



Report Type

Sustainable Finance
Framework Second-Party
Opinion

Analytical Standards

- » Green Bond Principles (GBP) (June 2025 Edition)
- » Social Bond Principles (SBP) (June 2025 Edition)
- » Green Loan Principles (GLP) (March 2025 Edition)
- » Social Loan Principles (SLP) (March 2025 Edition)

Industry

Local Investment and
Development Companies

Country/Region

China

Report Date

20th August 2025

Contacts

Kathleen Liu
Associate Analyst
+852 3596 3052
kathleen.liu@lianhegreen.com

Sherry Li
Analyst
+852 3596 3037
sherry.li@lianhegreen.com

Dujiangyan Urban and Rural Construction Group Co., Ltd.

Second-Party Opinion | Sustainable Finance Framework

Summary

Not Aligned	Aligned	Good	Excellent
-------------	---------	------	-----------

Pillar	Alignment
Use of Proceeds	Good
Process for Project Evaluation and Selection	Excellent
Management of Proceeds	Good
Reporting	Excellent
External Reviews	Good

Lianhe Green Development Company Limited (hereafter referred to as “Lianhe Green”) has reviewed a series of documents including the “Sustainable Finance Framework” (hereafter referred to as “Framework” or “SFF”) issued by Dujiangyan Urban and Rural Construction Group Co., Ltd. (hereafter referred to as “the Company” or “the Group”), and assessed the company’s relevant work in respect of the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting, and External Reviews. The Framework has received an assessment opinion of “Good” from Lianhe Green. Lianhe Green considers that the Framework are in compliance with the Green Bond Principles (GBP) (June 2025 Edition), the Social Bond Principles (SBP) (June 2025 Edition), the Green Loan Principles (GLP) (March 2025 Edition), and the Social Loan Principles (SLP) (March 2025 Edition). In addition, the eligible green projects listed in this Framework are in line with the Green Bond Principles (GBP) (June 2025 Edition) and the Green Loan Principles (GLP) (March 2025 Edition); the eligible social projects listed in this Framework are in line with the Social Bond Principles (SBP) (June 2025 Edition) and the Social Loan Principles (SLP) (March 2025 Edition). At the same time, Lianhe Green’s assessment includes the contributions of the project categories to the relevant United Nations Sustainable Development Goals (UN SDGs)¹.

¹ According to the definitions of (A/RES/70/1 - Transforming our world: the 2030 Agenda for Sustainable Development)



About the Company

Company Materials

Dujiangyan Urban and Rural Construction Group Co., Ltd. (“the Group”) was founded on 9 September 2010. Its controlling shareholder is Chengdu Dujiangyan Investment Development Group Co., Ltd. and actual controller is Dujiangyan SASAFB. As one of the most important infrastructure builder in Dujiangyan, the Group is engaged in, among others, infrastructure construction, land preparation, sand and gravel mining and sales, municipal management services, and property rental and sales in the city.

With a history of more than 2,000 years, Dujiangyan is a city founded on weirs and prospering by water. It is famous for Dujiangyan Weirs — the world-renowned irrigation system, and Mount Qingcheng — the birthplace of Taoism. It is also home to “Three Heritages,” namely, World Cultural Heritage Site, World Natural Heritage Site and World Heritage Irrigation Structure. In 2013, it was honored with the “Outstanding Green Eco-City Award” by the United Nations. As an integral part of the national central city Chengdu, Dujiangyan is situated at the mouth of the Min River in the northwestern edge of the Chengdu Plain and enjoys easy access from all directions. As part of Chengdu’s half-hour economic circle (48 kilometers to the northwest of downtown Chengdu), it is well-positioned to thrive.

As a major infrastructure builder in the city, the Group continues to optimize its presence of new infrastructure, accelerate its R&D and adoption of advanced and applicable green and low-carbon technologies, actively participate in land and water governance projects, discharge its corporate responsibility in green ecology, promote high-quality development, and enhance its practices in energy saving, emission reduction, pollution control and prevention and renewable energy development. Through these efforts, the Group bolsters the sustainable and healthy socioeconomic development of Dujiangyan.

Company Sustainability Strategy

The Government Policy

The [*Strategic Plan for the Construction of a Beautiful Chengdu \(2024-2035\)*](#) explicitly proposes to lead and promote a comprehensive green transformation of economic and social development. It aims to build a model city of new development concepts in the form of a park city as the overarching goal. This plan coordinates the adjustment of industrial structure, pollution control, ecological protection, and climate change response, and advances carbon reduction, pollution reduction, green expansion, and economic growth in a coordinated manner to safeguard ecological security. By 2030, the construction of a beautiful Chengdu will have achieved significant results, and the comprehensive green transformation of the economy and society will have made notable progress, with the carbon peak target being achieved on schedule.

