

Second-Party Opinion

Redsun Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Redsun Green Financing Framework is credible and impactful and aligns with the Green Bond Principles 2018 and Green Loan Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Sustainable Water and Wastewater Management, Clean Transportation – are aligned with those recognized by both the Green Bond Principles and Green Loan Principles. Sustainalytics considers that the eligible categories are expected to reduce the carbon footprint and improve the environmental performance of Redsun’s operations, while providing a positive environmental impact in mainland China, and advance the UN Sustainable Development Goals, specifically SDG 6, 7 and 11.



PROJECT EVALUATION / SELECTION Redsun has established a Green Financing Committee (“The Committee”), comprised of representatives from the Sustainability team and treasury department. The Committee oversees identifying, selecting and monitoring Eligible Green Projects. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The Committee and treasury department will be responsible for managing net proceeds from each issuance using a register. Redsun will maintain a register to track the use of proceeds for each eligible project. Pending full allocation, unallocated proceeds will be held in line with Redsun’s general liquidity guidelines in cash, cash equivalents or other liquid marketable instruments. This is in line with market practice.



REPORTING Redsun intends to report on the allocation and impact of the proceeds on its website on an annual basis until full allocation. Allocation reporting will include: (i) the total amount of outstanding Green Financing Instruments (“GFI”), (ii) the share of proceeds used for financing vs. refinancing purposes, (iii) the issuance amount of allocation to the Green Project Portfolio (iv) amount of proceeds allocated by project category, (iv) the total amount of unallocated proceeds and (v) examples of eligible projects being financed. In addition, Redsun is committed to reporting on relevant impact metrics. Sustainalytics views Redsun’s allocation and impact reporting as aligned with market practice.

Evaluation date March 04, 2021

Issuer Location Jiangsu, China

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Introduction

Redsun Properties Group Limited (“Redsun”, or the “Company”) is a real estate development and investment company with approximately 3,800 employees. The Company is a subsidiary of Hong Yang Group Company Limited and is headquartered in Jiangsu, China. The Company’s operations consist primarily of property development and sales, commercial property investment and operations and hotel operations.

Redsun has developed the Redsun Green Financing Framework (the “Framework”) under which it intends to issue Green Financing Instruments (“GFI”), such as bonds, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that reduce the carbon footprint and improve the environmental performance of Redsun’s operations, while providing a positive environmental impact in mainland China. The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Sustainable Water and Wastewater Management
5. Clean Transportation

Redsun engaged Sustainalytics to review the Redsun Green Financing Framework, dated February 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles (2018)¹ and Green Loan Principles (2020).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 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, Green Loan Principles 2020, as administered by ICMA;
- 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 Redsun’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. Redsun representatives have confirmed (1) they understand it is the sole responsibility of Redsun 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.

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

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at [Green Bond Principles \(icmagroup.org\)](https://www.icmagroup.org/green-bond-principles/)

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: [Green Loan Principles - LSTA](https://www.lma.com/~/media/10000000/2020-07-20-GLP-2020.pdf)

³ The Redsun Green Financing Framework is available on Redsun Properties Group Limited’s website at: <http://en.rsunproperty.hk/invest/>

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.

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 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 intended allocation of proceeds but does not guarantee the realised allocation of the bond 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 Redsun has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Redsun Green Financing Framework

Sustainalytics is of the opinion that the Redsun Green Financing Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP) and Green Loan Principles 2020 (GLP). Sustainalytics highlights the following elements of Redsun's Green Financing Framework:

