

Hangzhou Shangcheng District Urban Construction & Comprehensive Development Co., Limited – Second-Party Opinion



Sustainable Fitch Second-Party Opinion	Good
Framework Type	Green
Alignment	ICMA Green Bond Principles, LSTA Green Loan Principles

See Appendix A for definitions of ICMA Principles. See Appendix B for details on Second-Party Opinion. Date assigned: 22 August 2023.

Issuance Highlights

- Sustainable Fitch considers transactions under the green finance framework of Hangzhou Shangcheng District Urban Construction & Comprehensive Development Co., Limited (HSUC) to be aligned with the ICMA Green Bond Principles (GBP), and the Green Loan Principles (GLP) jointly published by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association (LSTA). The selected uses of proceeds are aligned with project categories recommended by the ICMA, particularly the energy efficiency, renewable energy, pollution prevention and control categories. HSUC has specified the processes for evaluation and selection, management of proceeds, and reporting.
- The ICMA GBP and LSTA GLP recommend that eligible projects are clearly described in the legal documentation of a green finance transaction (GFT). We have only reviewed the green finance framework for this Second-Party Opinion (SPO) and have not reviewed any transaction-related legal documents or marketing materials; however, the framework provides a description of eligible expenses.
- The major business activities of HSUC include land development and housing construction. The proceeds from the transaction under this framework may cover a part of the company's operating expenditures based on the use of proceeds (UoP).
- We consider the framework to be generally aligned with the ICMA GBP and LSTA GLP; however, more information around the environmental performance thresholds of technologies, equipment and materials that are eligible would improve the ESG profile of any transaction under this framework and increase the transparency and accountability of the issuer.

Source: Sustainable Fitch, HSUC green finance framework

Company Information

- HSUC is wholly owned by the Finance Bureau of the People's Government of Shangcheng district, Hangzhou municipality, Zhejiang province, China. HSUC engages in primary land development and housing development for resettlement across four areas of the Shangcheng district, namely Gongbei, Pufu, Jiubao and Qingchun Square.
- The Shangcheng district is the administration centre of the Hangzhou municipality, which is the capital of the Zhejiang province. The district has 1.37 million residents. It is a hub of the express railway network in eastern China.
- HSUC aims to align with the nation's strategic planning on environmental protection and low-carbon economy development through the development of energy-efficient and smart infrastructure, by investing in renewable energy and low-carbon technology, and by remediating polluted land and groundwater. HSUC expects the transactions under the green finance framework will help it develop buildings that offer environmental benefits or remediate polluted land and water bodies as part of its primary land preparation work.
- HSUC has committed to assess the environmental impact at the design stage for all new development; and to use green building materials, and conserve water and energy at construction stages for all new development.

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- The company has not disclosed environmental or social information in accordance with reporting frameworks that are commonly adopted at a global level, such as the Global Reporting Initiative standards or Sustainability Accounting Standards Board recommendations. Doing so is a market practice common among sustainable finance instrument issuers.
- The company has mapped the proposed UoP of the sustainable finance instrument to the UN Sustainable Development Goals (SDGs) in the framework, but the framework does not present a strong linkage of the intended UoP with specific SDG targets. We have not identified any mapping of the SDGs to the company's business activities.
- The text presented in the Company Material section of this SPO is not the original framework text. We have interpreted the framework text based on our understanding of the framework and communication with the issuer.

