



Jiayuan International Group Limited

Green Financing Framework



Jiayuan International Group Limited
佳源國際控股有限公司

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1. Introduction¹

1.1 Business Overview

Jiayuan International Group Limited (the “Company” and together with its subsidiaries, collectively as the “Group”) is an established property developer of large-scale residential complexes and commercial complexes in the People’s Republic of China (“PRC”). As at 31 December 2019, the total land bank of the Group was approximately 14 million sq.m.

With over 20 years of experience in property development, the Group develops property projects through comprehensive planning, meticulous quality control, sophisticated operating systems and experienced professional teams to meet the needs of different regions and strengthen the “Jiayuan” brand.

As of 31 December 2019, the Group has a portfolio of 63 property projects in China. Ever since its establishment, the Group has had a deep presence in the property project development in Jiangsu region. Since 2016, the Group has taken the lead in entering Guangdong-Hong Kong-Macao Greater Bay Area, and has successively obtained a number of quality projects in Shenzhen, Jiangmen and Macau.

In 2018, it established a joint venture company in Hong Kong to formally enter the Hong Kong real estate market. In addition, the Group also succeeded in expanding its business coverage to key provincial capital cities, including Guiyang and Urumqi. The Group also ventured into countries and regions along the “Belt and Road” initiative, such as acquiring fine land parcels in Cambodia.

1.2 Sustainability Strategy and Vision

1.2.1 Jiayuan’s Environmental Sustainability

Environmental sustainability is one of the Group’s key issues in its fulfilment of social responsibility. The Group complies with the relevant environmental laws and regulations for each Point of Business. By implementing the Environmental Protection Policies Declaration, it also injects the concept of environmental sustainability into its business operations, manages the emissions and the use of resources properly as well as protects the environmental and natural resources. Jiayuan International’s Green Activities always strive to comply with national and/or international environmental standards and/or local laws and regulations as applicable.

GREENHOUSE GAS EMISSIONS

The Group continues to entrust the carbon assessment to a consulting firm to quantify the greenhouse gas emissions (or “carbon emissions”) produced during its operations. In the process of quantification, references are made to the guidelines issued by the National Development and Reform Commission and the international standards such as ISO14064-1 and the Greenhouse Gas Protocol.

¹ Sources: Jiayuan Properties Website and Annual Report





The Group will continue to assess, record and annually disclose its greenhouse gas emissions and other environmental data, to review the effectiveness of its current measures and further formulate its carbon reduction targets and work plans.

EXHAUST GAS EMISSIONS

To reduce the exhaust gas emissions from vehicles, the Points of Business select and purchase vehicles in compliance with the emissions standard of exhaust gas as well as carry out regular checks and maintenance of vehicles based on the schedule suggested by manufacturers.

WASTE AND SEWAGE DISCHARGE

As a result of completion of the Points of Business, the domestic wastes produced from the Points of Business are non-hazardous wastes. In particular, Yangzhou Jiayuan Centurial City produced 20 tonnes of waste in total, which were handed over to the relevant municipal departments for disposal. A non-hazardous waste record system will be set up for Nanjing Zijin Mansion in the forthcoming year to facilitate the Group's review of the effectiveness of the measures in place and formulation of future waste reduction targets. No hazardous wastes are produced at the Points of Business.

To effectively manage the waste discharge, the Group adopts the principles of "reduce", "reuse" and "recycle". Waste classification and recycling areas are set up at the Points of Business and employees are discouraged from using disposable products to promote source reduction. The domestic sewage generated from the Points of Business will be discharged at sewage treatment plants through sewage pipelines, to ensure that the surrounding ecological environment is not affected.

USE OF ENERGY

The Group's Environmental Protection Policies Declaration confirms that energy saving is the basic direction of our operation. All staff must take the established measures, which include the procurement of energy efficient products and services, and be responsible for the overall energy saving efficiency of the Group.

To reduce energy consumption, the following measures have been implemented on sales activities and other office activities at the Points of Business:

Key measures for energy management		
Lighting	Air conditioning	Computers
<ul style="list-style-type: none">Switching off the unnecessary lighting facilities in shared areas (such as reception, pantry, washrooms and corridors) when there are few people around (such as during lunch hours and outside office hours)Separating the areas, flexible control over the individual lighting system	<ul style="list-style-type: none">Setting the temperature of air conditioners to 24-26 degrees celsiusSwitching off part of the air conditioning appliances when there are few people around (such as during lunch hours and non-office hours)	<ul style="list-style-type: none">Changing computer settings and activating standby or sleeping modes in computersRequesting our staff to switch off their personal computers after office hours





WATER CONSUMPTION

As a precaution to lower the risk of water wastage, regular checks on water pipes and taps at the Points of Business are carried out to identify any leakage in a timely manner.