Opinion of Lianhe Green

As a state-owned enterprise, the Group follows the sustainable development policies of the central government and the government of Chengdu City. The Group’s eligible green and social project categories can positively contribute to the realization of environmental and social responsibility targets set by the Government.

Based on the media review and the evidence obtained, nothing has come to Lianhe Green’s attention that causes us to believe that the Group has any significant negative ESG news or controversial issues as of July 2025.

It is common market practice for issuers of sustainable financing instruments to disclose issuer-level environmental or social information, in accordance with globally accepted reporting frameworks (e.g.,



GRI or ISSB). However, the Group has not disclosed relevant information yet.


A. Use of Proceeds

Company Materials

The Group will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under the Framework to finance and/or re-finance, in whole or in part, projects which meet the eligibility criteria of the following Eligible Project categories, as defined as below.

A maximum 3-year look-back period would apply for refinanced projects and the Group is committed to fully allocate the net proceeds of each issuance under the Framework within 36 months from issuance/borrowing.

1) Eligible Green Projects Categories and Description/Condition of Eligible Green Projects

Eligible Green Projects Categories	Description/Condition of Eligible Green Projects
<p>Circular Economy Products, Production Technologies and Processes</p> <p>Applicable SDGs</p> 	<ul style="list-style-type: none">Promote sustainable procurement and circular economy practices by reusing waste construction materials in projects under construction or under planning and reducing the consumption of energy, water and raw materials in the construction of plants and production linesEmploy high-efficiency technologies and equipment to treat wastes produced in the construction of new plants and production lines to reduce environmental pollution and waste of resources, facilitate the development of comprehensive resource utilization and realize the circular economyChina Green Bond Endorsed Projects Catalogue 1.3.1.4 and 1.5.2.2Example: Green Industry Standardized Plant and New Construction Materials R&D Center Project: By crushing and sifting classified construction wastes and waterway sediments/wastes in different steps, the project produces aggregates that can replace natural sand and gravel. Some of the aggregates will be used as raw materials for future deep processing to produce new green construction materials while others will be sold as commercial aggregates to concrete mixing stations and ready-mixed mortar stations and for backfilling of highway foundations. The winnowed powder and clay will be supplied to manufacturers of construction materials for the production of blocks and to landscaping departments as greenspace soil. Plastic, wood and other miscellaneous materials can be mixed with fine aggregates to produce guardrails, drain grates and other composites <p>Environmental objectives and benefits</p> <p><u>Climate change adaptation</u></p> <ul style="list-style-type: none">Improve energy efficiencyPromote the development of circular economy and reduce environmental pollution



Sustainable Water and Wastewater Management

Applicable SDGs



- Reduce water pollution, improve water landscape and protect water resources through projects under construction or under planning
- Improve the water environment in watersheds, strengthen flood control capabilities, reduce water pollution, promote living and water safety of residents and enhance public safety and health
- China Green Bond Endorsed Projects Catalogue 1.3.2.2 and 5.4.2.5
- Example: **Waterway Dredging Project for aisha River, Longxi River and Bayigou River in Dujiangyan**: The project involves the desilting of waterways with a total length of 20.7km and mining of sand and gravel of about 10.0 million m³. Once in operation, the project can offer sand and gravel resources for sales in the market and for sustainable development and utilization, such as continuous sand and gravel, fine sand, medium sand and cobblestones. It will also play an important role in water cleaning, pollution reduction and flood control capability enhancement

Environmental objectives and benefits

Climate change adaptation

- Enhance waterway irrigation and flood control capabilities

Biodiversity conservation

- Improve waterway ecology and system

Environmentally Sustainable Management of Living Natural Resources and Land Use

Applicable SDGs



- Form a national reserve forest base of efficient, intensive, scientific and sustainable operation through forestation and infrastructure improvement, such as intensive cultivation of planted forests, conversion of existing forests and tending of young and medium-sized forests
- Organize forest resource protection activities, such as forest construction, conservation and renewal
- Sustainable forestry projects in line with the National Reserve Forests Construction Plan (2018-2035), the Forest Law of the People's Republic of China and other relevant laws and regulations
- China Green Bond Endorsed Projects Catalogue 4.2.2.1 and 4.2.2.2.
- Example: **National Reserve Forest Construction Project in Dujiangyan, Sichuan Province**: Through this project, 2,000 mu of planted forests will be cultivated, 63,300 mu of existing forests will be converted and 24,700 mu of young and medium-sized forests will be nurtured. The project also involves 7,600 mu of agri-silviculture, a certain scale of silvo-pastoralism as well as the infrastructure required for the above construction and operation.

