



Second-Party Opinion

Shinsun Holdings (Group) Co., Ltd.

Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, Social Bond Principles 2020, and Green Loan Principles 2021. 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, Sustainable Water and Wastewater Management, Climate Change Adaptation, Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Indemnificatory Housing, Access to Essential Services – are aligned with those recognized by the Green Bond Principles, Social Bond Principles and Green Loan Principles. Sustainalytics considers that the eligible categories will reduce the carbon footprint and improve sustainability performance of Shinsun’s operations in China, and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 9, 11.



PROJECT EVALUATION / SELECTION Shinsun’s project evaluation and selection process will be managed by a Sustainable Finance Working Group (“SFWG”), comprised of members from Property Management, Sustainability, Treasury, Investor Relations and Legal Departments. The SFWG is responsible for final approval of eligible projects, which will be monitored annually. In case of any material changes in projects, they will be substituted with new eligible projects as soon as practicable. Sustainalytics considers the project evaluation and selection process in line with market practice.



MANAGEMENT OF PROCEEDS Shinsun’s processes for management of proceeds will be handled by the Finance Department, with oversight from the SFWG. The allocation of proceeds will be tracked using the Company’s internal management system. Unallocated proceeds will be temporarily held in short-term deposits or investments in line with the Company’s liquidity guidelines. This is in line with market practice.



REPORTING Shinsun intends to report on allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include such as the allocation amount by eligible category and geographical distribution, share of financing vs. refinancing, project examples, and amount of unallocated proceeds and its temporary treatment. In addition, Shinsun is committed to reporting on relevant impact metrics. Sustainalytics views Shinsun’s allocation and impact reporting as aligned with market practice.

Evaluation Date	April 29, 2021
Issuer Location	Shanghai, China

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices	10

For inquiries, contact the Sustainable Finance Solutions project team:

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

Cristhian Veintimilla (Amsterdam)
 Project Lead

Mina Jang (Amsterdam)
 Project Support

Setch Chang (Shenzhen)
 Client Relations
 susfinance.apac@sustainalytics.com
 (+852) 3008 2391

Introduction

Headquartered in Shanghai, Shinsun Holdings (Group) Co., Ltd. (“Shinsun”, the “Company”, or the “Issuer”) is a Chinese real estate developer primarily operating in Zhejiang Province for over two decades. Shinsun’s business segments are (i) residential and commercial property development and (ii) commercial property leasing.

Shinsun has developed the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework (the “Framework”) under which it intends to issue green, social, and sustainability bonds, loans, and other debt-like instruments, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to reduce the carbon footprint and improve sustainability performance of Shinsun’s operations in China.

The Framework defines eligibility criteria in eight green areas:

1. Green Buildings
2. Energy Efficiency
3. Pollution Prevention and Control
4. Sustainable Water and Wastewater Management
5. Climate Change Adaptation
6. Renewable Energy
7. Environmentally Sustainable Management of Living Natural Resources and Land Use
8. Clean Transportation

The Framework defines eligibility criteria in two social areas:

9. Indemnificatory Housing
10. Access to Essential Services

Shinsun engaged Sustainalytics to review the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework, dated April 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), Sustainability Bond Guidelines 2018 (SBG),¹ and Green Loan Principles 2021 (GLP),² This Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020, as administered by ICMA, and the Green Loan Principles 2021 as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- 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 1.7.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

¹ The Green Bond Principles, Social Bond Principles, and 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 Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#>

³ The Shinsun Co., Ltd. Sustainable Finance Framework is available on Shinsun Holdings Co., Ltd.’s website at: http://www.shinsunholdings.com/inv_jbzl.html

⁴ 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.

As part of this engagement, Sustainalytics held conversations with various members of Shinsun’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. Shinsun representatives have confirmed (1) they understand it is the sole responsibility of Shinsun to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (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 Shinsun.

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 and loan 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 potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan 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 Shinsun has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics’ Opinion

Section 1: Sustainalytics’ Opinion on the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework

Sustainalytics is of the opinion that the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework is credible, impactful and aligns with the four core components of the SBG, GBP, SBP, and GLP. Sustainalytics highlights the following elements of Shinsun’s Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Climate Change Adaptation, Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Indemnificatory Housing, Access to Essential Services– are aligned with those recognized by the GBP, SBP and GLP. Sustainalytics views that Shinsun’s investments in these categories are expected to reduce the carbon footprint and improve sustainability performance of Shinsun’s operations in China.
 - Shinsun has established a two-year look-back period for refinancing and intends to fully allocate the net proceeds within three years of issuance, which Sustainalytics considers to be in line with market practice.
 - Under the Green Buildings category, Shinsun intends to invest in residential and commercial buildings meeting one of the following criteria:
 - Buildings that have received or are expected to receive third-party green building certification standards such as Chinese Green Building Evaluation Label (“2 stars” and above) or any equivalent internationally recognized third-party verified certification scheme. Sustainalytics views this certification scheme as credible, and the selected level as impactful. Please see Appendix 1 for an overview of the certification scheme. In case of using any equivalent schemes in the future, Sustainalytics encourages Shinsun to provide disclosure on the schemes used to ensure transparency.

