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**Qingdao Bullet Train Town Investment Group Co., Ltd**

青岛动车小镇投资集团有限公司

**Assessment Summary**

CCX Green Finance International Limited (CCXGFI) provided a Second Party Opinion (SPO) on Qingdao Bullet Train Town Investment Group Co., Ltd Green Finance Framework, assessing its alignment with the GBP2021 (with 2022 Appendix I) and GLP2023, 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 Qingdao Bullet Train Town Investment Group Co., Ltd Green Finance Framework as Sf-2[Good].

**Framework Type**

Green Finance

**Company Location**

Shandong, 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

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 Qingdao Bullet Train Town Investment Group Co., Ltd Green Finance Framework (the “Green 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
* GLP2023: Green 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**

Established in March 2017, Qingdao Bullet Train Town Investment Group Co., Ltd (the “[8-1]Company” together with its subsidiaries, the “Group”) is indirectly wholly-owned by the Qingdao Chengyang District State-owned Assets Development Centre, which is under the administration of the Chengyang District Government. As a primary state-owned platform for the construction, operation and management of park infrastructure in Chengyang District of Qingdao, particularly in the Qingdao Rail Transit Industry Demonstration Zone (“QRTIDZ”), the Company has actively participated in a number of major park infrastructure projects in the QRTIDZ in Chengyang District, as well as other infrastructure and public facilities construction projects which are of great importance to the region.

Framework Highlight

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| * For Use of Proceeds, the Eligible Green Projects Categories include Energy Efficiency and Green Buildings. * For Project Evaluation and Selection, the Group has built a well-established control structure with different business departments and set up a reasonable process for project evaluation and selection. * For Management of Proceeds, the proceeds from Green Financing Transactions (“GFT”) will be deposited in a designated account or general funding accounts and the Group will maintain a register to keep track of the use of proceeds if depositing the proceeds in general funding accounts. Also, the Group can deposit the unallocated proceeds into the designated account for the green bond, or invest the unallocated proceeds into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities. * For Reporting, the Group is committed to reporting the allocation of net proceeds at least annually until all the net proceeds are being allocated to Eligible Projects and disclosing the impact of financed projects through quantitative indicators where possible. |
| **Relevant UN Sustainable Development Goals (SDGs):** |
| Alt Text-Alt Text-Alt Text- |

* **Alignment with the Principles**

CCXGFI is of the opinion that the Green Finance Framework is credible and impactful and aligns with the four core components of the GBP2021 (with June 2022 Appendix I) and GLP2023.

* **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 benefits while contributing to the achievement of several UN Sustainable Development Goals, specifically SDGs 7, 9 and 11. Additionally, the Group has identified a list of excluded project types based on the International Finance Corporation’s exclusion list and selected the most pertinent criteria relevant to its operational circumstances and business priorities. * CCXGFI is of the opinion that the use of proceeds is clearly defined and in good alignment with the relevant requirement of the GBP2021 (with June 2022 Appendix I) and GLP2023. |

The Group will exclusively allocate an amount at least equivalent to the net proceeds of GFTs 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 projects categories, as defined in the Project Category table.

The Group expects each issuance under this Framework to be fully allocated within 24 months from the date of issuance/borrowing 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 projects will be disclosed in the Group’s allocation report.

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

|  |  |  |
| --- | --- | --- |
| **Principles Requirement** | **Factual Finding** | **Alignment** |
| All designated eligible green projects should provide clear environmental benefits, which should be assessed and quantified when possible. | The eligible green projects listed in the Framework all have clear environmental benefits. | 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 Framework has declared that 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. re-financing. | ü |
| Green Projects should contribute to environmental objectives recognised by GBP/GLP. | The eligible green projects listed in the Framework all contribute to environmental objectives in GBP/GLP. | 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 | * 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/T 50314-2015)”, 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 T5, 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 * 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 green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant 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 – 5.2.1.5 |
| **Green Buildings**  Alt Text | * Buildings must meet regionally, nationally, or internationally recognized green building standards or certifications, including but not limited to the following: * China Green Building Evaluation Label (2 stars or above) * U.S. Leadership in Energy and Environmental Design (LEED) (Gold or above) * Hong Kong BEAM (Gold or above) * Building Research Establishment Environmental Assessment Method (BREEAM) (Very Good or above) * Any other green building certification with the same standard as the above | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 5.2.1.5 |

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

* activities that violate national laws, regulations or international conventions and agreements, or are subject to international bans;
* production or trade in arms and ammunition;
* production or trade in alcoholic beverages (other than beer and wine);
* production or trade in tobacco;
* gambling, casinos and equivalent businesses;
* production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered);
* production or activities involving harmful or exploitative forms of forced labor or harmful child labor.
* **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 multi-layer 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 is aligned with this component of the GBP2021 (with June 2022 Appendix I) and GLP2023. |

The Group’s Green Finance Working Group (“GFWG”) consists of executive members of the Group and senior representatives from the following departments, including Finance and Capital Department, Financing Management Department and Project Management Department.

