

# SECOND PARTY OPINION (SPO) Shaoxing Shangyu Urban Construction Group Co., Ltd. Sustainable Finance Framework

15 November 2021

## Project Team

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## **CECEPEC Evaluation Summary**

CECEPEC is of the opinion that the Shaoxing Shangyu Urban Construction Group Co., Ltd. (the “Group”) Sustainable Finance Framework (“Framework”) is aligned with the issuer’s sustainability strategy and performance, the four core components of the Green Bond Principles 2021 (“GBP”), the Social Bond Principles 2021 (“SBP”) and the Green Loan Principles 2021 (“GLP”), and aligned with the Sustainability Bond Guidelines 2021 (“SBG”).

### **Use of Proceeds**

The Group commits that the net proceeds or equivalent amount of the net proceeds of each Sustainability Financing Transaction<sup>1</sup> (“SFT”) will be exclusively financed and/or refinanced in the Eligible Projects falling under five Green Project Categories (“Green Eligible Categories”), namely Green Buildings, Renewable Energy, Pollution Prevention and Control, Sustainable Water and Wastewater Management, and Environmental Sustainable Management of Living Natural Resources and Land Use, and two Social Project Categories (“Social Eligible Categories”), namely Affordable Housing and Affordable Basic Infrastructure, which are aligned with the eligible Green or Social Project Categories listed in GBP, SBP and GLP.

### **Process for Project Evaluation and Selection**

The Group has established a Sustainability Financing Team (the “Team”), consisting of representatives and senior members from the Project Construction Department and Financial Department. The Group describes the responsibilities of the Team in the Framework, including i) evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework; ii) approving the inclusion of pre-selected Eligible Projects in the Group’s Sustainability Project List; iii) monitoring and managing the Sustainability Project List and tracking the use of net proceeds of SFTs through the internal information system on an annual basis; iv) replacing projects that no longer meet the Eligible Criteria or due to any divestments, etc. An environmental impact assessment (EIA) is carried out to help the Group assess the environmental and/or social impacts from relevant projects. CECEPEC considers that the process of project evaluation and selection is in line with market practice.

### **Management of Proceeds**

The Group commits that the net proceeds or equivalent amount of the net proceeds of SFTs will be deposited in its general account, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. The Group reports that the Team will track the allocation of net proceeds or equivalent amount of net proceeds from each SFT to Eligible Projects. The intended types of temporary placement for the balance of unallocated net proceeds are defined in the Framework. CECEPEC considers the management of proceeds to be in line with market practice.

### **Reporting**

The Group commits to report the allocation of the net proceeds or equivalent amount of the net proceeds via the website, social media, or in the Group’s ESG Report on an annual basis until full allocation and intends to report the total amount of allocated proceeds by Eligible Categories and unallocated proceeds, as well as the portion of new financing relative to refinancing in the Allocation Report. In addition, the Group intends to report the relevant impact indicators where possible. CECEPEC considers the disclosure to be in line with market practice.

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<sup>1</sup> “Sustainability Financing Transaction” includes green bond, social bond, sustainability bond, and green loan where the proceeds will be exclusively applied to finance or refinance a combination of green and social Eligible Projects.

## **Introduction**

The Group is a state-owned enterprise established in 2002 in Shaoxing City, Zhejiang Province, China. The business scope of the Group involves land development, urban infrastructure development, resettlement housing development, etc.

The Group has developed its Framework to demonstrate how it will fund Eligible Projects with Sustainability Financing Transactions (“SFTs”). CECEPEC was commissioned by the Group to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the environmental and social credentials of the Framework and its alignment with GBP, SBP, SBG and GLP.

## **Scope of the Assessment Engagement**

- The alignment of the Framework with the four components of the GBP, SBP and GLP;
- The coherence between the Framework and the issuer’s sustainability strategy and performance;
- The environmental and/or social features of the type of projects intended for the use of proceeds;
- The potential sustainability risk of the Eligible Green and Social Projects and sustainability risk management of the issuer.

