

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Finance Framework

Chinachem Group

17 September 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Sustainable financing transactions
- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1) and Social Bond Principles (SBP), as administered by ICMA (as of June 2023)
- Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA) (as of February 2023)
- Common Ground Taxonomy as administered by the International Platform on Sustainable Finance (IPSF) (as of June 2022)

Relevant standards

Scope of verification	<ul style="list-style-type: none">▪ Hong Kong Taxonomy for Sustainable Finance as developed by The Hong Kong Monetary Authority (HKMA) (as of May 2024)▪ Chinachem Sustainable Finance Framework (as of September 16, 2024)▪ Chinachem Selection Criteria (as of September 16, 2024)
Lifecycle	<ul style="list-style-type: none">▪ Pre-issuance verification
Validity	<ul style="list-style-type: none">▪ Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Chinachem Group (“the Issuer,” “the Company” or “Chinachem”) commissioned ISS-Corporate to assist with its sustainable financing transactions by assessing four core elements to determine the sustainability quality of the instruments:

1. Chinachem’s Sustainable Finance Framework (as of September 16, 2024), benchmarked against the International Capital Market Association’s Green Bond Principles (as of June 2021 with June 2022 Appendix 1) and Social Bond Principles (as of June 2023), and against the Loan Market Association, Asia Pacific Loan Market Association and the Loan Syndications and Trading Association’s Green Loan Principles and Social Loan Principles (as of February 2023).
2. The selection criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. The eligibility of the project categories against the Hong Kong Taxonomy for Sustainable Finance and Common Ground Taxonomy on a best-efforts basis — whether the nominated project categories satisfy the Hong Kong Taxonomy for Sustainable Finance’s criteria and thresholds and Common Ground Taxonomy’s technical substantial contribution criteria.
4. Consistency of sustainable financing transactions with Chinachem’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

CHINACHEM OVERVIEW

Chinachem Group Holdings Limited, headquartered in Hong Kong, is one of the largest private property developers in Hong Kong dating back to the 1960s. It commits to revolve the creation of “Places with Heart,” and its mission has been to build a liveable and sustainable community for all of its stakeholders in Hong Kong and around the world. Chinachem's portfolio encompasses a diverse range of properties, including residential buildings, office spaces, industrial facilities, hotels, shopping malls, mixed-use developments, healthcare and elderly services and movie theatres in Hong Kong and the United Kingdom.


ESG risks associated with the Issuer's industry

Chinachem is classified in the real estate industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies¹ in this industry are sustainable investment criteria and responsible ownership activities, investments with social and/or environmental benefits, climate change and related risks, labor standards and environmental management in own operations, and transparency on portfolio companies.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

¹ Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry. Key ESG issues by industry are sourced from ISS ESG's Corporate Rating methodology.


ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part I:</p> <p>Alignment with GBP, SBP, GLP and SLP</p>	<p>The Issuer has defined a formal concept for its sustainable financing transactions regarding the use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP, SBP, GLP and SLP.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the selection criteria</p>	<p>The sustainable financing transactions will (re)finance the following eligible asset categories:</p> <p>Green categories: Green Buildings, Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Clean Transportation, Green Technologies, Sustainable Water and Wastewater Management, Climate Change Adaptation and Circular Economy.</p> <p>Social categories: Community Investment and Engagement, Affordable Housing, Development of Age-Friendly and Inclusive Buildings, Cultural and Heritage Preservation.</p> <p>Product and/or service-related use of proceeds categories³ individually contribute to one or more of the following SDGs:</p>  <p>Improvements of operational performance use of proceeds categories⁴ individually (i) improve the</p>	<p>Positive</p>

² The evaluation is based on Chinachem’s Sustainable Finance Framework (September 2024 version), on the analyzed selection criteria as received on September 17, 2024.

³ Green Buildings, Renewable Energy, Clean Transportation, Climate Change Adaptation. Community Investment and Engagement, Affordable Housing, and Cultural and Heritage Preservation.

⁴ Energy Efficiency, Pollution Prevention, Green Technologies, Sustainable Water and Wastewater Management, Circular Economy and Development of Age-Friendly and Inclusive Buildings.

	<p>Issuer’s/Borrower’s operational impacts and (ii) mitigate potential negative externalities of the Issuer’s/Borrower’s sector on one or more of the following SDGs:</p>  <p>The environmental and social risks associated with those use of proceeds categories and the financial institution are managed.</p>	
<p>Part III: Eligibility against the Hong Kong Taxonomy for Sustainable Finance and Common Ground Taxonomy</p>	<p>Chinachem’s project characteristics, due diligence processes and policies for the nominated use of proceeds project categories have been assessed against the relevant criteria and thresholds requirements of the Hong Kong Taxonomy for Sustainable Finance and substantial contribution criteria requirements of the Common Ground Taxonomy, based on information provided by Chinachem. Where Chinachem’s project characteristics, due diligence processes and policies meet the Hong Kong Taxonomy for Sustainable Finance and Common Ground Taxonomy’s criteria requirements, a tick is shown in the table below.</p> <p>The Do No Significant Harm criteria and minimum safeguards requirements are currently not included in the Hong Kong Taxonomy for Sustainable Finance and Common Ground Taxonomy, given that both taxonomies are primarily focused on climate change mitigation and provide a simpler starting point for alignment between different taxonomies. However, both taxonomies acknowledge the importance of DNSH, and MSS is recognized and will be explored in future development.</p>	<p>Eligible for assessing alignment at a later date</p>
<p>Part IV: Consistency of sustainable financing transactions with Chinachem’s</p>	<p>The key sustainability objectives and the rationale for issuing green/social loans/bonds are clearly described by the Issuer. Most of the project categories financed are in line with the Issuer’s sustainability objectives.</p>	<p>Consistent with Issuer’s sustainability strategy</p>

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sustainability strategy	At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.	
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SPO ASSESSMENT

PART I: ALIGNMENT WITH GBP, SBP, GLP AND SLP

This section evaluates the alignment of Chinachem’s Sustainable Finance Framework (as of September 16, 2024) with the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles

GBP, SBP, GLP AND SLP	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by Chinachem’s Sustainable Finance Framework is aligned with the GBP, SBP, GLP and SLP.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP, SBP, GLP and SLP, and criteria are defined clearly and transparently. Disclosure to investors at pre-issuance on the proceeds amount to be allocated to each project category is committed, and environmental and social benefits are described and quantified.</p> <p>The Issuer defines a look-back period of 36 months prior to the closing of the relevant transaction, which is in line with best market practice.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Chinachem’s Sustainable Finance Framework is aligned with the GBP, SBP, GLP and SLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy and the intended benefit to the relevant population.</p> <p>The Issuer defines exclusion criteria for harmful project categories and involves various stakeholders in this process. In addition, Chinachem has identified the alignment of its</p>

		<p>Framework and its green projects with the Common Ground Taxonomy (2022) and the Hong Kong Taxonomy for Sustainable Finance (2024), in line with best market practice.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Chinachem’s Sustainable Finance Framework is aligned with the GBP, SBP, GLP and SLP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and attested in a formal internal process. The net proceeds are managed by the Corporate Finance and Treasury Department using an aggregated approach. Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer commits to segregate the proceeds collected by earmarking towards specific projects under its internal register as a temporary measure, in line with best market practice.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Chinachem’s Sustainable Finance Framework is aligned with the GBP, SBP, GLP and SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer’s website. Chinachem has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the eligible project level. Moreover, the Issuer commits to reporting annually until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported and further defines the duration and frequency of the impact reporting, in line with best market practice.</p>

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ISS-CORPORATE 

PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA

A. CONTRIBUTION OF THE SUSTAINABLE FINANCING TRANSACTIONS TO THE U.N. SDGs⁵

Companies can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. This section assesses the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements in operational performance


1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:



Each of the sustainable financing transaction's use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES) OF GREEN CATEGORIES	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings⁶</p> <p><i>Acquisition, construction, redevelopment, refurbishment, retrofitting and maintenance of new/existing buildings that have or will receive any one of the following</i></p>	<p>Contribution</p>	

⁵ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

⁶ The sustainability quality of the eligible categories assessment is limited to examples listed in this SPO.

third party-verified green building certifications:

For the commercial/residential buildings in Hong Kong:

- *Hong Kong BEAM Plus New Buildings:*
 - *(1) Minimum certification level of Gold or above*
 - *(2) Minimum of 10 credits under EU2 and a minimum score of 70% in Energy Use category (for Commercial Building only)*
 - *(3) 30% energy saving against the BEC 2018 baseline⁷ or 20% energy saving against BEC 2021 baseline⁸ (for Commercial Building only)*

For the commercial/residential buildings outside Hong Kong:

- *U.S. Leadership in Energy and Environmental Design (LEED):*
 - *(1) Minimum certification level of Gold or above*
 - *(2) Minimum score of 9 points under Energy Assessment Credits*
 - *(3) Optimize Energy Performance for 30% improvement above ASHRAE 90.1 in energy performance*
- *Building Research Establishment Environmental Assessment Method*



⁷ For projects certified under BEAM Plus 1.2.

