

Second-Party Opinion

Sinic Green, Social, Sustainability Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Sinic Green, Social, Sustainability Financing Framework is credible and impactful and aligns with the Green Bond Principles 2018, Social Bond Principles 2020 and Sustainability Bond Guidelines 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds Green Buildings, Energy Efficiency, Pollution Prevention and Control, Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Affordable Housing, Access to Essential Services, are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG goals 3, 4, 7, 11, 12 and 15.



PROJECT EVALUATION / SELECTION Sinic has established a Sustainable Finance Working Group (SFWG), consisting of senior representatives from various departments, who will be responsible for project evaluation and selection and the overall management of the Framework. For future issuances, Sinic's Product team will submit information about new projects as well as information of eligibility of existing projects to the SFWG. The SFWG will be responsible for providing final approval for project eligibility. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS In collaboration with the SFWG, Sinic's Finance team will be responsible for managing the net proceeds. Proceeds will be used both for the financing and refinancing of eligible projects, having a two years look-back period. Pending allocation, unallocated proceeds raised under the Framework will be temporarily invested in held in short term liquid deposits or used to repay existing borrowings. This is in line with market practice.



REPORTING Sinic intends to provide allocation and impact reporting on its investor's relation webpage on an annual basis until the full allocation of proceeds or in case of any material changes. Allocation reporting will include information such as - allocation amount by eligible project category, the proportion of financing and refinancing, amount of unallocated proceeds, among others. In addition, Sinic is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Sinic's allocation and impact reporting as aligned with market practice.



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Issuer Location Shanghai, China

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For inquiries, contact the Sustainable Finance Solutions project team:

Begum Gursoy (Amsterdam)
Project Manager
begum.gursoy@sustainalytics.com
(+31) 20 205 0082

Winnie Toppo (Toronto)
Project Support
winnie.toppo@sustainalytics.com
(+1) 647 317 3648

Nicholas Gandolfo (Singapore)
Client Relations
susfinance.apac@sustainalytics.com
(+852) 3008 2391

Introduction

Sinic Holdings (Group) Company Limited (“Sinic”, or the “Company”) is a property developer with its operations and sales mainly based in China. Sinic is engaged in the development of properties, mainly residential and commercial, and offers property management services, commercial management services and operation of convenience stores. Headquartered in Shanghai, China Sinic employees about 3,383 people.

Sinic has developed the Sinic Green, Social, Sustainability Financing Framework (the “Framework”) under which it intends to issue green, social, sustainability bonds, loans or other debt-like financial instruments, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that reduce the environmental footprint of Sinic’s operations and create positive socio-economic impact in China. The Framework defines eligibility criteria in eight areas:

Green Use of Proceeds Category

1. Green Buildings
2. Energy Efficiency
3. Pollution Prevention and Control
4. Renewable Energy
5. Environmentally Sustainable Management of Living Natural Resources and Land Use
6. Clean Transportation

Social Use of Proceeds Category

7. Affordable Housing
8. Access to Essential Services

Sinic engaged Sustainalytics to review the Sinic Green, Social, Sustainability Financing Framework, dated September 2020, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018, Social Bond Principles 2020 and Sustainability Bond Guidelines 2018.¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.5, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Sinic’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sinic representatives have confirmed (1) they understand it is the sole responsibility of Sinic to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and

¹ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

² The Green, Social, Sustainability Financing Framework is available on Sinic Holdings (Group) Company Limited’s website at: <http://sinic-live.todayir.com/>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

(3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Sinic.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Sinic has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sinic Green, Social, Sustainability Financing Framework

Sustainalytics is of the opinion that the Sinic Green, Social, Sustainability Financing Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP) and Social Bond Principles 2020 (SBP). Sustainalytics highlights the following elements of Sinic's Sustainability Bond Framework:

- Use of Proceeds:
 - Sinic will use the proceeds raised under the Framework for investments and expenditures in the following eligible categories: Green Buildings, Energy Efficiency, Pollution Prevention and Control, Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Affordable Housing and Access to Essential Services. These categories are aligned with those recognized by the GBP and SBP. Sustainalytics believes Sinic's investments under the Framework will contribute to the reduction of the environmental footprint of Sinic's operations while creating positive socio-economic impact in China.
 - Sinic has established a two-year look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice. Additionally, Sinic commits to providing an estimate of the share of financing versus refinancing in its annual reporting, and intends to complete the full allocation of proceeds within three years after the issuance.
 - Under the Green Buildings category, Sinic intends to invest in buildings that obtain or are expected to obtain green building certification such as China Green Building Evaluation Label (2 star and above), LEED (Gold and above), Hong Kong BEAM Plus (Gold and above) and other equivalent green building standards. Sustainalytics views these certifications as credible, and the levels selected as impactful (see Appendix 1 for further information on the referenced building standards). In addition to the listed certifications, Sinic may invest in buildings that are or are expected to be in the top 15% of buildings based on absolute emissions or primary energy demand, within the selected region. In case of any investments following this criterion, Sustainalytics encourages Sinic to provide further disclosure on the methodology for the identification of buildings in the top 15%.

- Under the Energy Efficiency category, Sinic intends to invest in projects that improve the energy efficiency of buildings and facilities by 15%. Sinic has disclosed to Sustainalytics that intended project examples include the renovation and refurbishment of existing buildings and the installation of LED lighting, smart meters, and heating and cooling systems not directly powered by fossil fuels. Sustainalytics notes that Sinic excludes energy efficiency investments in buildings associated with the extraction, storage, transportation and manufacturing of fossil fuel, as well as carbon-intensive activities. As part of the same category, Sinic may finance energy efficiency related research and development expenditures, aiming to obtain listed green building certification standards.
- In the Pollution Prevention and Control category, Sinic intends to invest in the prevention, reduction and recycling of waste and wastewater. Examples of intended projects include the installation of waste recycling and sorting units, the integration of rainwater collection and water saving-systems, the enforcement of dust control and noise reduction in buildings, and information and monitoring systems aimed at reducing resource consumption and pollution such as the Building Information Modeling system. Sinic confirmed that noise reduction initiatives are aimed at obtaining China Green Building Evaluation Label standards.
- Under the Renewable Energy category, Sinic intends to invest in solar thermal and photovoltaic facilities, wind energy and the purchase of renewable energy certificates. Sinic confirmed that solar thermal projects include the installation of solar water heating systems in properties. Regarding the purchase of renewable energy certificates (RECs). Sinic confirmed that RECs will be directly tied to specific and identifiable renewable energy projects, and exclude one-time, short-term purchases of unbundled RECs.
- Under the category of Environmentally Sustainable Management of Living Natural Resource and Land Use, Sinic intends to invest in the development of green spaces that aim to promote biodiversity and improve carbon sequestration.
- Sustainalytics notes Sinic's eligibility criteria under the following social categories:
 - Affordable Housing: Construction of affordable housing projects managed and operated by the Government. Examples of projects include the Wuhan Project, which targets single individuals who earn less than the average monthly income of CNY3,500, and co-applicants who individually earn less than the average monthly income of CNY3,000.⁴ While Sinic confirmed that the Company does not play a role in the identification of eligible beneficiaries, Sustainalytics encourages Sinic, where feasible, to favor projects targeting low-income groups while guaranteeing affordable access for such groups.
 - Access to Essential Services: Development of educational and healthcare facilities for the general public.
- Sinic has defined an exclusionary criterion in line with the International Finance Corporation's exclusion list,⁵ which Sustainalytics views positively. Additionally, Sinic excludes financing of any asset, activity or technology associated with fossil fuel.
- Project Evaluation and Selection:
 - Sinic has established a Sustainable Finance Working Group (SFWG), who will be responsible for project evaluation and selection and the overall management of the Framework. The SFWG will consist of senior representatives from various departments such as - Investor Relations, Project, Operations, Corporate Finance, Human Resources, Sinic Foundation, Investment, Product, Marketing & Sales, Legal & Compliance and Finance.
 - Sinic's Product team will identify new projects and will compile information of eligibility of existing projects. The identified projects and compiled information will be submitted to the SFWG, who will provide final approval for project eligibility.
 - Based on the establishment of a formal council with cross-departmental representation which validates the eligibility of assets and projects, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:

⁴ Chashebao, Wuhan public rental housing application conditions, May 2020, at: <https://wuhan.chashebao.com/gongjijin/18876.html>

⁵ International Finance Corporation, IFC Exclusion List, accessed in September 2020, at:

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

- Sinic's Finance team will be responsible for managing proceeds raised under this bond, in collaboration with the SFWG. The net proceeds will be tracked and managed through Sinic's internal management system.
- Sinic intends to complete the full allocation of proceeds within three years after the issuance.
- Pending full allocation, unallocated proceeds raised under the Framework will be temporarily held in short-term liquid deposits or to repay existing borrowing within the Group. Sinic confirmed that the Company's temporary allocation process will be subject to exclusionary criteria under the Framework, and the Company excludes the repurchase of debt that is linked to emission-intensive activities or any activities associated with environmental social risks.
- Given Sinic's disclosure on the settlement period, confirmation on the exclusion of negatively impactful activities from temporary use of proceeds, and internal systems for the management of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Sinic commits to providing an allocation and impact reporting annually until full allocation or in case of any material changes. Allocation report will contain information such as allocation amount by eligible project category and geographical distribution, the proportion between financing and refinancing, amount of unallocated proceeds, among others.
 - Regarding impact reporting, intended metrics will include the number of green building certification obtained, annual energy savings, waste reduced or avoided, GHG emissions reduced or avoided, km² of green landscape conserved, enhanced or created, number of electric vehicles and charging stations built, number of healthcare devices and facilities deployed, number of affordable housing units constructed etc.
 - The post-issuance allocation and impact report will be made available at Sinic's Investor Relations website.⁶
 - Based on Sinic's commitment to providing periodic allocation and impact reports, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Sinic Green, Social, Sustainability Financing Framework aligns to the four core components of the GBP and SBP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Sinic

Contribution of Framework to Sinic's Sustainability Strategy⁷

Sinic has integrated sustainability practices into its business operations, namely in three key areas; (i) Green Management, (ii) Green Design, and (iii) Green Construction. Under the Green Management pillar, Sinic ensures the implementation of an environmental management system, from the design stage to work implementation stage of its projects. The Green Design initiative aims to promote green buildings standards, especially China Green Building Evaluation Label standard, in Sinic's building portfolio. The Company also adopts the sponge city design⁸ for its projects, in accordance with the requirements of relevant government departments. Through its Green Construction initiative, Sinic commits to reduce its environmental footprint generated in construction. Following its commitment, Sinic has established the *Environmental Guidelines for Standardized Sites and Safe and Civilized Management Requirements* which describes the standards of green construction and aims to promote sustainability standards such as conservation of energy, land, water and materials.

Sinic's social efforts focus on three areas; (i) Community Building, (ii) Public Benefit Activities, and (iii) Fighting COVID-19. The Public Benefit Activities consist of several public welfare projects financed in China, including Sinic's Poverty Alleviation Plan, which aims to improve access to education, establish co-operatives and support governmental health initiatives for target populations.

⁶ Sinic's Investor Relations website: <http://siniclive.todayir.com/html/index.php?lang=en>

⁷ Sinic, Environmental, Social and Governance Report 2019, at: http://media-sinic.todayir.com/20200825162630341358445_en.pdf

⁸ In 2014, China introduced a program called the Sponge City in order to relieve the flood inundation and water shortage situation that many of its major cities faced. Read more: https://www.researchgate.net/publication/303362681_Case_Studies_of_the_Sponge_City_Program_in_China

Based on the above, Sustainalytics is of the opinion that the Framework is aligned with Sinic's sustainability strategy and will contribute to furthering the Company's environmental and social initiatives. Sustainalytics recognizes the importance of the above-mentioned commitments by Sinic and its management as important contributors to the Company's sustainability performance and encourages the Company to develop time-bound targets to further strengthen its sustainability practices.

Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are recognized by the GBP and SBP as impactful, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes such as land-use change, biodiversity loss, pollution, and occupational health and safety risks. Sustainalytics is of the opinion that Sinic is well positioned to mitigate such risks through the implementation of the following:

- Sinic has established the *Management System of Standardized Site and the Safety and Civilization Management System*, under which the Company requires its contractors to abide by several safety related standards and norms, follow regulations pertaining to management of standard chemical sites on construction sites and specifies environmental protection and energy saving measures.⁹ Sinic also holds regular safety awareness and training sessions with its employees and contractors. Also, the Company ensures that contractors comply with relevant safety laws and regulations, adhere to its zero safety accident policy and are subject to regular site inspections.¹⁰
- Sinic has implemented an ESG governance structure, under which ESG working groups have been established, including the Environment Group, Social Group and Governance Group. The three Groups are responsible for reviewing Company's ESG risks, identifying matters that have a significant impact on the Company's operations or the interests of stakeholders, implementing relevant actions, among others. Under the structure, Sinic's Board is responsible for controlling ESG-related risks and giving final approval to related policies and report.¹¹
- As part of China's Environmental Impact Assessment Act, all projects related to construction, reconstruction, expansion and/or refurbishing are obliged to conduct an environmental risk assessment during the initial phase of project design and feasibility analysis. The act stipulates that the evaluation must include the identification of key risk factors related to air, water, soil pollution or human health. According to Chinese law, all companies are required to undergo an assessment by an independent and certified environmental impact assessment agency in order to avoid any conflict of interest.¹²
- Sinic confirmed that the Company does not intend to invest in large scale infrastructure projects under this Framework. In case of any change in this intention, Sustainalytics encourages Sinic to integrate community consultation process in the design and the construction phase of all large scale infrastructure projects.
- In addition to complying with prevention and control laws in the areas of water pollution, solid waste, and atmospheric pollution, Sinic strives to reduce pollutant generation and emissions. The Company obliges all related parties to take pollution mitigation measures into effect.¹³

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Sinic has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All eight use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

⁹ Document shared by Sinic to Sustainalytics on its 2018 'Standard Chemical Land Management System'.

¹⁰ Sinic, Environmental, Social and Governance Report 2019, at: http://media-sinic.todayir.com/20200825162630341358445_en.pdf

¹¹ Sinic, Environmental, Social and Governance Report 2019, at: http://media-sinic.todayir.com/20200825162630341358445_en.pdf

¹² The National People's Congress of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, January 2019, at: <http://www.npc.gov.cn/npc/sjxflfg/201906/5e47c4866d5b44ff8b338997e37ee2cc.shtml>

¹³ Sinic, Environmental, Social and Governance Report 2019, at: http://media-sinic.todayir.com/20200825162630341358445_en.pdf

Importance of promoting a sustainable construction industry and green buildings in China

In 2018, China was considered to be the largest emitter of CO₂ emissions globally, responsible for approximately 28.5% of total emissions.¹⁴ It is estimated that buildings' life cycle energy accounted for approximately 43% of China's total energy consumption (estimates based on the years 2011, 2012 and 2013).¹⁵ As a result, the Country faces significant air pollution challenges. In 2016, about 75% (254 cities)¹⁶ of all Chinese cities failed to meet national ambient air quality standards.¹⁷ In addition, rapid urbanization has resulted in the production of large amounts of construction waste, leading to severe pollution concerns. Furthermore, China produces more construction waste than any other country, and it is estimated that every year, demolition and renovation projects produce about 2 billion tons of waste¹⁸, of which only about 10% is recycled.¹⁹ With projections that 70% of China's population will reside in urban areas by 2035,²⁰ as compared to the 60% in 2019,²¹ the energy consumption, emissions, and waste production figures are likely to steeply rise unless steps are taken to enhance resource efficiency in the buildings sector, specifically during the construction phase.

While enhancing its urbanization, China also recognizes the importance of implementing sustainability considerations to its construction sector. In 2017, The Ministry of Housing and Urban-Rural Development of China issued the '13th Five-year plan for Building Energy Efficiency and Green Building Development' under which a 20% growth target in energy efficiency (as compared to 2015 levels) for newly constructed buildings was set.²² The plan also aims to increase the share of certified green buildings to 50% among all newly constructed buildings in urban areas within the same timeframe.²³

Based on the above, Sustainalytics expects investments in certified green buildings and energy efficiency projects will contribute to improving energy and resource efficiency of China's building sector while supporting China's climate goals.

Importance of financing affordable housing in China

China's urban population is overgrowing, with millions of migrants moving into cities every year.²⁴ It is estimated that the national average house price increased by 250% between 2000 and 2010.²⁵ Although the Government has announced several measures and policies for rent control and housing assistance, affordability remains a significant challenge in many of China's large cities.²⁶ Despite the urgent need for improving access to affordable housing, affordable housing makes up only a small portion of China's total housing stock. According to a study conducted by the Lincoln Institute of Land Policy, affordable housing consists of less than 5% of entire housing stock in one-third of Chinese cities, while commercial housing and privatized housing make up about 66% of the China's urban housing market.²⁷ Recognizing the housing affordability problem in China, the Government has made efforts to increase the availability of affordable