GFWG meets at least twice a year to select and evaluate green projects for investment. Their responsibilities include ratifying eligible green projects, monitoring the asset pool for eligibility, and ensuring compliance with environmental risk management and local regulations.

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

1. Ratify Eligible Green Projects, which are initially proposed by the constituent team members
2. Undertake regular monitoring of the asset pool to ensure the eligibility of Green Projects with the criteria set out in the Group’s GFF Section 1, Use of Proceeds, whilst replacing any ineligible Green Projects with eligible new Green Projects
3. Ensure that projects comply with the Group’s Environmental Risk Management framework as well as applicable local governmental regulations and ensure that projects no longer meeting the selection criteria detailed in the Framework will be removed and/or substituted on a best efforts basis throughout the life of the bond/loan
4. Ensure that the proceeds of bonds/loans will be periodically adjusted to match allocation to eligible projects made during that period
5. Facilitate regular reporting on any GFT in alignment with our Reporting commitments
6. Manage any future updates to the Framework
7. Ensure that the approval of Eligible Green 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 Green 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) and GLP2023. * It is recommended that if applicable, the Group could consider engaging external agencies to oversee the management of GFTs, thereby showing a stronger signal about the Group’s commitment to sustainability. |

The proceeds of each of the Group’s GFT can be managed through using a special account or keeping a GFT Register. Under the GFT Register method, the proceeds will be deposited in the general funding accounts and earmarked for allocation towards the Eligible Green Projects.

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

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

The Group can deposit the unallocated into the designated account or invested into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities.

During the life of the GFTs 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 they are fully allocated and disclosing the impact of financed projects through quantitative indicators defined by ICMA’s handbook where possible. * CCXGFI is of the opinion that the report disclosure under the Framework aligns with the GBP2021 (with June 2022 Appendix I) and GLP2023. 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 GFT issued or until the GFT is no longer outstanding. The impact report associated with the Eligible Projects will be disclosed on a best effort basis.

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

* List of Eligible Green projects
* The amount of Proceeds allocated to each Eligible Green Project category
* When possible, descriptions of the Eligible Green 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 benefits arising from the eligible green projects where available, taking reference from the relevant indicators suggested in ICMA’s “Handbook – Harmonized Framework for Impact Reporting (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**

Located on the eastern coast of China, Qingdao is home to the China-SCO Local Economic and Trade Cooperation Demonstration Area (SCODA), which has evolved into a critical hub for international trade, seamlessly integrating sea, road, air and rail transport. The Group serves as a primary state-owned platform for the construction, operation and management of park infrastructure in Chengyang District of Qingdao, it aligns closely with the strategic policies of the Qingdao Rail Transit Industry Demonstration Zone (QRTIDZ), which has been recognized as a pivotal hub for international trade and logistics development. This strategic alignment underscores the Group’s dedication to sustainable development. The demonstration zone offers a comprehensive platform for economic and trade services that facilitate seamless integration across various modes of transportation—sea, road, air, and rail. By investing in green infrastructure and adhering to the stringent energy efficiency standards outlined in national guidelines, the Group’s projects are designed to substantially reduce energy consumption and greenhouse gas emissions, thus supporting the region’s green development initiatives. Consequently, the Group’s commitment to these projects underlines its strategic goal of fostering sustainable growth and regional economic integration through innovative and environmentally responsible practices.

