



Sinic Holdings (Group) Company Limited

Green, Social, Sustainability Financing Framework

September 2020

## **1. Introduction**

### **1.1. About Sinic**

Sinic Holdings (Group) Company Limited (“Sinic”) is a large-scale and comprehensive property developer in the People’s Republic of China, focusing on the development of residential and commercial properties. Headquartered in Shanghai, Sinic has established a leading position among residential property developers in Jiangxi Province, and expanded into the Yangtze River Delta Region, the Greater Bay Region and the Central and Western China Core Cities and Other Regions with High-Growth Potential through ten years of operations. Sinic was listed on the Hong Kong Stock Exchange (Stock Code: 2103) on 15 November 2019, marking an important milestone for the company.

Sinic focuses on developing quality properties through comprehensive standardized operating procedures. The Group implemented a series of standardized operating manuals which set forth detailed procedures and requirements for the various stages of the property development process, which have enabled the Group to achieve operating efficiency while maintaining its quality standards for properties. Leveraging on its strong brand name, Sinic will continue its expansion nationwide and strives to become a leading comprehensive real estate developer in China.

### **1.2. Sustainability at Sinic**

Sinic has always adhered to the strategy of urban cultivation, quality assurance and service productisation. Through high-level corporate and ESG governance, we ensure the Group's compliant operations and sustainable development.

Strictly abiding by the Company Law of the People's Republic of China and the regulatory requirements of the Hong Kong Stock Exchange, we have established a robust governance structure and strict risk management and control processes, and continuously promote management transparency and responsibility traceability to improve company value to guarantee the interests of shareholders and other stakeholders.

Our commitments to the environment include:

- **Green Management:** In the design, research and development stage of projects, with a view of creating buildings to best serve our property owners, we strive to apply green and energy-saving technologies and features and proactively take measures to reduce energy and resource consumption from our operations.
- **Green Construction:** We aim to minimise our environmental impact during the construction of green buildings. The Group has devised the Environmental Guidelines for Standardised Sites and Safe and Civilized Management Requirements which sets requirements for green construction and promote the protection and conservation of four key resources – energy, land, water and materials, to create standardized green construction sites.
- **Green Office:** Sinic promotes green office through implementing office waste separation and recycling, promoting energy efficiency through the deployment of energy efficient technologies, and promotes energy efficient behavior patterns through a combination of incentive programs and requirements.

Our commitments to society include:

- **Sinic “Benefiting Space” Community:** The Sinic Charity Foundation and Huizhou Government have piloted the transformation of Maidi Community in Huicheng District, Huizhou. The renovation area is more than 4,000 square meters, benefiting more than 10,000 residents.
- **Child Friendly Pilot Community:** We leverage our expertise in community development and construction to respond to the initiative of China Children Friendly community promotion plan initiated by Beijing Yongzhen Public Welfare Foundation, entering into a strategic cooperation with the foundation to become the first pilot community of Children Friendly in China’s real estate industry.
- **Sinic Poverty Alleviation Plan:** We have establish two industrial poverty alleviation bases in Jiangxi (Bailian Industrial Aid Base and Jinggangshan Honey Pomelo Industrial Aid Base), constructed 2 Sinic Hope Primary Schools and 3 Sinic Hope buildings in Jiangxi Province to improve teaching facilities in poor rural schools, supported the Family Support Project to establish the Xiaosong Nursing Home for the semi-disabled elderly. As of 31 December 2019, we have funded poverty alleviation projects in the fields of industry, education and healthcare in 8 prefecture-level cities and 22 impoverished counties in Jiangxi Province, with 68,290 direct and indirect beneficiaries. Overall, Sinic carried out 31 public welfare projects globally, benefiting 340,461 people.

For more details and the latest information about sustainability at Sinic, please view our ESG report here: [http://sinic-live.todayir.com/html/esg\\_reports.php](http://sinic-live.todayir.com/html/esg_reports.php)

## **2. Green, Social, Sustainability Financing Framework**

The Green, Social, Sustainability Financing Framework (“Framework”) sets out the governance and processes under which Sinic intends to issue Green, Social or Sustainability bonds, loans or any other debt-like instruments, and in doing so contribute to positive environmental and social impacts.