Environmental objectives and benefits

Biodiversity conservation


- Contribute to regional water conservation, soil conservation

Climate change mitigation

- Contribute to climate regulation, carbon sequestration and oxygen release and air purification



2) Eligible Social Projects Categories and Description/Condition of Eligible Social Projects

Eligible Social Projects Categories	Description/Condition of Eligible Social Projects
<p>Affordable Basic Infrastructure</p> <p>Applicable SDGs</p> 	<ul style="list-style-type: none"> Build accessible transport networks and other affordable basic infrastructure to ensure equitable access to essential public for all residents, bridge urban-rural and regional disparities, and safeguard inclusive mobility. Target population: general public Example: Lingyan Tunnel Construction Project in Dujiangyan, Sichuan Province: This project starts at the west side of Jinye Hotel in Guankou Town and ends at Shichangwan in Zipingpu Town. Running northwestward through Lingyan Mountain, the road has a total length of 1,648 meters, with the tunnel section spanning 1,412 meters. Upon completion, the project will play an important role in integrating the resources around the Dujiangyan Scenic Area and improving the county and township road network in Dujiangyan City. <p>Social objectives and benefits <u>Improve public access to essential infrastructure</u></p> <ul style="list-style-type: none"> Boost regional connectivity and development

Exclusion list:

The Group commits that any activities, assets and technologies related to the below will be excluded from Eligible Projects:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5km in length.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Commercial logging operations for use in primary tropical moist forest.
- Production of wood or other forestry products other than from sustainably managed forests.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
-------------	---------	-------------	-----------

Lianhe Green, in accordance with the relevant assessment criteria, reviewed the Framework and other



related documents, and the issuer's policies on Use of Proceeds.

After the assessment, Lianhe Green believes that the Group has clearly categorized the eligible projects into the listed categories of GBP, GLP, SBP and SLP. All the Group's projects are located in China. The eligible green project categories align with *China's Green Bond Endorsed Projects Catalogue (2021 Edition)*.

The Group clearly outlined the UN SDGs of eligible categories and identified target populations of eligible social project with reference to SLP. In accordance with the requirements of the GLP and SLP, the Group clearly disclosed the social objectives and benefits of eligible social projects, and environmental objectives and benefits of eligible green projects. Detailed analysis will be elaborated in the following paragraphs.

Through communication, the proportion of proceeds to be used for refinancing remain unclear. Lianhe Green recommends that the Group disclose the proportion of financing and refinancing to stakeholders prior to the bond issuance. A maximum 3-year look-back period would be applied on refinanced projects, which is longer than the market best practice. The Framework clearly stated the exclusion list, including 11 activities, assets and technologies.

Lianhe Green's assessment of the Group's Use of Proceeds is "Good".

1) Eligible Green Projects: Circular Economy Products, Production Technologies and Processes

Eligible Green Project Categories Under Principles

Lianhe Green considers that this project category under the Framework is most relevant to the eligible Green Projects Category "Circular economy adapted products, production technologies and processes (such as the design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services); and/or certified eco-efficient products" under GBP, and "Circular economy adapted products, production technologies, processes and business models (such as the design, production and introduction of reusable, recyclable and refurbished materials, components and products; circular business models, tools, services and practices; and/or certified ecoefficient products)" under GLP.

Alignment with *Green Bond Endorsed Project Catalogue (2021 Edition)*, *Hong Kong Taxonomy for Sustainable Finance* and *EU Taxonomy*

Lianhe Green believes the Framework's description on "Promote sustainable procurement and circular economy practices by reusing waste construction materials in projects under construction or under planning and reducing the consumption of energy, water and raw materials in the construction of plants and production lines, and employ high-efficiency technologies and equipment to treat wastes produced in the construction of new plants and production lines to reduce environmental pollution and waste of resources, facilitate the development of comprehensive resource utilization and realize the circular economy" is aligned with the description of "1.5.2.2 Recycling of Waste and Discarded Resources", which states that "Recycling of waste resources such as waste metal, waste rubber, waste plastic, waste glass, waste electrical and electronic products, waste solar equipment, waste textiles, waste mineral oil, waste biomass, waste paper (waste printed products, etc.), waste denitrification catalyst, waste cloth bag for dust removal, etc."

Lianhe Green considers that the resource recycling and efficient waste treatment related projects in the Framework partially eligible with the "Waste collection, treatment and recycling" activity in the *Hong Kong Taxonomy* and are relevant with the "Material recovery from non-hazardous waste" activity in *EU Taxonomy*. Both the *Hong Kong Taxonomy* and *EU Taxonomy* have more stringent criteria, requiring all separately collected and transported non-hazardous waste that is segregated at source is intended for preparation for reuse or recycling operations. And the activity in *EU Taxonomy* converts at least 50%, in terms of weight, of the processed separately collected on-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.



Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Green Project category contributes positively to the UNSDGs, in particular, it makes significant contributions to 12.5 of Goal 12 (Responsible Consumption and Production) “By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse”.

Environmental Benefits

At present, China's circular economy still faces several challenges. These include low output efficiency in key industries, low levels of standardization in the recycling and utilization of recyclable resources, lack of land security for recycling facilities, and high generation intensity and insufficient utilization of bulk solid waste.

According to the [14th Five-Year Plan for Circular Economy Development](#) issued by the National Development and Reform Commission, vigorously developing the circular economy is conducive to promoting the economical and intensive use of resources, building a resource-recycling industrial system and a recycling system for waste materials. It is of great significance to ensuring national resource security, promoting the achievement of peak carbon and carbon neutrality, and advancing the construction of ecological civilization. The state has set the main target for 2025, which is to fully implement circular production methods, significantly enhance the comprehensive utilization capacity of resources, improve the recycling network for waste materials, and basically establish a resource recycling system that covers the entire society.

As an investment enterprise in Dujiangyan City, the Group actively participates in the development of the local circular economy and invests in qualified projects mentioned in the Framework, such as the “Green Industry Standardized Plant and New Construction Materials R&D Center Project”. These green building materials projects, through innovative research and development as well as production of building materials, have promoted the efficient use and recycling of resources. They have not only reduced the generation of construction waste but also lessened the dependence on natural resources. These measures have not only enhanced the level of resource recycling in Dujiangyan City, but also provided replicable experience for the development of the national resource recycling industry, thus promoting the realization of sustainable development goals.

2) Eligible Green Projects: Sustainable Water and Wastewater Management

Eligible Green Project Categories Under Principles

Lianhe Green considers that this project category under the Framework is most relevant to the eligible Green Projects Category “Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation)” under GBP, and “Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, smart irrigation and wastewater treatment)” under GLP.

Alignment with *Green Bond Endorsed Project Catalogue (2021 Edition)*, *Hong Kong Taxonomy for Sustainable Finance* and *EU Taxonomy*

Lianhe Green believes the Framework's description on “Improve the water environment in watersheds, strengthen flood control capabilities, reduce water pollution, promote living and water safety of residents and enhance public safety and health” is aligned with the description of “1.3.2.2 Treatment and Control of Water Pollution in Major River and Sea Area” under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that “Restoration to improve quality of water environment and restore the ecological function of waters, by adopting measures of pollution interception and control, garbage cleanup, river dredging, wetland protection and restoration, vegetation restoration, etc., Specifically, water environmental protection and comprehensive treatment of seven major river basins, coastal waters, and major lakes, such as monitoring and treatment of plastic waste in coastal areas.” Furthermore, the Framework's description on “Reduce water pollution, improve water landscape and



protect water resources through projects under construction or under planning” is aligned with the description of “5.4.2.5 Restoration of the Natural Ecology of Urban Water Bodies”, which states that “Restoration and protection of natural connectivity of river and lake systems, river system remediation projects, ecological restoration activities which aim for the protection and restoration of natural ecosystems of urban water bodies. For instance, the transformation of canalized rivers, and the restoration of naturally curved riverbanks, natural pool shallows and floodplains”.

Currently, sewage sludge treatment is included in *Hong Kong Taxonomy*, but it emphasizes “anaerobic digestion or co-digestion with the resulting production and utilisation of biogas or chemicals” of this activity, which is not stated in the Framework.

Lianhe Green believes that these types of projects are relevant with the activity “Urban Waste Water Treatment” of *EU Taxonomy*, which states that “Construction, extension, upgrade, operation and renewal of urban waste water infrastructure including treatment plants, sewer networks, storm water management structures”. However, *EU Taxonomy* has more requirements on the capacity and treatment technology, which is not stated in the Framework.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Green Project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, it makes significant contributions to Target 6.b of Goal 6 (Clean Water and Sanitation) “Support and strengthen the participation of local communities in improving water and sanitation management”.

Environmental Benefits

[Dujiangyan City](#), as an important ecological security barrier in the upper reaches of the Yangtze River and the most important water source conservation area of the Chengdu Plain, is committed to safeguarding the water ecological security line, promoting the effective implementation of basin water ecological governance and protection, and ensuring the effective implementation of the River Chief System. The city has implemented a range of measures, including expanding the capacity of sewage treatment plants, improving the quality of treated water, constructing and renovating municipal drainage networks, and rectifying illegal discharges into rivers. These efforts are aimed at comprehensively enhancing the water ecological quality and protecting the beauty and health of rivers and lakes.