- Within the Energy Efficiency category, Shinsun intends to finance or refinance electric powered energy efficient equipment, systems or technologies that result in a minimum of 15% energy efficiency improvement. Intended project examples include the installation and replacement of equipment in buildings such as LED lighting, smart metering,⁵ heating ventilation and air conditioning systems. Sustainalytics positively views the Framework's inclusion of a defined threshold for this category. Additionally, Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics recommends Shinsun to exclude financing of heat pumps with high-GWP refrigerants, and promoting robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation/recycling, or destruction of refrigerants at end of life.
- For the Pollution Prevention and Control category, Shinsun intends to finance or refinance projects that prevent or reduce waste and pollution. Intended project examples include the following: (i) installation of equipment and technology such as rainwater collection and water saving systems, and information and monitoring systems that aim to reduce pollution, (ii) installation of waste sorting and recycling facilities and equipment, excluding e-waste recycling, and (iii) implementation of dust control and noise reduction measures that are aimed at achieving a Chinese Green Building Evaluation Label.
- Under the Climate Change Adaptation category, Shinsun intends to invest in the development of "Sponge Cities"⁶ that aim to reduce flood risk and replenish groundwater. Potential expenditures under this category include the installation of rainwater harvesting and recycling systems. Sustainalytics welcomes the objectives of the category and encourages Shinsun to provide further disclosure on the impact achieved in its annual reporting.
- For the Renewable Energy category, Shinsun may finance or refinance renewable energy generation projects and associated infrastructure such as solar photovoltaic, solar hot water systems. Regarding solar hot water systems, Shinsun has confirmed that over 73% of power generation will be derived from solar energy.
- Within the Environmentally Sustainable Management of Living Natural Resources and Land Use category, Shinsun intends to invest in urban green spaces for public use.
- For the Access to Essential Services category, Shinsun intends to invest in public healthcare, and public education infrastructure and training facilities.
- Under the Indemnificatory Housing category, Shinsun intends to finance the construction of affordable housing projects, *Public Rental Housing (PRH)*, managed and operated by the Government. Examples of these projects include the Hangzhou Project, which targets households who earn less than an annual disposable income of RMB 66,068.⁷ While Shinsun confirmed that the Company does not play a role in the rental and the management of the public housing units, Sustainalytics strongly encourages Shinsun to finance only projects that guarantee affordable access for low-income populations, and report on the impact achieved.
- Project Evaluation and Selection:
 - A Sustainable Finance Working Group ("SFWG"), comprised of members from Property Management, Sustainability, Treasury, Investor Relations and Legal Departments, will be in charge of the project evaluation and selection process.
 - Shinsun has established a two-step project selection process. First, the Property Management Department will identify potential projects which will be presented to the SFWG for review and approval in line with the criteria in the Framework. Any projects falling out of the eligibility will be replaced by new ones in a reasonable timeframe.
 - Based on the establishment of the SFWG, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Finance department will track the net proceeds using an internal management system. The process is overseen by the SFWG. Pending full allocation, the unallocated proceeds will be

⁵ Shinsun's Framework allows for allocation to smart grid investments. While noting the variety of definitions and applications of smart grid technology, Sustainalytics views positively investments that are designed to improve grid efficiency and encourages Shinsun to select projects that are clearly anticipated to deliver tangible efficiency improvements.

⁶ The Sponge Cities concept is designed to absorb and capture rainwater, and includes green rooftops, low elevation greenbelt, bioretention, rainwater based irrigation, and rainwater cisterns for flood prevention.

⁷ Disposable Income per Capita in Hangzhou data was reported at 68,666.000 RMB in 2020.

temporarily held in short-term deposits or investments in line with the Company's liquidity guidelines. Shinsun commits to not invest unallocated proceeds to any high pollution activities or any projects that conflict with the eligibility criteria under the Framework. Shinsun intends to fully allocate the proceeds within three years of issuance. Based on the presence of an internal tracking system and disclosure on temporary allocation of proceeds, Sustainalytics considers this process to be in line with market practice.