⁸ For projects certified under BEAM Plus 2.0.

(BREEAM): Minimum certification level of Excellent or above⁹

- *Singapore BCA Green Mark: Minimum certification of GoldPLUS or above*
- *National Australian Built Environment Rating System (NABERS): Minimum rating level of 5 stars or above*

Green Buildings

Acquisition, construction, redevelopment, refurbishment, retrofitting and maintenance of new/existing buildings that have or will receive any one of the following third party-verified green building certifications:

For the commercial/residential buildings in Mainland China:

- *Green Building Evaluation Label (China Three Star): minimum certification of 3-Star*

Green Buildings

Acquisition, construction, redevelopment, refurbishment, retrofitting and maintenance of new/existing buildings that have or will receive any one of the following third party-verified green building certifications:

For the commercial/residential buildings in Hong Kong:

- *Hong Kong Green Building Council (HKGBC) Zero-Carbon-Ready Building Certification Scheme:*

Contribution



Contribution¹²



⁹ For construction of new commercial and residential buildings in the European Union, primary energy demand, defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the NZEB requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate. For buildings larger than 5000 m2 (for residential buildings, the testing is made for a representative set of dwelling/apartment types), upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. The testing for air-tightness and thermal integrity is carried out in accordance with EN13187 (Thermal Performance of Buildings - Qualitative Detection of Thermal Irregularities in Building Envelopes - Infrared Method) and EN 13829 (Thermal performance of buildings - Determination of air permeability of buildings - Fan pressurization method) or equivalent standards accepted by the respective building control body where the building is located.

¹² This activity is assessed positively due to its alignment with the Hong Kong Taxonomy for Sustainable Finance (May 2024) 3.4.1. "Construction and renovation of buildings."

- *Energy Performance Certificate – minimum certification level of Extra Low in EUI (i.e., 25% reduction)*

For the commercial/residential buildings outside Hong Kong:

- *Hong Kong Green Building Council (HKGBC) Zero-Carbon-Ready Building Certification Scheme:*
- *U.K. Energy Performance Certificate (EPC): Minimum rating level of A or above¹⁰¹¹*

Green Buildings

Acquisition, construction, redevelopment, refurbishment, retrofitting and maintenance of new/existing buildings that have or will receive any one of the following third party-verified green building certifications:

For the commercial/residential buildings outside Hong Kong:

- *WELL Building Certification: Minimum certification level of Gold or above*

Contribution



¹⁰ For construction of new commercial and residential buildings in the European Union, primary energy demand, defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the NZEB requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate. For buildings larger than 5000 m2 (for residential buildings, the testing is made for a representative set of dwelling/apartment types), upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. The testing for air-tightness and thermal integrity is carried out in accordance with EN13187 (Thermal Performance of Buildings - Qualitative Detection of Thermal Irregularities in Building Envelopes - Infrared Method) and EN 13829 (Thermal performance of buildings - Determination of air permeability of buildings - Fan pressurization method) or equivalent standards accepted by the respective building control body where the building is located.

¹¹ For buildings built before 31 December 2020, the building must have at least an Energy Performance Certificate (EPC) Class A. For Construction of new buildings, the Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, must be at least 10% lower than the threshold set for nearly zero-energy building (NZEB) requirements in national measures.

Renewable Energy

- *Projects that generate renewable energy (e.g., solar, wind)¹³*
- *Projects that retrofit, replace or upgrade existing facilities, system and equipment to bolster the capacity for producing renewable energy (e.g., solar, wind)¹⁴*
- *Renewable energy investments, including but not limited to power purchase agreements and renewable energy certificates (RECs)¹⁵*

Contribution



Clean Transportation

Projects that promote sustainable transport modes, including:

- *Construction and operation of electric vehicle charging stations*
- *Construction of urban walking and cycling transportation systems (e.g., non-motorized vehicle parking facilities, road crossing facilities)*
- *Selling, purchasing, financing, leasing, renting and operation of private electric or hydrogen vehicles*

Contribution



Clean Transportation

Projects that promote sustainable transport modes, including:

- *Construction of urban walking and cycling transportation systems (e.g., public bicycle rental sites)*

Contribution



¹³ For the facilities that produce electricity using solar photovoltaic (PV) technology, (a) the minimum photoelectric conversion efficiency of polycrystalline silicon cells and monocrystalline silicon cells shall not be less than 19% and 21% respectively; (b) the minimum photoelectric conversion efficiency of polycrystalline silicon cell modules and single crystal silicon battery modules shall not be less than 17% and 17.8% respectively; (c) The minimum photoelectric conversion efficiency of silicon-based, CIGS, CdTe and other thin-film battery modules shall not be less than 12%, 14%, 14%, 12%; (d) the decay rates of polycrystalline silicon battery modules and monocrystalline silicon battery modules shall not be higher than 2.5% and 3% in the first year, not higher than 0.7% per year, and not higher than 20% within the period of 25 years; the attenuation rate of thin-film battery module shall not be more than 5% in the first year, no more than 0.4% per year in the following year, no more than 15% within the period of 25 years.

¹⁴ Ibid.

¹⁵ The Issuer confirms that only bundled RECs are to be financed.

Climate Change Adaptation

Projects that can enhance new buildings/existing assets' preparedness for minimizing, adapting or tackling climate-related risks, including climate-related risk assessments for the Issuer's portfolio of existing buildings and new construction project sites.¹⁶



USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL CATEGORIES	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Community Investment and Engagement</p> <ul style="list-style-type: none"> Projects or programs that can create greater community engagement, connection and collaboration and enhance quality of life and well-being benefitting the general public (e.g., community recreational facilities¹⁷ and communal lounges¹⁸) 	<p>Contribution</p>	
<p>Community Investment and Engagement</p> <ul style="list-style-type: none"> Projects or programs that can create greater community engagement, connection and collaboration and enhance quality of life and well-being benefitting the general public (e.g., extended living spaces¹⁹) 	<p>Contribution</p>	

¹⁶ For projects related to Climate Change Adaptation, Chinachem will engage in assessments for its properties to identify climate related risks and vulnerabilities. The assessment involves (i) Qualitative Screening and Risk Ranking, (ii) Exposure and Vulnerability Assessment, (iii) Climate Scenario Analysis, and (iv) Recommendations and Strategies. Chinachem utilizes RCP 2.4, RCP 4.5 and RCP 8.5 to project future greenhouse gas concentrations and assess the associated risks.

¹⁷ Nina Park, located in Tsuen Wan, Hong Kong, is Asia's largest wood fossil park, covering 70,000 square feet. It features an extensive collection of wood fossils gathered by Chinachem. The park offers unique "edutainment" experiences and innovative designs, aiming to educate and inspire locals and tourists. As Hong Kong's only wood fossil park, it connects the community through engaging educational programs and immersive experiences.

¹⁸ The communal lounge, featuring a shared kitchen, dining area and recreational facilities, is designed to be a hub for residents to cook together, share meals and socialize. This fosters a sense of community and helps combat the social isolation that can be common among young residents. Additionally, the space is equipped for both work and leisure.

¹⁹ Extended living spaces refer to facilities that include shared pantries, dining rooms, laundry rooms, shower facilities and common areas for studying, holding interest classes and conducting group activities. These projects are specifically designed for residents of subdivided units (SDUs), providing them with additional space and diverse facilities to meet their daily and social needs. By offering these amenities, the projects aim to improve the quality of life for SDU residents and enhance the happiness of grassroots families.

Community Investment and Engagement

- *Projects or programs that improve access to healthcare, particularly primary healthcare, for youth, women, people living below the poverty line (defined by local government) and/or people with disabilities (e.g., community health outreach and screening programs,²⁰ art therapy programs,²¹ short-term intervention programs²²)*

Contribution



Community Investment and Engagement

- *Projects or programs that improve access to healthcare, particularly primary healthcare, for youth, women, people living below the poverty line (defined by local government) and/or people with disabilities (e.g., peer support programs²³)*

Contribution



Community Investment and Engagement

- *Projects or programs that support socioeconomic advancement, employment and social inclusion benefitting SMEs,²⁴ youth, women, people living below the poverty line (defined by local government) and/or people with disabilities, including:*
 - *Start-up accelerators/incubators to support entrepreneurship*

Contribution



²⁰ Emphasis on primary healthcare, focusing on prevention over cure. The programs would involve professionals like nurses, doctors, occupational therapists, social workers and art therapists.

