

## SECOND PARTY OPINION

Yangzhou Economic and Technological  
Development Zone Development (Group) Co., Ltd

Green Finance Framework

14 March 2022

### Project Team

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## **Evaluation Summary**

CECEP Environmental Consulting Group (“CECEPEC”) is of the opinion that the Green Finance Framework (the “Framework”) of Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (the “Company”, together with its subsidiaries the “Group”) is aligned with the Group’s sustainability strategy and performance, the four core components of the Green Bond Principles 2021 (“GBP”) administered by International Capital Market Association (“ICMA”), and the Green Loan Principles 2021 (“GLP”) administered by the Loan Market Association (“LMA”), Asia Pacific Loan Market Association (“APLMA”), and the Loan Syndications and Trading Association (“LSTA”).

## **Use of Proceeds**

The Group commits that the net proceeds or equivalent amount of the net proceeds of each green financing transaction (“GFT”) will exclusively finance and/or refinance, in whole or in part, new and/or existing assets and projects (“Eligible Projects”) aligned with one or more of the six eligible project categories (the “Eligible Project Categories”), namely (i) Aquatic Biodiversity Conservation, (ii) Environmentally Sustainable Management of Living Natural Resources and Land Use, (iii) Sustainable Water and Wastewater Management, (iv) Green Buildings, (v) Renewable Energy and (vi) Energy Efficiency, which are aligned with the eligible Green Project categories recognized by GBP and GLP. The Eligible Projects are intended to contribute to the three main environmental objectives identified in GBP, namely, (i) biodiversity conservation, (ii) natural resource conservation and (iii) climate change mitigation and advance the United Nations Sustainable Development Goals (“SDGs”), including SDG 6, 7, 9, 11, 14 and 15.

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

The Group has established a Green Financing Team (the “Team”), consisting of senior management of the Group and members from the Investment and Development Department. The Group describes the responsibilities of the Team in the Framework, including (i) evaluating the compliance of projects with the eligibility criteria (the “**Eligibility Criteria**”) outlined in the Use of Proceeds section of the Framework; (ii) approving the inclusion of pre-selected Eligible Projects in a list of green projects (the “**Green Project List**”); (iii) monitoring and managing the Green Project List and tracking the use of net proceeds of GFTs through the internal information system on an annual basis; (iv) replacing projects that no longer meet the Eligibility Criteria or reallocating divested proceeds to Eligible Projects; and (v) observing developments in the Green Financing markets and approving updates to the Framework accordingly to reflect relevant changes in the Group’s corporate strategy or market developments. 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 for 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 GFTs will be deposited in its sub-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 GFT to Eligible Projects. The intended types of temporary placement for the balance of unallocated net proceeds are defined in the Framework. The Group commits

to appoint an external auditor for verification of the internal tracking method and the allocation of proceeds once a year to uphold a high level of transparency until the full allocation of proceeds. 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 designated information disclosure channels, for instance, the official social media account, on an annual basis or in a timely manner when major events occur until full allocation. The Group intends to include in the allocation report the following: (i) a list of Eligible Projects to which proceeds have been allocated with a brief description; (ii) the total amount of allocated proceeds by each Eligible Project Category; (iii) the remaining balance of unallocated proceeds, as well as (iv) the portion of new financing relative to refinancing. In addition, the Group intends to report the relevant impact indicators where possible. CECEPEC considers the disclosure to be in line with market practice.

## **Introduction**

Directly and wholly-owned by the People’s Government of Yangzhou Municipality, the Group plays a strategic role and is a leading player in promoting the social and economic development of the Yangzhou Economic and Technological Development Zone (the “Yangzhou Development Zone”). The Group is the largest entity in terms of both assets and operating income commissioned by the Management Committee of Yangzhou Economic and Technological Development Zone (the “Development Zone Management Committee”) to conduct primary land development for industrial use and commercial use in the Yangzhou Development Zone. It leads and manages various types of key municipal infrastructure projects in the area, including roads and bridges, water conservancy facilities, schools, public and social welfare facilities and river improvement facilities. In addition, the Group is also entrusted by the Development Zone Management Committee to carry out the development and construction of resettlement housing in the Yangzhou Development Zone. Other business segments of the Group include real estate, sale of building materials, property leasing, property management and greening and landscape engineering.