## **Methodology**

CECEPEC provided a briefing session for the Group to ensure that the Group clearly understood the objectives, purpose, independence, confidentiality, and assessment procedures prior to the assessment. After the briefing, CECEPEC made a list of assessment items based on GBP, SBP, SBG and GLP and accessed the transparency of the public information and information provided by the Group, the relevance to environmental and social objectives, and the consistency of the information CECEPEC obtained with GBP, SBP, SBG and GLP. CECEPEC also conducted interviews with the Group’s managers to understand the Group’s sustainability strategy, performance, and future planning. An assessment was conducted in which the conclusions were based on public information and information provided by the Group.

CECEPEC employs appropriate employees with necessary experience and qualifications for the scope of the external review being provided, and carries out the external review in accordance with its internal Sustainable Finance External Review Manual (“Manual”), which clarifies the overall working procedures and review requirements. CECEPEC’s external review is subject to internal quality control at four levels: the lead External Reviewer, the second External Reviewer who re-examines after the lead External Reviewer, the Project Manager who checks on the quality and monitors the progress of project engagement, and the Project Director who supervises the overall engagement and provides final review and validation.

## **Independence and Conflict of Interest**

CECEPEC is independent from the Group, carrying out the assessment with independence and acting in a manner that is free from bias and conflict of interest. There is no relationship between CECEPEC and the Group beyond the contractual agreement for providing this assessment. CECEPEC maintained objectivity throughout the external review process to ensure that the conclusions of the external review are only based on the evidence obtained from the assessment engagement with the Group.

## **Analysis and Opinion**

CECEPEC is of the opinion that the Framework is in alignment with the four components of the GBP, SBP and GLP, and contributes to the issuer’s sustainability strategy and performance. CECEPEC also noticed that the issuer incorporates environmental and social risk considerations into the management of relevant projects and has implemented some risk management measures to mitigate relevant risks.

## **Contribution of the Sustainable Finance Framework to the Issuer’s Sustainability Strategy and Performance**

As a state-owned company in Shangyu District, the Group’s goal is to expand its asset base, optimise capital structure, and enhance operational efficiency. Its vision is to develop Shangyu District into a modern town and create a green and ecological environment for residents and businesses.

The Group intends to implement strategies including: i) promoting the economic and social development of Shangyu District; ii) improving management systems and mechanisms, strengthening supervision, standardising operations, and promoting the steady development of the Group; iii) following the strategic positioning of establishing an “innovation zone and quality city”; iv) utilising its assets efficiently and developing projects to become a competitive supplier and service provider of urban infrastructure, and to promote and accelerate the integration of the Yangtze River Delta and the Greater Bay Area, etc.

The Group’s business covers more than urban infrastructure development, resettlement housing development, environmental and sanitation services, gardening, and greening, which resonates with its development strategies mentioned.

The Group abides by environmental and social laws and regulations of the People’s Republic of China, including *the Environmental Protection Law of the People’s Republic of China, Law on Environmental Impact Assessment of the People’s Republic of China, Administrative Regulations on Environmental Protection of Construction Projects, the Labour Contract Law*, etc. The Group reports that there has been no record of any violation of laws and regulations related to safety and environment, and no record of major accidents related to safe construction and environmental pollution.

By creating a Framework to fund Eligible Projects that intend to have positive environmental and/or social impacts on local communities, the Group could develop its business with the concept of sustainability and contribute to its vision, strategy and performance.

## **Use of Proceeds**

The Group commits that the net proceeds or the equivalent amount of the net proceeds of each SFT will be exclusively financed and/or refinanced with a look-back period of no longer than 36 months from the time of issuance in the environmental and/or social projects falling under Eligible Categories. CECEPEC views the look-back period to be in line with the market practice. The Eligible Categories includes:

Five Green Eligible Categories:




- Green Buildings
- Renewable Energy
- Pollution Prevention and Control
- Sustainable Water and Wastewater Management
- Environmentally Sustainable Management of Living Natural Resources and Land Use




Two Social Eligible Categories:

- Affordable Housing
- Affordable Basic Infrastructure

The above five Green Eligible Categories are recognized by GBP and GLP, and are intended to contribute to four main environmental objectives, namely, climate change adaptation, climate change mitigation, pollution prevention and control, and natural resource conservation, as described in GBP. While the two Social Eligible Categories are recognized by SBP, and are intended to address

or mitigate a specific social issue and/or achieve positive social outcomes. In addition, these six Eligible Categories intend to contribute to seven of the United Nations Sustainable Development Goals (“SDGs”), including SDG 6, 9, 7, 11, 12, and 15. The detailed analysis and opinions of CECEPEC are as follows:

Green Eligible Categories	Eligibility Criteria and Examples	UN SDG Mapping	CECEPEC’s Analysis and Opinions
Green Buildings	<ul style="list-style-type: none"> <li>Development, construction, refurbishment, maintenance, operations of buildings that meet national or international third-party environmental certifications, such as:               <ul style="list-style-type: none"> <li>- Chinese Green Building Evaluation Standard: two-star or above; or</li> <li>- any other similar recognized standards</li> </ul> </li> </ul>	SDG 9. Industry, Innovation and Infrastructure   SDG 11. Sustainable Cities and Communities 	<p>The Group reports that the potential Eligible Projects are expected to receive national or international certifications, including Chinese Green Building Evaluation Label – minimum certification level of two stars or other similar recognized standards. CECEPEC views the Chinese certification scheme and the selected level to be in line with the market practice, and encourages the Group to specify or provide some examples of other certification scheme and selected levels.</p> <p>The Eligible Category is intended to contribute to main environmental objective “climate change adaption”.</p>
Renewable Energy	<ul style="list-style-type: none"> <li>Investments and expenditures in solar and energy storage technologies for its project development, including but not limited to solar photovoltaic energy systems</li> </ul>	SDG 7. Affordable and Clean Energy 	<p>The Eligibility Criteria is clearly defined in the Framework.</p> <p>CECEPEC noticed that the Group has installed solar energy applications in some of its projects, which helps to reduce CO<sub>2</sub> emissions by reducing the amount of fossil fuels used for power generation or heating. Thus, this Eligible Category is intended to contribute to the environmental objective “climate change mitigation”.</p>

<p>Pollution Prevention and Control</p>	<ul style="list-style-type: none"> <li>• Install waste recycling and equipment to reduce environmental pollution;</li> <li>• Waste management and prevention in order to mitigate its environmental impact, including but not limited to:             <ul style="list-style-type: none"> <li>- refuse transfer station construction projects</li> </ul> </li> </ul>	<p>SDG 12. Responsible Consumption and Production</p> 	<p>Environmental sanitation infrastructure maintenance, and environmental sanitation and cleaning service are two of the general business items of the Group.</p> <p>The Group was authorised by the Shangyu District Government to manage the environmental and sanitation services in the main urban area and development zone of Shangyu District. The Group carries out such business through its subsidiaries.</p> <p>The Eligible Category is intended to contribute to one main environmental objective “pollution prevention and control”, which is considered relevant to the Group’s business and the Eligibility Criteria within the Framework.</p>
<p>Sustainable Water and Wastewater Management</p>	<ul style="list-style-type: none"> <li>• Construction, development, installation, operation and maintenance of infrastructure or equipment for collection, treatment, recycling or reuse water, rainwater or wastewater</li> </ul>	<p>SDG 6. Clean Water and Sanitation</p> 	<p>CECEPEC noticed that the Group has carried out some wastewater management projects, water recycling projects, etc.</p> <p>The Eligible Category is intended to contribute to main environmental objective “pollution prevention and control.” and “natural resources conservation”.</p> <p>CECEPEC recommends the Group to specify the wastewater treatment standards that it follows.</p>
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<ul style="list-style-type: none"> <li>• Investments and expenditures in greening of landscapes and preservation or restoration of natural landscapes, including but not limited to:</li> </ul>	<p>SDG 15. Life on Land</p> 	<p>The definition of the Eligibility Criteria is clear.</p> <p>Landscape greening is one of the general business items of the Group. CECEPEC also noticed that the Group has carried out some greening projects.</p>