As a municipal investment company in Dujiangyan City, the Group will vigorously promote the development and construction of relevant qualified water resource projects, closely align with government policy directions, and ensure that the implementation of these projects is highly consistent with the regional development strategy. As outlined in the Framework, the proceeds will be allocated to projects related to the improvement of the water environment in the basin or other wastewater treatment projects and flooding mitigation. These projects will not only contribute to the environmental objectives of climate change adaptation, which would enhance waterway irrigation and flood control capabilities, but also contribute to biodiversity conservation, which would improve waterway ecology and system.

3) Eligible Green Projects: Environmentally Sustainable Management of Living Natural Resources and Land Use

Eligible Green Project Categories Under Principles

Lianhe Green considers that this project category under the Framework is most relevant to the eligible Green Projects Category “Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes)” under GBP, and “Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart



farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation; preservation or restoration of natural landscapes; eco-tourism; and sustainable traceability mechanisms) under GLP.

Alignment with *Green Bond Endorsed Project Catalogue (2021 Edition)*, *Hong Kong Taxonomy for Sustainable Finance* and *EU Taxonomy*

Lianhe Green believes the Framework's description on "Form a national reserve forest base of efficient, intensive, scientific and sustainable operation through forestation and infrastructure improvement, such as intensive cultivation of planted forests, conversion of existing forests and tending of young and medium-sized forests, and Organize forest resource protection activities, such as forest construction, conservation and renewal", also the example disclosed, is aligned with the description of "4.2.2.1 Forest Resources Cultivation Industry" under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that "Forestry resource cultivation projects, such as variety improvement of forestry, seedling cultivation, and forest planting, tending, logging, and regeneration, etc. Sustainable business activities in line with the standards and requirements of the China Forest Certification - Forest Management (GB/T 28951), the China Forest Certification-Production and Marketing Chain of Supervision (GB/T 28952) and other relevant standards". Furthermore, the Framework's description also aligns with "4.2.2.2 Under-forest Economy of Planting and Animal Farming Industry", which states that "Agroforestry projects which do no harm to the function and stability of the forest ecosystem, including planting food crops, oil crops, medicinal herbs, edible fungi, forages, and vegetables under trees, and silvopastoral projects which breed, graze, and feed livestock under trees. Construction of green product traceability system, platforms for green product production, trade and other related activities in line with the China Forest Certification and Forest Management (GB/T 28951), the China Forest Certification -Non-wood Forest Product Management (LY/T 2273) and other relevant standards".

However, the Framework fails to clarify whether the Group's projects will be able to meet the relevant standards listed in the *Green Bond Endorsed Project Catalogue (2021 Edition)*. Therefore, Lianhe Green urges the Group to disclose the information in the post-issuance period.

Furthermore, this eligible green project category is relevant with and contributes to the activities of "Afforestation" and "Forest management" in the *EU Taxonomy*, which have more stringent substantial contribution criteria for the afforestation plan and subsequent forest management plan.

The *Hong Kong Taxonomy* hasn't currently designated a specific activity as a forestry activity.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Green Project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, it makes significant contributions to Target 15.1 of Goal 15 (Life on Land) "By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements".

Environmental Benefits

Forests play a vital role in water conservation, soil retention, flow regulation, and water quality improvement. Strengthening the construction of forest ecosystems can achieve a virtuous cycle of forest-based water replenishment and water-based forest nourishment. In river headwater areas, water source conservation forests are established to enhance water conservation capacity. Along the banks of rivers and lakes and in areas prone to soil erosion, soil and water conservation forests are built to further consolidate and improve the forest's soil retention and water conservation functions.

The National Forestry and Grassland Administration has issued the [14th Five-Year Plan for National Reserve Forest Construction](#) and set the "14th Five-Year" target, during which more than 3.69 million acres of national reserve forest construction tasks will be arranged, and forest stock will be increased by more than 70 million cubic meters. Meanwhile, Sichuan Province has issued the [Implementation](#)



[Plan for Building the “Four Forest Treasures of Tianfu”](#) and pointed out that the province’s forest area needs to reach 262 million acres by 2027 and 2030, and develop the forest’s soil retention and water conservation capacity.

As a state-owned enterprise, the Group actively follows the guidance of the national and local governments and is committed to developing forest resource protection-related projects in line with the *National Reserve Forest Construction Plan (2018-2035)* and the *Forest Law of the People’s Republic of China* to protect and restore natural landscapes and enhance ecological integrity. Through scientific management and operation, the Group aims to enhance the value of ecosystem services. Lianhe Green believes that the environmental benefits of such projects are significant and have a positive impact on ecological protection.

