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**Pizhou Industrial Investment Holding Group Co., Ltd.**

邳州市产业投资控股集团有限公司

**Assessment Summary**

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

**Framework Type**

Sustainability Finance

**Company Location**

Jiangsu, China

**Date**

Dec 19, 2024

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**Overall Score**

**Alignment**



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

Sf-3

Sf-1

Sf-2



**Analysts**

**Alignment**

**Zoe Li**

*zoeli@ccxgf.com.cn*

Moderate

Low

High

**Relevance**

**Quality Review**

High

Low

Moderate

**Ivy Zhang**

*ivyzhang@ccxgf.com.cn*

**Feasibility**

High

Low

Moderate

**Risk Management**

Robust

Ineffective

Adequate

* **Scope of work**

**CCXGFI has provided a SPO on Pizhou Industrial Investment Holding Group 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**

Pizhou Industrial Investment Holding Group Co., Ltd. (the “Group”), established in February 2014 with a registered capital of RMB 4 billion, is a state-owned enterprise 100.0 percent. owned by Pizhou Municipal Finance Bureau, located in Pizhou City, Jiangsu Province.

The Group is positioned to be an important infrastructure construction and state-owned asset operation entity for promoting the goal of “industrialising the city and strengthening the city”, mainly responsible for the infrastructure construction, land development, resettlement housing construction and sales, and property leasing business in Pizhou Economic Development Zone and Pizhou High-tech Industrial Development Zone. It also participates in equity investment and is responsible for the construction and operation of the industrial heating pipe network within the scope of Pizhou City. It has an irreplaceable regional monopoly position in the municipal development and construction of Pizhou City.

Framework Highlight

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| * For Use of Proceeds, the Eligible Green and Social Projects Categories include Energy Efficiency, Access to Essential Services 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. The Sustainable Financing Team (the “Team”) members are required to evaluate project compliance, approve project inclusion, monitor and manage the project list, replace non-compliant projects, and observe market developments. * For Management of Proceeds, the Group will maintain a register to keep track of the use of proceeds. The net proceeds will be re-allocated to the eligible replacement projects if the designated projects cease to fulfil the criteria. Also, the unallocated proceeds will be temporarily held on cash, cash equivalents or short-term deposits. * 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 instruments (SFIs) |
| **Relevant UN Sustainable Development Goals (SDGs):** |
| Alt Text-Alt Text-Alt Text- |

* **Alignment with the Principles**

CCXGFI is of the opinion that the Sustainability 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 3, 7 and 8. Additionally, the Group has identified a list of excluded project types based on the International Finance Corporation’s exclusion list. * CCXGFI is of the opinion that the use of proceeds is clearly defined and in good alignment with the relevant requirement of the GBP2021 (with June 2022 Appendix I), GLP2023, SBP2023, SLP2023 and SBG2021. |

The Framework sets out how the Group intends to issue SFIs. 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 60 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 [8-1]Company’s allocation report.[1-1]

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 60 months from the time of issuance, and the Group will provide an estimate of the share of financing vs. re-financing . | 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 address or mitigate 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** |
| **Energy Efficiency**  Alt Text | * Investment in new energy and new technologies industrial parks * Examples would include but not limited to amorphous material industry for the manufacturing of energy-efficient motors * Design, construct, and operate the fixed-asset investment projects in accordance with national and local energy consumption standards and energy-saving design specifications * Examples would include but not limited to intelligent lighting control system, energy-saving lamps, energy efficient water pumps, etc. | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 1.6.1 |

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| **Social Project Category** | **Eligible Projects Technical Screening Criteria** | **Identified Objective** | **Alignment** |
| **Access to Essential Services**  Alt Text | * Investments and expenditure to provide access to community-based elderly care and healthcare services that bring social benefits * Examples would include but not limited to construction or expansion of residential buildings, rehabilitation and health care centers cooperating with local hospitals, and the leisure and recreational centers for the elderly * Target Population: * Elderly individuals requiring geriatric care and health care services | * Provide essential 【community-based elderly care and healthcare】 services | * SBP2023 * SLP2023 * SDGs 3.4 * SDGs 3.5 * SDGs 3.8 |
| **Employment Generation**  Alt Text | * Investments in projects that have the capacity to generate employment and prevent unemployment stemming from socioeconomic crises * Examples would include but not limited to construction of industrial parks aiming strategic emerging industries such as new energy, new material and semiconductor sectors * Target Population: * Local residents with subdued employment prospect due to structural transformation of the economy | * Provide employment chance | * SBP2023 * SLP2023 * SDGs 8.1 * SDGs 8.2 * SDGs 8.3 * SDGs 8.5 |