²¹ The art activity aim to enhance elders' mental functions, self-esteem and social interaction, culminating in a multi-sensory dining event celebrating their achievements with old Hong Kong performances and traditional dim sum.

²² The activity aims to enhance interactions with dementia patients by training practitioners, such as occupational therapists and social workers, as well as community volunteers and caregivers, in using SKHWC's DementiAbility Methods thematic training kit.

²³ There is a peer support/interest group where women who are caregivers offer support to one another while creating quilling paper arts. This activity provides an opportunity for connection, stress relief and mutual mental support.

²⁴ Manufacturing enterprises that employ fewer than 100 people and non-manufacturing enterprises that employ fewer than 50 people are regarded as SMEs in Hong Kong.

Community Investment and Engagement

- *Projects or programs that support socioeconomic advancement, employment and social inclusion benefitting SMEs, youth, women, people living below the poverty line (defined by local government) and/or people with disabilities, including:*
 - *Social mobility programs²⁵*
 - *Vocational training²⁶*

Community Investment and Engagement

- *Projects or programs that support socioeconomic advancement, employment and social inclusion benefitting SMEs, youth, women, people living below the poverty line (defined by local government) and/or people with disabilities, including:*
 - *In-kind support²⁷*
 - *Youth education programs²⁸*

Affordable Housing

Construction, development of property and/or infrastructure that provides affordable housing for youth and/or people living below the poverty line (defined by local government), such as youth hostels.²⁹

Contribution



Contribution



Contribution



²⁵ The project trains retired elders and underemployed mothers from NGOs to manage James' Community Garden. They grow crops and host gardening and farm-to-table activities, fostering community engagement and earning income through subsidies and program fees.

²⁶ Training focus programs (finance-to-vocation skills to enable the participant to get a job), as well as developing specific skills tailored to various employment opportunities (e.g., gardening, sewing, healthcare).

²⁷ Anti-epidemic supplies and essentials like masks, hand sanitizers and canned food were provided to low-income families, improving healthcare access and alleviating pandemic-related financial strain.

²⁸ The Climax Improvement Association's program in Tsuen Wan and Kwai Tsing helps youth develop confidence, problem-solving and stress management skills through lectures, documentaries and a climbing course led by Lai Chi Wai. In addition, InspiringHK Sports Foundation's Run Inspires provides a year of structured sports training for underprivileged children, promoting perseverance, teamwork and future growth.

²⁹ Convert 100 rooms into 200 hostel spaces with modern amenities at lower rents, offering young guests a cheaper rental rate than the market price, and the tenancy contract is five years.

Cultural and Heritage Preservation

Projects or programs relating to conservation of community culture,³⁰ preservation of cultural heritage material and restoration of buildings (in part or in whole) that are of historical or cultural significance, with the aim of benefitting the general public.³¹

Contribution



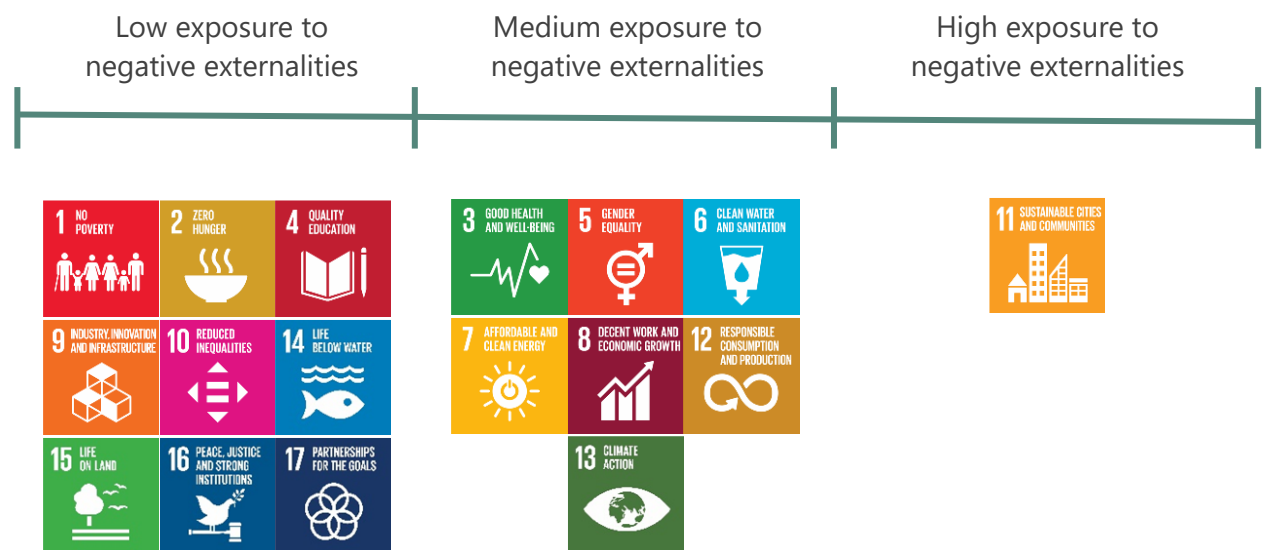
³⁰ Chinachem's Lai Chi Wo Story Room, involving Chinachem Group and local organizations, aims to conserve Lai Chi Wo's Hakka heritage through a story room with exhibits on daily life, traditional medicine and cultural practices. It supports sustainable agriculture and may generate economic opportunities for the village. CCG Library (Asia Art Archive's Expanded Library), funded by Chinachem Group and other supporters, is a newly renovated and expanded library in Sheung Wan that enhances the Asia Art Archive's capacity for research and engagement with Asian art, significantly improving its functionality and resources.

³¹ Local residents and tourists.

2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related U.N. SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

According to the ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real estate sector (to which Chinachem belongs) are the following:



The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT	SUSTAINABLE DEVELOPMENT GOALS
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Energy Efficiency

Projects that can reduce energy consumption, improve energy efficiency and/or optimize energy management (e.g., high efficiency chillers, submetering,



³² Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

³³ The Issuer has aligned its selection criteria with the Hong Kong Taxonomy for Sustainable Finance’s criteria and thresholds for a substantial contribution to climate change mitigation.

energy-efficient lighting and motion sensors).

For the renovation of existing commercial buildings:

- *(1) The building renovation leads to a reduction of primary energy demand, energy consumption, or direct GHG emissions of at least 30% against the building's historic average, or*
- *(2) Use HKGBC's Zero-Carbon-Ready Building: Must be at least Extra Low or Level 2 improvement (i.e., 25% reduction) according to Zero-Carbon-ready building Certification Scheme.*

For the renovation of existing residential buildings:

The building renovation leads to a reduction of primary energy demand, energy consumption, or direct GHG emissions of at least 30% against the building's historic average. This is proven with measured and verified data.

Pollution Prevention

Projects that implement strategies for monitoring, reducing and managing environmental pollution during construction and operation. This includes:

- *Air and Noise Pollution Control: Measures to minimize air pollutants (including Battery Energy Storage System) and noise levels (including electric-powered construction equipment such as the cherry picker, spider crane and demolition robot);*



Pollution Prevention

Projects that implement strategies for monitoring, reducing and managing environmental pollution during construction and operation. This includes:

- *Waste Management: Measures to minimize non-hazardous waste*



generation and facilitate resource reuse or recycling

- *Concrete Modular Integrated Construction*

Pollution Prevention

Projects that implement strategies for monitoring, reducing and managing environmental pollution during construction and operation. This includes:

- *Waste Management: Measures to minimize non-hazardous waste generation and facilitate resource reuse or recycling*
 - *On-site food waste machine*
 - *Reverse vending machines*



Circular Economy

Projects that can support waste prevention, reduction, recycling, upcycling and composting.

- *Peelable Nano Protective Coating*



Green Technologies

- *Adoption of innovative solutions or technologies in the design and operation of our facilities, buildings or projects, aiming to enhance the Group's sustainability performance through;*
 - *Catalysis of the development of intelligent and sustainable solutions or technologies through investment in the research and development programs or investments in entities*



³⁵ ISS-Corporate considers this activity as a contribution as it is financing the research and development of technologies related to Clean Transportation, Climate Change Adaptation, Energy Efficiency, Green Buildings, Renewable Energy, Sustainable Water and Wastewater Management, Waste Minimisation and Circularity, and Green Smart Technologies enhancing building operation efficiency and productivity. These technologies must demonstrate a clear and measurable positive impact on at least one of the following areas: energy efficiency, greenhouse gas reduction, climate change adaptation or resource efficiency.

that are significantly involved in environmentally positive activities.³⁴

Sustainable Water and Wastewater Management

Adopt high efficiency water fixtures for new and existing projects to reduce fresh water consumption and wastewater discharge. Such projects will achieve, based on feasibility studies and baseline methodology, at least 30% water saving against the local green building baseline (e.g., BEAM Plus baseline of the latest version).