RAW MATERIAL CONSUMPTION

Paper is consumed for the Group's sales activities and other office activities. To reduce usage, electronic communication and electronic filing are adopted at the marketing centres of the Points of Business, and a paperless system is also in place for tendering process (See Appendix 1: Key measures for environmental Management in respect of the life cycle of projects)

Case story: Green project management *"Environmental management in respect of the life cycle of projects"*

To mitigate environmental impact, at each stage of the development of Nanjing Zijin Mansion and Yangzhou Jiayuan Centurial City, the Group has formulated and executed its environmental policies and measures to foster environmental management in respect of the life cycle of projects.

THE ENVIRONMENT AND NATURAL RESOURCES

As 3D printing technology becomes more sophisticated and prevalent, it has been applied to many construction projects in recent years to shorten construction time and reduce energy consumption and waste production during construction. Besides, as 3D printers puts together various materials such as sand, concrete, fibre and recyclable materials, it can extend the use of environment-friendly materials in construction. The Group will continue to explore and utilize 3D construction printing technology and will seek to extend the use of the technology from gardening and outdoor products to other projects of the Group. The Group will also continue to uplift the environmental awareness among its employees and boost the environmental performance of the Group.

1.2.2 Supply Chain Management

As a property developer, the Group's major suppliers include contractors for construction, contractors for electricity projects and supply, and contractors for landscaping and greenery works. Due to its business nature, the Group's construction activities are undertaken by contractors, therefore a long-lasting collaborative relationship endorsing mutual benefits with the supply chain can facilitate uplifting of performance in sustainable development. The Group's Supply Chain Management, Product Responsibility and Anti-Corruption Policy Declaration sets out the Group's commitments to identifying environmental and social risks in the supply chain. The Group has formulated its tendering processes and suppliers assessment criteria that cover environmental protection and care for society.

Apart from establishing the Guidelines for Safe and Civilized Construction Management to regulate safety management in respect of all construction units, the Group selects suppliers and contractors on the principles of fair and open competition. For the risks of corruption and bribery in the course of procurement and tendering, the Group has established a monitoring system to prevent corruption, fraud or other malpractice.





2. Jiayuan Green Financing Framework Overview

Green Financing Transactions (“GFT”s) will include bonds, loans and other forms of debt financing with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Projects Categories as defined in this Framework.

- With respect to bonds, bonds issued under this Framework will be aligned with 2021 Green Bond Principles (“GBP”) by ICMA², or as they may subsequently be updated.
- With respect to loans, loans issued under this Framework will be aligned with the 2021 Green Loan Principles including Guidance Notes³ (“GLP”), or as they may subsequently be updated.
- Other GFT may conform to other sustainable finance principles as may have been established at the time of such a financing transaction being undertaken.

GFTs do not place restriction on the tenor and currency; and can include other terms and conditions including covenants, to reflect the financing strategy and plans of Jiayuan as well as the outcome of the commercial discussions between the Issuer/Borrower and Manager/Arranger/Lender.

GFTs may be done in any jurisdiction and market reflecting Jiayuan’s current and future business needs

For each GFT, Jiayuan management asserts that it will adopt the following core components of the GBP and GLP:

1. Use of proceeds;
2. Process for project evaluation and selection;
3. Management of proceeds; and
4. Reporting

The Framework also covers External Review.

The Framework will be in force as long as there is live GFTs. Jiayuan may update this Framework and commits that any new version will keep or improve the current level of transparency and reporting. Jiayuan commits to communicate changes with investors via Jiayuan’s official website.

2.1 Use of Proceeds

The net proceeds of the Green Bonds and Loans will be used to fund or refinance, in whole or in part, new or existing eligible green projects that meet one or more of the below categories of eligibility as recognized in the 2021 GBP (“**Eligible Green Projects**”):

² <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks>





³ <https://www.aplma.com/en/gsl>





2.1.1 Eligible Green Project Categories



Eligible Green Project Categories may include the projects Jiayuan made during the 3 years prior to the issuance or signing date of the respective GFTs and during the life of the GFTs.