	- creating and enhancing urban green space		CECEPEC is of the opinion that this Eligible Category at least contributes to two environmental objectives, namely “climate change mitigation” and “pollution prevention and control”.
<b>Social Eligible Categories</b>	<b>Eligibility Criteria and Examples</b>	<b>UN SDG Mapping</b>	<b>CECEPEC’s Analysis and Opinions</b>
Affordable Housing	<ul style="list-style-type: none"> <li>Construct and operate low-cost housing, including but not limited to resettlement housing projects</li> </ul>	SDG 11. Sustainable Cities and Communities 	<p>The definition of the Eligible Criteria is clear.</p> <p>Based on the previous projects provided by the Group, CECEPEC noticed that resettlement housing is the main type of the potential projects under this Eligible Category. Resettlement housing refers to price-controlled housing provided by the government to the low and middle-income families that have difficulty affording a residence, with specific standards.</p> <p>As the PRC’s economy develops and the urbanisation accelerates, the demand of affordable housing has been increasing. Therefore, the Eligible Category is intended to benefit the target populations.</p>
Affordable Infrastructure	<ul style="list-style-type: none"> <li>Develop and construct large-scale infrastructure projects, such as but not limited to tunnels, roads, and bridges</li> </ul>	SDG 11. Sustainable Cities and Communities 	<p>The definition of the Eligible Criteria is clear.</p> <p>The Group provides construction and construction management services for urban infrastructure projects in Shangyu District. The Group intends to fund projects such as the development of tunnels, roads, and bridges, which are expected to improve local living environment and service the local people.</p>

The environmental and social features of the type of Eligible Projects are described as shown in the table above, while CECEPEC also recognizes that there are some key environmental and social risks



associated with relevant projects.

The Group reports that an environmental impact assessment (EIA) is carried out to identify and mitigate environmental and/or social impacts of the relevant projects. CECEPEC also noticed a social stability risk assessment was conducted to assess the social impacts of some major projects.

The risk of occupational health and safety is one of the major risks of the Group. The Department of Operation and Management of the Group is responsible for the overall safety management, including the establishment and improvement of the internal safety management system, daily checks on the safe operation of special equipment, analysis of the internal safety management situation, etc.

Based on the above analysis, CECEPEC considers that the Group incorporates the environmental and social risk consideration into the management of relevant projects and has implemented some risk management measures to mitigate the relevant risks.

### **Process for Project Evaluation and Selection**

The governance and process for the project evaluation and selection are describe clearly in the Framework. CECEPEC considers that the governance and process are structured, clear, and relevant.

The Group has established a Sustainability Financing Team (the “Team”) which governs the process for project evaluation and selection, consisting of representatives and senior members from Project Construction Department and Financial Department. The Group commits that the Team will meet on an annual basis and is responsible for:

- Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework;
- Approving the inclusion of pre-selected Eligible Projects in our Sustainability Project List (the Team has full discretion to object the inclusion of any project);
- Monitoring and managing the Sustainability 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;
- Replacing projects that no longer meet the Eligible Criteria or due to any divestments;
- Observing developments in the Sustainable Financing markets and approving updates to this Framework accordingly to reflect relevant changes in our corporate strategy or market developments.

### **Management of Proceeds**

The management process of the net proceeds or equivalent amount of the net proceeds is defined in the Framework and Group reports that it intends to fully allocate all net proceeds or equivalent amount of net proceeds within 36 months of each transaction. CECEPEC considers the management process is feasible and is in line with the market practice.

The Group describes the management of proceeds as follows:

- Net proceeds or equivalent amount of the net proceeds will be deposited in the Group’s general account;
- Maintain a register to keep track the use of the net proceeds or equivalent amount of the net proceeds of SFTs through the internal information system;
- The balance of the tracked net proceeds will be on a best effort basis annually adjusted to match allocations to Eligible Projects during the outstanding of the SFTs;
- Unallocated proceeds will be held in temporary investment instruments that are asset with high liquidity and safety such as cash or cash equivalents, or held in temporary placements that do not include projects, assets or activities that are inconsistent with the nature of a green debt instrument;
- Re-allocate proceeds to those projects that comply with the Framework as soon as practicable if any of the Eligible Projects cease to fulfil requirements of Use of Proceeds under the Framework.

The Group commits not to invest unallocated proceeds to high pollution activities or ineligible projects. CECEPEC considers this is in line with the market practice. The Group reports that the following sectors and activities will be excluded from Eligible Projects:

- Activities that violate national laws and regulations, international conventions and agreements, or are subject to international bans and sanctions;
- Production or trade of weapons and ammunition;
- Production or trade of alcoholic beverages (except for beer and wine);
- Production or trade of tobacco;
- Enterprises engaged in gambling or casino operations or similar businesses;
- Production or trade of radioactive materials (excluding equipment which radioactive source is considered insignificant and/or adequately shielded, for example, quality control equipment);  
or
- Production or activities involving harmful or exploitative forced labour or harmful child labour.

