

SECOND PARTY OPINION (SPO)
Zhaoqing Guolian Investment Holding Co., Ltd.
Sustainable Finance Framework

20 October 2021

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CECEPEC Evaluation Summary

CECEPEC is of the opinion that the Zhaoqing Guolian Investment Holding Co., Ltd. (“the Group” and “the issuer”) Sustainable Finance Framework (“Framework”) contributes to the issuer’s sustainability strategy and performance and is aligned with the four core components of the Green Bond Principles 2021 (“GBP”), Social Bond Principles 2021 (“SBP”) and 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 Transaction¹ (“SFT”) will be exclusively financed and/or refinanced in the Eligible Projects falling under four Green Project Categories (“Green Eligible Categories”), namely Renewable Energy, Sustainable Water and Wastewater Management, Terrestrial and Aquatic Biodiversity Conservation and Clean Transportation, 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 Investment and Financing Department, Business Management Department and Financial Department. The Team’s responsibilities are defined 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. The Group also assesses 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 nominates the Team to track the allocation of net proceeds or equivalent amount of net proceeds from each SFT to Eligible Projects. The Group has described the intended types of temporary placement for the balance of unallocated net proceeds in the Framework. CECEPEC considers the management of proceeds to be line with market practice.

Reporting

The Group intends 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 commits to report a list of Eligible Projects financed and/or refinanced, total amount of allocated proceeds and unallocated proceeds, and 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 line with market practice.

¹ “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 wholly state-owned company in Zhaoqing City, Guangdong Province, China, and its business scope covers engineering and infrastructure construction projects, commercial sales, water supply and wastewater treatment, transportation, power generation and real estate development. The Group will issue each SFT under its Framework, and use the proceeds to finance and/or refinance in the Eligible Projects.

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 to the Group to ensure that the Group clearly understood the objectives, purpose, independency, confidentiality and assessment procedures before 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 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. The assessment was performed and the conclusions within were based upon the public information and information provided by the Group.

CECEPEC employs appropriate staff 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, a second External Reviewer who reexamines after the lead External Reviewer, Project Manager who checks on the quality and monitors the progress of project engagement, Project Director who oversees the overall engagement and gives 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 has incorporated sustainability risk consideration into the management of relevant projects and is committed to mitigating the relevant risks.

Contribution of the Sustainable Finance Framework to the Issuer's Sustainability Strategy and Performance

The Group adheres to the development concepts of "Innovation, Coordination, Green, Openness and Sharing", and is committed to contributing to the sustainability development of local economy. The Group's business covers more than engineering and infrastructure construction, water supply and wastewater treatment, transportation, power generation and real estate development, which resonates with its development concepts. Thus, CECEPEC is of the opinion that the Framework is closely aligned with the Group's business development concept. In addition, the Group incorporates sustainability into daily operation. Some highlights of the Group sustainability management and performance are listed below:

- The Group has established internal environmental management policies, including "*Quality and Environmental Management Manual*" and "*Environmental Monitoring and Measurement Control Procedures*". Through assessing the environmental impacts during operation, the Group might be able to identify important environmental factors timely and mitigate corresponding impact effectively;
- The Group has started Clean Production Audit since 2017 and was awarded "Zhaoqing Cleaner Enterprise" in 2020;
- Environmental Impact Assessment for three power plants and fourteen power stations of the Group has completed. The Group reports that there has been no record of complaints on environmental issues from the public or environmental protection department and no record of environmental emergencies nor production safety incidents since the power plants and stations have been put into production;
- The Group has adopted a series of resource-saving and reusing practices to ensure emission and discharge compliance. For example, the Group has replaced outdated equipment and adopted energy-saving products and equipment. The Group authorized Third-Party contractor to collect and treat hazardous wastes harmlessly;
- The Group has formulated a series of internal safety policies, including "*Production Safety Accountability System*", "*Production Safety Commitment System*", etc. to ensure safety management during pre-flood inspections, pre-festival inspections and seasonal inspections;
- The Group has established internal emergency preparedness and response system and carried out emergency drills to strengthen the emergency response capability.

Based on the Group's sustainability management and performance, CECEPEC is of the opinion that the Framework is aligned with the Group's ongoing sustainability 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, including:

Four Green Eligible Categories:



- Renewable Energy
- Sustainable Water and Wastewater Management
- Terrestrial and Aquatic Biodiversity Conservation
- Clean Transportation





Two Social Eligible Categories:


- Affordable Housing
- Affordable Basic Infrastructure

The above four Green Eligible Categories are recognized by GBP and GLP, and are intended to contribute to three main environmental objectives, namely, climate change mitigation, pollution

prevention and control, and biodiversity 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 five of the United Nations’ Sustainable Development Goals (“SDGs”), including SDG 6, 7, 11, 14, 15. The detailed analysis and opinions of CECEPEC are as follows:

Green Eligible Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC’s Analysis and Opinion
Renewable Energy	<ul style="list-style-type: none"> • Hydropower; <ul style="list-style-type: none"> - Multiple hydropower projects; • Projects involving the upgrading of facilities/equipment (e.g. cooling system, blower, fresh air supply system) of existing developments that shall result in at least 10% improvement in energy efficiency 	SDG 7. Affordable and Clean Energy 	<p>Zhaoqing Hejiang Power Development Co.,Ltd., a subsidiary of the Group, is a state-owned hydropower company in Zhaoqing, supplying Zhaoqing of Guangdong, Tongren of Guizhou, and Youxian of Hunan, etc. As of 30 June 2021, the Group has operated 16 hydropower plants with a total installed capacity of 143 MW.</p> <p>The Eligible Category helps to reduce the emissions of CO₂ by reducing the amount of fossil fuels used to generate electricity. Therefore, it is intended to contribute to main environmental objective “climate change mitigation.”</p>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Construct, develop, install and operate sustainable infrastructure or equipment for collection, recycling and treatment of water and wastewater, including but not limited to: <ul style="list-style-type: none"> - Sewage treatment facility construction project; • Wastewater treatment <ul style="list-style-type: none"> - Such as achieving China Discharge standard of pollutants for municipal wastewater treatment plant 	SDG 6. Clean Water and Sanitation 	<p>Wastewater treatment projects remove solids and pollutants, break down organic matter and restore the oxygen content of treated water to improve the quality of water, which is essential to environmental protection and the well-being of surrounding residents. As of September 2020, the Group had six wastewater treatment plants with a wastewater treatment capacity of 345,000 tonnes per day.</p> <p>The Eligible Category is intended to contribute to main environmental objective “pollution prevention and control.”</p>

	(GB18918-2002) - minimum Level 1 grade B standard		
Terrestrial and Aquatic Biodiversity Conservation	<ul style="list-style-type: none"> • Protection of coastal, marine and watershed environments 	SDG 14. Life below Water  SDG 15. Life on Land 	CECEPEC noticed that the Group has implemented vegetation or ecological restoration projects when necessary during the construction of some projects. Therefore, the Eligible Category falls under the environmental objective of “biodiversity conservation,” as described in GBP.
Clean Transportation	<ul style="list-style-type: none"> • Construction and maintenance of Infrastructure for clean energy vehicles - electric vehicles/buses 	SDG 11. Sustainable Cities and Communities 	<p>The Group’s transportation business mainly covers three segments, including public bus transportation, commercial bus transportation, freight transportation. As of the end of 2018, the Group has replaced all its gasoline-powered buses with clean-energy buses.</p> <p>The transition to clean-energy vehicles contributes to the reduction of CO₂ emissions. Therefore, The Eligible Category falls under the environmental objective of “climate change mitigation,” as described in GBP.</p>
Social Eligible Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC’s Analysis and Opinion
Affordable Housing	<ul style="list-style-type: none"> • Construct and operate low-cost housing, including but not limited to public rental housing (to the low-income population) 	SDG 11. Sustainable Cities and Communities 	The affordable housing provided by the Group is mainly public rental housing which is rented to low-income, urban households with housing difficulties, new employees without housing, and rural-to-urban migrant workers. Therefore, the Eligible Category is intended to benefit the target populations.

<p>Affordable Infrastructure</p>	<p>Basic</p> <ul style="list-style-type: none"> Develop and construct large-scale infrastructure projects, such as but not limited to tunnels, roads, bridges, and clean drinking water pipelines; 	<p>SDG 11. Sustainable Cities and Communities</p> 	<p>Urban infrastructure construction is one of the key factors contributing to urbanisation. As a key player of urban infrastructure construction in Zhaoqing City, Guangdong Province, China, the Group participates in the investment and construction of local urban infrastructure, highways, bridges, etc., which improves local living environment.</p> <p>Water supply is essential and fundamental to a nation's economy. China's per capita water resources is only a quarter of the world's average, making China one of the most water scarce countries in the world. Along with the process of urbanisation, the demand for water supply in China has been increasing. Therefore, it is necessary to develop sustainable water infrastructure to serve more people and improve the water use efficiency.</p> <p>As of March, 2021, the Group managed five water sources with good water quality, which meet the national "<i>Surface Water Quality Standards.</i>" The Group had eight water plants, serving about 500 thousand households and enterprises with 50 million m³ of water.</p> <p>Based on the above information, the Eligible Category is intended to serve local residents and promote local living environment.</p>
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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,

such as gas emission, occupational health and safety, etc., related to the construction and operation stage of the projects.

The Group assesses the potential environmental and/or social risks and impacts through conducting the feasibility study of each Eligible Project, and will take actions to mitigate impacts when necessary. The Group has implemented some sustainability risk mitigation measures as follows:

Environmental:

- **Noise:** Noise may be generated during the construction and operation of some projects. The Group strictly prohibits the use of high-noise equipment during the break period and encourages the use of low-noise equipment or equipment with noise reduction technology when possible.
- **Gas emission:** During construction, the Group sprays water where necessary to reduce atmospheric particulate matter. The Group also strives to remove unwanted soil and construction materials timely and prohibits the burning of construction waste.
- **Solid waste disposal:** Construction sites are required to obtain approval before disposing construction waste to the designated spoil ground. The vehicles should be sealed and covered properly when transporting the solid waste if necessary.
- **Wastewater discharge:** The Group discharges wastewater from the construction site responsibly. The Group recycles as much wastewater from the rinsing of materials or equipment as possible after the sedimentation process. The site canteen wastewater is initially treated with suspended solids and oil separation before it is discharged, and fecal sewage is discharged into a temporary septic tank for treatment.

