

Second Party Opinion

## Jingrui Holdings Ltd. Green Financing Framework

Sept. 8, 2021

Jingrui Holdings Ltd. (Jingrui) is a privately-owned Chinese developer based in Shanghai. The company develops residential housing projects in higher tier cities in China, mostly around the Yangtze River Delta. It also establishes and manages funds to invest in various assets and operates service apartments and office buildings.

In our view, Jingrui Holdings Ltd. Green Financing Framework, published in September 2021, is aligned with:

- ✓ Green Bond Principles (GBP), ICMA, 2021
- ✓ Green Loan Principles (GLP), LMA, 2021

### Issuer's Sustainability Objectives

Jingrui invests in research to support innovation in green housing products and aspires to establish high green standards in its supply chain for design and construction processes. Its green commitments include the design of green buildings, use of environmentally friendly materials, and the deployment of energy and water-saving measures in existing buildings. Many of Jingrui's projects are qualified two stars or above on Chinese Green Building Evaluation Label (the maximum being three stars).

The company's specific environmental commitments are to (i) design green buildings in the research and development stage of projects, (ii) use environment-saving materials, (iii) upgrade and utilize green processes, (iv) implement energy and water-saving at any stage of construction, and (v) reduce direct and indirect impacts on the environment.

The Board of Jingrui oversees environmental affairs and plans the company's long-term environmentally friendly development goals.

Jingrui has developed a green financing framework to raise funds that will directly contribute to its objectives of constructing and managing properties that have a positive environmental impact.

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## Second Party Opinion - Summary

### Use of proceeds

**Alignment**  Jingrui Holdings Ltd.'s green financing framework is aligned with this component of the GBP and GLP.

**Score** Satisfactory **Strong** Advanced

The company commits to utilizing the net proceeds of the financing instruments issued under the framework exclusively to fund clearly defined eligible green assets, which relate to the United Nations' Sustainability Development Goals (SDGs).

### Process for project selection and evaluation

**Alignment**  Jingrui Holdings Ltd.'s green financing framework is aligned with this component of the GBP and GLP.

**Score** **Satisfactory** Strong Advanced

The company's framework outlines the process to ensure selected projects are all eligible, while identifying and managing perceived and associated environmental risks. A dedicated Environmental Working Group leads the screening of projects, and then presents the shortlisted projects to the company's board of directors for approval.

### Management of proceeds

**Alignment**  Jingrui Holdings Ltd.'s green financing framework is aligned with this component of the GBP and GLP.

Jingrui will deposit the net proceeds from financing instruments in its general account and maintain a register to monitor their use. Pending allocation or reallocation, the company will hold the net proceeds in short-term time deposits or investments, as per its liquidity guidelines.

### Reporting

**Alignment**  Jingrui Holdings Ltd.'s green financing framework is aligned with this component of GBP and GLP.

**Score** **Satisfactory** Strong Advanced

The company will disclose annually the allocation of funds across eligible projects and selected environmental key performance indicators. Jingrui will report all relevant information in its annual report, sustainability report, or on its website. The company has a list of potential impact indicators for each category of project.

# Framework Assessment

## Use of proceeds

The Principles make optional recommendations for stronger structuring practices, which informs our commitments opinion as 'satisfactory', 'strong', or 'advanced'. For use of proceeds, we consider the commitments and clarity on how the proceeds are used.

 Jingrui's green financing framework is aligned with this component of the GBP and GLP.

### Commitments score

Satisfactory

**Strong**

Advanced

We consider Jingrui's overall use of proceeds commitments to be strong.

We view Jingrui's green finance framework as aligned with this component of the Principles as it commits to allocating all net proceeds raised under the framework exclusively to eligible green project categories. These include green buildings, energy efficiency, renewable energy, clean transportation, sustainable water and wastewater management, and pollution prevention and control. The company clearly describes each category and relates them to at least one sustainability objective. For example, green buildings contribute to energy efficiency and sustainable cities. They include the construction of new buildings and renovation of existing buildings that have been or will be certified under various internationally recognized certifications (e.g. Hong Kong's BEAM (Building Environmental Assessment Method) Plus). In addition, the company excludes activities listed in the International Finance Corporation Exclusion List (2007) such as gambling, tobacco, and weapons.

We see it as a strength that none of the eligible project categories relate to fossil fuels or have potential and substantial hazardous impact on the environment. The company commits to a maximum look-back period for refinanced projects of 36 months from the time of issuance. In addition, Jingrui will disclose the share of financing versus refinancing in use of proceeds.

## Process for project selection and evaluation

The Principles make optional recommendations for stronger structuring practices, which informs our commitments opinion as 'satisfactory', 'strong', or 'advanced'. For process for project selection and evaluation, we consider the commitments and clarity on the process used to evaluate and select eligible projects to fund with the proceeds of the sustainable finance.

 Jingrui's green financing framework is aligned with this component of the GBP and GLP.