Development of Age-Friendly and Inclusive Buildings

- Projects or programs that provide elderly care services and facilitate intergenerational harmony communities³⁶
- *Piloting or implementation of innovative facilities, design features or equipment providing aids and convenience for the elderly*
- *Piloting or implementation of innovative facilities, design features or equipment enhancing the physical, mental and social well-being benefitting building users (e.g., residents living at elderly care services)*
- *Support research and investment to catalyze the development of innovative facilities, design features or equipment providing aids and convenience for the elderly*
- *Support research and investment to catalyze the development of*



³⁴ These entities must derive a minimum of 90% of their revenue from activities demonstrably creating positive impacts to the environment. Furthermore, funded entities must demonstrate a clear and measurable positive impact on at least one of the following areas: energy efficiency, greenhouse gas reduction, climate change adaptation or resource efficiency.

³⁶ In collaboration with Chinese University of Hong Kong, features Hong Kong's first inter-generational living concept with accessible design elements like widened corridors, larger service lifts, adaptable kitchen and bathroom features, and anti-slip flooring for elderly residents.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainable Finance Framework

ISS-CORPORATE 

*innovative facilities, design features or
equipment enhancing the physical,
mental and social well-being
benefitting building users (e.g.,
residents living at elderly care services)*

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

The table below evaluates the selection criteria against issuance-specific KPIs. All of the assets are/will be located in Hong Kong, Mainland China, the U.K., Singapore and Australia.

ASSESSMENT AGAINST KPIs

Community Dialogue

Renewable Energy, Sustainable Water and Wastewater Management, Circular Economy



Chinachem confirms that most assets are, or will be, located in Hong Kong, with one project currently in the U.K. (covered by a previous green loan). Chinachem systematically ensures that community dialogue is integral to the planning process for assets financed under its Framework. Through its Sustainability & CSR Policy, Chinachem commits to minimizing environmental impact and involving the public in project planning, in line with Hong Kong's [Environmental Impact Assessment Ordinance](#). For its U.K. projects, Chinachem adheres to the [Town and Country Planning \(Environmental Impact Assessment\) Regulations 2017](#), ensuring transparency and community participation. The company is also committed to complying with local environmental laws in any future investments outside Hong Kong, ensuring responsible engagement with the communities where it operates.

Conservation and Biodiversity Management

Renewable Energy – Wind Power



Chinachem confirms that most assets are, or will be, located in Hong Kong, with one project currently in the U.K. (covered by a previous green loan). Chinachem systematically ensures that environmental impact assessments are integral to the planning process for assets financed under its Framework. Through its Sustainability & CSR Policy, Chinachem commits to minimizing environmental impact and involving the public in project planning, in line with Hong Kong's Environmental Impact Assessment Ordinance. For its U.K. projects, Chinachem adheres to the [Town and Country Planning \(Environmental Impact Assessment\) Regulations 2017](#), ensuring potential environmental problems are foreseen and avoided at an early stage in the planning cycle. In addition, the company is conducting a comprehensive assessment based on the the Taskforce on Nature-Related Financial Disclosures framework to evaluate nature-related risks across its assets and value chain. This includes proactive screening within a 10-50 kilometer radius of project sites to identify interactions with sensitive ecological areas. If

projects are near ecologically sensitive areas, Chinachem adheres to the local ordinance and implements appropriate mitigation measures. The company is also developing a biodiversity monitoring program and integrates biodiversity considerations into its investment process, prioritizing the avoidance of conflicts with wildlife and sensitive ecosystems.

Renewable Energy, Clean Transportation, Sustainable Water and Wastewater Management, Circular Economy



Chinachem's assets are primarily located in Hong Kong, with one project in the U.K. The Company underwent environmental impact assessments at the planning stage of all financed assets under its Framework. Chinachem adheres to Hong Kong's Environmental Impact Assessment Ordinance and the U.K.'s Town and Country Planning (Environmental Impact Assessment) Regulations 2017 to anticipate and address environmental issues early in the planning stages. The application of environmental impact assessments (EIAs) is determined based on each project's specific nature and potential impacts. Chinachem employs a comprehensive ESG Due Diligence Checklist as a core part of its investment process to identify and assess ESG risks and opportunities. This checklist helps guide the decision on whether an EIA is needed, ensuring compliance with all relevant legal and regulatory requirements.

For future overseas investments, Chinachem is committed to adhering to local ordinances and implementing appropriate mitigation measures, including environmental impact assessments. Chinachem is also reviewing its Sustainability Policy to explore incorporating more explicit language regarding the approach to environmental impact assessments. This aims to provide greater clarity to stakeholders on Chinachem's responsible environmental stewardship.

Energy Efficiency

Development of Age-Friendly and Inclusive Buildings, Community Investment and Engagement



Chinachem has a set of sustainable design procurement guidelines in place to systematically ensure that assets under this Framework are optimized for energy efficiency during operations by ensuring that certain certifications involving energy efficiency have been obtained and certain thresholds have been met, such as energy performance credits in BEAM Plus certification.

Circular Economy



Chinachem has policies and measures to ensure that assets financed under this Framework are optimized for energy efficiency during production. The Issuer has established sustainable procurement guidelines that define mandatory and desirable green requirements for 21 frequently acquired items, with a focus on enhancing energy efficiency. According to its ESG Due Diligence Checklist, which serves as a reference for investment decisions, energy efficiency is a key environmental factor considered in the assessment.

Environmental Aspects of Construction (or Production) and Operation

Energy Efficiency, Renewable Energy, Circular Economy



Chinachem has established Sustainable Design Procurement Guidelines and Sustainable Procurement Guidelines that enforce recycling across all asset types. For buildings, the guidelines require a construction waste management proposal during the pre-qualification stage, covering building demolition and ensuring legal compliance with certified contractors for waste management to prioritize recycling. In procurement, Chinachem checks for suppliers' ISO 14001 and ISO 50001 certifications. The company's commitment to responsible waste management includes minimizing waste, avoiding landfills, and incorporating recycling clauses in contracts. For example, solar panel installation contracts require contractors to take back and recycle panels upon project completion or request.

Sustainable Water and Wastewater Management



Chinachem has policies in place systematically ensuring that assets financed under this Framework feature clear measures for leak detection and have repair systems in place. Chinachem conducts monthly and annual examinations of its water supply and wastewater discharge systems. The examination involves checking the water quality, examining hardware surface integrity and examining noise. These examinations can be conducted by its internal engineering department or maintenance contractors.



Chinachem has policies in place systematically ensuring that assets financed under this Framework feature measures to reduce the environmental impacts of sewage sludge disposal. The Hong Kong Special Administrative Region's [Waste Disposal Regulation](#) prohibits discharging sewage sludge into waterways or landfills. Chinachem mandates that all projects have contracts with licensed waste management operators for the safe transportation and disposal of treated sewage sludge to authorized facilities. For its real estate projects with restaurants, Chinachem has defined a set of policies for ensuring periodic cleaning of grease traps and collection of grease and waste through Hong Kong's [Waste Cooking Oils Collectors Registration](#).

Circular Economy

Chinachem has policies in place systematically ensuring that assets financed under this Framework have undergone comprehensive life-cycle assessments (LCAs). Chinachem commits to and ensures that all new development projects are subject to LCAs and adheres to the ISO 14040/44 standards for conducting and reporting LCAs. Chinachem states that its LCAs utilize a cradle-to-gate approach, and the assessments incorporate both quantitative data (e.g., emissions calculations) and qualitative factors (e.g., potential environmental risks) to provide an understanding of the asset's life cycle impact. The findings from the LCAs are integrated into its investment decision-making processes, allowing Chinachem to prioritize projects with lower environmental footprints and identify opportunities for mitigation throughout the asset's life cycle.

Circular Economy, Community Investment and Engagement

Chinachem has policies in place systematically ensuring that assets financed under this Framework provide for high standards regarding environmentally safe operation of plants. Chinachem considers environmental impact management to be integral to its Sustainability Policy. Further, Chinachem commits to follow ISO 14001 management standards for assets financed under this Framework.

Renewable Energy, Circular Economy, Clean Transportation

Chinachem has policies in place to systematically ensure that assets financed under this Framework meet high environmental standards and requirements during the construction phase. Chinachem commits to and ensures that all new development projects are subject to LCAs and adheres to the ISO 14040/44 standards for conducting and reporting LCAs. Chinachem states that its LCAs utilize a cradle-to-gate approach to provide an understanding of the impact of the asset's life cycle. The findings from the LCAs are integrated into its investment decision-making processes, allowing Chinachem to prioritize projects with lower environmental footprints and identify opportunities for mitigation throughout the asset's life cycle.

