

Verification Report on Pre-issuance of Jiangxi Provincial Investment Group Green Bond



联合赤道环境评价股份有限公司
Lianhe Equator Environmental Impact Assessment Co.,Ltd.

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Scope and Objectives

Issuer

Jiangxi Provincial Investment Group Co., Ltd. (hereinafter referred to as JPIG) a key enterprise and state-owned capital investment and operation platform in Jiangxi Province. Currently, the company's main businesses include building materials, electric power, natural gas, coal, building construction, transportation, construction and development, environmental protection and digital industry.

Bond Information

A Green bond named "Jiangxi Provincial Investment Group 2024 Green Corporate Bond(Series 1)" (Green Bond) would be issued by JPIG, with a scale not exceeding RMB 0.5 billion (including RMB 0.5 billion). Solar and Wind Energy Projects would be used by the net proceeds.

Verification Institution

Lianhe Equator Environmental Impact Assessment Co., Ltd. (hereinafter referred to as Lianhe Equator) was established in 2015, and was primarily engaged in green bond third-party certification, green financial advisory work, and environmental impact assessments. Lianhe Equator is one of the first certification institution registered by the China Green Bond Standard Committee. The core technical force includes a significant number of senior environmental protection experts at the provincial and ministerial level, a good number of registered consultants, financial analysts and more than sixty registered environmental impact assessors, who have leading green financial advisory service capabilities in the industry. Lianhe Equator standardizes the specific certification work with the green bond assessment, and independently developed the *The Lianhe Equator Green Bond Assessment and Certification Method System (LEIS0002-2021)*. Lianhe Equator also have conducted this limited assurance engagement in accordance with the *International Standard on Assurance Engagements 3000 (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information*. In addition, the comprehensive performance of green bond was

evaluated in four dimensions including characteristics of the project, the use and management of net proceeds, project evaluation and information disclosure.

Verification Work

Verification Contents

Verification contents of Lianhe Equator about Jiangxi Provincial Investment Group 2024 Green Corporate Bond (Series 1) following aspects was included that:

- Policies and procedures of the using and management of proceeds.
- Evaluation and screening of project standards, green attributes and compliance.
- Information disclosure and process.

Verification Process

Process of this verification mainly includes data collection and review, in the following aspects:

- Interview the responsible personnel from relevant departments to understand the key matters related to JPIG's policies;
- Review JPIG's Green Bond Framework;
- Review the Prospectus;
- Obtain and review the appropriate evidence to support the critical conclusions.

Standard

The verification work has conducted in line with the following standards:

- *Climate Bonds Standard v4.1*
- *Climate Bonds Standard - Sector Criteria (Solar Version 2.3);*
- *Climate Bonds Standard - Sector Criteria (Wind Version 1.2).*

Responsibilities

Issuers responsibilities were included the following aspects:

- Accept on-site interviews and due diligence by the verification team.
- Provide relevant information data and system documents for the verification

team.

- Provide relevant information documents for the recruitment and investment projects for the verification team.
- Ensure that the supplied information data and system documents real and effective.

Verification agencies responsibilities were including the following aspects:

- Conduct on-site interviews and due diligence, which is based on the information data, system documents and information documents provided by issuer.
- Issue the verification report and limited assurance conclusion on whether the invested projects meet the climate bond standards.

Lianhe Equator conducted the verification in accordance with the *Climate Bond Standard Version 4.1* and refer to the *International Standard on Assurance Engagements 3000(Revised) – Assurance Engagements other than Audits or Reviews of Historical Information*.

Overview of Nominated Projects

Table 1

No.	Project	Region	Project Total Investment (RMB million)	Plan to Invest (RMB million) Finance	Categories	Project Description
1	Solar Energy Project	Southern China	518.87	400.00	Renewable energy	The Solar power generation project is located in Jiangxi Province of China, it is currently in the construction phase and the installation capacity is 100MW.
2	Solar Energy Project	Southern China	15.57	12.00	Renewable energy	The Solar power generation project is located in Jiangxi Province of China, it is currently in the construction phase and the installation capacity is 4MW.

3	Solar Energy Project	Southern China	17.00	13.00	Renewable energy	The Solar power generation project is located in Jiangxi Province of China, it is currently in the construction phase and the installation capacity is 4.5MW.
4	Solar Energy Project	Southern China	24.49	15.00	Renewable energy	The Solar power generation project is located in Jiangxi Province of China, it is currently in the construction phase and the installation capacity is 5.9MW.
5	Solar Energy Project	Southern China	100.00	60.00	Renewable energy	The Solar power generation project is located in Jiangxi Province of China, it is currently in the construction phase and the installation capacity is 20MW.
No.	Project	Region	Project Total Investment (RMB million)	Repay the Loan (RMB million) Refinance	Categories	Project Description
6	Solar Energy Project	Southern China	250.00	98.96	Renewable energy	The Solar power generation project is located in Jiangxi Province of China, it is currently in the operational phase and the installation capacity is 50MW.
7	Solar Energy Project	Southern China	24.22	12.04	Renewable energy	The Solar power generation project is located in Jiangxi Province of China, it is currently in the operational phase and the installation capacity is 5.99MW.
8	Solar Energy Project	Southern China	110.00	39.50	Renewable energy	The Solar power generation project is located in Jiangxi Province of China, it is currently in the operational phase and the installation capacity is 40MW.