**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 group considers the radioactive source to be trivial and/or adequately shielded.
* Production or trade in unbonded asbestos fibers. 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 kilometers in length.
* Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
* Commercial logging operations for use in primary tropical forest.
* Production or trade in wood or other forestry products other than from sustainably managed forests.
* Projects related to fossil fuel.
* **Process for Project Evaluation and Selection**

CCXGFI’s Opinion

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

The Team of the Group consists of members from various functions, including Investment Department and Financing Department.

The Team holds meetings annually to discuss and select Eligible Sustainable Projects (ESPs) according to the Eligibility Criteria.

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

1. Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework;
2. Approving the inclusion of preselected Eligible Projects in Sustainable Project List (the Team has full discretion to object the inclusion of any project);
3. Monitoring and managing the Sustainable Project List. The Group will maintain a register to keep track the use of net proceeds of the SFTs through the internal information system on an annual basis;
4. Replacing projects that no longer meet the Eligible Criteria or due to any divestments;
5. Observing the development of sustainable financing market and approving updates to this Framework accordingly to reflect relevant changes in our corporate strategy or market development.

* **Management of Proceeds**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Sustainable Finance Framework and the Group’s policies on management of proceeds. * The Group has clearly defined the rules for the management of proceeds. CCXGFI is of the opinion that they would make a traceable and transparent allocation process which matches the requirements of the GBP2021 (with June 2022 Appendix I), GLP2023, SBP2023, SLP2023 and SBG2021. * It is recommended that if applicable, the Group could 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 SFT(s) over time to finance or refinance the eligible green and social projects, with each transaction’s proceeds deposited into general funding accounts and designated towards these projects.

**The use of proceeds will be maintained in a Sustainability Finance Register, containing following information:**

* Type of Funding Transaction:
* Key information includes issuer/borrower entity, transaction date, the principal amount of proceeds, repayment or amortization profile, maturity date; interest or coupon, the ISIN number etc.
* Allocation of Use of Proceeds
* Name and description of the eligible projects to which the proceeds of the SFT have been allocated in accordance with the Framework
* Amount and date of the SFT proceeds allocated to each eligible project
* The remaining balance of unallocated proceeds is yet to be earmarked for eligible projects
* Other relevant information such as information in relation to temporary investment for unallocated proceeds (the investment amount and investment type)

Any balance of issuance proceeds which are not yet allocated to eligible green and social projects will be held in temporary investment instruments that are assets with high liquidity and safety such as cash or cash equivalent instruments; or held in temporary placements, 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 SFIs issued, if the designated projects cease to fulfil the eligibility criterias, the net proceeds will be re-allocated to replacement projects that comply with the eligibility criteria as soon as reasonably practicable.

* **Reporting**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and examined the reporting mechanism. * The Group is committed to reporting the allocation of net proceeds at least annually until full allocation of the net proceeds of any SFI 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), GLP2023, SBP2023, LP2023 and SBG2021. CCXGFI recommends the Group keep reporting until maturity if it is possible. |

The Group is committed to providing an allocation report on its eligible green projects annually with updates continuing until full allocation of the net proceeds of any SFT issued or until the SFT is no longer outstanding. The impact report associated with the Eligible Projects will be disclosed on a best effort basis and subject to data availability.

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

* Amount of allocated proceed by Eligible Categories, with a brief description of green and/or social projects;
* The remaining balance of funds which have not yet been allocated;
* Share of financing vs. refinancing.

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

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

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

Pizhou is the gateway to the north of Jiangsu, nestled at the intersection of the Beijing-Hangzhou Grand Canal and the Longhai Railway. The city has integrated and coordinated the construction of the central city, the construction of town system and the strategy of rural revitalization in the strategic development, and it has firmly taken the road of ecological priority and green development, dedicating to building a national high-tech industrialization base and innovative industrial clusters. The Group has been diligently aligning itself with the strategic objectives set forth by the Chinese government, which includes strengthening the industrial base of Pizhou City. The Group’s role as a pivotal infrastructure and state-owned asset operator underscores its commitment to sustainable development goals, particularly in enhancing energy efficiency and expanding access to essential services. By investing in energy-efficient technologies and community-based healthcare projects, the Group is poised to significantly contribute to climate change mitigation and social well-being. Through meticulous management of green and social project funds, the Group aims to propel its strategic objectives, ensuring that each project is meticulously planned and executed to foster long-term environmental and social benefits.