Energy Efficiency

Chinachem has policies in place systematically ensuring that assets financed under this Framework meet high environmental standards and requirements in the supply chain. Chinachem confirms that it checks if the supplier has ISO 14001 and ISO 50001 certification as a contractual requirement. Furthermore, Chinachem has defined the Sustainable Design Procurement Guidelines and Sustainable Procurement Guidelines.

Green Building, Clean Transportation



Chinachem has policies in place systematically ensuring that assets financed under this Framework provide for sustainable procurement of construction materials. Chinachem has defined the Sustainable Design Procurement Guidelines, which require contractors and subcontractors to submit a list of construction materials required for Chinachem’s internal sustainability departments’ approval. The guideline applies to all new projects under design or construction phases.

Environmental Impact

Affordable Housing



Chinachem has policies and measures in place that systematically ensure that assets financed under the Framework have policies in place reducing the potential negative environmental impact that assets could have. In addition to its Sustainability & CSR Policy, Chinachem has an ESG due diligence process that evaluates various environmental factors, including natural hazards, biodiversity and habitat preservation, and waste management, which helps Chinachem understand the environmental impacts of potential investments and ensure that all assets financed under this Framework contribute positively toward environmental sustainability. Furthermore, for projects located in or near ecologically sensitive areas, Chinachem confirms that it will adhere strictly to the local environmental regulations and conduct environmental impact assessments as required by local [law](#). These assessments are designed to ensure that adequate measures are in place to avoid, control, minimize and mitigate potential negative environmental impacts during the construction, operation and demolition stages of a project.

Inclusion

Affordable Housing



Chinachem is partnering with Y.Elite Association under a five-year contract to offer affordable youth hostel spaces at Nina Hotel Tsuen Wan West. The program, called [Home²](#), adheres to the Hong Kong Home and Youth Affairs Bureau’s [Youth Hostel Scheme](#), which involves subsidizing NGOs to rent hotels and guesthouses for use as youth hostels. This scheme caps rents at 60% of market rates to make housing financially accessible for socially disadvantaged youth. For future affordable housing projects targeting youth, Chinachem plans to follow similar guidelines and principles set by the bureau, ensuring assets financed under the Framework have policies that promote inclusion and non-discriminatory access, referencing fair prices or subsidized participation for socially disadvantaged groups.

Community Investment and Engagement



Chinachem has equal opportunity policies to prevent workplace discrimination, enforcing a zero-tolerance stance on biases related to age, disability, race, gender and other protected characteristics. Such policies apply to employees, business partners, customers and guests. As a signatory the Racial Diversity & Inclusion Charter for Employers, Chinachem promotes equality and diversity across all employment areas. The company ensures fair recruitment, promotion and dismissal processes, supported by training programs that enhance awareness and sensitivity to discrimination. A robust grievance process is in place for confidential and effective resolution of discrimination issues. Additionally, Chinachem is actively working to reduce the gender pay gap to ensure equitable compensation for all employees.

Labor, Health and Safety

All Categories



Most assets are or will be located in Hong Kong, with one project currently in the U.K. (covered by a previous green loan), where high labor, health and safety standards are in place, aligned with the International Labor Organization’s core conventions. In addition to these standards, Chinachem has certified its core operations, including property management services and hotels, under the Occupational Health and Safety Management System ISO 45001. Chinachem also ensures that any appointed building contractor is ISO 45001 certified to maintain high occupational health and safety standards for all stakeholders. Beyond health and safety, Chinachem has implemented Group Policies & Procedures to provide and maintain an environment that offers equal opportunities and is free from discrimination, threats/retaliation and harassment during employment. Additionally, a complaints procedure is in place for the provision of goods, services, facilities and other activities under the Group’s auspices.

Chinachem commits to maintaining high occupational health and safety standards across all projects, including those outside Hong Kong. To ensure this, the company has implemented an ESG due diligence process that assesses building safety and the developer’s OHS management systems. This allows Chinachem to confidently engage in international projects while upholding its commitment to worker safety and well-being.

Renewable Energy, Energy Efficiency



Chinachem conducts supplier due diligence to assess economic and sustainability performance, including service quality, environmental practices, and occupational health and safety. OHSAS 18001 or ISO 45001 certification is

required. The Supplier Code of Conduct mandates a safe, clean and healthy workplace, with safety measures, systems and training to minimize risks. Suppliers must not use forced labor, physical punishment or abuse. They cannot require employees to surrender identification documents. All work, including overtime, must be voluntary. Child labor is prohibited. Suppliers must avoid discrimination in hiring, compensation or discipline based on gender, age, religion, race, sexual orientation, disability, disease, marital status, pregnancy or political affiliation. Currently, the Supplier Code of Conduct does not explicitly detail whether a supplier should respect the right of freedom of association and the effective recognition of the right to collective bargaining.

Chinachem is currently working on enhancing its code to incorporate respect for the right to freedom of association and the effective recognition of the right to collective bargaining. This update is expected to be completed by the end of 2024. To ensure compliance, we require all existing and new suppliers to sign the updated code of conduct and communicate any changes to all active suppliers. This ensures that our suppliers remain informed and compliant with the latest requirements, regardless of the project stage.

On-Site Safety

Circular Economy, Energy Efficiency

Chinachem Group has established comprehensive policies and procedures on occupational health and safety (OHS) to ensure a safe and healthy working environment, aiming to maintain low accident and injury rates in compliance with OHS laws and regulations.



Additionally, the Group has implemented a Guest Safety Program, including an Emergency Preparedness Plan, with protocols for medical and fire emergencies and monthly inspections to assess potential risks. Key safety measures include fire hazard prevention, fire fighting training, and maintenance and inspection of fire safety systems such as alarms, sprinklers, hydrants and extinguishers. These initiatives are designed to protect both employees and guests, ensuring a secure environment.

Quality Management

Community Investment and Engagement



The regulations for medical services in Hong Kong differ depending on the type. Registered medical practitioners must be licensed by the Hong Kong Medical Council and adhere to strict regulations, including the Medical Code of Professional Conduct. Other healthcare professionals, such as nurses and physiotherapists, are overseen by specific regulatory bodies. Chinese medicine

practitioners are also regulated by the Chinese Medicine Council of Hong Kong. In addition, Chinachem adopts a systematic approach to selecting medical facilities as collaborating partners, with a focus on their commitment to high medical standards and quality services. A key part of the selection process involves evaluating whether a potential partner has a structured quality management system. For example, in the acquisition of Pine Care (an elderly center), most Pine Care centers have earned international certifications such as ISO 9001, as well as accreditation from the Residential Aged Care Accreditation Scheme by the Hong Kong Association of Gerontology, which focuses on operational procedures.

Chinachem has committed to ensuring all Community Investment and Engagement activities financed under this Framework are located in jurisdictions with robust medical standards and regulatory oversight. Presently, Chinachem has strategically chosen to invest in Hong Kong due to its well-established medical infrastructure and strong supervisory bodies.

Community Investment and Engagement, Development of Age-Friendly and Inclusive Buildings

All elder care service providers in Hong Kong are required to comply with the [Residential Care Homes \(Elderly Persons\) Regulation \(Cap. 459A, Section 23\)](#) and be registered under the Social Welfare Department of HKSAR to ensure quality service, staff competence and the protection of residents' dignity and privacy.



Chinachem is committed to ensuring that all assets financed under these subcategories defined in the Framework are supported by robust quality management systems. The primary focus remains on investments in Hong Kong, known globally for its quality controls and supervisory mechanisms. For instance, Pine Care is certified under the ISO 9001 quality management standard, ensuring consistent customer satisfaction through staff engagement and continuous process improvement. Nina Hospitality also has minimum quality service standards. This is achieved through clearly defined service specifications, standardized operational procedures, regular performance monitoring and robust guest feedback mechanisms. Additionally, regular internal audits, management review meetings, performance data analysis and a structured process for implementing corrective and preventive actions further support the activities under this subcategory.

Development of Age-Friendly and Inclusive Buildings



All elder care service providers in Hong Kong are required to comply with the [Residential Care Homes \(Elderly Persons\) Regulation \(Cap. 459A, Section 23\)](#)

and be registered under the Social Welfare Department of HKSAR to ensure quality service, staff competence and the protection of residents' dignity and privacy. For the elderly residents, all-around care is provided through a multi-disciplinary team, including geriatricians, nurses, caregivers, social workers, physiotherapists and occupational therapists. For physical well-being, facilities include a physiotherapy room, gardening area, NCCO oxygen concentrator air purifiers and adjustable nursing beds. Features for mental well-being include a sensory therapy room, reminiscence area, mural corridor, ample natural light, outdoor views and themed restaurants. For social well-being, the residence offers spacious common areas, an entertainment room, a Mahjong room and a hair salon that creates a resident-centered environment for seniors.