- Reporting:
 - Shinsun intends to report on the allocation and impact of proceeds annually until full allocation, reporting will be available on the Company's website. Allocation reporting will include the allocation amount by eligible project category and by geographical distribution, proportion of financing and refinancing, project examples, and amount of unallocated proceeds and its temporary treatment. In addition, where feasible, Shinsun intends to report on relevant environmental and/or social impact indicators, including but not limited to, type/number of green building certifications obtained, annual energy savings in (MWh for electricity and GJ for other energy), annual GHG emissions reduced/avoided (tonnes of CO₂ equivalent), waste reduced/avoided (tonnes), annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³ p.a. and as %, annual renewable energy generation (MWh for electricity and GJ for other energy), number of electric vehicles/charging stations built, number of housing units constructed, number of healthcare devices/facilities deployed.
 - Based on the annual reporting commitment, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework aligns with the four core components of the GBP, SBP and GLP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Shinsun

Contribution of Framework to Shinsun's sustainability strategy⁸

Shinsun aims to integrate sustainability into its operations and deliver positive environmental and social impacts through its operations. To achieve this goal, Shinsun is committed to the implementation of sustainable building designs, environmentally friendly materials, and water conservation measures. Additionally, in 2021, carried out an Environmental, Social and Governance (ESG) materiality assessment, through which the Company identified the following key issues: (i) pollution: air pollutants, greenhouse gases, waste management, and (ii) resource use: energy consumption, water consumption, and use of construction materials.

Shinsun is committed to China's Real Estate Industry Green Supply Chain Action Initiative. Announced in 2016, the Initiative aims to promote green procurement of real estate and related companies. In conjunction with the initiative, the Company strives to reduce its environmental footprint from its supply chain by saving energy, water, and raw materials, as well as using materials, products and services that are not harmful to human health and the environment.

Shinsun's sustainability efforts are supported by its sustainability governance structure. The Board of Directors is in charge of overseeing the environmental and social issues and ensuring the appropriate implementation of ESG management through regular assessment and monitoring.

Sustainalytics is of the opinion that the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework is aligned with the Company's overall sustainability efforts and will further the Company's action on its key environmental and social priorities. Nevertheless, Sustainalytics encourages Shinsun to develop a public sustainability strategy and time-bounded quantitative targets to advance its sustainability performance.

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

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such

⁸ Shinsun, "Shinsun Co., Ltd. Sustainable Finance Framework", (2021), at: http://www.shinsunholdings.com/inv_jbzl.html

eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, community relations, land use and biodiversity issues associated with large-scale infrastructure development, noise, emissions, effluents, and waste generated in construction. Sustainalytics is of the opinion that Shinsun is able to manage and/or mitigate potential risks through implementation of the following:

- In order to ensure occupational health and safety at construction sites, Shinsun has established the Safety Standardization Management Guidelines and Critical Safety Management Mechanism. Adhering to the Guidelines and Mechanism, Shinsun conducts inspections to ensure the safety of the construction sites and hold safe production trainings for employees.⁹
- Shinsun is committed to engaging with local communities and residents of areas where the Company's projects take place, before, during after construction.⁹
- Shinsun complies with the *Environmental Impact Assessment Law of the People's Republic of China*,¹⁰ which require Environmental Impact Assessments (EIA) for the land-use plans or construction project. As part of EIA requirements, construction projects having substantial impacts on the environment are obliged to prepare an environmental impact statement and environmental protection measures to prevent adverse environmental impacts. By conducting the EIA, Shinsun identifies risk factors associated with air, water, or soil pollution as well as human health, as such, proposes targeted measures for identified risk factors.⁹
- During the construction phase, Shinsun implements measures to minimize its impacts on the environment such as (i) dust control - enclosing, covering or spraying, (ii) a mud sedimentation tank to treat wastewater, (iii) construction waste management, and (iv) supervision of waste disposal, wastewater treatment facilities and energy emissions.⁹ Relevant measures include enforcement of national energy conservation and emissions reduction legislation, establishment of an environmental protection and emission reduction group for each project.
- Suppliers of Shinsun are required to establish a system for environmental protection and implement effective measures to prevent environmental pollution and hazards from noise, dust, wastewater and solid waste generated during the construction phase.⁹
- Under the Framework, in compliance with the International Finance Corporation (IFC) Exclusion List,¹¹ Shinsun will exclude any production, trade associated with (i) fossil fuel, (ii) weapons and munitions, (iii) radioactive materials, (iv) unbonded asbestos fibers.