Project Category	Eligible Green Projects for Jiayuan	UN SDG Goals
<p>Green Buildings</p>  	<ul style="list-style-type: none"> • New construction and/or renovation/refurbishment of existing buildings that have or will receive, any one of the following certification systems: <ul style="list-style-type: none"> ○ U.S. Leadership in Energy and Environmental Design (LEED) – minimum certification of Gold; or ○ BEAM Plus – minimum certification level of Gold; or ○ BREEAM – minimum certification level of Excellent; or ○ Chinese Green Building Evaluation Label (GBL)⁴ – minimum certification level of 2 stars <p>Any other green building label, that is an equivalent standard of the above</p>	<p>SDG 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</p> <p>SDG 11.7: By 2030, reduce the adverse per capita, environmental impact of cities.</p>
<p>Pollution Prevention and Control</p> 	<ul style="list-style-type: none"> • Equipment, system that are used to mitigate environmental pollution (e.g. air, noise, water) during the construction and/or operation of buildings • Enforcement of dust control, noise reduction, construction waste and gas pollution minimization 	<p>SDG 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>
<p>Sustainable Water Management</p> 	<ul style="list-style-type: none"> • Water saving features projects to reduce domestic and commercial water consumption (e.g. rainwater harvester, cooling water recycler, irrigation system with water-saving features), that shall result in 10% improvement against the development’s original water consumption 	<p>SDG 6.3: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals</p>

⁴ Official Full Name: Assessment Standard for Green Building GB/T 50378-2019





Renewable Energy 	<ul style="list-style-type: none">• Design, construction, installation and operation of renewable energy systems, including solar (photovoltaic) for rooftop.	SDG 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation 	<ul style="list-style-type: none">• Infrastructure for clean energy vehicles such as electric vehicles and hydrogen vehicles. Projects include charging stations for electric vehicles and will be dedicated to clean energy vehicles.	SDG 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

2.1.2 Exclusions

The following industries are excluded from consideration for eligibility (“Exclusions”):

- Luxury sectors (precious metals wholesale or brokerage, precious minerals wholesale or brokerage, artworks and antiques wholesale or brokerage);
- Weapon;
- Alcohol;
- Tobacco;
- Fossil fuel;
- Nuclear;

2.2 Process for Project Evaluation and Selection

The Eligible Green Projects are identified and selected via a process that involves participants from various functional areas, including the project teams.

Jiayuan has set up an ESG Working Group (“ESGWG”) to oversee its ESG and Sustainability reporting. The ESGWG will also resume the responsibility of GFTs. ESGWG is composed of representatives from the below departments with the required level of expertise and seniority:

- Internal Control Department (including ESG Working Group)
- Investment and Development Department
- Administrative and Human Resources Department
- Sales and Marketing Department
- Engineering and Cost Control Department
- Accounting Department
- Finance Department





The ESGWG will meet at least every 12 months to review and select eligible projects according to the criteria outlined in Sections 2.1.1 mentioned above. The shortlisted projects will be presented to the Board of Directors for approval.

The ESGWG will ensure that the selected Eligible Project comply with the section of Use of Proceeds in this framework, with the environmental guidelines under the GBP and GLP, as well as with Jiayuan's Environmental, Social and Governance Policies which offers risk management tools to mitigate related ESG risks.

In addition, the ESGWG will be responsible for managing any future updates of the Framework, including any expansion of requirements of use of proceeds.

Eligible Projects may include new projects, projects under construction or in Jiayuan's portfolio, with a disbursement date no older than 3 years.

2.3 Management of Proceeds

The net proceeds from each GFT issued will be managed by Jiayuan's finance team and the proceeds of each GFT will be deposited in the general funding accounts. An amount equals the all net proceeds from each GFT will be earmarked for allocation to Eligible Green Projects, in accordance with Jiayuan Green Financing Framework.

Jiayuan will maintain a register to keep track of the use of proceeds for each GFT. The register will contain the following information including:

2.3.1 Type of Funding Transaction

Key information includes issuer/borrower entity, transaction date, number of transactions, principal amount of proceeds, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number in case of bond transaction.

2.3.2 Allocation of Use of Proceeds

- Name and description of Eligible Projects to which the proceeds of the GFTs have been allocated in accordance with the Framework
- Allocation of the proceeds of GFTs to Eligible Projects
- The balance of unallocated proceeds
- Information of temporary investment for unallocated proceeds

Jiayuan is committed to allocating all proceeds from the GFT to Eligible Project exclusively on a best effort basis within one year of the GFT issuance in accordance with the evaluation and selection process set out above.

Jiayuan will monitor the allocation to Eligible Project and track the net proceeds through its internal accounting system.





Pending allocation, the net proceeds from the GFT(s) issued may be invested in cash or cash equivalents, or used to repay existing borrowings under general credit facilities of Jiayuan.

During the life of the GFT issued, if the designated Projects cease to fulfil the Eligibility Criteria, the net proceeds will be re-allocated to replacement Projects that comply with the Eligibility Criteria, as soon as reasonably practicable.