The Group defines Energy Efficiency and Green Buildings as eligible green projects categories.Furthermore, the GFTs issued under the Green 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 the global pursuit of sustainable development, the importance of energy efficiency within national and regional frameworks is emphasized, especially for countries heavily dependent on fossil fuels, which result in significant greenhouse gas emissions. According to authoritative data and studies, it is projected that non-fossil fuels will make up approximately 20% of total energy consumption by 2025. Additionally, energy consumption and CO₂ emissions per unit of GDP are forecasted to decrease by 13.5% and 18% respectively compared to 2020 levels. These projections highlight the urgent need for increased energy efficiency measures to address current challenges and move closer to the goal of carbon emission reduction. To achieve these improvements, it is essential to implement cutting-edge energy systems and adopt low-carbon technologies, which is crucial for reducing the environmental impacts associated with industrial activities. Implementing energy efficiency measures in various sectors establishes a crucial foundation for achieving the peak of CO₂ emissions and ultimately realizing carbon neutrality objectives. * The substantial environmental advantages engendered by energy efficiency initiatives are corroborated by both theoretical analyses and empirical case studies. The integration of technologies such as smart meters, LED lighting, and energy-efficient heating, ventilation, and air conditioning (HVAC) systems has been shown to improve energy consumption efficiency by at least 15%, concurrently effecting a notable reduction in greenhouse gas emissions. As an illustrative case, the implementation of smart energy management systems within urban infrastructure demonstrates significant optimization of energy usage, resulting in a considerable decrease in carbon footprints. Compliance with certifications such as the Leadership in Energy and Environmental Design (LEED) and China’s Green Building Evaluation Label is pivotal in ensuring alignment with stringent environmental standards, thus confirming the efficacy of the applied framework. The strategic approach, characterized by perpetual monitoring and evaluation by the Sustainable Financing Working Group (SFWG), creates an environment conducive to continual enhancement, ensuring that environmental impacts are attenuated and sustainability goals are progressively realized. * The Energy Efficiency projects, as delineated by the Group aligns closely with China’s national energy efficiency policies. The Chinese government, through initiatives such as the Action Plan for Industrial Energy Efficiency Improvement proposed in June 2022, emphasizes boosting industrial energy efficiency as a crucial step towards achieving carbon peaking and carbon neutrality goals. This alignment is further underscored by the Framework’s commitment to reducing energy consumption in buildings by at least 15% through the implementation of advanced technologies and compliance with national standards such as the “Intelligent Building Design Standards” and “Energy-saving Design Standards for Public Buildings”. These efforts are indicative of the Group’s adherence to policies that prioritize energy efficiency improvements, which are considered the most direct method for reducing greenhouse gas emissions and enhancing environmental quality. Consequently, the Group’s projects are well-positioned to contribute to China’s energy efficiency objectives. | Alt Text |
| **Green Buildings** |  |
| * In China, green building is a critical component in the nation’s comprehensive strategy to combat climate change and curtail carbon emissions. As reported by the Ministry of Industry and Information Technology, the building sector is identified as a predominant contributor to greenhouse gas emissions, necessitating expedited actions towards carbon peaking by 2030 with substantial progress anticipated during the 14th Five-Year Plan (2021-2025) through the vigorous promotion of energy-efficient and low-carbon technologies. Building Integrated Photovoltaics (BIPV) and other renewable energy solutions have been integrated as transformative elements that convert conventional buildings into renewable energy suppliers, aligning with China’s ambitious vision of carbon neutrality by 2060. Despite these concerted efforts, the existing trajectory of green building adoption in China reveals considerable gaps that need bridging to fully meet these national targets. It is crucial for the sector’s transformation to emphasize the implementation of rigorous energy conservation standards for new structures and the retrofitting of extant urban edifices. Consequently, it is posited that the green building initiatives have the significant potential to propel China’s aspirations of carbon peaking and neutrality. * The multi-dimensional environmental benefits embedded within a robust green building framework are evident through both theoretical models and empirical case studies. Through adherence to globally acclaimed certifications such as LEED, BREEAM, or China’s Green Building Evaluation Label, building projects are anticipated to achieve exemplary energy efficiency levels, which are intrspanically linked to significant reductions in energy consumption and emissions. Documented analyses have shown that green buildings can achieve a reduction of over 15% in energy consumption compared to traditional constructions, largely facilitated by the deployment of high-efficiency HVAC systems and advanced smart metering technologies compliant with national guidelines like the “Energy-saving Design Standards for Public Buildings”. Notably, the Group have substantiated the potential for energy and emissions reductions through these technological adoptions. The shift towards green building modalities not only decisively contributes to the diminution of carbon footprints but also improves indoor air quality and fosters building material recycling, fortifying green buildings as integral pillars of sustainable urban evolution. * The alignment of the Group’s Green Building projects with national policies is notably reinforced by the recent legislative and strategic frameworks established by Chinese authorities. The Group’s commitment to reducing energy consumption by at least 15% in eligible green projects harmonizes perfectly with The Work Plan for Accelerating the Promotion of Energy Conservation and Carbon Reduction in Construction Industry approved by the State Council in March 2024.These regulations and plans provide a robust policy foundation that enhances the synergy between the Group’s initiatives and national objectives for environmental sustainability. The Group’s adherence to rigorous certifications such as the China Green Building Evaluation Label (2 stars or above) fortifies its contribution to the district’s sustainable infrastructure 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 green 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 in Chengyang District are expected to improve public infrastructure and support sustainable economic growth in the region.

During the construction of eligible projects, some projects may raise public concerns about environmental pollution, health impacts, etc., especially when the project site is close to a residential area, which may lead to opposition and protests from residents. There is a need to increase public understanding and support for retrofitting projects through popularization of science and public participation.

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

**Appendix**

**I – About CCXGFI**

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

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

**II – Associations and standards**

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

|  |  |
| --- | --- |
| **Association** | **Standard** |
| * **ICMA -** International Capital Market Association | * Green Bond Principles (GBP) 2021 (with June 2022 Appendix I) |
| * **LMA -** Loan Market Association * **LSTA -** Loan Syndications and Trading Association * **APLMA -** Asia Pacific Loan Market Association | * 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 – 5.2.1.5** | * Energy Conservation and Environmental-friendly Renovation of Existing Buildings |

**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 (in MWh) * Annual energy efficiency improvement in percentage |
| **Green Buildings** | * The number and type of green building certifications obtained * Obtained certification level |

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.

CCXGFI does not undertake any obligation to update or revise any of the statements in the deliverable to reflect events, circumstances, or changes in expectations that may occur after the date of the Opinion, or any statements included in the Opinion.

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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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