Safety of Users/Consumers

Affordable Housing



Chinachem Group has implemented policies and procedures on occupational health and safety, focusing on creating a safe and healthy working environment and aiming to achieve low accident and injury rates in line with industry standards. The policy emphasizes the importance of a safe workplace and ensures compliance with applicable OHS laws and regulations.

In addition to the group policy, Chinachem has established policies and procedures for the Guest Safety Program, including an Emergency Preparedness Plan, protocols for medical emergencies, and evacuation procedures for fire emergencies and other situations.

Site Location

Green Building



Chinachem confirms that all current property projects are located within a 1 kilometer radius of various public transportation options. Future projects will adhere to this practice, as well.

Community Investment and Engagement, Development of Age-Friendly and Inclusive Buildings



Chinachem confirms that all Community Investment and Engagement and Development of Age-Friendly and Inclusive Buildings projects in its existing portfolio adhere to locating projects within reasonable distances of public transportation options. The Issuer also commits that all future projects falling under these subcategories will prioritize locations well-served by public transportation options such as minibuses, buses, trams, light MTR and MTR

(within 250-meter radius), ensuring convenient and accessible participation for all community members.

User Safety

Community Investment and Engagement, Green Building, Development of Age-Friendly and Inclusive Buildings



Chinachem Group has implemented policies and procedures on occupational health and safety, focusing on creating a safe and healthy working environment and aiming to achieve low accident and injury rates that are in line with industry standards. The policy emphasizes the importance of a safe workplace and ensures compliance with applicable OHS laws and regulations. In addition to the group policy, Chinachem also establishes policies and procedures for the Guest Safety Program: the Group mandates a minimum monthly inspection to review, evaluate and assess potential risk levels, with a particular focus on fire hazards. Key safety measures include fire hazard prevention, firefighting training and the maintenance of essential fire safety systems such as auto/manual fire alarm systems, automatic sprinkler systems, fire hydrant and hose reel systems, automatic fire detection systems, and portable fire extinguishers. These efforts are designed to ensure a secure environment for both employees and guests.

Waste

Community Investment and Engagement, Development of Age-Friendly and Inclusive Buildings



Chinachem Group has policies and procedures on sustainability that apply to all staff and business operations, focusing on environmental sustainability. They incorporate environmental considerations into product delivery and business decisions, including planning, design, construction, operation and maintenance. Key initiatives include efficient management of waste for both daily operations and new projects. The Issuer follows best industry practices to enhance efficiency and minimize waste.

For new service providers, a pre-qualification checklist on sustainability requirements is in place, requiring proposals for construction waste management to reduce site waste. Additionally, the Group mandates measures to reduce pollution and waste from operations, including prohibiting plastic bottled water at events, minimizing printing materials, using eco-friendly paper and stationery, providing waste recycling bins, and installing filtered water dispensers at venues. These efforts aim to reduce its environmental impact and promote sustainable practices across all activities.

Water

Green Building



Chinachem Group has policies and procedures on sustainability that apply to all staff and business operations. They focus on environmental sustainability by integrating environmental considerations into product delivery and business decisions, covering the planning, design, construction, operation and maintenance of facilities. Key measures include water management for daily operations and new projects. The Group follows best industry practices to enhance operational efficiency and minimize water consumption. They establish, monitor and regularly review objectives, performance and targets to reduce waste generation, water consumption and carbon emissions. In addition, Chinachem has a Sustainable Procurement Policy for central procurement that aligns with the Water Supplies Department's [Water Efficiency Labelling Scheme](#) for plumbing fixtures and water-consuming appliances.

PART III: ELIGIBILITY OF THE SELECTION CRITERIA AGAINST THE HONG KONG TAXONOMY FOR SUSTAINABLE FINANCE'S CRITERIA AND THRESHOLDS AND COMMON GROUND TAXONOMY'S SUBSTANTIAL CONTRIBUTION CRITERIA

Chinachem's project characteristics, due diligence processes and policies for the nominated use of proceeds project categories have been assessed against the relevant criteria and thresholds requirements of the Hong Kong Taxonomy for Sustainable Finance and substantial contribution criteria requirements of the Common Ground Taxonomy, based on information provided by Chinachem. Where Chinachem's project characteristics, due diligence processes and policies meet the Hong Kong Taxonomy for Sustainable Finance and Common Ground Taxonomy criteria requirements, a tick is shown in the table below.

The Do No Significant Harm Criteria and Minimum Safeguards requirements are currently not included in the Hong Kong Taxonomy for Sustainable Finance and Common Ground Taxonomy, given both taxonomies are primarily focused on climate change mitigation and provide a simpler starting point for alignment between different taxonomies. However, both taxonomies acknowledge the importance of DNSH, and MSS is recognized and will be explored in future development.

Chinachem's project selection criteria overlap with the following economic activities in the **Hong Kong Taxonomy for Sustainable Finance** and **Common Ground Taxonomy**:

- a) Hong Kong Taxonomy for Sustainable Finance:
 - 3.1.1. Electric power generation, transmission and distribution
 - Electricity generation using solar photovoltaic technology
 - Electricity generation from wind power
 - 3.2.1. Land transport including railways
 - Construction and operation of personal mobility devices, cycle logistics
 - 3.4.1. Construction and renovation of buildings
 - Renovation of existing buildings
 - Construction of new buildings
- b) Common Ground Taxonomy
 - D1.1 Electricity generation using solar photovoltaic technology
 - D1.3 Electricity generation from wind power
 - F1.1 Construction of new buildings
 - F1.2 Renovation of existing buildings
 - F2.1 Infrastructure enabling low-carbon road transport
 - H1.3 Construction and operation of facilities for shared transport, including motorbikes, passenger cars and light commercial vehicles

All projects financed under the Sustainable Finance Framework are and will be located in Hong Kong, Mainland China, the U.K., Singapore and Australia.

Furthermore, this analysis only displays how the Hong Kong Taxonomy for Sustainable Finance and Common Ground Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the Hong Kong Taxonomy and Common Ground Taxonomy criteria is not shown. Readers can recover the original text at the following links: [Hong Kong Taxonomy for Sustainable Finance](#), [Common Ground Taxonomy](#).

a) Assessment of the project categories against the Hong Kong Taxonomy’s criteria and thresholds


SUSTAINABLE FINANCE FRAMEWORK PROJECT CATEGORY	HONG KONG TAXONOMY FOR SUSTAINABLE FINANCE ACTIVITY	PROJECT CHARACTERISTICS AND SELECTION PROCESSES ³⁷	ASSESSMENT AGAINST THE HONG KONG TAXONOMY FOR SUSTAINABLE FINANCE’S CRITERIA AND THRESHOLDS
Renewable Energy	3.1.1. Electric power generation, transmission and distribution Electricity generation using solar photovoltaic technology	Projects that generate renewable energy: solar ³⁸ The activity generates energy based on solar. Thus, it aligns with the Hong Kong Taxonomy for Sustainable Finance Activity 3.1.1.: Electricity generation using concentrated solar power technology criteria and thresholds.	✓
Renewable Energy	3.1.1. Electric power generation, transmission and distribution	Projects that generate renewable energy: wind The activity generates energy based on wind, Thus, it aligns with the Hong Kong Taxonomy for Sustainable Finance Activity 3.1.1.: Electricity generation from wind power criteria and thresholds.	✓

³⁷ This column is based on input provided by the Issuer.

³⁸ For the facilities that produce electricity using solar photovoltaic (PV) technology, (a) the minimum photoelectric conversion efficiency of polycrystalline silicon cells and monocrystalline silicon cells shall not be less than 19% and 21% respectively; (b) the minimum photoelectric conversion efficiency of polycrystalline silicon cell modules and single crystal silicon battery modules shall not be less than 17% and 17.8% respectively; (c) The minimum photoelectric conversion efficiency of silicon-based, CIGS, CdTe and other thin-film battery modules shall not be less than 12%, 14%, 14%, 12%; (d) the decay rates of polycrystalline silicon battery modules and monocrystalline silicon battery modules shall not be higher than 2.5% and 3% in the first year, not higher than 0.7% per year, and not higher than 20% within the period of 25 years; the attenuation rate of thin-film battery module shall not be more than 5% in the first year, no more than 0.4% per year in the following year, no more than 15% within the period of 25 years.