9	Wind Energy Project	Southern China	85.00	31.50	Renewable energy	The wind power generation project is located in Jiangxi Province of China, it is currently in the operational phase and the installation capacity is 10MW.
Total Amount			1145.15	682.00		

Pre-Issuance Requirements and Verification found

Table 2

1. Use of Proceeds		
Climate Bonds Standard Requirement	Findings	Requirement Met
<p>1.1 The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept Up To Date during the term of the Bond.</p>	<p>The issuer has established a Nominated Projects & Assets List for Eligible Projects & Assets. The list of projects will be continuously updated during the term of the bond.</p>	Yes
<p>1.2. The expected Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Issuer.</p>	<p>The expected Net Proceeds of the Bond will not greater than RMB 0.5 billion. The total amount of the listed project is RMB 0.682 billion. Therefore, it is expected that the Net Proceeds of the bond will not exceed the Issuer's total investment exposure to the proposed Nominated Projects & Assets.</p>	Yes
<p>1.3 Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:</p> <p>1.3.1 Distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bond, green loans or other labelled instruments or;</p> <p>1.3.2 The existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.</p>	<p>Nominated Projects & Assets will not nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments.</p>	Yes
2. Process for Evaluation and Selection of Projects and Assets		
Climate Bonds Standard Requirement	Findings	Requirement Met
<p>2.1. The Issuer shall establish, document and maintain a decision-</p>	<p>The issuer has established</p>	Yes

making process which it uses to determine the eligibility of the Nominated Projects & Assets. The decision-making process shall include, without limitation:	the responsibilities and decision-making process, refer to <i>Jiangxi Provincial Investment Group Green Bond Management Framework</i> (the “Framework”). The selected assets(refer to Table 1) which include solar and wind energy meets Sector Eligibility Criteria of Climate Bond Standard. Also, the solar assets meet the mitigation criteria that a minimum of 85% of electricity is generated from solar energy resources.	
2.1.1. A statement on the climate-related objectives of the Bond.	For this issuance, the net proceeds of the climate-related objectives of the Bond will be invested into the low carbon projects to conform with the objective of low carbon economy. The detailed statement will be specified in the prospectus.	Yes
2.1.2 How the climate-related objectives of the Bond are positioned within the context of the Issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability.	The issuer is a state-owned company, it is positioned in the strategy of serving the country towards green finance and environmental sustainability. The climate-related objectives of the bond conform to the issuer’s policy and strategy.	Yes
2.1.3 Issuer’s rationale for issuing the Bond.	This issuance aims to promote the low carbon economy development. The detailed description will be specified in the prospectus.	Yes
2.1.4 A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.	Specified in the Use of Proceeds, Project Evaluation and Selection part of the Framework.	Yes
2.2 Issuer should include under Clause 2.1 further aspects of the decision-making process, including:	By reviewing the Framework, we found that the issuer has include under Clause 2.1 further aspects of the decision-making process.	Yes
2.2.1 Related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.	The issuer has established related eligibility criteria and system, managed the nominated projects & assets from environmental and social risks aspects.	Yes

	The issuer will focus on the renewable energy projects in the future.	
2.2.2 Green standards or certifications referenced in the selection of Nominated Projects & Assets.	Specified in the Use of Proceeds part of the Framework.	Yes
2.2.3 The issuer shall assess that all proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.	The proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.	Yes

3. Management of Proceeds

Climate Bonds Standard Requirement	Findings	Requirement Met
3.1 The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:	The issuer has engaged the independent third party- Lianhe Equator Environmental Impact Assessment Co., LTD. to conduct pre-issuance verification, also the issuer will conduct post-issuance verification. The systems, policies and processes to be used for management of the Net Proceeds are documented by the Issuer and disclosed to the third party.	Yes
3.1.1 The Net Proceeds of the Bond can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.	By reviewing the Framework, the issuer has defined the responsibility on the use and management of proceeds. The issuer will maintain a ledger to keep track of the use of proceeds.	Yes
3.1.2 The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.3.	The balance of unallocated Net Proceeds will be documented in the ledger. Any balance of issuance proceeds which are not allocated will be invested in money market instruments with good market liquidity.	Yes
3.1.3 The earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.	By reviewing the Framework, the issuer will maintain a ledger to manage and account for funding to the Nominated Projects & Assets and enable estimation of the share of the Net Proceeds being used for financing and refinancing;	Yes