1) Eligible Social Projects: Affordable Basic Infrastructure

Eligible Social Project Categories Under Principles

Lianhe Green considers that this project category under the Framework is most relevant to the eligible Social Projects Category “Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)” under SBP, and “Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy, basic telecommunications)” under SLP.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Social Project category contributes positively to the UNSDGs, in particular, there is significant contributions to Target 9.1 of Goal 9 (Industry, Innovation and Infrastructure) “Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all”.

Social Benefits

The United Nations Environment Programme (UNEP)’s [“International Good Practice Principles for Sustainable Infrastructure”](#) indicates that Infrastructure supports human and economic development and is relevant to all 17 sustainable development goals, directly or indirectly affecting the achievement of 92% of the 169 sustainable development targets. Therefore, the infrastructure is an important support for economic and social development. It is necessary to build a modern infrastructure system to lay a solid foundation for the comprehensive construction of a socialist modern country, which also ensures the safety, well-being and prosperity of communities.

The Department of Housing and Urban-Rural Development of Sichuan Province has issued a notice on the opinions of the [Implementation Plan for Promoting the Construction of New-type Urban Infrastructure and Building Resilient Cities \(Draft for Comments\)](#), and has set the goal requirement that by 2027, the construction of new-type urban infrastructure should achieve significant progress. It will implement the construction and transformation of smart city infrastructure and develop a smart city transportation system.

As a state-owned enterprise, the Group is dedicated to constructing accessible transport networks and other affordable basic infrastructure. This commitment aims to ensure that all residents have equitable access to essential public services, bridge urban-rural and regional disparities, and safeguard inclusive mobility. By doing so, the Group will contribute to the social objective of improving public access to essential infrastructure, thereby enhancing regional connectivity and development.

Lianhe Green views that these eligible projects are closely related to the company’s key business activities, and have high relevance and significant benefits to the national and local contexts. Lianhe Green believes these initiatives are beneficial for the general public to communicate with other areas, and will facilitate trade between regions. By improving connectivity and accessibility, these efforts will also support the broader goals of urban-rural integration and sustainable development as the Lingyan Tunnel Construction Project described in the Framework.



B. Process for Project Evaluation and Selection

Company Materials

The Group has established a DURC environmental work group, which is dedicated to ensuring that the proceeds from each SFT or an equivalent amount will be directly or indirectly allocated to finance or refinance Eligible Sustainable Projects that meet the use of proceeds requirements under the Framework. The work group will also be responsible for managing any future updates to the Framework, including any expansion of requirements on the use of proceeds. The work group comprises members from various functions, including:

- General Management Department
- Engineering Department
- Financial Management Department
- Project Management Department
- Investment and Development Department

The work group will provide the Group with guidance on the routes to sustainability development in accordance with the Law of the People's Republic of China on Energy Conservation, the Evaluation Standards for Green Buildings, the Green Bond Endorsed Projects Catalogue and other applicable sustainable development policies, and will discuss and select Eligible Sustainable Projects in light of the eligibility criteria and exclusion criteria provided in Section III. Use of Proceeds under the Framework and the Group's development strategies and work plans. The work group will screen projects on an annual basis based on project feasibility reports and will submit the selected projects to the board of directors for approval. The projects that are approved by the board will become the Eligible Sustainable Projects.

The work group will make sure that Eligible Sustainable Projects will comply with the use of proceeds requirements of the Framework, applicable guidelines, all national and international environmental standards and local laws and regulations, and the United Nations Sustainable Development Goals. The work group will regularly review the construction and implementation progress of green and social projects and the completion of sustainable goals, and will also be responsible for managing any future updates to the Framework, including any expansion of requirements on the use of proceeds.

In addition, during the design and R&D stage, all eligible sustainable projects under the Framework shall be subject to environmental protection investigations with regards to the impacts on the surrounding ecology and environment, surface and groundwater, as well as actual energy consumption, to ensure that effective pollution control, energy saving and environmental protection measures are in place, and shall be accompanied with control and mitigation measures to minimize the impacts on the environment. During the construction stage, mitigation measures and controls to protect the ecosystem shall be strictly implemented and monitored.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
-------------	---------	------	-----------

Lianhe Green, in accordance with the relevant assessment criteria, reviewed the Framework and other related documents, and the issuer's policies on Project Evaluation and Selection.

The Group has established a DURC environmental work group, which ensures that SFT proceeds or



equivalent amounts are allocated to finance or refinance Eligible Sustainable Projects in line with the Framework. The work group consists of members from 5 departments, and screen projects on an annual basis based on project feasibility reports and will submit the selected projects to the board of directors for approval. By involving multiple departments and adhering to both national and international standards, the group ensures that projects not only meet financial goals but also contribute positively to environmental and social outcomes. Regular reviews and updates to the Framework further enhance transparency and accountability in their sustainability efforts.

Lianhe Green's assessment of the Group's Process for Project Evaluation and Selection is "Excellent".