¹⁴ ChinaPower, How is China Managing its Greenhouse Gas Emissions? August 2020, at: <https://chinapower.csis.org/china-greenhouse-gas-emissions/#:~:text=Greenhouse%20gas%20emissions%20from%20human,carbon%20dioxide%20emissions%20in%202018.>

¹⁵ Yan Zhang et al., China's energy consumption in the building sector: A life cycle approach, 2015, at: <https://www.sciencedirect.com/science/article/abs/pii/S0378778815002030>

¹⁶ Ministry of Environmental Protection The People's Republic of China, Report on the State of the Environment in china, (2016), at: <http://english.mee.gov.cn/Resources/Reports/soe/ReportSOE/201709/P020170929573904364594.pdf>

¹⁷ 'Air quality meeting the standard: the ambient air quality meets the standard when the concentrations of all pollutants under assessment meet the standard.' – Defined by Ministry of Environmental Protection the People's Republic of China.

¹⁸ The Guardian, Concrete chokes our landfill sites – but where else can it go? (accessed in January 2020), at: <https://www.theguardian.com/cities/2019/feb/26/concrete-chokes-our-landfill-sites-but-where-else-can-it-go>

¹⁹ The Guardian, Concrete chokes our landfill sites – but where else can it go? (accessed in January 2020), at: <https://www.theguardian.com/cities/2019/feb/26/concrete-chokes-our-landfill-sites-but-where-else-can-it-go>

²⁰ China Daily, Urbanization rate to reach 70% by 2035, June 2019, at:

<https://www.chinadaily.com.cn/a/201906/24/WS5d1089b0a3103dbf14329ea7.html>

²¹ Xinhuanet, China's urbanization rate hits 60.6 pct, January 2020, at: http://www.xinhuanet.com/english/2020-01/19/c_138718450.htm

²² World Resources Institute, TheCityFix, How Can China's Green Building Sector Grow Fivefold by 2030? 3 Cities Show Us the Way, May 2017, at: <https://thecityfix.com/blog/how-can-chinas-green-building-sector-grow-500-by-2020-3-cities-show-us-the-way-debbie-weyl-miao-hong/>

²³ Swiss Business Hub China, China's Ambitious Green Building Action Plan with Opportunities For Swiss SMES, July 2018, at: <https://www.sge.com/en/article/global-opportunities/20183-china-mem-greend-building-construction>

²⁴ China Dialogue, Lack of affordable housing threatens China's urban dream, September 2013, at: <https://chinadialogue.net/en/cities/6365-lack-of-affordable-housing-threatens-china-s-urban-dream/>

²⁵ China Dialogue, Lack of affordable housing threatens China's urban dream, September 2013, at: <https://chinadialogue.net/en/cities/6365-lack-of-affordable-housing-threatens-china-s-urban-dream/>

²⁶ Lincoln Institute of Land Policy, Affordable Housing in China, January 2011, at: <https://www.lincolninst.edu/publications/articles/affordable-housing-china#:~:text=One%2Dthird%20of%20the%20cities,China%20further%20aggravates%20this%20problem>

²⁷ Lincoln Institute of Land Policy, Affordable Housing in China, January 2011, at: <https://www.lincolninst.edu/publications/articles/affordable-housing-china#:~:text=One%2Dthird%20of%20the%20cities,China%20further%20aggravates%20this%20problem>

housing by subsidizing commercial housing purchases or by offering low-rent public or social housing to middle- and low-income families.²⁸

Based on the above, Sustainalytics of the opinion that financial support from the private sector is crucial to solving the problem of affordable housing in China and therefore, Sinic's affordable housing projects are considered as impactful.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, and resilience to disasters.
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and Control	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Access to Essential Services	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

²⁸ Ministry of Housing and Urban-Rural Development, Opinions of the four departments on further regulating the development of public rental housing, May 2019, at: http://www.gov.cn/xinwen/2019-05/19/content_5392886.htm

Conclusion

Sinic has developed the Sinic Green, Social, Sustainability Financing Framework under which it intends to issue green, social and/ or sustainability financing instruments and use the proceeds to finance environmental and social projects. Sustainalytics considers that the projects funded by the net proceeds from such instruments will improve Sinic's environmental performance as well as contribute to positive social impact in the communities in which it operates.

The Sinic Green, Social, Sustainability Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Sinic Green, Social, Sustainability Financing Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 7, 11, 12 and 15. Additionally, Sustainalytics is of the opinion that Sinic has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Sinic Holdings (Group) Company Limited is well-positioned to issue green, social and/ or sustainability financing instruments and that that Sinic Green, Social, Sustainability Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Social Bond Principles 2020 as well as the Sustainability Bond Guidelines 2018.