Source: Sustainable Fitch, HSUC green finance framework, Hangzhou Shangcheng District People's Government website

Use of Proceeds – Eligible Projects

Opinion: Good

Company Material

Fitch's View

Energy efficiency

<ul style="list-style-type: none"> To finance the use of photovoltaic panels, energy saving equipment and energy storage technologies during land development and housing construction process, so as to achieve energy efficiency of such processes. To finance the use of energy saving lighting systems, such as LEDs, during the construction process; to finance the installation of energy-saving lighting systems in housing developed. To finance power management systems of equipment, automatic switches, energy monitoring systems for construction works. The intended environmental benefits of eligible projects under this category include reducing energy consumption in building construction, mitigating light pollution and improving lighting efficiency of housing developed. 	<ul style="list-style-type: none"> We expect this UoP to be aligned with the “energy efficiency” category of the ICMA GBP and LSTA GLP, except for the financing of photovoltaic panels for the construction process, which we see to better fit in the “renewable energy” category. We understand that this UoP applies to land development and construction works only and is thus an operating expense, except for the financing of LED lighting for the company’s housing projects. The UoP is expected to reduce the use of energy for HSUC’s construction activities. Land and housing development involves the use of heavy machinery and vehicles. Such activities are energy intensive. Proceeds that are invested in enhancing the energy efficiency of construction works are environmentally beneficial. The company confirmed to us that the eligible expense is not expected to form part of the company’s assets. We consider any proceeds allocated to operating expenses to have less additionality in terms of positive environmental impacts than capital expenses, as the environmental benefit delivered is not permanent. Moreover, the company has not discussed the handling of purchased equipment after construction if it does not form part of the completed projects and is sold. Any disposal of materials will lead to a negative environmental impact. The framework does not specify thresholds or include references to any national standards on environmental performance such as eligibility criteria for energy-saving technologies and equipment. Such information would offer confidence to investors regarding the level of the instrument’s positive impact. Energy monitoring systems can support the measurement of energy consumption and carbon footprint of land and housing development projects, thus enabling the evaluation of their environmental impacts. Construction of new buildings is an EU taxonomy-eligible activity. To pass the climate change mitigation screening criteria, new buildings developed must have 10% less operational primary energy demand than nearly zero-energy buildings. Where the use of LEDs is the only proposed eligible activity in this framework that enhances energy efficiency of the completed buildings, application of LEDs alone is not likely to result in an EU taxonomy-aligned building. Land development is not an eligible activity under the EU taxonomy. The financing of LED installation is covered under item 1.1.3.1 (renovation of green lighting) of the China Green Bond Endorsed Projects Catalogue (GB Catalogue). Otherwise, the GB Catalogue covers the manufacturing of energy-efficient equipment, but not its application in construction and land development activities. Energy-efficient lighting systems such as LEDs can improve energy efficiency of buildings; however, such systems do not contribute directly to light pollution mitigation, which HSUC indicates as one of the intended environmental benefits.
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Pollution prevention and control

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| <ul style="list-style-type: none"> • To finance the remediation works for contaminated soil and groundwater, such as road and site remediation works in Shangcheng District, Hangzhou. This activity also includes revegetation of the remediated site. • To finance the pre-project surveys and planning focused on assessing the impact of project construction on the surrounding environment. • To finance the use of green materials and technologies for land development and resettlement housing construction works, which relates to the control of environmental pollution caused by the construction process regarding the aspects of building materials, ventilation, water, lighting and waste management. • The environmental benefit of eligible projects under this category is to achieve a far-reaching carbon emission reduction impact. | <ul style="list-style-type: none"> • We expect this UoP to be aligned with the “pollution prevention and control” category of the ICMA GBP and LSTA GLP. • Remediation works for soil and groundwater contamination are a part of the land development work performed by HSUC. Land and groundwater could be polluted by industrial activities in the Shangcheng district and nearby areas. The proceeds allocated to this category cover part of HSUC’s costs related to delivering land development activities. The environmental impact is permanent. • Proceeds can be allocated to the cost of performing a pre-project environmental impact assessment, which is a legal requirement in China for public-financed construction projects. • According to our communication with the company, the “green materials and technologies” referred to in this UoP category focus on controlling pollution from the construction site, but not on controlling pollution by the completed projects (such as sewage collection and treatment facilities for the buildings). These can refer to materials with post-consumer recycled content (which prevent waste disposal from upstream activities), adhesives with a low content of volatile organic compounds, and measures that facilitate segregation and diversion of construction waste. Construction work can emit pollutants into air, water and land. In our view, control of pollutants’ emission from construction sites is of environmental benefit. • However, the company has not specified examples and technical thresholds for green materials and technologies to be considered eligible under this UoP category. For example, we cannot assess the potential environmental benefit and alignment with the ICMA GBP for pollution control relating to the “ventilation” and “lighting” aspects. A lack of clear eligibility criteria may weaken the positive impact of the proceeds. • We observe that the framework considers carbon emission reduction to be an environmental benefit of the UoP. The company confirmed to us that the eligible expenses will focus on reducing direct GHG emissions of the company’s operation, but not indirect carbon emissions, such as those associated with purchased electricity and embodied carbon of building materials. Reduction of indirect carbon emissions does not align with the “pollution prevention and control” category of the ICMA principles. • For “green materials and technologies” that do not form part of the completed projects, the company has not discussed their handling after construction. • We cannot comment on the alignment with the EU taxonomy for this UoP, as the technical screening criteria (TSC) for the “pollution prevention and control” environmental objective have not been developed. • Though the company has not specified the framework’s alignment with the GB Catalogue, we see that this UoP category aligns with items 1.3.2.1 (projection and control of high-quality water and underground water environment), 1.3.4.1 (treatment and control of construction land pollution) and 6.4.1.4 (monitoring and assessment of environmental impact). |
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Renewable energy