The proceeds of Green financing will be used exclusively for eligible green projects. The proceeds of Social financing will be used exclusively for eligible social projects. The proceeds of Sustainability financing will be used for both eligible green and social projects.



The framework aligns with International Capital Markets Association (“ICMA”) Green Bond Principles (2018), Social Bond Principles (2020), Sustainability Bond Guidelines (2018), Loan Market Association (“LMA”) Green Loan Principles (2020), and adopts the following key pillars:









- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review


### 2.1. Use of Proceeds

The net proceeds raised under this Framework will be used to finance or refinance in whole or in part, expenditure on projects that are consistent with Sinic’s policies and that meet the eligibility criteria set out below.





#### 2.1.1. Eligible Green Projects

Eligible Categories	Eligibility Criteria	Contributions to SDGs
Green Buildings	<p>Investments and expenditures in buildings which meet or expected to meet regional, national or internationally recognized green building standards or certifications such as but not limited to:</p> <ul style="list-style-type: none"> <li>• China Green Building Evaluation Label with a minimum of 2 Stars</li> <li>• US LEED Gold or above</li> <li>• Hong Kong BEAM Plus Gold or above</li> <li>• Any other green building certification that is equivalent of the above standards</li> </ul> <p>Investments and expenditures in buildings that are or are expected to be within the top 15% best-performing buildings regionally based on absolute emissions or primary energy demand.</p>	
Energy Efficiency	<p>Investments and expenditures in projects that improve energy efficiency and reduce energy consumption in buildings and facilities by a minimum of 15%, such as but not limited to:</p>	

	<ul style="list-style-type: none"> <li>• Renovations or refurbishment of existing buildings</li> <li>• Installation/replacement of equipment in buildings such as LED lighting, smart metering, heating ventilation and air conditioning systems</li> </ul> <p>Investments and expenditures dedicated to the research and development of technologies, systems and methods aimed to improve energy efficiency of buildings. Proceeds for such research and development will be no more than 20% of proceeds for each debt instrument.</p>	
<p>Pollution Prevention and Control</p>	<p>Investments and expenditures in projects that prevent and reduce waste and pollution, such as but not limited to:</p> <ul style="list-style-type: none"> <li>• Equipment and technologies for reducing resource consumption and pollution emission</li> <li>• Implementing waste sorting and recycling</li> <li>• Sustainable wastewater management</li> <li>• Enforcement of dust control and noise reduction, during construction and/ or operation of buildings</li> </ul>	  
<p>Renewable Energy</p>	<p>Investments and expenditures in renewable energy generation projects and related infrastructure, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Solar photovoltaic</li> <li>• Solar hot water</li> <li>• Wind</li> </ul> <p>Expenditures from sourcing of renewable energy through long-term (5 years or longer) project-tied power purchase agreements.</p>	 
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<p>Investments and expenditures in greening of landscapes and preservation or restoration of natural landscapes, such as but not limited to:</p> <ul style="list-style-type: none"> <li>• Creating and enhancing urban green space</li> </ul>	 

Clean Transportation	Investments and expenditures in electric vehicles and related infrastructure, including but not limited to: <ul style="list-style-type: none"> <li>• Installation of charging facilities for electric vehicles</li> </ul>	
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2.1.2. Eligible Social Projects

Eligible Categories	Eligibility Criteria	Contributions to SDGs
Affordable Housing	Investments and expenditures in projects that provide affordable housing for the general public and vulnerable groups in accordance with local government and regulatory definitions, including: <ul style="list-style-type: none"> <li>• Public rental housing</li> <li>• Social housing program</li> </ul>	 
Access to Essential Services	Investments and expenditures in projects to develop medical and healthcare facilities in targeted communities for general public or vulnerable groups.  Investment and expenditures in projects to develop education and training facilities in targeted communities for general public or vulnerable groups.	 