Appendices




Appendix 1: Overview and Assessment of Real Estate Certification Schemes

	China Three Star ²⁹	LEED ³⁰	HK BEAM Plus ³¹
Background	The Chinese 3-Star Green Building Standard is a Certification System used in China for residential and public buildings (including commercial, hotel and government-owned) that was introduced in 2006 by MOHURD (Ministry of Housing and Urban-Rural Development).	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BEAM Society Limited (BSL), owner of the Building Environmental Assessment Method (BEAM), is a public body established in 2010. It owns BEAM Plus - a green building assessment tool tailor-made for the high-rise, high density-built environment of sub-tropical climate in Hong Kong.
Certification levels	1-Star 2-Star 3-Star	Certified Silver Gold Platinum	Bronze Silver Gold Platinum
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Land savings and outdoor environment • Energy savings and utilization • Water savings and utilization • Material savings and utilization • Indoor environment • Operations and management. 	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Site Aspects (location and design of building, emissions from the site, site management) • Materials Aspects (selection of materials, efficient use of materials, waste disposal and recycling) • Energy Use (annual CO2 emissions or energy use, energy efficient systems and equipment, energy management) • Water Use (water quality, water conservation, effluent discharges) • Indoor Environmental Quality (IEQ)
Requirements	Prerequisites The system functions on a checklist basis, with 1-Star buildings meeting 26 criteria, 2-Star an additional 43 items, and 3-Star on a further 14 items. Criteria and weighting differ for public	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification	Prerequisites for each performance area + Credits with associated points Detailed compliance with legal requirements is a prerequisite for the award of credits.

²⁹Chinese Green Building Evaluation Label (China Three Star), at: <http://www.gbig.org/collections/14970%22>

³⁰ Leadership in Energy and Environmental Design, at: <https://new.usgbc.org/leed>

³¹ Hing Kong, Building Environmental Assessment Method, at: <https://www.hkgbc.org.hk/eng/beam-plus/beam-plus-new-buildings/>

	<p>and residential buildings. In public buildings, more weight is given to energy and material savings, while the standard for residential buildings places greater importance on urban land saving and outdoor environments.</p>	<p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>For every performance area BEAM prescribes different prerequisites. Every applicable prerequisite in every BEAM category must be achieved for the project to be assessed.</p> <p>Credits are allocated for each performance area, and every area is weighted as per international consensus. The Overall Assessment Grade is determined by the percentage (%) of the applicable credits gained under each performance category and its weighting factor.</p> <p>Verification of compliance with BEAM criteria is done by an independent BEAM Assessor.</p>
<p>Performance display</p>			

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Sinic Holdings (Group) Company Limited
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Sinic Green, Social, Sustainability Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds Green Buildings, Energy Efficiency, Pollution Prevention and Control, Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Affordable Housing, Access to Essential Services, are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG goals 3, 4, 7, 11, 12 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

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

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Sinic has established a Sustainable Finance Working Group (SFWG), consist of senior representatives from various departments, who will be responsible for project evaluation and selection and the overall management of the Framework. For future issuances, Sinic's Product team will submit information about new projects as well as information of eligibility of existing projects to the SFWG. The SFWG will be responsible for providing final approval for project eligibility. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

In collaboration with the SFWG, Sinic's Finance team will be responsible for managing the net proceeds. Proceeds will be used both for the financing and refinancing of eligible projects, having a two years look-back period. Pending allocation, unallocated proceeds raised under the Framework will be temporality invested in held in short term liquid deposits or used to repay existing borrowings. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |

- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Sinic intends to provide allocation and impact reporting on its investor’s relation webpage on an annual basis until the full allocation of proceeds or in case of any material changes. Allocation reporting will include information such as - allocation amount by eligible project category, the proportion of financing and refinancing, amount of unallocated proceeds, among others. In addition, Sinic is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Sinic’s allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual
- Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Energy Savings
- Decrease in water use
- Number of beneficiaries
- Target populations
- Other ESG indicators (please specify): Number of electric vehicles/charging stations built, Number of electric vehicles/charging stations built, Number of housing units constructed etc.

Frequency:

- Annual
- Semi-annual

Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
- Verification / Audit Rating
- Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

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- iv.** Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