4. Reporting Prior To Issuance

Climate Bonds Standard Requirement	Findings	Requirement Met
4.1 The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Bond Framework shall include, without limitation:	The issuer has established <i>Jiangxi Provincial Group Green Bond Management Framework</i> .	Yes
4.1.1 Confirmation that the Bonds issued under the Green Bond Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.	By reviewing the Framework, we found that the bond issued is aligned with the Chinese domestic regulations and Climate Bonds Standard.	Yes
4.1.2 A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement.	The summary of the expected use of proceeds is disclosed Table 1, all the sectors belong to the low carbon industry to achieve the goals of Paris Climate Agreement.	Yes
4.1.3 A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2.	A description of the decision-making process is specified in the Framework.	Yes
4.1.4 on the methodology and assumptions to be used for: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets required to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard; and any other additional impact metrics that the issuer will define.	The methodology and assumptions to be used for confirming the characteristics or performance of Nominated Projects & Assets Specified is specified in Framework.	- Yes
4.1.5 A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1.	A summary of the approach to the management of unallocated Net Proceeds is specified in the Framework.	Yes
4.1.6 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	The issuer will engage a qualified independent third party to conduct post-issuance verification to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	Yes
4.1.7 The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, provided in Clause 9.1, and the Issuer shall provide an explanation of why details on Nominated Projects & Assets is limited.	The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall is disclosed in Table 1.	Yes
4.1.8 Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.	The estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be financed is disclosed in	Yes

	the issuance document.	
4.2 The Issuer shall include in the Disclosure Documentation:	/	/
4.2.1 The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall.	The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall is disclosed in Table 1.	Yes
4.2.2 The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3.	Any proceeds which are temporarily unallocated to Eligible Green Projects will be invested in money market instruments with good market liquidity, and will be managed to comply with liquidity management policy.	Yes
4.2.3 The Verifier engaged by the Issuer for the mandatory verification engagements.	The issuer has engaged Lianhe Equator Environmental Impact Assessment Co., LTD. to conduct pre-issuance assurance, also the issuer will engage Lianhe Equator Environmental Impact Assessment Co., LTD. to conduct post-issuance verification.	Yes
4.2.4 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding, including the location of the published documents.	The issuer will engage Lianhe Equator Environmental Impact Assessment Co., LTD. to conduct post-issuance verification to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	Yes
4.2.5 The CBI Disclaimer provided in the Certification Agreement.	The CBI Disclaimer provided in the Certification Agreement is specified in the issuance document.	Yes

Verification and Limited Assurance Conclusion

Lianhe Equator reviewed the Prospectus and projects documents of this Series of the Green Bond, Green Bond Framework. Combined with the due diligence, Lianhe Equator evaluated the relevant work in use of proceeds, process for project evaluation and selection, management of proceeds, reporting of JPIG. There were not found to be any discrepancies of Jiangxi Provincial Group in the using and management of proceeds, project evaluation and screening, information disclosure and reporting.

Based on the limited assurance procedures conducted, nothing has come to Lianhe's attention that causes us to believe that, in all materials aspects, *Jiangxi Provincial Investment Group 2024 Green Corporate Bond(Series1)* is not in conformance with the requirements of *Climate Bonds Standard Version 4.1*.

Ultimately, the green bond was evaluated and its use of proceeds considered eligible for certification under the Climate Bonds Standard accordingly

Statement

The copyright of the verification suggestions belong to the verification institution. The issuer can publish the suggestions after obtaining permission from the verification institution.

Except for the principal relationship between the verification authority and the issuer, there is no relationship between the verification authority, the verification personnel, and the issuer. This ensures the independence, objectivity, and impartiality of the verification action.

The conclusion of this verification report has been formed on the basis of sufficient investigation, reasonable evidence collection and comprehensive analysis. The verification institution makes independent judgments according to reasonable standards and procedures. Their verification suggestions are not subject to any improper influence of issuers or any other organizations or individuals.

The primary purpose of this verification is to certify the use and management of the proceeds, process for expenditure evaluation and selection, and reporting. It only provides supporting information in the aforementioned fields. The verification

institution does not accept liability for damages arising from this verification suggestion and the information it contains.

In this verification, the issuer is responsible for the completeness, accuracy and timeliness of the verification suggestions, which are based on the information provided by the issuer.

There are some inherent limitations in this verification process. For example, it may be difficult to detect fraud, errors, and irregularities if the verification is conducted only on selected information.

This verification suggestion cannot be interpreted as any indication or guarantee for relevant bond investment decisions. In any case, this suggestion cannot be used as an explanation or guarantee for the actual situation of bond economic performance, credit evaluation, and for fund-raising purposes.

Lianhe Equator Environmental Impact Assessment Co., LTD.

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