2.1.3. Exclusion Criteria

In any case, eligible assets/projects exclude the type of activities listed in the International Finance Corporation (“IFC”) Exclusion List (2007)<sup>1</sup>:

- 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

<sup>1</sup> [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/company-resources/ifcexclusionlist](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist)

- 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 2.5 km. in length
- Production or trade in fossil fuel

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

The Sinic Sustainable Finance Working Group (SFWG) is responsible for the management of this Framework and the compliance of all financing instruments issued under the Framework. The SFWG consists of senior representatives from the following departments:

- Investor Relations
- Project
- Operations
- Corporate Finance
- Human Resources
- Sinic Foundation
- Investment
- Product
- Marketing & Sales
- Legal & Compliance
- Finance

The SFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams.

For new issuances, the Product Department will coordinate and compile the submission of identified projects for the SFWG's review. The SFWG will consider potential projects, assess their eligibility, and approve those that qualify as eligible projects.

For existing issuances, the Product Department will coordinate and compile relevant information for the continued monitoring of the projects' eligibility and submit them for SFWG's review. The SFWG will review semi-annually the eligibility of those projects. Should a project be considered by SFWG to be no longer meeting the criteria detailed above, projects can be removed and/or substituted on a best efforts basis, to ensure the full amount of proceeds are allocated to eligible projects.

## **2.3. Management of Proceeds**

The proceeds from each Green, Social, Sustainability debt instrument issued will be managed by the Finance department with oversight by the SFWG. Sinic will track the allocation of proceeds to eligible projects within its internal management system including descriptions of the projects, the regions in which the projects are located, and the amount of proceeds allocated to the projects.

The proceeds of each Green, Social, Sustainability debt instrument can be used both for the financing and/or refinancing of eligible projects. If all or a proportion of the proceeds are used for refinancing, Sinic will provide an estimate of the share of financing versus refinancing. Sinic will allow a look-back period of two years for refinanced projects.

Pending allocation, net proceeds from the sale of the notes may be invested in money market instruments with good market liquidity or used to repay existing borrowings within the Group, subject to exclusion criteria.

**2.4. Reporting**

Sinic will publish post-issuance annual report, or more frequently in case of material developments. The reporting will provide the following information:

2.4.1. Allocation Reporting, to be disclosed annually or until full allocation will include:

- Allocation amount by eligible project category, and clearly indicating the SDG(s) of which such allocation supports
- Allocation amount by geographical distribution
- Proportion between financing and refinancing
- Project examples, subject to confidentiality
- Amount of unallocated proceeds and its temporary treatment

2.4.2. Impact Reporting, to be disclosed annually up until the maturity of the bond, will include:

- Where possible and subject to data availability and confidentiality, reporting of environmental and/or social impact of the projects using relevant indicators as suggested in the ICMA Harmonized Framework for Impact Reporting:

Eligible Categories	Example of Impact Indicators
Green Buildings	<ul style="list-style-type: none"> <li>• Type/Number of green building certifications obtained</li> <li>• Total floor area of certified green buildings</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>• Annual energy savings in (MWh for electricity) (GJ for other energy)</li> <li>• Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>• Waste reduced/avoided (tonnes)</li> <li>• Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Annual renewable energy generation (MWh for electricity) (GJ for other energy)</li> <li>• Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)</li> </ul>

Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> <li>• Area of green landscape conserved/enhanced/created in km2</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>• Number of electric vehicles/charging stations built</li> <li>• Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>• Number of housing units constructed</li> <li>• Number of individuals/households benefitted</li> </ul>
Access to Essential Services	<ul style="list-style-type: none"> <li>• Number of healthcare devices/facilities deployed</li> <li>• Number of individuals/households benefitted</li> </ul>

The post-issuance reporting will be made available at Sinic’s Investor Relations website: <http://sinic-live.todayir.com/html/index.php?lang=en>

**3. External Review**

Sinic has engaged Sustainalytics to provide a Second Party Opinion to assess and confirm that the Framework is in line with relevant ICMA and LMA principles and guidelines. The Second Party Opinion is published on Sinic’s Investor Relations website: <http://sinic-live.todayir.com/html/index.php?lang=en>.

Sinic may engage an independent third party to conduct post-issuance assurance on the allocation of proceeds and impact reporting.