Based on the above, Sustainalytics is of the opinion that Shinsun 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 12 use of proceeds categories are aligned with those recognized by GBP, SBP or GLP. Sustainalytics has focused on three below where the impact is specifically relevant in the local context.

The impact of financing green buildings and energy efficiency projects in China

Currently, the building sector in China accounts for 20% of total primary energy consumption^{12,13} and 25% of the country's greenhouse gas emissions.¹⁴ Moreover, the urban real estate sector in China is expected to continue to grow to accommodate the urban population which is projected to reach one billion people by 2030.¹⁵

⁹ Shinsun has provided internal environmental and social risk mitigation processes associated with eligible projects under the Framework.

¹⁰ People's Republic of China, "Environmental Protection Law of the People's Republic of China", at:

https://api.commissiomer.nl/docs/os/sea/legislation/china_s_ea_legislation_03.pdf

¹¹ IFC, "IFC Exclusion List", (2007), at: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

¹² C40 China Buildings Programme, "Constructing a New, Low-Carbon Future", (2018), at: <https://www.c40.org/researches/constructing-a-new-low-carbon-future-china>

¹³ Primary energy consumption refers to the direct use at the source, or supply to users without transformation, of crude energy, that is, energy that has not been subjected to any conversion or transformation process, at: <https://stats.oecd.org/glossary/detail.asp?ID=2112>

¹⁴ IEA, "Tracking Buildings 2020", (2020), at: <https://www.iea.org/reports/tracking-buildings-2020>

¹⁵ IFC, "Climate Investment Opportunities in Emerging Markets", (2016), at: https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate_Investment_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES&CVID=IBLd6Xq.

In 2020, the Government of China has established its goal to reach carbon neutrality by 2060.¹⁶ In line with this goal, different sectors of the economy are expected to define climate and energy targets by 2021 in the *14th Five Year Plan (2021-2025)*.¹⁶ To date, the Plan outlines the high-level national development strategy between 2021-2025 including the importance of promoting green buildings to accelerate low-carbon development.¹⁷ Aligned with the Government's development direction, Chinese Provinces have issued their 14th Five-Year Plan demonstrating their commitment towards the promotion of green buildings in December 2020.¹⁸

Sustainalytics acknowledges the importance of green building development in China and its impacts on reducing energy consumption and carbon emissions in the country. Sustainalytics positively views that Shinsun's financing for green buildings and energy efficiency projects may contribute to reducing GHG emissions from Shinsun's operations and the built environment in China, thereby facilitating the transition to a decarbonized economy.

Importance of affordable housing in China

Approximately 260 million people have migrated to cities from rural areas in China, since the 1990s.¹⁹ To respond to the rapid urban expansion, the Government of China announced its landmark housing market reforms in 1998.²⁰ Before the housing reform, living quarters were provided by the government to most urban residents almost free of charge. Following market reforms, urban residents purchased housing from the government or state-owned enterprises, or in the new commercial housing market.²⁰ Since then, housing prices have dramatically increased in Chinese cities. As a result, housing affordability became an important social issue in urban China as it became increasingly difficult for the middle- and low-income households to afford housing.²⁰ In this context, the government promotes the construction of rental housing as part of key reform measure under the 14th Five-Year Plan.²¹

Based on the above, Sustainalytics is of the opinion that Shinsun's financing of affordable housing (e.g. public rental housing) may deliver a positive socioeconomic impact by providing affordable housing to low-income households in China.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The instruments issued under the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and Control	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater

¹⁶ China Dialogue, "Climate and energy in China's 14th Five Year Plan – the signals so far", (2020), at: <https://chinadialogue.net/en/energy/chinas-14th-five-year-plan-climate-and-energy/>

¹⁷ Jianzhuj, "The 14th Five-Year Plan has 60 recommendations to develop green buildings and promote the green development of rural cities (available in Chinese)", News article, (2020), at: <https://www.jianzhuj.cn/news/51624.html>

¹⁸ IN-EN, "Many provinces have issued the "14th Five-Year Plan" and see how to promote green and low-carbon development", News article, (2020), at: <https://www.in-en.com/article/html/energy-2298929.shtml>

¹⁹ World Bank Group/Development Research Center of the State Council, The People's Republic of China, "Urban China", (2014), at: <https://www.worldbank.org/content/dam/Worldbank/document/EAP/China/WEB-Urban-China.pdf>

