Second-Party Opinion
Shui On Land Limited Green Finance Framework

Evaluation Summary
Sustainalytics is of the opinion that Shui On Land Limited’s Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond and Green Loan Principles 2018. This assessment is based on the following:

- **USE OF PROCEEDS** The eligible categories for the use of proceeds – (i) Green Buildings, (ii) Energy Efficiency, and (ii) Pollution Prevention and Control – are aligned with those recognized by the Green Bond and Green Loan Principles 2018. Sustainalytics considers that the eligible projects will lead to positive environmental benefits through decreasing greenhouse gas emissions and waste while supporting green cities in China. Sustainalytics considers that the eligible projects will advance the UN Sustainable Development Goals (SDGs), specifically SDG 7, 9 and 11.

- **PROJECT EVALUATION / SELECTION** Shui On Land Limited has a two-step project evaluation and selection process. A cross-departmental sustainable development working group will be established with representatives from Shui On Land Limited’s design, construction, procurement, quality management, finance, branding and operation teams for selecting an initial set of eligible projects. These projects are to be validated and approved by Shui On Land Limited’s Sustainable Development Committee. This process is in line with current market practice.

- **MANAGEMENT OF PROCEEDS** Shui On Land Limited’s Treasury and Legal team will manage the net proceeds using a register, including information on details of loans and bonds, mapping of eligible projects against the relevant categories, amount allocated, environmental certification or third-party reports, balance and status of unallocated proceeds. Pending full allocation, the unallocated proceeds will be invested in cash or cash equivalents as part of the company’s cash management policies or used to repay existing indebtedness. Allocated proceeds will be reviewed on an ongoing basis to track any material change based on eligibility criteria. This process is in line with current market practice.

- **REPORTING** Shui On Land Limited commits to report to investors annually on the allocation of proceeds on its website, within the Environment Social and Governance (ESG) section of its Annual Report. The (i) allocation report will include the list of approved eligible projects, amount of allocated proceeds and balance of unallocated proceeds. With regards to the (ii) impact report, Shui On Land Limited commits to disclose data on relevant KPIs for each eligible category. Sustainalytics views the scope and granularity of Shui On Land Limited’s impact reporting to be in line with current market practice.

**Evaluation date** 10 October, 2019

**Issuer Location** Shanghai, China

**Report Sections**
- Introduction ........................................2
- Sustainalytics’ Opinion .........................3
- Appendices ........................................8

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Introduction

Shui On Land Limited ("SOL", or the "Company") is a Chinese property development company, which engages in the development, sale, leasing, management and long-term ownership of a wide range of properties including residential, office, retail, entertainment and cultural. SOL was established in 2004 and is headquartered in Shanghai, China.

SOL has developed the Green Finance Framework (the "Framework") under which it intends to issue green bonds and green loans, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that improve the carbon footprint and environmental performance of its properties under management while advancing the company’s strategy and vision. The Framework defines eligibility criteria in three areas:

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

SOL engaged Sustainalytics to review the SOL Green Finance Framework, dated September 2019 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ and on the alignment of the green loans with the Green Loan Principles 2018 (GLP).² A summary overview of this Framework has been provided in Appendix 2.

As part of this engagement, Sustainalytics held conversations with various members of SOL’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 SOL’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the SOL Green Finance 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 and are available at: https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/
Sustainalytics’ Opinion

Section 1: Sustainalytics’ Opinion on the SOL Green Finance Framework

Summary
Sustainalytics is of the opinion that the SOL Green Finance Framework is credible and impactful, and aligns with the four core components of the Green Bond and Green Loan Principles 2018. Sustainalytics highlights the following elements of SOL’s Green Finance Framework:

- **Use of Proceeds:**
  - The eligible use of proceed categories of the Green Finance Framework – (i) Green Buildings, (ii) Energy Efficiency, and (iii) Pollution Prevention and Control – are recognized as impactful by the Green Bond and Green Loan Principles 2018. Sustainalytics believes that investments in the eligible projects will lead to an improvement in the environmental performance of SOL’s infrastructure services and enhance its resource management capacities.
  - SOL’s green building eligibility criterion includes third-party certification standards and labels, namely LEED gold or above, and/or China Green Building Evolution Label 2 Stars or above. Sustainalytics has conducted an evaluation of these standards and considers them to be robust and credible (see Appendix 1 for additional details on the certification schemes).
  - SOL intends to use the proceeds to finance the treatment of atmospheric fine particles, particularly in regard to PM2.5. Sustainalytics acknowledges that such indoor pollution prevention technologies can improve air quality for beneficiaries. Moving forward, Sustainalytics encourages SOL to look into possibilities for air quality improvement in the broader environment that goes beyond the beneficiaries (Please see Section 3: Impact of Use of Proceeds for further information).
  - SOL intends to use the proceeds to finance resource conservation projects, mainly focusing on the development of energy monitoring systems. Sustainalytics believes that financing energy monitoring systems provides positive environmental impact through improving energy efficiency and encourages SOL to report in its annual report on the impact achieved through financed systems.
  - SOL intends to finance efficient pump and better control system technologies, aiming at improving heat exchange efficiency and reducing energy consumption. Moreover, SOL confirmed that energy efficiency upgrades in buildings will provide a minimum of 30% energy saving improvement. Sustainalytics recognizes that by setting the minimum threshold for energy efficiency improvements, SOL’s target is aligned with market practice.
  - SOL confirmed to Sustainalytics that the proceeds under this framework will be used for, among other eligible green buildings, the finance/refinance of acquisition of CA5 buildings which are acquired throughout 2018 and 2019. Furthermore, Sustainalytics encourages the definition of look-back period as well as the disclosure of the amount of finance versus refinance as part of SOL’s annual allocation reporting.

- **Project Evaluation and Selection:**
  - SOL has established a two-step project evaluation and selection process in which a sustainable development working group with cross-departmental representatives from SOL’s design, construction, procurement, quality management, finance, branding and operation teams conduct a pre-selection process of eligible projects. Following the initial pre-selection process, eligible projects are validated and approved by SOL’s Sustainable Development Committee.
  - SOL’s procedure for project evaluation and selection is considered to be aligned with market practice.

- **Management of Proceeds:**
  - SOL will establish a register to monitor and account for the allocation of the proceeds under the Framework. The register will include information on details of loans and bonds, mapping of

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3 PM2.5 refers to atmospheric particulate matter that have a diameter of less than 2.5 micrometers.
4 CA5 Buildings refer to the Corporate Avenue No. 5 Buildings. CA5 buildings are China Green Building Label 3 Star and LEED Gold Core and Shell certified.
eligible projects against the relevant categories, amount allocated, environmental certification or third-party reports, balance and status of unallocated proceeds. Pending full allocation, unallocated proceeds will be invested in cash or cash equivalents as part of the company's cash management policies, or used for existing debt repayment.

- Sustainalytics considers SOL’s management of proceeds as in line with current market practice.

- Reporting:
  - SOL commits to report annually on the allocation of the net proceeds on its website, within the Environment, Social and Governance (ESG) section of its Annual Report. The (i) allocation report will comprise information from the list of approved eligible projects, amount of allocated proceeds, and balance of unallocated proceeds. Where feasible, SOL will also disclose an (ii) impact report including KPIs for each eligible category, including the electricity and energy usage (kWh), greenhouse gases emissions (GHG) (tonnes of CO2e), water consumption (m³), as well as numbers and types of certification of green buildings obtained.
  - Sustainalytics views the scope and granularity of SOL’s allocation and impact reporting as aligned with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the SOL’s Green Finance Framework aligns to the four core components of the Green Bond and Green Loan Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of the Green Finance Framework to SOL’s sustainability strategy