- Use of Proceeds:
 - The eligible categories, (i) Green Buildings, (ii) Energy Efficiency, (iii) Renewable Energy, (iv) Sustainable Water and Wastewater Management, and (v) Clean Transportation, are aligned with those recognized by the GBP and GLP. Sustainalytics believes Redsun's investments in these areas are expected to reduce the carbon footprint and improve the environmental performance of Redsun's operations while providing a positive impact in mainland China.
 - Redsun's look-back period for refinancing is 36 months prior to the issuance date of the bond or loan.
 - Within the "Green Buildings" category, Redsun may invest in residential and commercial buildings that have received or are expected to receive third-party green building certifications, namely Chinese Green Building Evaluation Label (2 Stars or above), Chongqing Eco-residential District (Green Building) Label or any other green building certification that is an equivalent standard or above. Sustainalytics has conducted research on the certification scheme and considers it as having a positive impact (see Appendix 1 for additional details on the certification scheme). With regards to building renovation activities, Sustainalytics notes that Redsun has set a minimum threshold of 30% energy performance improvement over baseline, which Sustainalytics considers to be in line with market practice.
 - Under the "Energy Efficiency" category, the Company may finance investments in technologies, systems, equipment, technologies or upgrades that achieve an efficiency gain of at least 15%. Potential systems, equipment or technologies include smart meters, heating, ventilation and air conditioning systems, auto or LED lighting, lift system and building controls. Redsun has confirmed with Sustainalytics that these systems are either non-motorized or powered by electricity. Sustainalytics views positively the Framework's inclusion of a defined energy efficiency threshold on a portfolio basis for the installations of energy-efficient systems, equipment and technologies.
 - The "Renewable Energy" category includes investments and expenditures in solar and energy storage technologies for project development such as solar photovoltaic energy systems. Redsun has confirmed to Sustainalytics that its storage systems will include battery storage only.
- Project Evaluation and Selection:
 - Redsun has established a Green Financing Committee (the "Committee"), composed of representatives from the sustainability team and treasury department. The Committee will meet on an annual basis and will be responsible for identifying and evaluating eligible projects based

- on the eligibility criteria outlined in the Framework. The list of eligible green projects will be reviewed annually to add, remove or replace projects according to the project criteria.
- Based on the establishment of the Committee to oversee project evaluation and selection, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - The Committee and treasury department will be responsible for the management of proceeds. Redsun will maintain a register using a portfolio approach to track the use of proceeds raised by the issuance and their allocation of each eligible project.
 - Pending allocation to eligible projects and assets, net proceeds will be held in line with Redsun's general liquidity guidelines in cash, cash equivalents or other liquid marketable instruments. Redsun intends to fully allocate proceeds raised within 24 months.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - Redsun commits to reporting on the allocation of net proceeds from each GFI in its Green Financing Reporting and on its investor relations website, on an annual basis until full allocation.
 - Allocation reporting will include the details of each GFI such as but not limited to the following: (i) the total amount of outstanding Green Financing Instrument, (ii) the share of proceeds used for financing vs refinancing purposes; (iii) the issuance amount of allocation to the green project portfolio (iv) amount of proceeds allocated by project category; (v) the issuance amount of unallocated proceeds; and (vi) examples of Eligible Green Projects to which net proceeds have been allocated (subject to confidentiality disclosures).
 - In addition, Redsun will report on the environmental impacts of eligible projects financed by GFI. Where feasible, impact indicators such as annual GHG emissions reduced/avoided (tCO₂ eq), annual energy savings (in MWh), energy performance of building (in kWh/m²), renewable energy capacity installed (in MW), annual renewable energy generated (in MWh), amount of rainwater collected and re-used (in m³) and number of electric charging points for vehicles installed.
 - Based on a commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Redsun Green Financing Framework aligns to the four core components of the Green Bond Principles (2018) and Green Loan Principles (2020). For detailed information please refer to Appendix 2: Green Bond / Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Redsun

Contribution of Framework to Redsun Properties Group Limited 's sustainability strategy

Sustainalytics is of the opinion that Redsun demonstrates an effort to sustainability with a focus on the following environmental areas: (i) Green Buildings, (ii) Managing Environmental Footprint (iii) Management Stakeholder Engagement.