	Electricity generation from wind power		
Clean Transportation	<p>3.2.1.</p> <p>Land transport including railways</p> <p>Construction and operation of personal mobility devices, cycle logistics</p>	<p>Projects that promote sustainable transport modes, including but not limited to:</p> <p>Construction of urban walking and cycling transportation systems (e.g., public bicycle rental sites, non-motorized vehicle parking facilities, road crossing facilities)</p> <p>Selling, purchasing, financing, leasing, renting and operation of private electric or hydrogen vehicles</p> <p>Thus, it aligns with the Hong Kong Taxonomy for Sustainable Finance Activity 3.2.1.: Construction and operation of personal mobility devices, cycle logistics criteria and thresholds.</p>	<p>✓³⁹</p>
Energy Efficiency	<p>3.4.1.</p> <p>Construction and renovation of buildings</p> <p>Renovation of existing buildings</p>	<p>Projects that can reduce energy consumption, improve energy efficiency and/or optimize energy management (e.g., high efficiency chillers, submetering, energy-efficient lighting and motion sensors).</p> <p>For the renovation of existing commercial buildings:</p> <ul style="list-style-type: none"> ▪ The building renovation leads to a reduction of primary energy demand, energy consumption, or direct GHG emissions of at least 30% against the building’s historic average, or ▪ Use HKGBC’s Zero-Carbon-Ready Building: Must be at least Extra Low or Level 2 improvement (i.e., 25% reduction) according to Zero-Carbon-ready building Certification Scheme. <p>For the renovation of existing residential buildings:</p> <ul style="list-style-type: none"> ▪ The building renovation leads to a reduction of primary energy demand, energy consumption, or direct GHG emissions of at least 30% against the 	<p>✓</p>

³⁹ The assessment is based on the selection criteria shortlisted by the Issuer rather than the full selection criteria provided in the Framework for the same project category.

		<p>building’s historic average. This is proven with measured and verified data.</p> <p>Thus, it aligns with the Hong Kong Taxonomy for Sustainable Finance Activity 3.4.1.: Renovation of existing buildings criteria and thresholds.</p>	
Green buildings	<p>3.4.1. Construction and renovation of buildings</p> <p>Construction of new buildings</p>	<p>Construction and redevelopment, of new/existing buildings that have or will receive any one of the following third party-verified green building certifications:</p> <p>For the commercial/residential buildings in Hong Kong:</p> <p>Hong Kong BEAM Plus New Buildings:</p> <ul style="list-style-type: none"> ▪ Minimum certification level of Gold or above; ▪ Minimum of 10 credits under EU2 and a minimum score of 70% in Energy Use category (for Commercial Building only); and ▪ 30% energy saving against the BEC 2018 baseline or ▪ 20% energy saving against BEC 2021 baseline (for Commercial Building only) <p>Hong Kong Green Building Council (HKGBC) Zero-Carbon-Ready Building Certification Scheme:</p> <ul style="list-style-type: none"> ▪ Energy Performance Certificate — minimum certification level of Extra Low in EUI (i.e., 25% reduction) <p>For the commercial/residential buildings in Mainland China:</p> <ul style="list-style-type: none"> ▪ Green Building Evaluation Label (China Three Star) Minimum certification of 3-Star <p>For the commercial/residential buildings outside Hong Kong:</p>	<p> ⁴⁰</p>

⁴⁰ Ibid.

		<p>U.S. Leadership in Energy and Environmental Design (LEED):</p> <ul style="list-style-type: none"> ▪ Minimum certification level of Gold or above; ▪ Minimum score of 9 points under Energy Assessment Credits; and ▪ Optimize Energy Performance for 30% improvement above ASHRAE 90.1 in energy performance. <p>Thus, it aligns with the Hong Kong Taxonomy for Sustainable Finance Activity 3.4.1.: Construction of new buildings criteria and thresholds.</p>	
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b) Assessment of the project categories against the Common Ground Taxonomy’s substantial contribution criteria

SUSTAINABLE FINANCE FRAMEWORK PROJECT CATEGORY	COMMON GROUND TAXONOMY ACTIVITY	PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁴¹	ASSESSMENT AGAINST THE COMMON GROUND TAXONOMY’S SUBSTANTIAL CONTRIBUTION CRITERIA
Renewable Energy	D1.1 Electricity generation using solar photovoltaic technology	Projects that generate renewable energy: solar ⁴² Thus, it aligns with the Common Ground Taxonomy Activity D1.1: Electricity generation using solar photovoltaic technology substantial contribution criteria.	✓
Renewable Energy	D1.3	Projects that generate renewable energy: wind	✓

⁴¹ This column is based on input provided by the Issuer.

⁴² For the facilities that produce electricity using solar photovoltaic (PV) technology, (a) the minimum photoelectric conversion efficiency of polycrystalline silicon cells and monocrystalline silicon cells shall not be less than 19% and 21% respectively; (b) the minimum photoelectric conversion efficiency of polycrystalline silicon cell modules and single crystal silicon battery modules shall not be less than 17% and 17.8% respectively; (c) The minimum photoelectric conversion efficiency of silicon-based, CIGS, CdTe and other thin-film battery modules shall not be less than 12%, 14%, 14%, 12%; (d) the decay rates of polycrystalline silicon battery modules and monocrystalline silicon battery modules shall not be higher than 2.5% and 3% in the first year, not higher than 0.7% per year, and not higher than 20% within the period of 25 years; the attenuation rate of thin-film battery module shall not be more than 5% in the first year, no more than 0.4% per year in the following year, no more than 15% within the period of 25 years.

	Electricity generation from wind power	Thus, it aligns with the Common Ground Taxonomy Activity D1.3: Electricity generation from wind power substantial contribution criteria.	
Green Buildings	F1.1 Construction of new buildings	<p>Construction and redevelopment of new buildings that have or will receive any one of the following third party-verified green building certifications:</p> <p>For construction of new commercial/residential buildings outside Hong Kong.⁴³</p> <ul style="list-style-type: none"> ▪ Building Research Establishment Environmental Assessment Method (BREEAM): Minimum certification level of Excellent or above; ▪ UK Energy Performance Certificate (EPC): Minimum rating level of A or above; <p>Thus, it aligns with the Common Ground Taxonomy Activity F1.1: Construction of new buildings.</p>	✓ 44
Energy Efficiency	F1.2 Renovation of existing buildings	<p>Projects that can reduce energy consumption, improve energy efficiency and/or optimize energy management (e.g., such as high efficiency chillers, submetering, energy-efficient lighting and motion sensors).</p> <p>For the renovation of existing commercial buildings:</p> <ul style="list-style-type: none"> ▪ The building renovation leads to a reduction of primary energy demand, energy consumption, or direct GHG emissions of at least 30% against the building’s historic average 	✓ 45

⁴³ For construction of new commercial and residential buildings in the European Union, primary energy demand, defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the NZEB requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate. For buildings larger than 5000 m² (for residential buildings, the testing is made for a representative set of dwelling/apartment types), upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. The testing for air-tightness and thermal integrity is carried out in accordance with EN13187 (Thermal Performance of Buildings - Qualitative Detection of Thermal Irregularities in Building Envelopes - Infrared Method) and EN 13829 (Thermal performance of buildings - Determination of air permeability of buildings - Fan pressurization method) or equivalent standards accepted by the respective building control body where the building is located.

⁴⁴ The assessment is based on the selection criteria shortlisted by the Issuer rather than the full selection criteria provided in the Framework for the same project category.

⁴⁵ ibid

		<p>For the renovation of existing residential buildings:</p> <ul style="list-style-type: none"> The building renovation leads to a reduction of primary energy demand, energy consumption, or direct GHG emissions of at least 30% against the building’s historic average. This is proven with measured and verified data. <p>Thus, it aligns with the Common Ground Taxonomy Activity F1.2: Renovation of existing buildings substantial contribution criteria.</p>	
Clean Transportation	<p>F2.1</p> <p>Infrastructure enabling low-carbon road transport</p>	<p>Projects that promote sustainable transport modes, including but not limited to:</p> <p>Construction and operation of electric vehicle charging stations⁴⁶;</p> <p>Thus, it aligns with the Common Ground Taxonomy Activity F2.1: Infrastructure enabling low-carbon road transport substantial contribution criteria.</p>	✓
Clean Transportation	<p>H1.3</p> <p>Construction and operation of facilities for shared transport, including motorbikes, passenger cars and light commercial vehicles</p>	<p>Projects that promote sustainable transport modes, including but not limited to:</p> <p>Construction of urban walking and cycling transportation systems (e.g., public bicycle rental sites, non-motorised vehicle parking facilities, road crossing facilities)</p> <p>Selling, purchasing, financing, leasing, renting and operation of private electric or hydrogen vehicles</p> <p>Thus, it aligns with the Common Ground Taxonomy Activity H1.3: Construction and operation of facilities for shared transport, including motorbikes, passenger cars and light commercial vehicles substantial contribution criteria.</p>	✓

⁴⁶ This activity is not dedicated to the transport or storage of fossil fuels.