SOL has integrated green considerations, especially resource management, energy conservation and GHG reduction, into its core business model. SOL has demonstrated its commitment to promote “Green Community, Green City and Green Economy” in China while advancing the company’s sustainability strategy in its Sustainable Development Brochure through the following efforts:\(^5\)

- SOL’s core business model consists of four pillars: (i) Green Planning, which aims to certify all respective communities with LEED-ND,\(^6\) (ii) Green Design, which facilitates environmental protection and pollution reduction in the design stage, (iii) Green Construction, which promotes sustainable construction measures including eco-friendly materials, recycling demolition materials, and improving construction erosion, and (iv) Green Operation, which ensures resource conservation through monitoring CO₂ emissions, indoor air quality and energy consumption.

- In 2012, SOL divided its sustainable development goals into six major guidelines, including: (i) all large-scale master planning projects are to achieve LEED-ND certification, (ii) all newly-built commercial projects are to be certified by LEED and/or China Green Building Evaluation Label, (iii) all newly-built residential projects are to be certified by China Green Building Evaluation Label, (iv) all real-estate developments are to achieve 20% carbon emission reduction by 2016 in comparison to that of 2011, and (v) all newly-built commercial projects are to be equipped with systems that monitor energy consumption.

- SOL demonstrates its commitment to sustainable development through green financing with extensive sustainable infrastructure development projects, such as (i) all buildings under SOL in Hongqiao Tiandi, which are China Green Building Label 2 Star or above. The energy efficiency in these buildings are further optimized with the installation of Combined Cooling, Heating, and Power (CCHP) systems; (ii) A Knowledge Innovation Centre project in Shanghai which acquired 3 LEED Core & Shell Platinum, 1 LEED Core & Shell Gold and 4 China Green Building 2 Star certifications, and (iii) Chongqing Tiandi, a complex that consists of residential areas and commercial premises, that achieved nearly 50% water conservation.

Based on SOL’s commitments, initiatives and environmental strategies, Sustainalytics considers the Company well-positioned to issue green bonds and/or loans.

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\(^6\) The LEED-ND system rates neighborhood development according to four categories: (i) smart location and linkage, (ii) neighborhood pattern and design, (iii) green infrastructure and buildings, and (iv) innovation and design process.
Well-positioned to address common environmental and social risks associated with the projects

While the eligible categories are recognized as impactful by the Green Bond and Green Loan Principles 2018, Sustainalytics also recognizes that the respective eligible categories may lead to potential environmental and social risks, such as workers’ health and safety, public opposition, environmental impacts related to construction processes, namely air, water, and soil pollution, biodiversity loss and land use change. Sustainalytics believes that SOL is well positioned to mitigate such risks through the following systems and procedures:

- As part of China’s Environmental Impact Assessment Act, all projects related to construction, reconstruction, expansion and/or refurbishing are obliged to conduct an environmental risk assessment during the initial phase of project design and feasibility analysis. The act stipulates that the assessment must include the identification of key risk factors related to air, water, soil pollution or human health. According to the Chinese act, all companies are required to undergo an assessment by an independent and certified environmental impact assessment agency in order to avoid any conflict of interest.7,8
- SOL’s management system of quality, environment, occupational health and safety, and its construction subsidiaries are certified with OHSAS 18001 standards, providing additional assurance that SOL’s environmental and occupational health and safety management systems are aligned with international standards. In 2017, the company developed job-descriptions and related training requirements to ensure safety awareness among employees.9
- SOL has shared with Sustainalytics Health, Safety and Environment Guidelines for its construction and employee management. In the guidelines, SOL is committed to providing a safe, healthy and efficient work environment for all stakeholders. Additionally, SOL has put in place a Crisis Management Team (CMT), overseen by SOL’s deputy general manager, that includes cross-departmental representatives. The CMT is responsible for any issues including the violation of any company guidelines and policies, and provides a mechanism that ensures further prevention of similar crisis.

Considering the above, Sustainalytics is of the opinion that SOL has an adequate level of policies and preparation to proactively assess and mitigate potential social and environmental risks associated with the eligible projects.