Redsun commits to actively monitoring and minimizing the Group's environmental footprint, through energy and water resource management and through promoting the reduction of group-wide resource consumption. Following this commitment, Redsun has focused on the following key areas of environmental policies and measures in the following areas: (i) energy consumption management (ii) water consumption management and (iii) waste management. Redsun has disclosed its energy, water and waste consumption from 2018 and 2019 within its Annual Report 2019.⁵ Redsun engages with its staff and various internal stakeholders to promote environmental measures and policies such as measures in relation to energy use and water resources, which promote internal adoption of energy and water consumption minimization for office electricity, automotive fuel and office water consumption.

Sustainalytics recognizes the importance of the above-mentioned efforts by Redsun and its management as important contributors to the Groups sustainability performance and encourages the company to develop a companywide sustainability strategy and time-bound targets to further strengthen its sustainability practices.

⁵ Redsun Annual Report, (2019), [Annual Report 2019.pdf](#)

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

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are recognized by the Green Bond Principles (2018) and Green Loan Principles (2020) to have positive environmental and social impact, 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 occupational health and safety, community relations, land use changes, biodiversity loss, emissions, effluents and waste generated in construction. Sustainalytics highlights the following systems, mechanisms and practices adopted by Redsun to mitigate these risks:

- Redsun's workers health and safety policies includes annual medical checks and safety training for workers on construction sites. The Company is responsible for recording any work-related accidents to maintain health and safety records. The Company has published no safety accidents in the year of 2019 and no material claims for personal or property damages relating to safety accidents.⁵ Furthermore, the Group has outlined within their Annual Report the process for ensuring construction safety assurance measures, such as protection, safety technical measures, contingency plans, monitoring and controlling construction requirements.
- The Group has established the 'Supplier Management Measures of Redsun Properties Group', which outlines that suppliers require no records of any material safety incidents and shall have obtained safety, quality and environmental certification; and their safety production permit that shall remain valid. Furthermore, the Group has a set of 'Rules of Evaluation of Suppliers', 'Construction Technology Management System' and 'Construction Assessment Management System' which outlines code of conduct and safety incident management for suppliers.⁵
- 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 law, 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.⁶

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by GBP or GLP. Sustainalytics has focused on below where the impact is specifically relevant in the local context.

Importance of facilitating investment in green buildings to achieve energy efficiency targets in China

Between 1995 and 2005, China's building stock nearly tripled, and it is expected to nearly triple again by 2030.⁷ China is still in the process of rapid urbanization and this process presents a critical factor in energy efficiency of the buildings sector. Furthermore, since 2010, China has been the world's largest player in energy consumption and greenhouse gas emissions, and total consumption is only expected to increase with a growing urban population.⁸ From 2001 to 2015, China's floor space of urban residential buildings and public buildings expanded by 2.31 and 2.33 times, respectively.⁸ The urban real estate sector is equally expected to continue in growth, making it an important participant in the control of carbon emissions and energy consumption.

In 2020 President Xi Jinping announced the intention to scale up China's Nationally Determined Contribution (NDC) to address climate change by "adopting more vigorous policies and measures in an effort to peak CO₂ emissions before 2030 and reach carbon neutrality before 2060".¹⁰ To achieve these goals, considerable effort is required to reduce CO₂ emissions across all industries. According to the United Nations Environment Program (UNEP), globally the buildings sector has the potential to avoid 50% of the project energy

⁶ Environmental Impact Assessment in China(2009), technical report available at:

https://www.researchgate.net/publication/268503532_Environmental_Impact_Assessment_in_China

⁷ Global Buildings Performance Network, "China" (2020), [China | Global Buildings Performance Network \(gbpn.org\)](http://China|GlobalBuildingsPerformanceNetwork.org)

⁸ The Wall Street Journal, 'China Tops US in Energy Use', (2010), at: [China Becomes World's Biggest Energy Consumer - WSJ](http://ChinaBecomesWorldsBiggestEnergyConsumer-WSJ)