### Commitments score

**Satisfactory**

Strong

Advanced

We consider Jingrui's overall process for project selection and evaluation commitments to be satisfactory.

The company's framework aligns with the Principles as it communicates the process by which it determines how projects fit within the eligible project categories. The company provides information on processes by which it identifies and manages perceived environmental risks associated with the eligible projects. Jingrui's process includes procedures to identify mitigants to negative environmental impacts from the eligible projects, and ensure they abide by all relevant laws and regulations.

The framework details the decision-making chain. An Environmental Working Group (EWG) will select and assess projects as eligible for financing and then present to the Jingrui's board for approval. The EWG includes representatives from the finance, design and architecture, and internal audit and risk management departments. It will meet at least annually to select new projects and monitor the ongoing eligibility of invested projects. If a project ceases to fulfill the eligibility criteria, Jingrui will allocate the funding to other eligible projects.

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The EWG will also ensure the company's green financing framework remains up-to-date and aligned with the latest version of the principles. The process also explicitly assesses eligible projects' compliance of with applicable local regulations and other internal policies.

Market-based taxonomies, standards, or certifications are only identified for green buildings and not all eligible project categories, tempering our assessment.

### Management of proceeds

The Principles require disclosure of the issuer's management of proceeds from sustainable finance over the life of the funding. The alignment opinion focuses on how clear in the documentation is the issuer's commitment to ensure that the funds raised will continue to be dedicated to eligible sustainability projects throughout the life of the sustainable finance funding.

 Jingrui's green financing framework is aligned with this component of the GBP and GLP.

Jingrui's framework describes the procedure to allocate all proceeds from green transactions to eligible green projects. Jingrui will deposit the proceeds in its general account and maintain a register to track the use of proceeds for each green instrument, including the amount of proceeds allocated to each eligible green project and the unallocated proceeds.

If a designated project ceases to be eligible under the framework, Jingrui commits to reallocate the net proceeds to an alternative eligible project, as soon as reasonably practicable.

Pending allocation or reallocation, Jingrui will manage the proceeds as per its liquidity guidelines, including in short-term time deposits or investments. In addition, Jingrui commits not to invest unallocated proceeds to any high pollution activities or any projects that conflict with the eligibility criteria under the framework.

### Reporting

The Principles make optional recommendations for stronger disclosure practices, which informs our disclosure opinion as 'satisfactory', 'strong', or 'advanced'. We consider plans for updates on the sustainability performance of the issuer for general purpose funding, or the sustainability performance of the financed projects over the lifetime of any dedicated funding, including any commitments to post-issuance reporting.

 Jingrui's green financing framework is aligned with this component of GBP and GLP.

### Disclosure score

Satisfactory

Strong

Advanced

We consider Jingrui's overall reporting practices to be satisfactory.

Jingrui will report annually in its sustainability report, annual report, or on its corporate website the details of each outstanding green financing, aggregated amount allocated to eligible green projects, the balance of funds which have not been allocated, and the type of temporary investment for unallocated proceeds, until the maturity of each green instrument.

Jingrui also commits to reporting, where possible, the impact of eligible green projects through a set of environmental indicators and to using the Harmonized Framework for Impact Reporting, where appropriate. These indicators include reduced greenhouse gas emissions, targeted energy savings, renewable energy capacity installed, amount of water recycled/reused, and energy performance, among others.

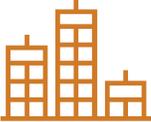
Tempering our assessment is that the company does not commit to have an independent third-party verification or audit of its allocation reporting post-issuance, nor to disclose the key underlying methodology and/or assumptions used to calculate the quantitative performance measures.

## Mapping To The U.N. Sustainable Development Goals

The Sustainable Development Goals (SDGs) were set up by the United Nations in 2015 and form an agenda for achieving sustainable development by 2030.

We use the International Capital Market Association (ICMA) SDG mapping for this part of the report. We acknowledge that ICMA's mapping does not provide an exhaustive list of SDGs and that ICMA recommends each project category be reviewed individually to map it to the relevant SDGs.

Jingrui's Green Financing Framework intends to contribute to the following SDGs:

Use of proceeds	SDGs
Green Buildings	  <b>9. Industry, innovation and infrastructure*</b> <b>11. Sustainable cities and communities*</b>
Energy Efficiency	  <b>7. Affordable and clean energy*</b> <b>9. Industry, innovation and infrastructure</b>
Pollution Prevention and Control	  <b>3. Good health and well-being*</b> <b>12. Responsible consumption and production*</b>
Sustainable Water and Wastewater Management	 <b>6. Clean water and sanitation*</b>

Renewable Energy



**9. Industry,  
innovation and  
infrastructure\***

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Clean Transportation



**11. Sustainable  
cities and  
communities\***

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\*The eligible project categories link to these SDGs in the ICMA mapping.

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