. * The projects are structured to meet stringent environmental criteria, and have a well-defined accountability mechanism to ensure effective implementation and monitoring. By embedding these projects into its core operations, the Group not only mitigates environmental risks but also fosters economic resilience and social responsibility. | Alt Text |
| **Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-efficient Products** |  |
| * The Chinese government is committed to promoting sustainable practices, including the circular economy, to reduce resource consumption and environmental impact. The initiative of Circular economy adapted products, production technologies and processes and/or certified eco-efficient products under the Framework supports national directives by promoting the recycling and efficient use of resources, thus contributing to sustainable development. Through implementing these projects, the Group aligns with regional and national policies encouraging eco-friendly innovations and processes, which are crucial for achieving environmental and economic sustainability. * The projects reduce waste by recycling of waste materials such as metal, rubber, and electronics, thus minimizing landfill use and conserving natural resources. They also enhance energy efficiency and decrease greenhouse gas emissions by promoting eco-efficient products and processes. The anticipated benefits include a higher recovery rate of valuable materials, reduced energy consumption, and improved environmental performance of products. The adherences to recognized green standards of the projects further ensures their effectiveness in achieving sustainability goals. * The projects integrate well with the Group’s strategy of sustainability and low-carbon development. By focusing on circular economy principles, the projects support the Group’s commitment to reducing its environmental footprint and enhancing resource efficiency. The structured approach to project evaluation and stakeholder engagement further strengthens the projects’ potential for success, ensuring compliance with local regulations and fulfilment of the Group’s sustainability objectives. | Alt Text |
| **Sustainable Water and Wastewater Management** |  |
| * China has implemented a comprehensive policy framework to promote sustainable water and wastewater management, aligning with its national strategies for environmental protection and low-carbon economic development. The Sustainable Water and Wastewater Management initiative under the Framework demonstrates close consistency with both national policy directives and regional environmental sustainability goals. Through focusing on developing sewage treatment infrastructure and water recycling systems, the initiative targets dual objectives: enhancing water use efficiency across industrial sectors and implementing effective pollution control measures. This integrated approach directly supports China’s strategic priorities in water conservation and industrial wastewater reduction, while advancing sustainable resource management practices. * By constructing and operating sewage pretreatment and centralized treatment facilities, the initiative will enhance water quality and availability, supporting urban and industrial development in the Suzhou New District. Additionally, these facilities will facilitate the recycling and reuse of water, minimizing the environmental impact and contributing to the region’s transition to a green growth model. These measures will not only improve ecological outcomes but also support the local economy by creating jobs and fostering sustainable urban growth. * The Sustainable Water and Wastewater Management initiative is designed to support national environmental goals through the construction and operation of sewage treatment facilities that comply with stringent national standards. Furthermore, it demonstrates potential for delivering measurable environmental benefits by enhancing water quality and advancing resource recycling within industrial zones. This initiative not only addresses immediate environmental challenges but also fosters long-term ecological sustainability, thereby establishing itself as an integral component of the Group’s sustainability strategy. | Alt Text |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use** |  |
| * The 14th Five-Year Plan emphasizes environmental governance and low-carbon economic transition, highlighting the strategic importance of environmentally sustainable management of living natural resources and land utilization in China’s green development agenda. The Environmentally Sustainable Management of Living Natural Resources and Land Use projects under the Framework align with these policy directives through implementing sustainable land management practices, advancing ecological rehabilitation projects, and embedding sustainability principles in integrated urban-rural development. This strategic congruence supports China’s national strategies aiming to balance economic growth with environmental stewardship. * The projects emphasize the construction, maintenance, and operation of wetland parks, among other activities, to ensure sustainable use and management of natural resources, which aligns with national environmental goals and focuses on integrating sustainable practices into land use and resource management to promote biodiversity and ecological health. The anticipated benefits of the projects are multifaceted. Primarily, the projects are expected to enhance ecological balance by conserving and creating green landscapes, which in turn supports biodiversity. Additionally, the initiative contributes to carbon sequestration, aiding in climate change mitigation efforts. By maintaining and developing wetland parks, the projects also improve water quality and regulate water cycles, thus supporting sustainable water management. The integration of these practices not only fulfills environmental objectives but also boosts socio-economic value by potentially increasing local employment and enhancing the quality of life in surrounding communities. * The projects not only support national policies but also has comprehensive approach to sustainability, indicating a strong potential for success. The Framework adheres to international standards like the Green Bond Principles to ensure a robust mechanism for funding and implementation. Therefore, these projects serve as effective pathways to achieving the Group’s sustainable development goals. | Alt Text |
| **Affordable Basic Infrastructure** |  |
| * China’s policies regarding affordable basic infrastructure are integral to its broader socioeconomic objectives. The national policy framework prioritizes the development of essential services such as clean water, sewage systems, and transportation, particularly in underserved areas. These efforts are part of the government’s commitment to improving living standards and ensuring equitable access to basic services. The 14th Five-Year Plan specifically highlights infrastructure development as a means to enhance urban and rural integration, improve public services, and support sustainable urbanization. The Affordable Basic Infrastructure projects focus on essential services like tap water supply, particularly benefiting underdeveloped areas with inadequate infrastructure. This initiative complements national goals by improving living standards, promoting equitable resource distribution, and fostering resilience in communities, thereby supporting the overarching framework of sustainable development. * By enhancing access to clean drinking water, the projects address critical public health issues and reduces waterborne diseases among underserved populations. Additionally, the projects support economic growth by potentially decreasing the cost of accessing basic services, thus improving livelihoods. * The projects including essential services like safe drinking water supply and improved sanitation, are crucial for enhancing the quality of life in underserved areas. Aligned with national priorities including reducing inequalities and strengthening rural connectivity, the Group’s strategic infrastructure investments not only advance sustainable community development but also directly support China’s broader vision for sustainable urbanization. | Alt Text |
| **Employment Generation** |  |
| * According to the 14th Five-Year Plan, employment generation is a critical component in promoting economic stability and reducing poverty. The Employment Generation initiative is consistent with China’s strategic focus on enhancing industrial development and urban infrastructure to create jobs and boost the local economy. By providing financial services to small and medium-sized enterprises SMEs, the projects supports national goals of promoting entrepreneurship and innovation, essential for sustainable economic advancement. * The Employment Generation projects primarily aims to increase employment opportunities by facilitating financial access for SMEs, which are pivotal in job creation. Through supporting these enterprises, the projects are expected to stimulate local economic activities, thereby reducing unemployment rates and enhancing community resilience against economic shocks. * The projects’ design, which includes financial services for SMEs, is strategically positioned to enhance economic vitality without increasing environmental burdens. The Framework ensures compliance with environmental standards and includes mechanisms for regular monitoring and reporting on social impacts. These features, coupled with support from local government policies, enhance the projects’ feasibility to achieve the Group’s long-term sustainable development goals. | 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 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 |

