

Second-Party Opinion

Dexin Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Dexin Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and the Green Loan Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – (i) Green Buildings, (ii) Energy Efficiency, (iii) Pollution Prevention and Control, (iv) Renewable Energy – are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2020. Sustainalytics considers that the eligible categories are expected to reduce the carbon footprint of Dexin’s operations in China while advancing the UN Sustainable Development Goals (SDGs), specifically SDGs 6, 7, 9 and 11.



PROJECT EVALUATION / SELECTION Dexin’s internal process in evaluating and selecting projects is overseen by the Sustainable Development Committee (“Committee”) comprised of representatives from design, construction, finance and treasury, risk management and legal teams. The Committee will meet at least once a year. Dexin may engage with external third parties to evaluate the environmental impact of eligible projects prior to the decision making for project selection. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Dexin’s Finance team will be responsible for managing net proceeds using a register. Pending full allocation, proceeds will be invested in cash or cash equivalents as part of the Dexin’s treasury and cash management policies. This is in line with market practice.



REPORTING Dexin intends to report on allocation and impact of proceeds on its “Corporate Social Responsibilities” section of the Annual Report or issue a separate report on an annual basis until full allocation and thereafter for material changes to eligible green portfolio. Allocation reporting will include the list of eligible projects and the matching proceeds raised from bonds, the balance of unallocated proceeds, and the share of financing versus refinancing. In addition, where feasible, Dexin is committed to reporting on relevant impact metrics. Sustainalytics views Dexin’s allocation and impact reporting as aligned with market practice.

Evaluation date	February 17, 2021
Issuer Location	Zhejiang, People’s Republic of China

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Introduction

Established in 1995 and headquartered in Zhejiang, Dexin China Holdings Company Limited (“Dexin”, the “Company”, or the “Issuer”) is a Chinese property developer with a focus on residential properties, commercial properties and industrial parks. Dexin’s business segments are: (i) property development, (ii) provision of property construction and management services, (iii) hotel operations, and (iv) commercial properties leasing.

Dexin has developed the Dexin Green Finance Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to reduce the carbon footprint and improve environmental performance of Dexin’s operations in China. The Framework defines eligibility criteria in four areas:

1. Green Buildings
2. Energy Efficiency
3. Pollution Prevention and Control
4. Renewable Energy

Dexin engaged Sustainalytics to review the Dexin Green Finance Framework, dated February 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)¹ and the Green Loan Principles 2020 (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 Green Bond Principles 2018, as administered by ICMA, and the Green Loan Principles 2020, as administered by LMA, APLMA and LSTA⁵;
- 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.

As part of this engagement, Sustainalytics held conversations with various members of Dexin’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. Dexin representatives have confirmed (1) they understand it is the sole responsibility of Dexin 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.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

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 Dexin Green Finance Framework is available on Dexin’s website at: <http://ir.dexinchina.cn/en/CorporateInformation.aspx>.

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.

⁵ In addition to the Loan Markets Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association

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

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 Dexin has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Dexin Green Finance Framework

Sustainalytics is of the opinion that the Dexin Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of Dexin's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – (i) Green Buildings, (ii) Energy Efficiency, (iii) Pollution Prevention and Control and (iv) Renewable Energy – are aligned with those recognized by the GBP and GLP. Sustainalytics views that Dexin's investments in these categories are expected to reduce the carbon footprint and improve environmental performance of Dexin's operations in China.
 - Dexin has established a three-year look-back period for its refinancing activities 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, Dexin invests in the commercial and residential buildings that have received third-party green building certification standards, namely: LEED Gold and above, and China Green Building Label Two Star or above. Sustainalytics views these certification schemes as credible, and the selected levels as impactful. Please see Appendix 1 for an overview of each certification scheme.
 - Under the "Energy Efficiency" category, Dexin may finance or refinance the adoption of technologies, equipment and systems that are powered by electricity, and provide 15% improvement in energy efficiency or reduction in energy use. Project examples include systems such as HVAC, building automation, lighting, cooling, among others. Sustainalytics positively views the Framework's inclusion of a defined threshold for this category.
 - Within the "Pollution Prevention and Control" category, Dexin intends to invest in the expenditures for wastewater treatment, dust pollution prevention and treatment, recycling and reuse (e.g. installation of recycling infrastructure and bins) as well as resources conservation projects such as rainwater harvesting systems. The Company confirmed the exclusion of any dust pollution and prevention systems that may result in fossil fuel lock-in from its financing under the Framework.
 - Under the "Renewable Energy" category, Dexin intends to invest in solar panels, absorption heat pumps using solar heated power, or electrical heat pumps using air-source. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics recommends Dexin 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.
- Project Evaluation and Selection:
 - The Sustainable Development Committee ("Committee") will be in charge of the project evaluation and selection process. The Committee is comprised of multiple team members from