2.4 Reporting

Jiayuan will provide information on the allocation of the net proceeds of its GFTs in Jiayuan's Sustainability/ESG Reports and/or website. Such information will be provided on an annual basis until full allocation. The information will contain at least the following details:

2.4.1 Allocation Reporting

Jiayuan will provide the following information for the net proceeds of all the GFTs during the period:

- The aggregate amount allocated to various Eligible Projects
- The remaining balance of funds which have not yet been allocated and type of temporary investment
- Share of financing vs. refinancing
- Examples of Eligible Projects (subject to confidentiality disclosures)

2.4.2 Impact Reporting

Where possible, Jiayuan will report on the environmental impacts associated with the Eligible Projects funded with the net proceeds of the GFT(s).

Subject to the nature of Eligible Projects and availability of information, Jiayuan will include, but not limited to, the following Impact Indicators:

Eligible Categories	Impact Indicators ⁵
Green Buildings	<ul style="list-style-type: none">• Level of certification by property• Energy efficiency gains in MWh or % vs. baseline• Estimated avoided GHG emissions (tCO₂eq)• Annual energy savings (MWh pa)• Annual reduction in water consumption (litres)

⁵ *Appropriate environmental and social impact indicators will be determined in reference to frameworks and resources published by ICMA, such as the Harmonized Framework for Impact Reporting June 2021. Visit <https://www.icmagroup.org/green-social-and-sustainability-bonds/impact-reporting/> for more.





Pollution Prevention and Control	<ul style="list-style-type: none">• Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/or in absolute amount in tonnes p.a.• Amount of waste reused or recycled (tons or in % of total waste)• GHG emissions or pollutants reduced/avoided per year (tCO₂e)
Sustainable Water Management	<ul style="list-style-type: none">• Amount of water recycled (litres)• Amount of water reused (litres)
Renewable energy	<ul style="list-style-type: none">• Renewable energy produced (MWh)• Renewable energy capacity (MW)• Estimated avoided GHG emissions (tCO₂eq)• Annual energy savings (MWh pa)
Clean Transportation	<ul style="list-style-type: none">• Number of charging points for electric vehicles

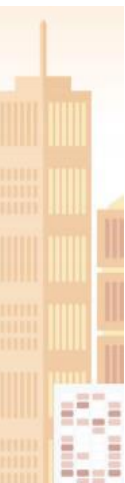
3. External Review

Pre-issuance:

Jiayuan has engaged S&P Global Ratings to provide a Second Party Opinion (“SPO”) on its Green Financing Framework. The SPO, together with the Framework will be available at <https://www.jiayuan.com/>

Post-issuance:

An independent third party will be engaged to review and verify the internal tracking and allocation of funds from the GFT(s) to Eligible Projects, as well as the Eligible Projects’ estimated/actual impact, that is disclosed in the GFT Annual Reporting.





Appendix

Appendix 1: Key measures for environmental Management in respect of the life cycle of projects:

Stage	Nanjing Zijin Mansion	Yangzhou Jiayuan Centurial City
Planning and design	<p>Project design</p> <ul style="list-style-type: none"> • Planning and design shall be commenced based on Jiangsu Star 1 Energy-saving Standard <p>Product procurement</p> <ul style="list-style-type: none"> • Environment-friendly construction products such as XPS plastic injection plates, foamed cement plates and insulation mortar 	<p>Project design</p> <ul style="list-style-type: none"> • Green and ventilated roof are used to reduce electricity consumption for air-conditioning • Reasonable design of the window-wall ratio of projects to maximize the use of natural light through windows and ensure natural ventilation to reduce electricity consumption for light and air-conditioning • Heat supply using solar energy and geothermal heat pumps technology • Collection and purification of rainwater as well as production and domestic sewage, and water recycling <p>Procurement of products</p> <ul style="list-style-type: none"> • Procurement of environment-friendly products such as water-saving tools, and highly durable and recyclable products or products containing recyclable materials • Procurement of locally available materials
Construction management	<p>Based on the Project Operation Work Guidance (項目運營工作指引):</p> <ul style="list-style-type: none"> • Remote monitoring and region-segmented control are conducted on public areas to reduce energy consumption • Water and electricity meters shall be in place for all junctions of segments at landscaping works in progress, to calculate the consumption level of water and electricity at each project • Unified entrances and exits shall be in place to strictly manage the logistics of materials • Measures for dust and noise reduction shall be implemented • Centralized piling up of construction wastes and disposals, and delivery of wastes and disposals to designated piling venues according to relevant governmental requirements • Re-use of scrap materials to make fences and protective facilities • Recycling and processing of old plate materials by dedicated labour force 	