<ul style="list-style-type: none"> To finance photovoltaic curtain walls, photovoltaic distributed generation and energy storage technology. The UoP under this category can promote the development of clean and renewable energy and reduce environmental pollution. 	<ul style="list-style-type: none"> We expect this UoP to be aligned with the “renewable energy” category of the ICMA GBP and LSTA GLP. According to our communication with HSUC, the renewable energy technologies are applied to buildings developed, instead of being applied to the construction sites only. The UoP is expected to reduce the demand for fossil fuel energy of buildings developed by HSUC. The company confirmed that the UoP will be restricted to solar energy, and not include other forms of renewable energy that may lead to on-site carbon emissions. This UoP is assessed under the EU taxonomy-eligible activity of “installation, maintenance and repair of renewable energy technologies”. Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment aligns with the climate change mitigation TSC for the taxonomy-eligible activity. In our view, this UoP category aligns with items 3.2.2.2 (construction and operation of solar energy utilisation facilities) and 3.2.3.2 (operation and construction of energy-efficient storage facilities) of the GB Catalogue.
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Source: HSUC green finance framework

Source: Sustainable Fitch

Use of Proceeds – Other Information

Opinion: Average

Company Material

- Refinancing of eligible green projects will have a lookback period of no longer than 36 months from the time of issuance.
- The company promises to deploy an equivalent amount of the net financing proceeds from green financing transactions within 24 months, although it has limited control on the construction period of the eligible projects, which is subject to external factors such as weather and labour resources.
- It has exclusion criteria for activities it commits to exclude from its eligible assets and projects. The activities it excludes are in the latest International Finance Corporation (IFC) exclusion list.

Fitch's View

- There is no information on the share of financed and refinanced projects in the framework. The company has committed towards reporting this information in its allocation report, which will be available within a year from the transaction's issuance.
- The lookback period of 36 months is in line with market practice, although a shorter lookback period, especially for operational expenditures, would improve the additionality of the instrument, as it would limit investment in old projects.
- The company expects to achieve full allocation of proceeds within 24 months. This is in line with market practice.
- The company has used the IFC exclusion list as exclusion criteria for proceeds usage. This minimises the risk of proceeds being used to finance controversial projects and is in line with market best practice.