CECEPEC recommends verification of the internal tracking method and the allocation of proceeds once a year by an external auditor for a high level of transparency until full allocation of proceeds.

### Reporting

The Group commits to disclose the allocation report on an annual basis until full allocation and disclose the impact report where possible. CECEPEC views the disclosure to be in line with the market practice.

Allocation Report should contain the following information:

- 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

Where possible, the Group will report on the environmental and/or social impacts associated with the Eligible Projects funded with the net proceeds of the SFTs. Impact Report may contain such as but not limited to the following information:

<b>Eligible Categories</b>	<b>Impact Indicators</b>
Green Buildings	<ul style="list-style-type: none"> <li>▪ Level of certification by building</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>▪ Renewable energy capacity installed (in MW)</li> <li>▪ Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>▪ Amount of rainwater collected and re-used (in m<sup>3</sup>)</li> <li>▪ Annual absolute (gross) amount of wastewater treated in tonnes p.a</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>▪ Waste that is minimised or recycled in absolute amount in tonnes p.a.</li> <li>▪ Amount of waste disposed in tonnes p.a.</li> </ul>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> <li>▪ Restored, conserved or newly developed green area (in m<sup>2</sup>)</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>▪ Number of dwellings</li> <li>▪ Number of individuals/families benefiting from subsidized housing</li> </ul>
Affordable basic infrastructure	<ul style="list-style-type: none"> <li>▪ Number of infrastructure projects built/upgraded</li> </ul>

CECEPEC recommends verification by an independent external reviewer of the reported information on the internal tracking method and allocation of proceeds until the bond's maturity or until full allocation of proceeds, and on the sustainable benefits measured.

## Sustainability Bond / Sustainability Bond Programme External Review Form

### Section 1. Basic Information

**Issuer name:** Shaoxing Shangyu Urban Construction Group Co., Ltd.

**Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:** Shaoxing Shangyu Urban Construction Group Co., Ltd. Sustainable Finance Framework

**Independent External Review provider's name:** CECEPEC

**Completion date of this form:** 15 November 2021

**Publication date of review publication:** *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

### Section 2. Review Overview

#### SCOPE OF REVIEW

*The following may be used or adapted, where appropriate, to summarise the scope of the review.*

The review assessed the following elements and confirmed their alignment with the GBPs and the SBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification                    | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : |   |

*Note: In case of multiple reviews / different providers, please provide separate forms for each review.*

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to CECEPEC Evaluation Summary above.

### Section 3. Detailed Review

*Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.*

#### 1. USE OF PROCEEDS

##### Overall comment on section *(if applicable)*:

The Group commits that the net proceeds or equivalent amount of the net proceeds of each Sustainability Financing Transaction (“SFT”) will be exclusively financed and/or refinanced in the Eligible Projects falling under five Green Project Categories (“Green Eligible Categories”), namely Green Buildings, Renewable Energy, Pollution Prevention and Control, Sustainable Water and Wastewater Management, and Environmental Sustainable Management of Living Natural Resources and Land Use, and two Social Project Categories (“Social Eligible Categories”), namely Affordable Housing and Affordable Basic Infrastructure, which are aligned with the eligible Green or Social Project Categories listed in GBP, SBP and GLP.

##### Use of proceeds categories as per GBP:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy                       | <input type="checkbox"/> Energy efficiency  |
| <input checked="" type="checkbox"/> Pollution prevention and control       | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation   |

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation        |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input checked="" type="checkbox"/> Green buildings       |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other ( <i>please specify</i> ): |

If applicable please specify the environmental taxonomy, if other than GBPs:

**Use of proceeds categories as per SBP:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure  | <input type="checkbox"/> Access to essential services  |
| <input checked="" type="checkbox"/> Affordable housing   | <input type="checkbox"/> Employment generation / programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises |
| <input type="checkbox"/> Food security and sustainable food systems  | <input type="checkbox"/> Socioeconomic advancement and empowerment   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

If applicable please specify the environmental taxonomy, if other than SBPs:

**Target populations:**

- |   |  |
|---|--|
| <input type="checkbox"/> Living below the poverty line          | <input type="checkbox"/> Excluded and/or marginalised populations and /or communities                              |
| <input type="checkbox"/> People with disabilities               | <input type="checkbox"/> Migrants and /or displaced persons  |
| <input type="checkbox"/> Undereducated                          | <input checked="" type="checkbox"/> Underserved, owing to a lack of quality access to essential goods and services |
| <input type="checkbox"/> Unemployed                             | <input type="checkbox"/> Women and/or sexual and gender minorities   |
| <input type="checkbox"/> Aging populations and vulnerable youth | <input type="checkbox"/> Other vulnerable groups, including as a result of natural disasters                       |
| <input type="checkbox"/> Other ( <i>please specify</i> ):       |  |

**2. PROCESS FOR PROJECT EVALUATION AND SELECTION**

**Overall comment on section (*if applicable*):**  
 The Group has established a Sustainability Financing Team (the “Team”), consisting of representatives and senior members from the Project Construction Department and Financial Department. The Group describes the responsibilities of the Team in the Framework, including i) evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework; ii) approving the inclusion of pre-selected Eligible Projects in the Group’s Sustainability Project List; iii) monitoring and managing the Sustainability Project List and tracking the use of net proceeds of SFTs through the internal information system on an annual basis; iv) replacing projects that no longer meet the Eligible Criteria or due to any divestments, etc. An

environmental impact assessment (EIA) is carried out to help the Group assess the environmental and/or social impacts from relevant projects. CECEPEC considers that the process of project evaluation and selection is in line with market practice.

**Evaluation and selection**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives                     | <input type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available                | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

**Information on Responsibilities and Accountability**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

**3. MANAGEMENT OF PROCEEDS**

**Overall comment on section (*if applicable*):**  
 The Group commits that the net proceeds or equivalent amount of the net proceeds of SFTs will be deposited in its general account, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. The Group reports that the Team will track the allocation of net proceeds or equivalent amount of net proceeds from each SFT to Eligible Projects. The intended types of temporary placement for the balance of unallocated net proceeds are defined in the Framework. CECEPEC considers the management of proceeds to be line with market practice.

**Tracking of proceeds:**

- |   |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

**Additional disclosure:**

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only                             | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                             | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                               |

**4. REPORTING**

**Overall comment on section (*if applicable*):**  
 The Group commits to report the allocation of the net proceeds or equivalent amount of the net proceeds via the website, social media, or in the Group’s ESG Report on an annual basis until full allocation and intends to report the total amount of allocated proceeds by Eligible Categories and unallocated proceeds, as well as the portion of new financing relative to refinancing in the Allocation Report. In addition, the Group intends to report the relevant impact indicators where possible. CECEPEC considers the disclosure to be in line with market practice.

**Use of proceeds reporting:**

- |   |  |
|---|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
|---|--|

- Linkage to individual bond(s)  Other (*please specify*):
- Information reported:**
- Allocated amounts  Sustainability Bond financed share of total investment
- Other (*please specify*):
- Frequency:**
- Annual  Semi-annual
- Other (*please specify*):

**Impact reporting:**

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (*please specify*):
- Frequency:**
- Annual  Semi-annual
- Other (*please specify*):
- Information reported (expected or ex-post):**
- GHG Emissions / Savings  Energy Savings
- Decrease in water use  Number of beneficiaries
- Target populations  Other ESG indicators (*please specify*):

Eligible Categories	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> <li>▪ Level of certification by building</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>▪ Renewable energy capacity installed (in MW)</li> <li>▪ Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>▪ Amount of rainwater collected and re-used (in m<sup>3</sup>)</li> <li>▪ Annual absolute (gross) amount of wastewater treated in tonnes p.a</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>▪ Waste that is minimised or recycled in absolute amount in tonnes p.a.</li> <li>▪ Amount of waste disposed in tonnes p.a.</li> </ul>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> <li>▪ Restored, conserved or newly developed green area (in m<sup>2</sup>)</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>▪ Number of dwellings</li> <li>▪ Number of individuals/families benefiting from subsidized housing</li> </ul>
Affordable basic infrastructure	<ul style="list-style-type: none"> <li>▪ Number of infrastructure projects built/upgraded</li> </ul>

**Means of Disclosure**

- Information published in financial report  Information published in sustainability report
- Information published in ad hoc documents  Other (*please specify*):
- Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification                    | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify):         |   |

**Review provider(s):** CECEPEC

**Date of publication:** 15 November 2021

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