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are recognized as impactful by GBP and GLP. Sustainalytics has focused on two below how the impact is specifically relevant in the local context.

Importance of energy efficiency for green buildings in China

While developing its energy sector, China faces challenges including the growing demand for energy, limited natural resources, and inefficient use of energy in China11 For China, energy use in buildings is a critical part of the clean energy transition specifically because the energy consumption from buildings accounts for 20% in China’s total energy use, and around 20% of energy-related CO₂ emissions in 2016.12 Being the largest energy consumer globally in the building sector, China committed to strengthening control over its total energy consumption and improving energy efficiency.13 Energy-saving and emission-reduction technologies have been promoted, and green building initiatives have been further implemented.14 The State Council of China issued the Strategic Action Plan for Energy Development (2014-2020) which includes energy efficiency as a

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7 Environmental Impact Assessment in China, technical report available at: https://www.researchgate.net/publication/268503532_Environmental_Impact_Assessment_in_China
8 Law of the People’s Republic of China on Evaluation of Environmental Effects available at: https://www.elaw.org/eilaw/china
9 The OHSAS 18001 an international standard designed to enable organizations to control risks and improve performance in the area of occupational health and safety.
12 Tsinghua University, China Building Energy Use 2018, to be retrieved at: https://berc.bestchina.org/?ky/Article250/92.html
key segment.15 The Strategic Action Plan for Energy Development (2014-2020) considers the promotion of green buildings as one of the main objectives, aiming to achieve energy efficiency improvements in buildings, accelerate green building construction and renovation of existing buildings, and promote green lighting. It also aims to develop low-carbon eco-cities by targeting a 50% urban green building share by 2020.16 Furthermore, National Development and Reform Commission published the 13th Five Year Plan for Energy Development (2016-2020) to advance energy efficiency and energy consumption management, which aims to achieve a reduction in energy consumption per unit of GDP by 15% compared to 2015.17

Given the above, Sustainalytics considers that SOL’s financing of projects that will construct, renovate or refurbish green buildings, adopt new technologies, and upgrade mechanical equipment to reduce energy consumption can contribute to the energy efficiency improvements in China.

**Importance of preventing air pollution**

Air pollution is considered a major environmental risk to health, causing several diseases including lung cancer and acute respiratory disease.18 In 2016, 83 Chinese cities (24.9% of all Chinese cities)19 met the national ambient air quality standard, while 254 cities (75.1% of all Chinese cities) failed to meet the standard.20, 21 Based on this, China has intensified air pollution controls in order to achieve environmental and air quality improvements within the 13th Five-Year Plan period (2016-2020).22 As part of the 13th Five-Year Plan, the Chinese government established a regional monitoring network, an early-warning system, and coordinated response mechanisms for ecosystems and the environment, and worked on the reduction of total air pollutant emissions.23 Furthermore, to prevent and control air pollution, the Chinese government implemented projects in areas with heavy air pollution, and aimed at a reduction of 25% in the concentration of fine particulate matter. Despite the efforts of the Chinese government, in the beginning of 2019 (January and February), the air quality became worse with the rise of national PM2.5 level24 by 5.2%.25

In order to achieve pollution prevention in the context of buildings, space cooling is an integral part since almost a fifth of all the electricity used in buildings is for space cooling, generally with electric-powered fans or air conditioning (AC) systems.26 In 2018, there were around 1.6 billion ACs used globally among which more than 50% were concentrated in China and the United States. Rising demand for space cooling resulted in increased energy demand which leads to further increase in CO2 emissions. Considering the government’s efforts on air pollution treatment, and the deteriorating air quality issue in China, Sustainalytics views that SOL’s investments in pollution prevention and control projects can contribute to the air quality improvement for the beneficiaries of the intended projects, which will further enhance China to achieve its air quality improvement targets.