Social:

- **Occupational health and safety:** The Department of Operation and Management of the Group is responsible for ensuring the Group's workplace safety, operating in accordance with relevant laws, regulations, guidelines and policies on safety production, and leading the internal safety inspection. General Office Department of the Group takes responsibility for fire prevention and safety within the office. At construction sites, all workers are provided with safety equipment. Breakrooms are provided for workers to rest. In addition, the Group arranges inspections and maintenance on equipment on a regular basis to eliminate potential risks.

Based on the above analysis, CECEPEC considers that the Group incorporates the sustainability risk consideration into the management of relevant projects and is committed to mitigating the relevant risks.

Process for Project Evaluation and Selection

The governance and process for the project evaluation and selection are formalised in the Framework. CECEPEC is of the opinion 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 Investment and Financing Department, Business Management 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 Group defined its management process of the net proceeds or equivalent amount of the net proceeds in the Framework and 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 sets out the management of the proceeds or equivalent amount of the net 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 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:

- A list of Eligible Projects to which proceeds have been allocated with a brief description, such as energy performance data;
- The aggregate amount allocated to various Eligible 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 should contain such as but not limited to the following information:

Eligible Categories	Impact Indicators
Renewable Energy	▪ Annual renewable energy generation in MWh/GWh

	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Sustainable water and wastewater management	<ul style="list-style-type: none"> ▪ Concentration of suspended solid and/or chemical oxygen demand in mg/L ▪ Annual absolute (gross) amount of wastewater treated in tonnes p.a
Terrestrial and aquatic biodiversity conservation	<ul style="list-style-type: none"> ▪ Species and number of animals and plants preserved
Clean Transportation	<ul style="list-style-type: none"> ▪ Number of electric vehicles/buses
Affordable housing	<ul style="list-style-type: none"> ▪ Number of dwellings ▪ Number of individuals/families benefiting from subsidized housing
Affordable basic infrastructure	<ul style="list-style-type: none"> ▪ Number of infrastructure projects built/upgraded ▪ Kilometres of pipelines rehabilitated/constructed

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: Zhaoqing Guolian Investment Holding Co., Ltd.

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:

Zhaoqing Guolian Investment Holding Co., Ltd. Sustainable Finance Framework

Independent External Review provider's name: CECEPEC

Completion date of this form: 20 October 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 four Green Project Categories (“Green Eligible Categories”), namely Renewable Energy, Sustainable Water and Wastewater Management, Terrestrial and Aquatic Biodiversity Conservation and Clean Transportation, 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 type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input checked="" type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" 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 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 checked="" type="checkbox"/> Other (<i>please specify</i>): low-income population and general public | |

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 Investment and Financing Department, Business Management Department and Financial Department. The Team’s responsibilities are defined 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 Eligibility Criteria or due to any divestments, etc. The Group also assesses 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 checked="" 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 net proceeds of SFTs will be deposited in the Group's general account, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. The Group nominates the Team to track the allocation of net proceeds or equivalent amount of net proceeds from each SFT to Eligible Projects. The Group has described the intended types of temporary placement for the balance of unallocated net proceeds 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 intends to report the allocation of net proceeds or equivalent amount of net proceeds via the website, social media, or in the Group's ESG Report on an annual basis until full allocation. The Allocation Report will contain a list of Eligible Projects financed and/or refinanced, total amount of proceeds allocated and unallocated, and the portion of new financing relative to refinancing. In addition, the Group will report the relevant impact indicators where possible. CECEPEC considers the disclosure to be 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)

Information reported:

Allocated amounts

Other (please specify):

Frequency:

Annual

Other (please specify):

Other (please specify):

Sustainability Bond financed share of total investment

Semi-annual

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
Renewable Energy	<ul style="list-style-type: none"> ▪ Annual renewable energy generation in MWh/GWh ▪ Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Sustainable water and wastewater management	<ul style="list-style-type: none"> ▪ Concentration of suspended solid and/or chemical oxygen demand in mg/L ▪ Annual absolute (gross) amount of wastewater treated in tonnes p.a
Terrestrial and aquatic biodiversity conservation	<ul style="list-style-type: none"> ▪ Species and number of animals and plants preserved
Clean Transportation	<ul style="list-style-type: none"> ▪ Number of electric vehicles/buses
Affordable housing	<ul style="list-style-type: none"> ▪ Number of dwellings ▪ Number of individuals/families benefiting from subsidized housing
Affordable basic infrastructure	<ul style="list-style-type: none"> ▪ Number of infrastructure projects built/upgraded ▪ Kilometres of pipelines rehabilitated/constructed

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 |
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Review provider(s): CECEPEC

Date of publication: 20 October 2021

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