C. Management of Proceeds

Company Materials

The proceeds of each of the Group's SFT can be managed through using a designated account or keeping a SFT Register. Under the SFT Register method, the proceeds will be deposited in the general funding accounts, and earmarked for allocation towards the Eligible Green and Social Projects. The Group will maintain a SFT Register to track the use of proceeds for the SFT. Sustainability Finance Allocation Register will be established to ensure and monitor the allocation of proceeds.

The register will contain, for each SFT launched, information including:

- 1) SFT Details: ISIN (if applicable), Pricing Date, Maturity Date and etc.
- 2) Eligible Green and Social Project Allocation List: Information including:
 - The Eligible Projects List, including for each Eligible Project, the Eligible Green and Social Project category, project description, project location, Group's ownership percentage, total project cost, amount allocated, settled currency, etc.
 - Amount of unallocated Proceeds.

Management of the unallocated proceeds

It is the Group's intention to deploy proceeds of each of the Group's SFT to Eligible Green and Social Projects within a 2-year period. If part of the proceeds cannot be allocated to Eligible Green and Social Projects at the moment, the Group can deposit the unallocated proceeds into the designated account for the sustainable bond, or invest the unallocated proceeds into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
-------------	---------	------	-----------

Lianhe Green, in accordance with the relevant assessment criteria, reviewed the Framework and other related documents, and the issuer's policies on Management of Proceeds.

The net proceeds or the equivalent amount of the net proceeds of each SFT will be deposited in designated account or keeping a SFT Register, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. The Group will track the allocation of net proceeds from the issuance of any SFTs to Eligible Projects. However, adhering to market best practices entails conducting regular monitoring of the proceeds. Should any projects cease to align with the Framework, they will be promptly removed. Additionally, stakeholders will be notified of any



significant alterations in the allocation of proceeds.

Lianhe Green's assessment of the Group's Management of Proceeds is "Good".

D. Reporting

Company Materials

The Group will provide information on the allocation of the net proceeds of its Sustainable Financing Instruments in a report. Such information will be provided on an annual basis until all the net proceeds have been allocated. According to the market needs, the information may contain the following details:

- 1) List of Eligible Green and Social projects
- 2) The amount of Proceeds allocated to each Eligible Green and Social Project category
- 3) When possible, descriptions of the Eligible Green and Social Projects financed, such as project locations, amount allocated, etc.
- 4) Selected examples of projects financed
- 5) Percentage of financing vs. refinancing
- 6) Amount of unallocated Proceeds

Furthermore, the Group will confirm that the use of proceeds of the SFT conforms to this SFF and that report on a timely basis if any material development until full allocation.

Impact Reporting

The Group may provide reporting on the environmental and social benefits of the Eligible Green and Social Projects potentially with the following environmental and social impact indicators. In addition, calculation methodologies and key assumptions may be disclosed.

Eligible Green Project Categories	Impact Indicators
Circular Economy Products, Production Technologies and Processes	<ul style="list-style-type: none"> • Annual treatment of construction wastes (tonne) • Annual treatment of waterway sediments and wastes (tonne) • Annual treatment of new construction materials (aggregates) (tonne) • Annual GHG emissions reduced/avoided in tons of CO₂ equivalent
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Length of waterways dredged (km) • Length of waterways desilted (km) • Volume of sand and gravel mined (tonne) • Annual water pollution avoided
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Area of afforestation (ha) • Number of trees/saplings/shrubs purchased from the Certified Forest Products Council (CFPC) • Increase in area under sustainable forest management (ha) • Expected absorption of fluoride (tonne) • Expected absorption of CO₂ (tonne)

Eligible Social Project Category	Impact Indicator
----------------------------------	------------------



Affordable Basic Infrastructure

- Number of large-scale infrastructure projects developed and constructed

The allocation and impact reporting mentioned above will be disclosed to the Group's stakeholders.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
-------------	---------	------	-----------

Lianhe Green has reviewed a series of documents, including the Sustainable Finance Framework and the company's policy based on the relevant assessment criteria.

The Group will disclose how the net proceeds or an equivalent amount from the SFTs are allocated in a report. This information will be updated annually until all the net proceeds from the SFTs are fully allocated. In addition, the Group will also report on the environmental and social impacts of the eligible projects. The report includes the impact indicators involving core indicators published by the ICMA, and calculation methodologies and assumptions will be disclosed.

Lianhe Green's assessment of the Group's Reporting is "Excellent".

E. External Reviews

Company Materials

Pre-issuance:

The Group has engaged Lianhe Green Development Group Limited and CCX Green Finance International Limited to provide a second party opinion on the Sustainable Finance Framework to review and confirm its alignment with the SBG, GBP, GLP, SBP and SLP. Lianhe Green has reviewed the Sustainable Finance Framework and provided its Second Party Opinion.