- design department, construction, finance and treasury, risk management and legal team. The Committee will meet at least on an annual basis to select the eligible projects. The Company may engage external third parties to evaluate the environmental impact of eligible projects to reflect in the selection process.
- Based on the establishment of the Committee, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Dexin's Finance team will track the use of proceeds using a register, which will include information on details of loans and bonds, amount allocated to each eligible project, and status of unallocated proceeds.
 - Pending full allocation, Dexin will hold unallocated proceeds in cash or cash equivalents as part of the Company's treasury and cash management policies of the Company. In case of the occurrence of any material change, the Company will substitute the ineligible project with the new ones through constant monitoring.
 - 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:
 - Until full allocation, Dexin intends to report annually on the allocation and impacts of proceeds on its "Corporate Social Responsibilities" section of the Annual Report or issue a separate report. Allocation reporting will include the list of eligible projects and the matching proceeds raised from bonds and loans, balance of unallocated proceeds, the share of financing versus refinancing.
 - Where feasible, impact reporting will provide quantitative environmental metrics including, but not limited to, energy usage reduction (kWh/m² per annum), reduction in greenhouse gases emissions (GHG) per annum, amount of solid waste treated and/or recycled (tonnes), and amount of wastewater treated. Additionally, the methodology for measuring the impact will be provided in the report.
 - Based on the annual reporting commitment, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2020

Sustainalytics has determined that the Dexin Green Finance Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Dexin

Contribution of framework to Dexin's sustainability strategy

Sustainalytics is of the opinion that Dexin demonstrates a commitment to environment with a focus on three key environmental pillars: (i) "Development of Green Products" aimed to use environmentally friendly alternative materials, environmentally and energy-saving technologies and equipment; (ii) "Green Construction" aimed at establishing and complying with the internal environmental protection guidelines for its construction projects; and (iii) "Green Office" aimed at implementing the environmental practices to its office such as recycling and energy/water saving practices.⁶

In order to identify and prioritize its material sustainability issues, Dexin conducted a sustainability materiality assessment in 2019 through stakeholder communication, engaging various stakeholders including regulatory bodies, clients, suppliers and local communities.⁶ According to the assessment, the following issues are identified as material by the Company: (i) green buildings, (ii) waste management, and (iii) construction site management. In accordance with the assessment, the Company has implemented environmental management and protection measures to its construction projects and day-to-day operations.⁶ Some of these measures include the adoption of techniques or electronic appliances to reduce power consumption, the implementation of water saving appliances, among others.

Sustainalytics is of the opinion that the Dexin Green Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

⁶ Dexin, "Dexin ESG Report", (2019), at: <http://dothinkchina.com/upload/2020/05/04/15885561887267xk096.pdf>

While acknowledging the importance of the abovementioned environmental commitments of Dexin, Sustainalytics encourages Dexin to establish time-bounded and quantifiable environmental targets to strengthen its sustainability strategy and performance.

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

While the eligible projects are recognized as impactful by the GBP and GLP, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity, occupational health and safety, community relations issues associated with large-scale infrastructure development as well as noise, effluents and waste generated in construction. Sustainalytics is of the opinion that Dexin is able to manage and/or mitigate potential risks through implementation of the following:

- Dexin complies with the *Environmental Impact Assessment Law of the People's Republic of China*,⁷ 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. Additionally, the Company engages a third-party organization to conduct an on-site energy conservation assessment.⁶
- In order to manage the risks of wastewater discharge, waste, dust, and noise at the construction site, Dexin has developed its *Standard Guidelines for Safe and Civilized Construction*, outlining the detailed processes and measures for each risk area. In accordance with the guideline, the Company is committed to utilizing environmentally friendly alternative materials and energy-saving technologies/equipment for its projects.⁶
- In order to ensure occupational health and safety, Dexin has implemented the *Red and yellow Card System for Safe Production*, comprised of nine areas including (i) falling from high altitude, (ii) fire protection, and (iii) deepening employees' understanding of occupational health and safety. The Company will warn the project by issuing the card(s) after inspecting the project site. In case of the project receiving two red cards in a row, the Company will implement countermeasures and suspend the project for rectification. Between 2018 and 2019, Dexin had no major safety accidents involving fatal injuries.⁶
- Dexin's ESG working group conducts internal and external stakeholder engagement to reflect the opinions of the stakeholders including regulatory body, client, suppliers and community via different communication channels (e.g. meetings and interviews).
- To ensure the appropriate and effective environmental and social risk management in place, Dexin's Board of Directors (BOD) assesses and determine the Company's environmental and social risks and policies.⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Dexin 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 four use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

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

China has been challenged with its energy sector due to the growing demand for energy, inefficient use of energy,⁸ and rapid urbanization.⁹ The urban real estate sector in China is expected to continue to grow to accommodate the urban population which is expected to reach one billion people by 2030.¹⁰ The building

⁷ 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

⁸ Energy Charter Secretariat, "China Energy Efficiency Report", (2018), at: https://energycharter.org/fileadmin/DocumentsMedia/EERR/EER-China_ENG.pdf

⁹ CCEEE, "Energy Efficiency in China 2018", (2019), at:

<http://www.cceee.org.cn/Site/cceee/Uploads/20190121/0946/Energy%20Efficiency%20China%202018%20final%20web.pdf>

¹⁰ 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.