⁹ China Council for an Energy Efficient Economy, "Energy Efficiency China, 2018", (2019), at [带连接版本\(0119\) \(ccee.org.cn\)](http://带连接版本(0119)(ccee.org.cn))

¹⁰ WRI, "4 Questions About China's New Climate Commitments", (2020), at [4 Questions About China's New Climate Commitments | World Resources Institute \(wri.org\)](http://4QuestionsAboutChinasNewClimateCommitments|WorldResourcesInstitute(wri.org))

consumption through either highly energy efficient buildings or net-zero through newly constructed buildings, together with building retrofitting of the existing building stock by 2030.¹¹

The Government has developed two complementary national policies aiming to promote and regulate green buildings: (i) 13th Five Year Plan for Building Energy Efficiency and Green Building Development, and the (ii) Strategic Action Plan for Energy Development (2014-2020).¹² These plans include a 50% requirement of all new urban buildings to be certified green buildings. Furthermore, the National Development and Reform Commission published the 13th Five Year Plan for Energy Development (2016-2020) aimed at advancing energy efficiency and energy consumption management, to achieve reductions in energy consumption per unit of GDP by 15% compared to 2015.¹³ As a result of these policies, China has made significant strides towards energy efficiency improvements, mainly in the industry sector but also in the buildings sector. Residential buildings saved 2.1 exajoule's of energy consumed between 2000-2017, and China is expected to avoid 4.5 EJ of energy use by 2040 if it maximizes available cost-effective efficiency potential.¹⁴

The opportunities for energy efficiency improvements in the green building industry in China are significant and particularly impactful considering the energy efficiency goals of China. Sustainalytics expects that Redsun's Financing for green buildings and energy efficiency projects will have a positive environmental impact by reducing GHG emissions from the built environment.

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 sustainability bond advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	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.
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Sustainable Water and Wastewater Management	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
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all improving road safety, notably by expanding public transport with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and other persons.

¹¹ Global Alliance for Buildings and Construction, "Towards zero-emission efficient and resilient buildings: Global Status Report (2016), at: [GABC_Global_Status_Report_V09_november_FINAL.pdf \(worldgbc.org\)](#)

¹² World Economic Forum, "China's clean, green buildings of the future", (2017), at: [China's clean, green buildings of the future | World Economic Forum \(weforum.org\)](#)

¹³ Energy Charter Secretariat, "China Energy Efficiency Report", (2018), at: [EER-China_ENG.pdf \(energycharter.org\)](#)

¹⁴ International Energy Agency, "Energy Efficiency in China", (2018), at: [Energy efficiency in China – Analysis - IEA](#)

Conclusion

Redsun has developed the Redsun Green Financing Framework under which it will issue Green Financing Instruments and use the proceeds to finance improvements in the areas of Green Buildings, Energy Efficiency, Renewable Energy, Sustainable Water and Wastewater Management, Clean Transportation. Sustainalytics considers that the projects funded by the proceeds raised from Green Financing Instruments will provide positive environmental impact.

The Redsun Green Financing 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 Redsun Green Financing Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7 and 11. Additionally, Sustainalytics is of the opinion that Redsun 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 Redsun Properties Group Limited is well-positioned to issue Green Financing Instruments and that that Redsun Green Financing 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

