

# Green Bond Framework for NJPAID



**March, 2020**

## Purpose

This green bond framework (the “Green Bond Framework”) has been developed to demonstrate how Nanjing Jiangbei New Area Public Assets Investment & Development co., LTD (“NJPAID”) will issue Green Bonds to fund new and existing projects with environmental benefits with reference to:

- i. *Climate Bonds Standard*
- ii. *Guidelines for Establishing the Green Financial System (Yinfa 2016 Doc No.228) (PBoC, Ministry of Finance, NDRC, Ministry of Environmental Protection, CBRC, CSRC and CIRC)*
- iii. *The Green Bond Principles 2018 (GBP 2018), International Capital Market Association (ICMA)*
- iv. *Notice on the Trial of Green Corporate Bonds Issued by Shanghai Stock Exchange(SSE)(Shangzhengfa 2016 Doc No.13)*
- v. *Notice on the Trial of Green Corporate Bonds Issued by Shenzhen Stock Exchange(SZSE)(Shenzhenhang 2016 Doc No.206)*
- vi. Green Bond Categories(2015), the People’s Bank of China (PBoC)

## Rationale of ICBC Green Bond

NJPAID founded in October 1997, is a state-owned enterprise jointly invested by the former management committee of Nanjing chemical industrial park and Nanjing Yangzi State-Owned Assets Investment Group Co., LTD., with a domestic credit rating of AA.

NJPAID is an urban public service enterprise with water supply business and drainage business as the core, ecological protection business and transportation energy business as the auxiliary business. It has been consciously integrating the social responsibilities into its development strategy, operation and management activities and try to promote sustainable development and environmental protection through its own business development.

The Green Bonds issued is a good chance for NJPAID, which is in accordance with domestic and international policies of Sustainable Development such as China’s National 13th Five-year Plan, the Paris Climate Agreement etc. The Green Bonds will be a further step supporting NJPAID to meet economic objectives in the fast-growing green economy trend.

## Assertions from the Management

For each green bond (the “Green Bond”) issued, NJPAID asserts that it will adopt (i) Use of Proceeds (ii) Selection of Projects & Assets (iii) Management of Proceeds IV Reporting V External Review as set out in this Framework.

## Framework Overview

NJPAID has developed the Green Bond Framework under which it plans to finance, in whole or in part, eligible green assets as defined below (“**Eligible Green Assets**”):

## 1. Use of Proceeds

The proceeds of each NJPAID Green Bond will be used to finance eligible green assets that promote the transition to low-carbon and sustainable economy and provide clear environmental sustainability and climate change benefits.

The eligible green assets under the Green Bond Framework comprise financing within the eligible green asset categories below which are or have been originated by the various business units of NJPAID (the “**Eligible Green Assets**”) in China.

“ <b>Eligible Green Asset Categories</b> ” “for NJPAID”	<b>Alignment with Green Bond Principles (GBP2018)</b>	<b>Examples</b>
Sustainable Water and Wastewater Management	Sustainable water and wastewater management	Water pipes and collection facilities to collect water/rainwater, dams, treatment plant facilities, wastewater treatment project
Low Carbon Building	Green buildings	Government-subsidized housing that meet regional, national or internationally recognized standards or certifications
Energy Efficiency	Energy efficiency	LED lights, improved chillers, and reduced power usage in manufacturing operations District heating and cooling systems; energy recovery technology and the storage transmission and distribution of energy that result in reduced energy losses

Note: Assets in all eligible categories shall at least reach the threshold of relevant official standards of environmental impacts recognized in the local jurisdictions. In case of no official standards locally recognized, and corresponding international standards shall apply.

## 2. Selection of Projects & Assets

**Eligible Green Assets** will firstly be identified and proposed by business units of NJPAID, including its subsidiaries and branches. The proposed projects will then be reviewed by Finance and Financing Department of NJPAID.

Prior to the issuance, the Finance and Financing Department will review all proposed **Eligible Green Assets** to determine their compliance with the NJPAID Green Bond Framework for approval as “**Eligible Green Asset**” and form an eligible green asset list. Professional organization with environmental experience and knowledge will be hired to provide advice when necessary.

Annually, the Finance and Financing Department will review the allocation of the proceeds to the Eligible Green Assets and facilitate ongoing reporting.

### **3. Management of Proceeds**

Prior to the issuance of a Green Bond, NJPAID will set a plan of the use of the Proceeds in accordance with the procedures set in the Selection Of Projects & Assets to ensure that the Green Bond can be allocated to the **Eligible Green Assets** in a timely manner.

A specific Green Bond account (the **Account**) and/or a “allocation record” (the **Record**) will be established to record the allocation of Green Bond proceeds.

The Record will contain, for each Green Bond issued, information including:

- 1) Details of Green Bond: The bond code, pricing date, maturity date, etc.
- 2) Details of Eligible Green Asset List: information including:
  - i. Eligible Green Asset
  - ii. Summary of details of investment made
  - iii. Amount of investment made
  - iv. Other necessary information so that the aggregate of issuance proceeds allocated to the Eligible Green Assets is recorded at all times
  - v. Issuer’s estimate of the beneficial environmental impact of the Eligible Green Assets

Any balance of issuance proceeds not allocated to Eligible Green Assets will be held in NJPAID account. The unallocated proceeds could be temporarily used domestically and internationally in money market instruments with good credit rating and market liquidity until they are allocated to Eligible Green Assets. The unallocated proceeds shall not be invested in highly polluting or energy intensive projects.

### **4. Reporting**

NJPAID commits to publish an annual bond disclosure report (the “Annual Bond Disclosure Report”), which will provide information on allocation and impacts etc. The Finance and Financing Department is responsible for Disclosure and Reporting of NJPAID.

#### **1) Allocation Reporting**

Information will be provided on amounts equal to the net proceeds of the Green Bond issued and provide:

- i. aggregate amount allocated to the various Eligible Green Asset Categories
- ii. remaining balance of funds which have not yet been allocated

Furthermore, NJPAID will confirm that the use of proceeds of the Green Bond issuance conforms to the Green Bond Framework.

#### **2) Impact Reporting**

Where possible, NJPAID will report on the environmental and social (where relevant) impacts resulting from Eligible Green Assets.

Subject to the nature of Eligible Green Assets and availability of information, NJPAID aims to include, but not limited to, the following Impact Indicators.

<b>Eligible Green Asset Categories</b>	<b>Impact Indicators</b>
Sustainable water and wastewater management	Amount of water saved Amount of wastewater treated
Low Carbon Building	Tonnes of CO <sub>2</sub> (or other GHG) avoided kWh of energy saved per year
Energy efficiency	kWh of energy saved per year Percentage energy efficiency achieved

The Annual Bond Disclosure Report will be publicly available via annual updates on NJPAID's official website and/or other channels where feasible.

## **5. External Review**

NJPAID has engaged iGreenbank to act as an external reviewer of the Green Bond compliance with the standard applied for both prior to issuance and after issuance. The Verification Opinions will be publicly available on NJPAID's official website.

## **6. Disclaimer**

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