The Group defines Energy Efficiency, Access to Essential Services and Employment Generation as eligible green and social projects categories. Furthermore, the SFIs issued under the Sustainable Finance Framework contribute to the 3 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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| **Energy Efficiency** |  |
| * In light of the global endeavor to sustainable development, energy efficiency emerges as a critical component, particularly in nations such as China, where the dual processes of industrialization and urbanization are advancing at an unprecedented pace. According to projections, China is expected to achieve a 13.5% reduction in energy consumption per unit of GDP relative to 2020 levels, and a 18% decrease in CO2 emissions per unit of GDP over the same period. Additionally, it is forecasted that non-fossil fuel sources will constitute approximately 20% of the country’s energy consumption by 2025, thereby highlighting the urgency for sophisticated energy management systems. Despite these projections, attaining carbon neutrality continues to present a significant challenge, highlighting the critical need for the broad implementation of low-carbon technologies and stringent energy efficiency measures across multiple sectors. The strategic framework crafted by the Group with its emphasis on the development of new energy and technology parks, and the production of energy-efficient motors alongside the implementation of energy-saving designs, stands to make a substantial contribution to climate change mitigation efforts. This initiative is in alignment with the United Nations Sustainable Development Goals (SDGs), marking a substantial advancement toward the stated objectives. * The environmental advantages presented by the execution of energy efficiency projects are profound, as evidenced by both theoretical frameworks and empirical research. The integration of technologies such as intelligent lighting control systems, energy-saving lamps, and energy-efficient water pumps is projected to realize at least a 15% enhancement in energy consumption efficiency, thereby substantially curtailing greenhouse gas emissions. These initiatives adhere to national standards, including the Energy Efficiency Limits and Grades of LED Products for Indoor Lighting (GB 30255), ensuring compliance with exacting environmental standards. Supported by continuous oversight and evaluation, the strategy embedded within this Framework facilitates not only the immediate realization of environmental benefits but also guarantees the sustained promotion of carbon neutrality goals in the long term. * The Energy Efficiency projects outlined in the framework of the Group are notably congruent with national policies aimed at enhancing energy efficiency. The Group’s commitment to invest in new energy and technology parks and to comply with national energy consumption standards and energy efficient design codes is in line with the strategic goal of achieving all cost-effective energy efficiency by 2025 as set out in the National Energy Efficiency Action Plan. Furthermore, the emphasis on constructing energy-efficient infrastructures such as intelligent lighting control systems and energy-efficient water pumps is in direct synergy with the policies that drive implementation of projects to reduce energy consumption during operation. This strategic alignment not only enhances the Group’s policy coherence but also underpins its environmental objectives, substantiating the project’s contribution to sustainable development goals. | Alt Text |
| **Access to Essential Services** |  |
| * In China, the intersection of environmental sustainability and the provision of essential services, particularly within the healthcare and elderly care sectors, presents a big challenge. The pursuit of carbon neutrality must be balanced with the imperative of ensuring equitable access to these vital services. Referencing the Global Indicator Framework, the ambitious target of attaining universal health coverage, which encompasses access to quality essential healthcare services and the provision of safe, effective, and affordable essential medicines and vaccines, has been designated as a critical priority by 2030. In Pizhou City, where the Group operates, strategic infrastructure development and the astute management of state-owned assets have been deployed as mechanisms to address these entwined environmental challenges. Initiatives have been aligned with enhancing access to essential services, thereby contributing substantively to the broader objectives delineated by the United Nations Sustainable Development Goals (UN SDGs), with a particular emphasis on Goal 3 pertaining to good health and well-being. However, realizing the carbon neutrality target will necessitate significant investment in infrastructure that supports these essential services, effectively reducing the disparity between existing capabilities and the aspirational environmental and social benchmarks. * The strategic implementation of projects within the Access to Essential Services category under the Group’s Framework has been identified as possessing considerable potential for generating substantial environmental and social benefits, both theoretically and empirically. By directing investments and resources towards initiatives that enhance access to community-based elderly care and healthcare services, these projects are poised to raise physical and mental health standards markedly, particularly among the elderly demographic, thereby adhering to the Social Bond Principles, which underscore the criticality of healthcare access. This Framework facilitates positive environmental impacts via the judicious utilization of resources, enhancement of service delivery efficiency, and effective diminution of the carbon footprint traditionally associated with conventional healthcare infrastructure. Consequently, the contributions of these projects towards objectives of energy conservation and carbon reduction are pronounced, significantly bolstering the achievement of the carbon neutrality goals as outlined within the overarching framework. * The initiatives of the Access to Essential Services