The Group has developed the Framework to demonstrate how it will fund Eligible Projects with GFTs. CECEPEC was commissioned by the Group to provide an independent opinion (thereafter “Second Party Opinion”) on the environmental credentials of each GFT and its alignment with GBP and GLP.

## **Scope of the Assessment Engagement**

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

## **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 and GLP and assessed 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 and GLP. CECEPEC also conducted interviews with the Group’s management 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 the 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 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 of 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 GBP and GLP, and contributes to the Group's sustainability strategy and performance. CECEPEC also noticed that the Group 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 Framework to the Group's Sustainability Strategy and Performance**

"Sustainable development" and "social responsibilities" are demonstrated in the Group's strategy and operating models. As one of the key state-owned enterprises operating in the Yangzhou Development Zone, the Group plays a significant role in the urban development of the Yangzhou Development Zone and environmental protection in Yangzhou.

"Three New, One Net and One Book" is the Group's strategic vision for industrial development in the Yangzhou Development Zone. The Group supports the development of these industries. "Three New" respectively refer to "New Energy" (i.e. solar and photovoltaic energy), New Lighting (i.e. semi-conductor lighting, otherwise known as light-emitting diode ("LED")) and New Materials. "One Net" represents smart grid electricity network, whereas "One Book" refers to the electronic book industry. The Group's strategic vision integrates sustainability and contributes to sustainable development.

The Group has also demonstrated its commitment towards sustainable development through large-scale projects with positive impact on the environment, including the Grand Canal ecological restoration, Yangtze River shoreline flood control and enforcement projects, amongst other various greening, river training, city transformation and landscape construction and design projects including ecological management, river improvement and optimisation of urban water environment undertaken in Yangzhou.

The Group abides by relevant laws and regulations, such as *Environmental Protection Law of the People's Republic of China*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Construction Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China*, and *Renewable Energy Law of the People's Republic of China*.

The Framework established and approved by the Group is considered as a way to enhance the Group's development strategies. By issuing bonds, loans and other GFT

debt instruments under the Framework, the Group could finance and implement Eligible Projects that are intended to bring positive impacts on the environment and the urban development of the Yangzhou Development Zone, which are aligned to the Group’s sustainability strategy and performance.


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 GFT will exclusively finance and/or refinance with a look-back period of no longer than 36 months from the time of issuance. CECEPEC views the look-back period to be in line with market practice. The six Eligible Project Categories include:


- Aquatic biodiversity conservation
- Environmentally sustainable management of living natural resources and land use
- Sustainable water and wastewater management
- Green buildings
- Renewable energy
- Energy efficiency



The above six Eligible Project Categories are recognised by GBP and GLP and are intended to contribute to three main environmental objectives, namely, (i) biodiversity conservation, (ii) natural resource conservation and (iii) climate change mitigation, as described in GBP. In addition, these six Eligible Project Categories intend to contribute to six of the United Nations Sustainable Development Goals (“SDGs”), including SDG 6, 7, 9, 11, 14 and 15. The detailed analysis and opinion of CECEPEC are as follows:


Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC’s Analysis and Opinion
Aquatic biodiversity conservation	<ul style="list-style-type: none"> <li>• Investment in ecological protection along rivers and lakes</li> <li>• Investment in restoring wetlands and other aquatic ecosystems</li> <li>• Artificial wetland water purification projects</li> </ul>		<p>The Eligibility Criteria is clearly defined.</p> <p>The Eligible Project Category is intended to contribute to main environmental objective “biodiversity conservation”.</p> <p>CECEPEC noticed that the Group has undertaken aquatic biodiversity conservation projects in recent years,</p>


Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC's Analysis and Opinion
			<p>including the Grand Canal ecological restoration project.</p> <p>In view of the above, CECEPEC is of the opinion that the Eligible Project Category and Eligibility Criteria are in line with market practice, and the expected environmental benefits are clear.</p>
<p>Environmentally sustainable management of living natural resources and land use</p>	<ul style="list-style-type: none"> <li>• Protection and recovery-oriented ecological restoration projects</li> <li>• Afforestation and planting, terrain transformation and river improvement projects</li> </ul>		<p>The Eligibility Criteria is clearly defined.</p> <p>The Eligible Project Category is intended to contribute to main environmental objective “natural resource conservation”.</p> <p>CECEPEC noticed that the Group has undertaken afforestation, and natural landscape preservation, restoration and transformation projects in recent years, including the Grand Canal ecological restoration project and the urban environmental improvement project.</p> <p>In view of the above, CECEPEC is of the opinion that the Eligible Project</p>



Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC's Analysis and Opinion
			<p>Category and Eligibility Criteria are in line with market practice, and the expected environmental benefits are clear.</p>
<p>Sustainable water and wastewater management</p>	<ul style="list-style-type: none"> <li>• Investment in rainwater and sewage diversion treatment facilities</li> <li>• Upgrade of rainwater and sewage pipe network</li> <li>• Comprehensive rainwater utilization projects that adhere to the sponge city model</li> <li>• Installation of wastewater treatment facilities to reduce environmental pollution</li> </ul>		<p>The Eligibility Criteria is clearly defined.</p> <p>The Eligible Project Category is intended to contribute to main environmental objective “natural resource conservation”.</p> <p>CECEPEC noticed that the Group has rainwater and wastewater diversion, sustainable urban drainage system project and flooding management projects in recent years, including the urban environmental improvement project and the Yangtze River shoreline flood control and reinforcement project.</p> <p>In view of the above, CECEPEC is of the opinion that the Eligible Project Category and Eligibility Criteria are in line with market practice, and the expected</p>

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC's Analysis and Opinion
Green buildings	<ul style="list-style-type: none"> <li>• Development, construction, renovation, maintenance and operation of green buildings that meet national or international third-party environmental certifications, such as               <ul style="list-style-type: none"> <li>- Chinese Green Building Evaluation Label: two-star or above; or any other green building certifications of similar standards</li> </ul> </li> </ul>	 	<p>environmental benefits are clear.</p> <p>The Group reports that the potential Eligible Projects are expected to meet regional, national or internationally recognised standards or equivalent internationally-recognised third-party verified certification scheme, including Chinese Green Building Evaluation Label – minimum certification level of two stars or other similar recognised standards.</p> <p>The Eligible Project Category is intended to contribute to main environmental objective “climate change mitigation.”</p> <p>CECEPEC views the Chinese certification scheme and the selected level to be in line with market practice, but encourages the Group to specify or provide some examples of other schemes and selected levels (such as Leadership in Energy and Environmental Design (“LEED”), Building Research Establishment Environmental</p>

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC's Analysis and Opinion
			<p>Assessment Method (“BREEAM”) Building and Construction Authority (“BCA”) Green Mark) in future updates of the Framework, should the Group have plans to obtain such green building certifications.</p> <p>In view of the above, CECEPEC is of the opinion that the Eligible Project Category and Eligibility Criteria are in line with market practice, and the expected environmental benefits are clear.</p>
Renewable energy	<ul style="list-style-type: none"> <li>• Construction of plants for use in the new energy industry</li> <li>• Installation of solar power systems</li> <li>• Use of environmentally friendly and efficient construction techniques and materials to improve energy efficiency</li> </ul>		<p>The definition of this category is clearly defined in the Framework.</p> <p>The Eligible Project Category is intended to contribute to main environmental objective “climate change mitigation.”</p> <p>CECEPEC noticed that the Group has been engaged in the construction and operation of production plants, warehouses and facilities for the New Energy industries in the Yangzhou Development Zone,</p>

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC's Analysis and Opinion
			<p>more specifically the photovoltaic industry.</p> <p>In view of the above, CECEPEC is of the opinion that the Eligible Project Category and Eligibility Criteria are in line with market practice, and the expected environmental benefits are clear.</p>
Energy efficiency	<ul style="list-style-type: none"> <li>Reducing building energy consumption through proper planning and design and selection of energy-efficient building materials</li> <li>Use of latent heat recovery technology from refrigeration systems to provide hot water for living areas and reduce carbon emissions and combustion pollution</li> </ul>		<p>The Eligibility Criteria is clearly defined in the Framework.</p> <p>The Eligible Project Category is intended to contribute to main environmental objective “climate change mitigation”.</p> <p>The Group is involved in construction and modification of production plants. CECEPEC noticed the Group adopts energy efficiency measures including using energy-efficient construction materials and equipment, and incorporating passive design such as daylighting and natural ventilation where feasible.</p> <p>In view of the above, CECEPEC is of the opinion that the</p>