Source: HSUC green finance framework

Source: Sustainable Fitch

Project Evaluation and Selection

Opinion: Good

Company Material

- The company has a strong internal control and policy framework to ensure that environmental and social risks in construction and operation are mitigated. For land development and rehousing construction projects, the company will conduct environmental protection surveys for all projects in the R&D phase under the green finance framework to ensure that there are effective pollution control, energy saving and environmental protection measures. The investigation will include the impact on the surrounding ecological environment, surface and underground water, etc.
- The company has set up an environmental working group (EWG), which is responsible for making sure all proceeds from GFTs or an equivalent amount will be allocated to the eligible projects under the framework directly or indirectly

Fitch's View

- The framework clearly explains the process for the identification, evaluation and selection of green projects.
- The company reports that all projects under the framework will undergo an environmental protection survey to ensure effective mitigation measures and environmental controls are in place. This shows a clear process for identifying and managing associated environmental risks.
- The evaluation and selection process is performed across multiple departments, ensuring that the necessary financial and investment expertise is present in this process.
- The company does not specifically include members with sustainability expertise in the EWG. Having such members would provide greater assurance that the environmental credentials of the projects have been properly evaluated

Project Evaluation and Selection

Opinion: Good

Company Material	Fitch's View
<p>through financing or refinancing. At the same time, the EWG will also be responsible for managing any future updates of the framework, including any expansion of the UoP requirements. The EWG is composed of members from various departments, including the relocation and resettlement department, front-end department, engineering department, financial planning department, and the office of the director general.</p> <ul style="list-style-type: none"> The EWG will, in accordance with the Energy Saving Regulation of the People's Republic of China, Green Building Evaluation Standard, Catalogue of Projects Supported by Green Bonds jointly issued by the People's Bank of China, the National Development and Reform Commission and the China Securities Regulatory Commission, and other sustainable development-related policies that provide guidelines for the company's green, low-carbon and recycling development, and in conjunction with the company's development strategy and related work plans, discuss and select green projects that meet the eligibility conditions and exclusion criteria set out in the framework. The EWG will then screen the projects based on the project feasibility reports, and the shortlisted projects will be submitted to the board of directors for approval, and after being reviewed and approved by the board of directors, the selected projects will become qualified green projects. The EWG will ensure that the eligible green projects comply with the UoP section of the framework and environmental guidelines, national and international environmental standards and regulations that are applicable to the company. Projects will also be selected with the UN SDGs in mind. The EWG will regularly review the progress of the green project construction implementation and the fulfilment of the green objectives and will be responsible for managing any future updates of the framework, including any expansion of the UoP requirements. At the design and development stage, all projects under the green finance framework will undergo an environmental protection survey to ensure that the project has effective pollution control, energy conservation and environmental protection measures, which include impacts on the surrounding ecological environment, surface and underground water, and actual energy consumption, and that control and mitigation measures will be taken to minimise the impact on the environment. During the construction phase, mitigation measures and controls to protect the ecosystem are strictly implemented and monitored. 	<p>and assessed, and that the projects align with the company's overall sustainability objectives. Its engineering department oversees matters pertaining to compliance with environmental regulations.</p> <ul style="list-style-type: none"> There is a multi-layer evaluation and selection process, which provides an additional degree of checks and balances. This is in line with best practice.
Source: HSUC green finance framework	Source: Sustainable Fitch

Management of Proceeds

Opinion: Average

Company Material	Fitch's View
<ul style="list-style-type: none"> The company intends to allocate, over time, an amount equal to the net proceeds to finance or refinance eligible green projects, selected in accordance with the eligibility criteria, and using the evaluation and selection process outlined above. The net proceeds from each GFT will be managed by the company's finance team and the proceeds from each GFT will be deposited in general funding accounts and 	<ul style="list-style-type: none"> The company will deposit net proceeds in general funding accounts. This is in line with market practice. Best practice would be to set up a separate bank account to prevent the comingling of funds with other financing instruments or sources of funding in the general account. For all outstanding sustainable finance transactions, the company has committed to monitor the eligibility of the projects financed. It has also committed to replacing