|  |  |
| --- | --- |
|  | **Project-specific Impact** |
| **Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-efficient Products** | * xxx |
| **Affordable Basic Infrastructure** | * 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 the eligible projects mentioned above are expected to remain at a low level. In particular, the eligible projects would have negative impacts on neither cultures, living habits, employment nor the income of surrounding people. The eligible projects are expected to create employment opportunities for working population and improve the living environment for residents.

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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) |

|  |  |
| --- | --- |
| **Catalogue** | **Program** |
| * **GBEPC2021 – 1.1.1.13** | * Manufacturing of High-efficient Lighting Products and Systems |
| * **GBEPC2021 – 1.1.2.5** | * Systematic Improvement on Energy Efficiency of Steam Turbine Generator Sets |
| * **GBEPC2021 – 1.3.3.1** | * Treatment and Control of Traffic Vehicles Pollution |
| * **GBEPC2021 – 1.3.4.1** | * Treatment and Control of Construction Land Pollution |
| * **GBEPC2021 – 1.5.2.2** | * Recycling of Waste and Discarded Resources |
| * **GBEPC2021 – 2.1.2.2** | * Centralized Treatment of Wastewater in Industrial-Intensive Zones |
| * **GBEPC2021 – 4.2.2.5** | * Protective Operation of National Parks, World’s Hertiages, National Scenic Spots and Historic Interest Areas, National Forest Parks, National Geo-Parks, and National Wetland Parks |
| * **GBEPC2021 – 5.1.1.2** | * Operation and Upgrade of Urban Power Facilities into Smart Power Facilities |
| * **GBEPC2021 – 5.2.1.1** | * Construction of Ultra-Low Energy Consumption Buildings |
| * **GBEPC2021 – 5.2.1.2** | * Green Buildings |
| * **GBEPC2021 – 5.2.1.4** | * Prefabricated Buildings |
| * **GBEPC2021 – 5.2.1.5** | * Energy Conservation and Environmental-friendly Renovation of Existing Buildings |
| * **GBEPC2021 – 5.2.1.6** | * Green Warehousing Logistics |
| * **SDGs 8.3** | * Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services |
| * **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 11.6** | * By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management |
| * **SDGs 11.7** | * By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities |

**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** |
| **Green Building** | * Type and level of [12-9]green building certifications obtained * Annual energy savings (in MW) * Annual greenhouse gas (GHG) emissions reduced / avoided (in t CO₂ eq p.a.) * Annual reduction in water consumption (in m³) |
| **Energy Efficiency** | * Amount of energy saved (in MWh) * Annual energy efficiency improvement in percentage |
| **Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products** | * Recovery rate and purity of electronic waste and equipment materials (%), and reuse rate of valuable materials (%) |
| **Sustainable Water and Wastewater Management** | * Annual amount of water / rainwater / wastewater collected / treated / recycled / reused (in m³/year) |
| **Affordable Basic Infrastructure** | * Total annual water supply (in m³/year) |
| **Employment Generation** | * Number of SMEs settled in * Number of job positions created |

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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The sustainable finance Framework SPO differs from corporate credit ratings, as it does not assess a Group/Company’s financial solvency. The assessment results are independent of corporate credit ratings.

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