sector in China accounts for 20% of total primary energy consumption^{11,12} and 25% of the country's greenhouse gas emissions.¹³ At the end of 2020, the Government of China has established its climate target of carbon neutrality by 2060.¹⁴ Following the 2060 target, climate and energy targets in different sectors will be set by 2021 in the *14th Five Year Plan (2021-2025)*.¹⁴ To date, the Plan outlines the high-level national development direction between 2021-2025 including the importance of promoting the green buildings to accelerate a low-carbon development.¹⁵ Aligned with the Government's development direction, Chinese Provinces have issued their 14th Five-Year Plan demonstrating their ambition towards the promotion of green buildings in December 2020.¹⁶

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 Dexin's financing for green buildings and energy efficiency projects may contribute to reducing GHG emissions from Dexin's operations and the built environment in China, thereby facilitating the transit to a decarbonized economy.

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 bond(s) and loan(s) issued under the Dexin Green 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 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
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

¹¹ C40 China Buildings Programme, "Constructing a New, Low-Carbon Future", (2018), at: <https://www.c40.org/researches/constructing-a-new-low-carbon-future-china>

¹² 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>

¹³ IEA, "Tracking Buildings 2020", (2020), at: <https://www.iea.org/reports/tracking-buildings-2020>

¹⁴ 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/>

¹⁵ 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>

¹⁶ 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

Conclusion



Dexin has developed the Dexin Green Finance Framework under which it will issue green bonds and use the proceeds to finance under the categories of (i) Green Buildings, (ii) Energy Efficiency and (iii) Pollution Prevention and Control and (iv) Renewable Energy. Sustainalytics considers that the projects funded by the green bond proceeds are expected to reduce the carbon footprint and improve environmental performance of Dexin's operations in China.

The Dexin Green 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 the Dexin Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Dexin 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 Dexin is well-positioned to issue green bonds and that the Dexin Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020.

Appendices

Appendix 1: Green Building Certification Schemes

	LEED	Chinese Green Building Evaluation Label (China 3-Star)
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	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	Certified Silver Gold Platinum	1-Star 2-Star 3-Star
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Land savings and outdoor environment; • Energy savings and utilisation; • Water savings and utilisation; • Material savings and utilisation; • Indoor environment; <p>Operations and management</p>
Requirements	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Prerequisites:</p> <p>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.</p>
Performance display		

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

Section 1. Basic Information

Issuer name:	Dexin China Holdings Company Limited
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Dexin Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 15, 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:

- | | |
|--|--|
| <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 – (i) Green Buildings, (ii) Energy Efficiency, (iii) Pollution Prevention and Control and (iv) Renewable Energy – are aligned with those recognized by the GBP and GLP. Sustainalytics views that Dexin’s investments in these categories are expected to reduce the carbon footprint and improve environmental performance of Dexin’s operations in China. Dexin has established a three-year look-back period for its refinancing activities and intends to fully allocate the net proceeds within three years of issuance, which Sustainalytics considers to be in line with market practice.

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Sustainable Development Committee (“Committee”) will be in charge of the project evaluation and selection process. The Committee is comprised of multiple team members from design department, construction, finance and treasury, risk management and legal team. The Committee will meet at least on an annual basis to select the eligible projects. The Company may engage external third parties to evaluate the environmental impact of eligible projects to reflect in the selection process. Based on the establishment of the Committee, Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available
- 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*):

Dexin's Finance team will track the use of proceeds using a register, which will include information on details of loans and bonds, amount allocate to each eligible project, and status of unallocated proceeds. Pending full allocation, Dexin will held unallocated proceeds in cash or cash equivalents as part of the Company's treasury and cash management policies of the Company. In case of the occurrence of any material change, the Company will substitute the ineligible project with the new ones through constant monitoring. 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.

Tracking of proceeds:

- Green 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*):

Until full allocation, Dexin intends to report annually on the allocation and impacts of proceeds on its "Corporate Social Responsibilities" section of the Annual Report or issue a separate report. Allocation reporting will include the list of eligible projects and the matching proceeds raised from bonds and loans, balance of unallocated proceeds, the share of financing versus refinancing. Where feasible, impact reporting will provide quantitative environmental metrics including, but not limited to, energy usage reduction (kWh/m² per annum), reduction in greenhouse gases emissions (GHG) per annum, amount of solid waste treated and/or recycled (tonnes), and amount of wastewater treated. Additionally, the methodology for measuring the impact will be provided in the report.

Based on the annual reporting commitment, Sustainalytics considers this process to be in line with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|--|--|
| <input type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Amount of solid waste treated and / or recycled (tonnes); Amount of wastewater treated |

Frequency

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): where feasible | |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): "Corporate Social Responsibilities" section of the Annual Report or issue a separate report which will be published on Dexin's website |
| <input type="checkbox"/> 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://ir.dexinchina.cn/en/CorporateInformation.aspx>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Review provider(s):

Date of publication:

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

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green 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 Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental 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 environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally 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 Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green 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 Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green 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 performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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2015: Best SRI or Green Bond Research or Rating Firm
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