Post-issuance:

An independent third party may be engaged to review and verify the internal tracking and allocation of funds from the SFTs to Eligible Green and Social Projects, as well as the Eligible Projects expected and actual impact that is disclosed in the Annual Reporting.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
-------------	---------	------	-----------

The company has engaged external reviewers to assess the compliance of this Framework with relevant international and domestic standards and to issue a second-party opinion. Also, an independent third party may be engaged to review and verify the internal tracking and allocation of funds from the SFTs to eligible sustainable projects.

Considering that, post issuance, ICMA recommends that an issuer's management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the proceeds to Eligible Projects. Therefore, Lianhe Green's assessment of the Group's management system for External Reviews is "Good".



聯合綠色發展
Lianhe Green Development



Appendix

About Lianhe Green

Lianhe Green Development Company Limited (hereafter referred to as “Lianhe Green”) was established in 2023 and is a subsidiary of Lianhe Equator Environmental Assessment Co., Ltd. (hereafter referred to as “Lianhe Equator”) and Lianhe Credit Management Co., Ltd. (hereafter referred to as “Lianhe Group”). Lianhe Equator is the largest green and sustainable bond/loan certification provider in mainland China. As an external reviewer recognised under the Hong Kong Monetary Authority’s Green and Sustainable Finance Grant Scheme, Lianhe Green is headquartered in Hong Kong, mainly responsible for green and sustainable finance certification business in international markets, ESG reporting and consulting, ESG training services, and assist in operating carbon market-related businesses within and outside China.

Lianhe Green aims to become an internationally recognized external verifier for sustainable finance through cooperation with Lianhe Equator’s professional and experienced team in this industry. With a goal of “shaping the origin of the earth and sky, and transmitting the civilization of mankind”, Lianhe Green is committed to helping Chinese and foreign enterprises demonstrate their determination in sustainable development, and providing investors with independent and objective third-party certification services. It is our mission to leave green and oceans to our future generations.

Scope of Analysis

Lianhe Green was engaged by the Group to provide an assessment of the company’s Sustainable Finance Framework. The assessment is to provide a professional second-party opinion of the compliance of the Sustainable Finance Framework and does not provide any financial indicators or judgement on the investment values of the company’s issuance.

Responsibilities

The Company

The Group’s responsibilities are to accept the interviews from Lianhe Green’s analytical team, to provide relevant data and institutional documents for the analysis, and to ensure that the data and institutional documents provided are true and effective.

External Reviewer

Lianhe Green’s responsibilities are to collect data and documents provided by the Group. Lianhe Green will review all important data and documents, and issue conclusions. In addition, Lianhe Green will disclose information collected from the Group and relevant parties to demonstrate whether its Sustainable Finance Framework meets the relevant requirements of the above standards.

In this Second-Party Opinion, Lianhe Green has specifically examined the Framework but has not reviewed any transaction-specific legal documents or marketing materials. Nevertheless, the framework does provide a description of the qualifying projects as described.

Analytical Process

The main aspects of this assessment include the following:

- » Performing a comprehensive review on the persons in charge of the relevant departments to understand the key matters related to the Group’s policies and processes;
- » Review the Sustainable Finance Framework developed by the Group;
- » Review relevant disclosure reports;
- » Obtain and review appropriate supporting documentation to support key findings.

Solicitation Status



The Second-Party Opinion was solicited and assigned or maintained by Lianhe Green at the request of the company.

Disclaimer

A Lianhe Green SPO is an assessment of the green and sustainable financing frameworks of entities. It is not a credit rating.

Please note that individuals identified in an SPO report are not responsible for the opinions stated therein and are named for contact purposes only. Our report is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of financial instruments and securities.

Lianhe Green receives compensation from entities and other market participants for conducting this service. None of the aforementioned entities nor its related parties participated in the review process aside from providing information requested by Lianhe Green.

Our assessments are not considered investment advice and they are not and should not be considered as a replacement of any person's own assessment of the ESG factors related to a financial instrument or an entity. Lianhe Green does not represent, warrant or guarantee that our report will fulfill any of your or any other person's particular purposes or needs. Lianhe Green does not recommend the purchase or sale of financial instruments or securities or give investment advice or provide any legal, auditing, accounting, appraisal or actuarial services.

Lianhe Green does not audit or verify the accuracy of the information provided to issuers by any third party for the purpose of issuing this opinion. Lianhe Green does not represent, warrant or guarantee the accuracy, correctness, integrity, completeness or timeliness of any part of our opinion.

All published press releases and reports are the intellectual property of Lianhe Green. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from us.

Copyright © Lianhe Green Development Company Limited 2025.