Management of Proceeds

Opinion: Average

Company Material

Fitch's View

<p>exclusively used for eligible projects financing and refinancing. It is the company's intention to deploy proceeds of each GFT to eligible green projects within two years.</p> <ul style="list-style-type: none"> The company will monitor the net proceeds of all outstanding GFTs and review the funds allocation, which includes appropriately tracking the proceeds and adjusting the balance of net proceeds to match allocations to eligible green projects if necessary. Any balance of issuance proceeds that are not yet allocated to eligible green projects will be held in short-term time deposits or other short-term wealth management products. The company will disclose to investors the types of temporary placement it uses for unallocated proceeds. The company's directors, supervisors and senior management personnel shall be diligent and responsible, supervise the company to regulate the UoP from the GFTs, and consciously maintain the safety of the raised funds. They shall not participate in, assist or condone the company's unauthorised or disguised changes to the use of raised funds. The company commits to not invest unallocated proceeds into any high-pollution activities or any projects that are in conflict with the eligibility criteria under the framework. During the life of the GFTs issued, if the designated eligible green projects cease to fulfil the eligibility criteria, the net proceeds or an amount equal to these net proceeds will be reallocated to replacement eligible green projects that comply with the eligibility criteria, as soon as reasonably practicable. The company strives to maintain an amount of eligible green projects at least equal to the total net proceeds of all GFTs outstanding. 	<p>projects that cease to be eligible with new projects as soon as reasonably possible. This helps increase the positive environmental impact of the transaction, and is in line with best practice.</p> <ul style="list-style-type: none"> The company will hold unallocated proceeds as short-term time deposits or short-term wealth management products. This ensures that funds can be allocated to eligible projects as soon as possible. It has committed to not using unallocated proceeds towards high-pollution activities or projects that are in conflict with the eligibility criteria of this framework. Furthermore, the company has set out clear exclusion criteria in accordance with the IFC exclusion list. Overall, the company's treatment of unallocated proceeds is in line with market practice. There is no information on whether an independent external reviewer will be engaged to verify the management of proceeds, which would be best practice as it improves transparency and credibility.
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Source: HSUC green finance framework

Source: Sustainable Fitch

Reporting

Opinion: Average

Company Material

Fitch's View

<ul style="list-style-type: none"> The company will provide information on the allocation of the net proceeds from each GFT or an equivalent amount, and will make an environmental impact report publicly available in the company's official WeChat account or any other official platform of the company. Such information will be provided on an annual basis until all the net proceeds or an amount equal to these net proceeds have been allocated and in the event of any material changes until the relevant maturity date. The EWG will review and approve the allocation and impact reports. The allocation report will contain the following: <ul style="list-style-type: none"> share of financing versus refinancing; details of each GFT that is outstanding (aggregate amount of proceeds from each GFT that have been allocated to eligible green projects, and geographical distribution); balance of unallocated proceeds from each GFI and their temporary treatment; and a list of eligible green projects to which proceeds from each GFT have been allocated, summary information on such projects, including information necessary to determine alignment with the eligibility criteria such as energy performance data (no such disclosure if the purpose of the proceeds is to refinance the project). 	<ul style="list-style-type: none"> The company has committed to publish an allocation report on an annual basis until full allocation. This is in line with market practice. It has committed to provide information on the allocation of proceeds at the bond level. This is best practice, as it provides greater clarity on the impact of individual instruments. It will also list the projects the proceeds have been allocated to within an instrument. Best practice would be to also provide the allocation amounts for each project, to further improve clarity on the UoP. Reporting on the share of allocation to capital and operating expenditures would be best practice, as it allows investors to understand the share of allocation used towards creating new assets. The company does not report on whether it will obtain an external verification, which would be best practice as it would provide assurance on the allocation of proceeds and impact reporting. The company has committed to publish an impact report. Its disclosed impact indicators for each UoP category are directly quantifiable and measurable, which is best practice. However, the company has indicated that it will not disclose the information necessary to determine alignment with the eligibility criteria if the proceeds refinance a project. As such information is not impractical to obtain, we have a
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Reporting