²⁰ Lincoln Institute of Land Policy, "Housing Affordability in Chinese Cities", (2020), at:

https://www.lincolnst.edu/sites/default/files/pubfiles/sun_wp20ls1.pdf

²¹ Belt & Road Institute/Peking University, "[Focusing on the "14th Five-Year Plan"] Promoting the construction of rental housing as the core reform measure under the new developmental framework", (2020), at: <http://www.bri.pku.edu.cn/info/1140/2608.htm>

		and substantially increasing recycling and safe reuse globally
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Climate Change Adaptation	11. Sustainable Cities and Communities	11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
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	11. Sustainable Cities and Communities	11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities
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
Indemnificatory 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	3. Good Health and Well-being	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
	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

Conclusion

Shinsun has developed the Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework under which it may issue green, social, and sustainability bonds, loans, and other debt-like instruments, and use the proceeds to finance projects and expenditures expected to reduce the carbon footprint and improve sustainability performance of Shinsun's operations in China.

The Shinsun Holdings (Group) Co., Ltd. Sustainable Finance 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 Shinsun Holdings (Group) Co., Ltd. Sustainable Finance 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, specifically SDG 3, 4, 6, 7, 9, 11. Additionally, Sustainalytics is of the opinion that Shinsun 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 Shinsun Holdings Group Co., Ltd. is well-positioned to issue sustainability bonds and that that Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018), Social Bond Principles (2020) and Green Loan Principles (2021).

Appendices

Appendix 1: Green Building Certification Schemes

	Chinese Green Building Evaluation Label (China 3-Star)
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).
Certification levels	1-Star 2-Star 3-Star
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Land savings and outdoor environment; • Energy savings and utilisation; • Water savings and utilisation; • Material savings and utilisation; • Indoor environment; Operations and management
Requirements	Prerequisites: The system functions on a checklist basis, with 1-Star buildings meeting 26 criteria, 2-Star with an additional 43 items and 3-Star on a further 14 items. Criteria and weighting differ for public and residential 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.
Performance display	

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

Section 1. Basic Information

Issuer name:	Shinsun Holdings Co., Ltd.
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Shinsun Holdings (Group) Co., Ltd. Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	April 29, 2021
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, Sustainable Water and Wastewater Management, Climate Change Adaptation, Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Indemnificatory Housing, Access to Essential Services – are aligned with those recognized by the Green Bond Principles, Social Bond Principles and Green Loan Principles. Sustainalytics considers that the eligible categories will reduce the carbon footprint and improve sustainability performance of Shinsun's operations in China, and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 9, 11.

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 checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" 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 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 checked="" type="checkbox"/> Other (please specify): Indemnificatory Housing |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Shinsun's project evaluation and selection process will be managed by a Sustainable Finance Working Group ("SFWG"), comprised of members from Property Management, Sustainability, Treasury, Investor Relations and Legal Departments. The SFWG is responsible for final approval of eligible projects, which will be monitored annually. In case of any material changes in projects, they will be substituted with new eligible projects as soon as practicable. Sustainalytics considers the project evaluation and selection process in line with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input 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

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Shinsun's processes for management of proceeds will be handled by the Finance Department, with oversight from the SFWG. The allocation of proceeds will be tracked using the Company's internal management system. Unallocated proceeds will be temporarily held in short-term deposits or investments in line with the Company's liquidity guidelines. This is in line with market practice.

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
 Allocations to both existing and future investments
- Allocation to individual disbursements
 Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
 Other (please specify):

4. REPORTING

Overall comment on section *(if applicable)*:

Shinsun intends to report on allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include such as the allocation amount by eligible category and geographical distribution, share of financing vs. refinancing, project examples, and amount of unallocated proceeds and its temporary treatment. In addition, Shinsun is committed to reporting on relevant impact metrics. Sustainalytics views Shinsun'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):

Green Buildings	<ul style="list-style-type: none"> Type/Number of green building certifications obtained Total floor area of certified green buildings
Energy Efficiency	<ul style="list-style-type: none"> Annual energy savings in (MWh for electricity) (GJ for other energy) Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)
Pollution Prevention and Control	<ul style="list-style-type: none"> Waste reduced/avoided (tonnes) Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Annual absolute (gross) water use before and after the project in m³ p.a., reduction in water use in % Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³ p.a. and as %
Climate Change Adaptation	<ul style="list-style-type: none"> Area covered by sponge city-related projects in km² Number of people benefitted from reduced flood risk and associated benefits of sponge city-related projects
Renewable Energy	<ul style="list-style-type: none"> Annual renewable energy generation (MWh for electricity) (GJ for other energy) Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)

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

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): website
 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.)

http://www.shinsunholdings.com/inv_jbzl.html

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.
- 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.

Disclaimer

Copyright ©2021 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

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

About Sustainalytics, a Morningstar Company

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.