projects within the Group’s Framework resonate significantly with national strategic objectives. The Chinese government’s commitment to ensuring access to essential services, particularly for vulnerable populations such as the elderly, is underscored in the document of China’s Epic Journey from Poverty to Prosperity, which highlights the strengthening of care facilities for seniors who are unable to conduct essential self-care activities. The Group’s targeted investments in community-based elderly care and healthcare services which are designed to enhance the physical and mental health standards of the elderly, and the deployment of substantial financial resources towards constructing or expanding health and residential facilities align with the national agenda of improving the living conditions and well-being of the elderly, thereby exemplifying a robust synergy between the Group’s project framework and governmental policies. | Alt Text |
| **Employment Generation** |  |
| * China, as the most populous nation and a global industrial behemoth, encounters profound challenges in reconciling its rapid economic growth with sustainable environmental practices. In the strategic blueprint of achieving the carbon neutrality goal, the initiative of Employment Generation projects has been identified as a pivotal segment that harbors the potential to bridge the prevailing emissions gap, by promoting industries that are aligned with sustainable practices and are conducive to the deployment of low-carbon technologies. The strategy directly contributes to the national carbon neutrality ambition, fostering a synergistic advancement towards sustainability goals while creating job opportunities. * The proactive investment in the projects encapsulated within the Employment Generation framework is projected to engender substantial environmental and social advantages. These initiatives aim to innovate within industrial sectors, combining economic proliferation with ecological sustainability. Focus is being placed on cultivating industrial parks specifically tailored for strategic emerging industries, such as new energy and semiconductor sectors. This not only addresses potential unemployment precipitated by economic restructuring but also significantly diminishes the ecological impact of industrial operations. By integrating cutting-edge, energy-efficient technologies and pioneering production methodologies, these projects theoretically set the stage for notable reductions in energy consumption and greenhouse gas emissions, thereby contributing to global climate change mitigation. Historical data extracted from analogous initiatives illustrate marked improvements in both local employment conditions and environmental outcomes, thus affirming the expected efficacy of such investments. The Employment Generation projects undertaken within the Framework inherently align with the dual objectives of stimulating economic vigor and fostering environmental stewardship, thereby supporting the broader aims of sustainable development and carbon reduction. * The Group’s efforts in investing in industrial parks for strategic emerging industries, which are intended to foster employment opportunities for local residents affected by economic structural shifts, are consistent with the national policy that emphasizes job creation as a mechanism to enhance economic resilience and support rural revitalization. The Group’s regional focus on infrastructure and industrial development contributes to leveraging brand-building and employment to stimulate local economic growth. These initiatives are quantified by increasing employment and enhancing socio-economic stability within the region, thus being highly aligned with the government’s objective of job creation. | 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 buildings programs. Generally, the Group has identified potential negative environmental impacts during both the construction and operation process, including water pollution, solid wastes, dust and noise.

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

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|  | **Project-specific Impact** |
| **Energy Efficiency** | * 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 aim to improve infrastructure and housing, enhancing residents’ quality of life and fostering sustainable urban 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 [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.[1-2]

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

**II – Associations and standards**

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

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

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| **Catalogue** | **Program** |
| * **GBEPC2021 – 1.6.1** | * Manufacturing of Key Components of New Energy Vehicles and its Industrialization |
| * **SDGs 3.4** | * By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being |
| * **SDGs 3.5** | * Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol |
| * **SDGs 3.8** | * Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all |
| * **SDGs 8.1** | * Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries |
| * **SDGs 8.2** | * Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors |
| * **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 8.5** | * By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value |

**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.

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| --- | --- |
| **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** |
| **Energy Efficiency** | * Amount of energy saved (MWh) * Annual greenhouse gas emissions avoided (in tonnes of CO₂e) |
| **Access to Essential Services** | * Number of beds provided in the residential buildings for the elderly |
| **Employment Generation** | * Number of new jobs created, supported, and/or retained * Average increase of individual income for the benefited population |

Further to the above indicators, the Group will, to the extend where is appropriated, consider to align impact indicators with the recommendations in ICMA’s Harmonized Framework for Impact Reporting.

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