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping	CECEPEC's Analysis and Opinion
			<p>Eligible Project Category and Eligibility Criteria are in line with market practice.</p> <p>CECEPEC recommends the Group to further define the situations where energy efficiency measures will be undertaken, and the quantitative measurement of the energy efficiency improvements and thresholds, where feasible.</p>

The environmental features of the type of Eligible Projects are described as shown in the table above, while CECEPEC also recognises that there are some key environmental and social risks related to the project construction and operation.

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, if any. The assessment of environmental benefits in the feasibility study of each Eligible Project requires an EIA in accordance with the local requirements of the project. The assessment is carried out by a designated professional body which prepares an EIA report. The results of the EIA include the identification and analysis of the different environmental factors and their impacts on the environment throughout the project life cycle, as well as the description of measures needed to reduce the impact on the environment. The unit that is responsible for the EIA report then submits the EIA report to the local regulatory department, and the project is carried out after approval by the regulatory department.

The Group has also implemented some environmental and social risk mitigation measures as follows:

The Group conducts EIAs to assess environmental impacts of its potential projects in feasibility studies, including but not limited to aspects such as air pollution, noise pollution, domestic waste and solid waste during construction. Examples of risk mitigation measures include requiring construction sites to spray water where necessary to reduce atmospheric particulate matter. To mitigate the impact of noise pollution, the Group prohibits construction in the proximity of residential area during night time and encourages the use of quality powered mechanical equipment or equipment with noise

reduction technology when possible. The Group also deploys noise-absorbing cover around high-noise construction equipment during operation.

Apart from the EIA, the Group may also conduct a comprehensive risk assessment to assess social impacts of potential projects, including but not limited to risk factors such as disruption to local traffic, protection of heritage, social stability and public order. The Group has risk mitigation policies in place to respond to the construction, management, environmental, accident, social and financial risks.

Internally, the Group adopts a comprehensive work safety system to ensure employee safety, and the Company believes the Group is in compliance with all material respects of applicable environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the People's Republic of China.

Based on the above analysis, CECEPEC considers that the Group incorporates the environmental and social 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 described clearly in the Framework. CECEPEC considers that the governance and process are structured, clear, and relevant.

The Group has established a Green Financing Team (the "Team"), which consists of senior management of the Group and members from the Investment and Development Department to govern the process for project evaluation and selection. The Group commits that the Team will hold meetings on an annual basis and is responsible for:

- Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds section of the Framework;
- Approving the inclusion of pre-selected Eligible Projects in the Group's Green Project List (the Team has full discretion to object the inclusion of any project in the Green Project List);
- Monitoring and managing the Green Project List. The Group will maintain a register to keep track of the use of net proceeds of the GFTs through the internal information system on an annual basis;
- Replacing projects that no longer meet the Eligibility Criteria or reallocating divested proceeds to Eligible Projects; and
- Observing the development of green finance market and approving updates to the Framework accordingly to reflect relevant changes in the Group's 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 the Group reports that it intends to fully allocate all net proceeds or equivalent amount of net proceeds within 36 months of issuance on a best-effort basis. CECEPEC considers the management process is feasible and is in line with market practice.

CECEPEC understands the Group's management of proceeds is as follows:

- The Group's management team has responsibility for the internal control system and fund management policy for the storage, use, change, supervision and accountability of the proceeds;
- Net proceeds or equivalent amount of the net proceeds will be deposited in the Group's sub-account for centralised management and earmarked allocation of the proceeds from the GFTs;
- A register will be maintained to keep track of the use of the net proceeds or equivalent amount of the net proceeds of GFTs through the internal information system;
- Use of proceeds are subject to the approval procedures in accordance with the Group's fund management policy, requiring approvals from the responsible department and the Finance Department of the Company;
- The Finance Department of the Company makes timely accounting records on the use of proceeds;
- The Group regularly monitors the cash flow of each project;
- Unallocated proceeds will be used in accordance with the relevant management policies of the Group, such as held in low-risk investments;
- Proceeds will be re-allocated to Eligible Projects in accordance with the Framework as soon as practicable if any of the Eligible Projects cease to fulfil requirements of Use of Proceeds under the Framework, or are withdrawn due to divestment; and
- The Group commits to appoint an external auditor for verification of the internal tracking method and the allocation of proceeds once a year to uphold a high level of transparency until the full allocation of proceeds.