Opinion: Average

Company Material

- The company will provide reporting on the environmental benefits of the eligible green projects potentially with the following impact indicators subject to the data availability:
 - the impact indicators for energy efficiency are the amount of energy saved (MWh) and the percentage annual energy-efficiency gain relative to an established baseline;
 - the impact indicators for pollution prevention and control are the volume of contaminated soil remediation (m³), the volume of contaminated groundwater remediation (m³), combined CO₂ emissions from production (t), and emissions reductions from particulate matter 10 (PM₁₀) or 2.5 (PM_{2.5}) micrometres or less in diameter (t); and
 - the impact indicators for renewable energy are installed renewable energy production capacity and annual GHG emissions avoided (tCO₂e per annum).
- Further to the above indicators, the company will, to the extent and where appropriate, consider to align impact indicators with the recommendations of the ICMA's Handbook – Harmonised Framework for Impact Reporting.

Fitch's View

- negative view of this statement which limits the transparency of the GFT's impact.
- The company will report on the impacts of its projects. This is in line with best practice, as reporting project-level metrics provides a more granular understanding of the environmental impact of the allocation of proceeds.

Source: HSUC green finance framework

Source: Sustainable Fitch

Relevant UN Sustainable Development Goals

- **6.6:** By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.



- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.



- **12.7:** Promote public procurement practices that are sustainable, in accordance with national policies and priorities.



- **13.2:** Integrate climate change measures into national policies, strategies and planning.



Source: Sustainable Fitch, UN

Appendix A: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked (or KPI-linked) instruments.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix B: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer's green, social, sustainability or sustainability-linked bond or loan issuance/framework/programme with the relevant principles. For these purposes, "alignment" should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary analysis based on the type of instruments, to consider whether there are defined use of proceeds or KPI and Sustainability Performance Targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

Analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related ESG Ratings, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

ESG Framework	
Excellent	Framework structure is excellent in terms of alignment with ambitious best practices and proceeds are dedicated to excellent environmental and/or social activities/projects.
Good	Framework structure is good in terms of alignment with ambitious best practices and proceeds are dedicated to good environmental and/or social activities/projects.
Average	Framework structure is average in terms of alignment with ambitious best practices and proceeds are dedicated to average environmental and/or social activities/projects.
Sub-average	Framework structure is sub-average in terms of alignment with ambitious best practices and proceeds are dedicated to sub-average environmental and/or social activities/projects.
Poor	Framework structure is poor in terms of alignment with ambitious best practices and proceeds are dedicated to poor environmental and/or social activities/projects.

Source: Sustainable Fitch

Appendix C: Principles and Guidelines

LSTA Labelled: Green Loan

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes
Independent External Review Provider	
Second-party opinion	Yes
Verification	No
Certification	No
Scoring/Rating	No
Other	n.a.
1) Use of Proceeds (UoP)	
UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	No
Sustainable water and wastewater management	No
Climate change adaptation	No
Eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	No
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.
2) Project Evaluation & Selection	
Evaluation & Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.
Evaluation & Selection/Responsibility & Accountability	
Evaluation/selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.
3) Management of Proceeds	
Tracking of Proceeds	
Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.
Additional Disclosure	

Appendix C: Principles and Guidelines

LSTA Labelled: Green Loan

Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	Yes
Allocation to a portfolio of disbursements	No
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

UoP Reporting/Information Reported

Allocated amounts	Yes
Green bond-financed share of total investment	No
Other	n.a.

UoP Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting

Project-by-project	Yes
On a project portfolio basis	No
Linkage to individual bond(s)	Yes
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)

GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	No
Other ESG indicators	Volume of contaminated soil and groundwater remediation; emissions reductions from PM10 and PM2.5; installed renewable energy production capacity

Impact Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure

Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	No
Other	n.a.

Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA

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