PART IV: CONSISTENCY OF SUSTAINABLE FINANCING TRANSACTIONS WITH CHINACHEM’S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>The Issuer focuses on four core values: “People,” “Prosperity,” “Planet” and “Community.” These sustainability pillars have been defined through stakeholder engagement exercises and materiality assessments referencing the double materiality concept outlined in GRI.</p> <p>The four ESG subcommittees established 67 annual commitments with the following focus areas:⁴⁷</p> <ul style="list-style-type: none"> ▪ Prosperity: Sustainable Finance & Responsible Investment, Innovation & Technology, Privacy, Data Rights and Cybersecurity, Capacity Building ▪ Planet: Reduction of Operational Environmental Footprint, Better Buildings & Healthier Outcomes, Responding to Climate Change, Responsible & Sustainable Procurement, Ensuring Sustainable Buildings ▪ People: Employee Advancement, Development and Retention, Diversity, Equity and Inclusion, Wellness, Health and Safety Enhancement, Sustainable Services and Products for Employees, Enhancement of Stakeholder Engagement, Sound and Forward-looking Company Culture ▪ Community: Caring for the Elderly and Empowering Future Generations, Encouraging Volunteerism, Connecting Like-minded Individuals and Organizations, Inspiring Actions and Cultivating Shared Value through Communications, Assessing and Monitoring Impact
<p>ESG goals/targets</p>	<p>To achieve its strategic ESG topics, the Issuer has set 67 annual commitments across the People, Community, Prosperity and Planet pillars. Specifically,</p>

⁴⁷ As outlined in Chinachem’s 2022-2023 [Sustainability Report](#).

	<p>Chinachem has 2030 carbon intensity targets for Scope 1 and 2 and selected categories of Scope 3, which have been verified by the Science Based Targets initiative (SBTi) to be 1.5°C aligned. In addition to the abovementioned short-term targets, a long-term target and roadmap to achieve net-zero emissions by 2050 are currently in development. The goals are public, and progress is reported regularly to the ESG Steering Committee and disclosed yearly through the Group’s Sustainability Report.</p>
<p>Action plan</p>	<p>To achieve the goals in the focus area of Prosperity, Chinachem intends to drive innovation through partnerships and incubator programs that support sustainable solutions and new technologies. The Issuer will also increase the proportion of green and sustainability-linked financing and ensure that the investment portfolio remains resilient and responsible.</p> <p>For the Planet pillar, the Issuer will expand renewable energy generation in portfolio properties and source renewable energy certificates where possible. Additionally, a study will be conducted on internal carbon pricing to explore the conceptual framework and implementation details. Chinachem aims to have all new major projects attain the second-highest green building certification, and a Sustainable Building Guideline is implemented to reduce embodied carbon from development projects and construction activities. The Issuer has also executed various energy efficiency improvement and electrification projects as well as waste prevention measures. Lastly, quantitative climate risk study is planned to gain actionable insights and enhance resilience and responsibility in the face of climate change.</p> <p>Chinachem aims to achieve its goals in the People aspect by preserving cultural heritage and providing educational programs, mentorship and development opportunities for the younger generation. Encouraging lifelong learning among employees through training and professional development is also a priority. Furthermore, the Issuer will implement comprehensive health and safety frameworks to</p>

	<p>maintain a safe environment for all and foster a supportive workplace by recognizing employee contributions and promoting a sense of community.</p> <p>As for the Community pillar, the Issuer plans to invest in healthcare infrastructure, particularly for the elderly, to enhance their quality of life. Economic support initiatives will be implemented to help revive local businesses and community prosperity. Additionally, fostering inclusivity by integrating different generations, including the elderly, into meaningful community roles is also planned.</p>
<p>Climate Transition Strategy</p>	<p>Chinachem’s target, “Chinachem Group Carbon Reduction Roadmap - CCG 3050+” is aligned with the 1.5°C pathway and approved by the SBTi.</p> <p>The Issuer aims to lower its operational carbon intensity under Scope 1 and 2 by 51.8% and its Scope 3 carbon intensity from capital goods, downstream leased assets and waste generated in operations by 20% by 2030 from the 2020 base year.</p> <p>Chinachem's climate transition roadmap outlines initiatives across its Hotel, Property Services, and Workplace Services departments. In the hotel sector, the focus is on achieving a 53% reduction in emissions through measures such as chiller replacement, retro-commissioning, heat pump installation and the adoption of electric vehicles. The Property Services Department aims for a 50.9% reduction in emissions by implementing energy efficiency upgrades, including the modernization of HVAC systems, switching to variable speed pumping and utilizing sensor technologies or AI control, alongside the adoption of renewable energy sources such as solar panel installation and the purchase of renewable energy certificates. The Workplace Services Department is targeting a 41.4% reduction in emissions by 2030, primarily through office renovations and the implementation of green operations.</p>

	<p>Additionally, the Group's Scope 3 emission reduction efforts involve installing submeters to monitor tenant energy use, adopting sustainable procurement guidelines and enhancing waste management practices. Furthermore, Chinachem is developing a roadmap in line with the SBTi's Corporate Net-Zero Standard to establish a long-term target by 2050.</p>
<p>ESG Risk and Sustainability Strategy Management</p>	<p>The Group has initiated a physical risk assessment study for its building portfolio, including existing buildings and new construction sites, to evaluate exposure and vulnerabilities to physical climate hazards, both acute and chronic, through a qualitative screening and risk ranking exercise. This study will also include a comprehensive climate scenario analysis to assess potential climate-related risks and opportunities. Climate-related considerations are integrated into the Group's Enterprise Risk Management Framework, which undergoes an annual review and addresses potential impacts on operations, supply chain and business model. The ESG Steering Committee, chaired by the CEO and reporting to the Executive Committee, oversees the Group's ESG strategies and ensures effective governance. The Group has four ESG subcommittees to integrate climate considerations into strategic decisions and daily operations, while the ESG department coordinates initiatives and monitors climate risks and opportunities for strategic planning.</p>
<p>Top three areas of breaches of international norms and ESG controversies in the industry⁴⁸</p>	<p>Accounting or disclosure standards, strike action, and failure to respect the right to just and favorable conditions of work.</p>
<p>Breaches of international norms and ESG controversies by the Issuer</p>	<p>At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.</p>
<p>Sustainability Reporting</p>	<p>The Issuer reports on its ESG performance and initiatives annually. The report is prepared in accordance with the Global Reporting Initiative standards and its latest 2021 universal standards. It</p>

⁴⁸ Based on a review of controversies identified by ISS ESG over a two-year period, the top three issues that have been reported against companies within the real estate industry are displayed above. Please note that this is not a company-specific assessment but rather areas that can be of particular relevance for companies within that industry.

	also references the Task Force on Climate-Related Financial Disclosures’ recommendations, the International Financial Reporting Standards S2 Climate-Related Disclosures issued by the International Sustainability Standards Board, and the ESG Reporting Guide of the Stock Exchange of Hong Kong Limited.
Industry associations, Collective commitments	The Issuer is a member of GRESB and a signatory to local initiatives such as the Business Environment Council Low Carbon Charter, Carbon Neutrality Partnership, and the Asia Corporate Coalition for Climate Change Resilience.
Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework	Chinachem has secured seven green or sustainability-linked transactions since 2019, totaling HKD 20.74 billion. The Chinachem Group Green Finance Framework published in 2021 was verified by an external third party.

Rationale for issuance

Chinachem Group believes that sustainable financing plays a key role in its broader efforts to transition to a low-carbon economy. The Chinachem Group Sustainable Finance Framework has guided its efforts and demonstrated the Company’s commitment to utilizing sustainable financing to support its continual investment in projects that advance decarbonization and societal well-being, such as the development of green technologies and community engagement.

The Issuer acknowledges that prosperity includes not only financial gains but also the well-being of communities and the health of the planet. Moreover, the Issuer believes that investing in sustainability helps build a more resilient and enduring portfolio that will generate long-term value and incur fewer risks compared to a traditional portfolio.

Opinion: *The key sustainability objectives and the rationale for issuing sustainable financing transactions are clearly described by the Issuer. All of the project categories financed are in line with the Issuer’s sustainability objectives.*

DISCLAIMER

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Chinachem commissioned ISS-Corporate to compile a sustainable financing transactions SPO. The second-party opinion process includes verifying whether the Sustainable Finance Framework aligns with the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles and assessing the sustainability credentials of its sustainable financing transactions, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles
- Social Bond Principles
- Green Loan Principles
- Social Loan Principles
- IPSF Common Ground Taxonomy
- HKMA Hong Kong Taxonomy for Sustainable Finance

ISSUER'S RESPONSIBILITY

Chinachem's responsibility was to provide information and documentation on:

- Framework
- Selection criteria
- Documentation of ESG risk management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is a part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the sustainable financing transactions to be issued by Chinachem has been conducted based on proprietary methodology and in line with the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles.

The engagement with Chinachem took place from July to September 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so that investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: SPOsales@iss-corporate.com.

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