The Group commits not to invest unallocated proceeds in high pollution activities or projects that are not aligned with the Eligible Project Categories, including but not limited to the following sectors and activities:

- 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 considers this is in line with market practice.

### **Reporting**

The Group commits to publicly disclose the allocation report, via communication channels such as the Group's official WeChat account, on an annual basis or in a timely manner when major events occur, until all the proceeds of the GFTs have been fully allocated, and disclose the impact report where possible. CECEPEC views the disclosure to be in line with market practice.

An 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;
- Total amount of allocated proceeds by each Eligible Project Category;
- The remaining balance of funds which have not yet been allocated as of the report date; and
- Share of financing vs. refinancing

Where possible, the Group will report on the environmental impacts associated with the Eligible Projects funded with the net proceeds of the GFTs. An impact report may contain such as but not limited to the following information:

<b>Eligible Project Categories</b>	<b>Impact Indicators</b>
Aquatic biodiversity conservation	<ul style="list-style-type: none"> <li>▪ Length of shoreline maintained/protected p.a. (in kilometres) and growth (in percentage)</li> </ul>
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> <li>▪ Natural landscape area maintained/protected/increased p.a. (in square kilometres) and growth (in percentage)</li> </ul>
Sustainable water and wastewater management	<ul style="list-style-type: none"> <li>▪ Annual amount of wastewater treated (in cubic metres)</li> </ul>
Green buildings	<ul style="list-style-type: none"> <li>▪ Type and level of green building certification obtained</li> </ul>
Renewable energy	<ul style="list-style-type: none"> <li>• Annual renewable energy generation (in MWh or GWh)</li> <li>▪ Annual greenhouse gas (“GHG”) emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent)</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>▪ Annual electricity savings (in MWh or GWh)</li> </ul>

CECEPEC considers the above impact indicators selected by the Group to be clear and relevant to the Eligible Project Categories, suitable to measure and reflect the intended environmental benefits. CECEPEC recommends the Group to appoint an external review provider to independently assess the impact report.



## Green Bond / Green Bond Programme Independent External Review Form

### Section 1. Basic Information

**Issuer name:** Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

**Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:**

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Green Finance Framework

**Independent External Review provider's name:** CECEP Environmental Consulting Group

**Completion date of this form:** 14 March 2022

**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 GBPs:

- |  |  |
|--|--|
| <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)*

CECEP Environmental Consulting Group (“CECEPEC”) is of the opinion that the Green Finance Framework (the “Framework”) of Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (together with its subsidiaries the “Group”) is aligned with the Group’s sustainability strategy and performance, the four core components of the Green Bond Principles 2021 (“GBP”) administered by International Capital Market Association (“ICMA”), and the Green Loan Principles 2021 (“GLP”) administered by the Loan Market Association (“LMA”), Asia Pacific Loan Market Association (“APLMA”), and the Loan Syndications and Trading Association (“LSTA”).

### 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 Green Financing Transaction (“GFT”) will exclusively finance and/or refinance, in whole or in part, new and/or existing assets and projects (“Eligible Projects”) aligned with one or more of the six Eligible Project Categories, namely (i) Aquatic Biodiversity Conservation, (ii) Environmentally Sustainable Management of Living Natural Resources and Land Use, (iii) Sustainable Water and Wastewater Management, (iv) Green Buildings, (v) Renewable Energy and (vi) Energy Efficiency,

which are aligned with the eligible Green Project categories recognized by GBP and GLP. The Eligible Projects are intended to contribute to the three main environmental objectives identified in GBP, namely, (i) biodiversity conservation, (ii) natural resource conservation and (iii) climate change mitigation and advance the United Nations Sustainable Development Goals (“SDGs”), including SDG 6, 7, 9, 11, 14 and 15.