**Alignment with/contribution to SDGs**

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

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>SDG</th>
<th>SDG target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Buildings</td>
<td>9. Industry, innovation and infrastructure</td>
<td>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater</td>
</tr>
</tbody>
</table>

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18 WHO, Ambient (outdoor) air quality and health, at: https://www.who.int/news-room/fact-sheets/detail/ambient-(outdoor)-air-quality-and-health
19 Cities at or above prefecture level ("APL cities")
20 Air quality meeting the standard: the ambient air quality meets the standard (35mcg) when the concentrations of all pollutants under assessment meet the standard.
24 PM2.5 refers to atmospheric particulate matter that have a diameter of less than 2.5 micrometers.
<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency</td>
<td>7. Affordable and Clean Energy</td>
<td>7.3 By 2030, double the global rate of improvement in energy efficiency</td>
</tr>
<tr>
<td>Pollution Prevention and Control</td>
<td>11. Sustainable Cities and Communities</td>
<td>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</td>
</tr>
</tbody>
</table>

**Conclusion**

SOL has developed the SOL Green Finance Framework, under which it intends to issue green bonds that finance the development and implementation of green buildings, and technologies in buildings that improve energy efficiency and indoor air quality in China. The framework defines eligibility criteria in three categories, namely (i) Green Buildings, (ii) Energy Efficiency, and (iii) Pollution Prevention and Control.

Considering the pollution level in China, Sustainalytics is of the opinion that the eligible projects described in the Framework will contribute to SOL’s sustainability strategies and commitments, as well as the environmental goals, such as the commitment to Paris Agreement and the 13th Five Year Plan for Energy Development (2016-2020), of China.

Based on the above, Sustainalytics is of opinion that SOL’s Green Finance Framework is credible, transparent, and aligned with the Green Bond Principles 2018 and the Green Loan Principles 2018.
Appendices

Appendix 1: Overview and Comparison of Real Estate Certification Schemes

<table>
<thead>
<tr>
<th>LEED27</th>
<th>Chinese Green Building Evaluation Label (China Three Star)28</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Certification Levels</strong></td>
<td>Certified Silver Gold Platinum</td>
</tr>
<tr>
<td><strong>Areas of Assessment: Environmental Performance of the Building</strong></td>
<td>• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality Innovation in Design Regional Priority</td>
</tr>
<tr>
<td><strong>Requirements</strong></td>
<td>Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification. 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).</td>
</tr>
<tr>
<td><strong>Performance Display</strong></td>
<td><img src="image" alt="LEED Certification Levels" /> <img src="image" alt="Chinese Green Building Evaluation Label" /></td>
</tr>
</tbody>
</table>

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27 [https://new.usgbc.org/leed](https://new.usgbc.org/leed)  
28 [http://www.gbiq.org/collections/14970](http://www.gbiq.org/collections/14970)
Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

<table>
<thead>
<tr>
<th>Issuer name:</th>
<th>Shui On Land Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</td>
<td>[specify as appropriate]</td>
</tr>
<tr>
<td>Review provider’s name:</td>
<td>Sustainalytics</td>
</tr>
<tr>
<td>Completion date of this form:</td>
<td>10 October, 2019</td>
</tr>
<tr>
<td>Publication date of review publication:</td>
<td>[where appropriate, specify if it is an update and add reference to earlier relevant review]</td>
</tr>
</tbody>
</table>

Section 2. Review overview

SCOPE OF REVIEW
The following may be used or adapted, where appropriate, to summarize the scope of the review.