	Chinese Green Building Evaluation Label (China Three Star)	Chongqing Eco-residential District (Green Building) Label
Background	The Chinese Green Building Evaluation Label 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).	A local scheme that is developed by Chongqing Urban and Rural Construction Committee and is governed by a local committee. The scheme is based on China Green Building Label and Chongqing Silver-level Green Building Marking Requirements and incorporates several local factors such as land quality, rainfall level and earthquake frequency. For residential buildings in mainland China, the current energy-saving design standard require an energy saving rate of 50%. Based on local conditions, Chongqing has separately formulated 50% and 65% energy saving rate suitable for specific regions. This assessment is incorporated within the certification.
Certification levels	1-Star 2-Star 3-Star	Silver Gold Platinum
Areas of Assessment: Environmental Performance of the Building	<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; • Operations and management. 	<ul style="list-style-type: none"> • Land saving and land resource utilization, • Outdoor environmental quality, • Energy saving and energy utilization, water saving and water resources utilization, • Material saving and material resource utilization, • Indoor environmental quality, intelligence, • Digitalization.
Requirements	Prerequisites: The system functions on a checklist basis, with 1-Star buildings meeting 26 criteria, 2-Star an additional 43 items, and 3-Star on a further 14 items. Criteria and weighting differ for public and residential buildings. In public 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.	Before being assessed for the scheme, the project must be certified with at least 1 Star Chinese Green Building Certification and Silver level of Chongqing Green Building Label. Points are awarded for nine indicators mentioned above. For each indicator, there is a regulatory category, a control category and bonus points. Any unqualified item under regulatory and control indicate the community does not meet basic requirement for eco-residential district. For residential building under construction, the construction period should be less than 3 years. 7-9 consulting professionals from the City Urban and Rural Construction Committee specialize in planning and architecture, structure, HVAC, water supply and drainage, electrical, building materials, building physics, gardening, engineering management will meet and assess the project. 2/3 of the professionals have to sign for a project to be awarding the certificate.
Performance display		

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

Section 1. Basic Information

Issuer name:	Redsun Properties Group Limited
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Redsun Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 22, 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 and GLP:

- | | |
|--|--|
| <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 for the use of proceeds - Green Buildings, Energy Efficiency, Renewable Energy, Sustainable Water and Wastewater Management, Clean Transportation – are aligned with those recognized by both the Green Bond Principles and Green Loan Principles. Sustainalytics considers that the eligible categories are expected to reduce the carbon footprint and improve the environmental performance of Redsun’s operations, while providing a positive environmental impact in mainland China. and advance the UN Sustainable Development Goals, specifically SDG 6, 7 and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input 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 checked="" type="checkbox"/> Clean transportation |
| <input checked="" 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 GBPs | <input type="checkbox"/> 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):

Redsun has established a Green Financing Committee (“The Committee”), comprised of representatives from the Sustainability team and treasury department. The Committee oversees identifying, selecting and monitoring Eligible Green Projects. Sustainalytics considers the project selection process in line with market practice

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer’s green 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):

The Committee and treasury department will be responsible for managing net proceeds from each issuance using a register. Redsun will maintain a register to track the use of proceeds for each eligible project. Pending full allocation, unallocated proceeds will be held in line with Redsun's general liquidity guidelines in cash, cash equivalents or other liquid marketable instruments. This is 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):

Redsun intends to report on the allocation and impact of the proceeds on its website on an annual basis until full allocation. Allocation reporting will include: (i) the total amount of outstanding Green Financing Instruments ("GFI"), (ii) the share of proceeds used for financing vs. refinancing purposes, (iii) the issuance amount of allocation to the Green Project Portfolio (iv) amount of proceeds allocated by project category, (iv) the total amount of unallocated proceeds and (v) examples of eligible projects being financed. In addition, Redsun is committed to reporting on relevant impact metrics. Sustainalytics views Redsun's allocation and impact reporting as aligned with market practice.

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): the share of proceeds used for financing vs. refinancing purposes, the issuance amount of allocation to the Green Project Portfolio, amount of proceeds allocated by project category, the total amount of unallocated proceeds and examples of eligible projects being financed.

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):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
- Decrease in water use
 Number of beneficiaries
- Target populations
 Other ESG indicators (please specify): energy performance of building (in kWh/m2), renewable energy capacity installed (in MW), annual renewable energy generated (in MWh), amount of rainwater collected and re-used (in m3) and number of electric charging points for vehicles installed.

Frequency:

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

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): To be published in a Green Financing Report |
| <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.)**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 REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide 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 Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to 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 sustainability 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 Principles 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 sustainability 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, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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