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

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy  | <input checked="" type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control   | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input checked="" 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 GBP | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

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

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

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

The Group has established a Green Financing Team (the “Team”), consisting of senior management of the Group and members from the Investment and Development 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 section of the Framework; (ii) approving the inclusion of pre-selected Eligible Projects in a Green Project List; (iii) monitoring and managing the Green Project List and tracking the use of net proceeds of GFTs through the internal information system on an annual basis; (iv) replacing projects that no longer meet the Eligibility Criteria or reallocating divested proceeds to Eligible Projects; and (v) observing developments in the Green Financing markets and approving updates to the Framework accordingly to reflect relevant changes in the Group’s corporate strategy or market developments. An environmental impact assessment (“EIA”) is carried out to help the Group assess the environmental and/or social impacts of relevant projects. CECEPEC considers that the process for 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

- Evaluation / Selection criteria subject to external advice or verification  In-house assessment
- Other (*please specify*):

### 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 GFTs will be deposited in its sub-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 GFT to Eligible Projects. The intended types of temporary placement for the balance of unallocated net proceeds are defined in the Framework. The Group commits to appoint an external auditor for verification of the internal tracking method and the allocation of proceeds once a year to uphold a high level of transparency until the full allocation of proceeds. CECEPEC considers the management of proceeds to be in line with market practice.

**Tracking of proceeds:**

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

**Additional disclosure:**

- Allocations to future investments only  Allocations to both existing and future investments
- Allocation to individual disbursements  Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds  Other (*please specify*):

### 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 designated information disclosure channels, for instance, the official social media account, on an annual basis or in a timely manner when major events occur until full allocation. The Group intends to include in the allocation report the following: (i) a list of Eligible Projects to which proceeds have been allocated with a brief description, (ii) the total amount of allocated proceeds by each Eligible Project Category, (iii) remaining balance of unallocated proceeds, as well as (iv) the portion of new financing relative to refinancing. 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:**

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (*please specify*):
- Information reported:**
- Allocated amounts  Green 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  Other ESG indicators (please specify):

Eligible Project Categories	Impact Indicators
Aquatic biodiversity conservation	<ul style="list-style-type: none"> <li>▪ Length of shoreline maintained/protected p.a. (in kilometres) and growth (in percentage)</li> </ul>
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> <li>▪ Natural landscape area maintained/protected/increased p.a. (in square kilometres) and growth (in percentage)</li> </ul>
Sustainable water and wastewater management	<ul style="list-style-type: none"> <li>▪ Annual amount of wastewater treated (in cubic metres)</li> </ul>
Green buildings	<ul style="list-style-type: none"> <li>▪ Type and level of green building certification obtained</li> </ul>
Renewable energy	<ul style="list-style-type: none"> <li>• Annual renewable energy generation (in MWh or GWh)</li> <li>▪ Annual greenhouse gas (“GHG”) emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent)</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>▪ Annual electricity savings (in MWh or GWh)</li> </ul>

**Means of Disclosure**

- Information published in financial report  Information published in sustainability report  
 Information published in ad hoc documents  Other (please specify):  
WeChat Official Account  
 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 ( <i>please specify</i> ): |                          |                |

**Review provider(s):** CECEP Environmental Consulting Group

**Date of publication:** 14 March 2022

## **About CECEPEC**

CECEP Environmental Consulting Group (“CECEPEC”) is a leading Sustainability Consulting Service provider, established by China Energy Conservation and Environmental Protection Group.

CECEPEC offers a wide range of consulting services to help clients address their ESG challenges, which aim to unearth enterprises’ sustainability values and help tackle climate challenges.

CECEPEC is internationally recognised as a leading service provider in international capital markets. CECEPEC serves as the observer for the International Capital Market Association (“ICMA”) for the Green Bond Principles and Social Bond Principles. Furthermore, CECEPEC is one of the recognised external reviewers of “Green and Sustainable Finance Grant Scheme” launched by Hong Kong Monetary Authority (“HKMA”).

CECEPEC serves a wide range of international and domestic clients from different industry sectors and operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second party opinions.

For more information: [www.cecepec.com](http://www.cecepec.com)

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