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

☒ Use of Proceeds
☒ Process for Project Evaluation and Selection
☒ Management of Proceeds
☒ Reporting

ROLE(S) OF REVIEW PROVIDER

☒ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification
☐ Rating
☐ Other (please specify):

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 use of proceed categories of the Green Finance Framework – (i) Green Buildings, (ii) Energy Efficiency, and (iii) Pollution Prevention and Control – are recognized as impactful by the Green Bond and Green Loan Principles 2018. SOL’s green building eligibility criterion includes third-party certification standards and labels, namely LEED gold or above, and/or China Green Building Evolution Label 2 Stars or above. Sustainalytics has conducted an evaluation of these standards and considers them to be robust and credible (see Appendix 1 for additional details on the certification schemes). SOL intends to use the proceeds to finance the treatment of atmospheric fine particles, particularly in regard to PM2.5. Moving forward, Sustainalytics encourages SOL to look into possibilities for air quality improvement in the broader environment that goes beyond the beneficiaries (Please see Section 3: Impact of Use of Proceeds for further information). SOL intends to use the proceeds to finance resource conservation projects, mainly focusing on the development of energy monitoring systems. SOL intends to finance efficient pump and better control system technologies, aiming at improving heat exchange efficiency and reducing energy consumption. Moreover, SOL confirmed that energy efficiency upgrades in buildings will provide a minimum of 30% energy saving improvement. SOL confirmed to Sustainalytics that the proceeds under this framework will be used for, among other eligible green buildings, the finance/refinance of acquisition of CA5 buildings which are acquired throughout 2018 and 2019. Furthermore, Sustainalytics encourages the definition of look-back period as well as the disclosure of the amount of finance versus refinance as part of SOL’s annual allocation reporting.

Use of proceeds categories as per GBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):
SOL has established a two-step project evaluation and selection process in which a sustainable development working group with cross-departmental representatives from SOL’s design, construction, procurement, quality management, finance, branding and operation teams conduct a pre-selection process of eligible projects. Following the initial pre-selection process, eligible projects are validated and approved by SOL’s Sustainable Development Committee. SOL’s procedure for project evaluation and selection is considered as aligned with market practice.

**Evaluation and selection**

- ☒ Credentials on the issuer’s environmental sustainability objectives
- ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds
- ☐ Summary criteria for project evaluation and selection publicly available
- ☒ Documented process to determine that projects fit within defined categories
- ☒ Documented process to identify and manage potential ESG risks associated with the project
- ☐ 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)*:

SOL will establish a register to monitor and account for the allocation of the proceeds under the Framework. The register will include information on details of loans and bonds, mapping of eligible projects against the relevant categories, amount allocated, environmental certification or third-party reports, balance and status of unallocated proceeds. Pending full allocation, unallocated proceeds will be invested in cash or cash equivalents as part of the company’s cash management policies, or used for existing debt repayment. Sustainalytics considers SOL’s management of proceeds as in line with current 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:**
4. REPORTING

Overall comment on section (if applicable):

SOL commits to reporting annually on the allocation of the net proceeds on its website, within the Environment, Social and Governance (ESG) section of its Annual Report. The (i) allocation report will comprise information from the list of approved eligible projects, amount of allocated proceeds, and balance of unallocated proceeds. Where feasible, SOL will also disclose (ii) an impact report including KPIs for each eligible category, including the electricity and energy usage (kWh), greenhouse gases emissions (GHG) (tonnes of CO2e), water consumption (m³), as well as numbers and types of certification of green buildings obtained. Sustainalytics views the scope and granularity of SOL’s allocation and impact reporting as aligned with regional and international market expectations.

Use of proceeds reporting:

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

**Information reported:**

- Allocated amounts
- Green Bond financed share of total investment
- Other (please specify): Balance of unallocated proceeds

**Frequency:**

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

Impact reporting:

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

**Frequency:**

- Annual
- Semi-annual
- Other (please specify):
Information reported (expected or ex-post):

☒ GHG Emissions / Savings
☐ Energy Savings
☐ Decrease in water use
☒ Other ESG indicators (please specify): Number and type of certification of green buildings; Water consumption (m³)

Means of Disclosure

☐ Information published in financial report
☐ Information published in sustainability report
☐ Information published in ad hoc documents
☒ Other (please specify): “Corporate Social Responsibilities” section of its Annual Report
☐ 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.)

www.shuionland.com

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Review provider(s):
Date of publication:

ABOUT ROLE(S) OF 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 recognized 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 specialized 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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