



Second-Party Opinion  
**Ping An Real Estate Co., Ltd. Green Financing Framework**

**Evaluation Summary**

Sustainalytics is of the opinion that the Ping An Real Estate Co., Ltd. Green Financing Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2018 and the Green Loan Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy Efficiency, Pollution Prevention and Control, and Sustainable Water Management – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that activities in the eligible categories are intended to improve the environmental performance of Ping An Real Estate’s building stock and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 11 and 12.



**PROJECT EVALUATION / SELECTION** Ping An Real Estate’s internal process in evaluation and selecting projects is managed by the Green Financing Committee (“GFC”), which is chaired by a Treasury delegate and composed of delegates from the Legal, Engineering, Management, Office Management, and Investor Relations, other relevant business units. The GFC will review and select eligible projects according to the criteria established in the Framework. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Ping An Real Estate’s process for management of proceeds is overseen by the GFC. The Company will set up a Green Financing Register to track the allocation of proceeds following a portfolio approach. PARE is committed to allocating net proceeds to Eligible Projects on a best effort basis within 36 months of the date of issuance. Unallocated proceeds may be held in cash, cash equivalents or other short-term market instruments. This is in line with market practice.



**REPORTING** Ping An Real Estate Co., Ltd. intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Ping An Real Estate Co., Ltd. is committed to reporting on relevant impact metrics. Sustainalytics views Ping An Real Estate Co., Ltd.’s allocation and impact reporting as aligned with market practice.

<b>Evaluation Date</b>	June 07, 2021
<b>Issuer Location</b>	Shenzhen, China

**Report Sections**

Introduction.....	2
Sustainalytics’ Opinion .....	3
Appendices .....	8

**For inquiries, contact the Sustainable Finance Solutions project team:**

**Begum Gursoy (Amsterdam)**  
 Project Manager  
 begum.gursoy@sustainalytics.com  
 (+31) 20 205 0082

**Cristhian Veintimilla (Amsterdam)**  
 Project Support

**Arnab Deb (Mumbai)**  
 Project Support

**Patrick Jin (Shenzhen)**  
 Client Relations  
 susfinance.apac@sustainalytics.com  
 (+852) 3008 2391

## Introduction

Ping An Real Estate Co., Ltd. (“PARE”, or the “Company”), a subsidiary of Ping An Insurance (Group) Company of China, Ltd., is a specialized platform for investment in real estate and asset management. Founded in 1995, the Company employs 863 employees and has focussed on first and second-tier cities and has established eight regional companies across China.

PARE has developed the Ping An Real Estate Co., Ltd. Green Financing Framework (the “Framework”) under which it intends to issue green bonds and syndicated loans, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are intended to reduce PARE’s carbon footprint and improve the sustainability performance of the Company’s operations in China. The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Pollution Prevention and Control
5. Sustainable Water and Wastewater Management

PARE engaged Sustainalytics to review the Ping An Real Estate Co., Ltd. Green Financing Framework, dated May 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)<sup>1</sup> and the Green Loan Principles 2021 (GLP).<sup>2</sup> This Framework has been published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project 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, as administered by ICMA and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA<sup>5</sup>;
- 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 1.8.1, 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 PARE’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. PARE representatives have confirmed (1) they understand it is the sole responsibility of PARE 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.

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> 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 <https://www.lsta.org/content/green-loan-principles/>

<sup>3</sup> The Ping An Real Estate Co., Ltd. Green Financing Framework is available on Ping An Real Estate Co., Ltd.’s website at: <http://realestate.pingan.com/realestate/html/abouten.html>

<sup>4</sup> 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.

<sup>5</sup> In addition to the Loan Markets Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association

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 PARE.

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 potential 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 PARE has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Ping An Real Estate Co., Ltd. Green Financing Framework

Sustainalytics is of the opinion that the Ping An Real Estate Co., Ltd. Green Financing Framework is credible and impactful, and aligns to the four core components of the GBP and GLP. Sustainalytics highlights the following elements of PARE's Green Financing Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Renewable Energy, Energy Efficiency, Pollution Prevention and Control, and Sustainable Water and Wastewater Management – are aligned with those recognized by the GBP and GLP. Sustainalytics considers that the eligible projects are expected to improve environmental performance of the Company's building stock and provide positive environmental impact in China.
  - PARE has established a 3-year look-back period for refinancing and intends to fully allocate the net proceeds within three years of issuance, which Sustainalytics considers to be in line with market practice.
  - Within the Green Buildings category, PARE may finance and/or refinance the acquisition, construction of new commercial, and renovation and redevelopment of existing residential buildings which have received or are expected to receive the following minimum certification levels: Chinese Green Building Evaluation Label "2 star", LEED "Gold", BREEAM "Excellent", and other equivalent internationally recognised green building standards. Sustainalytics views these certifications as credible, and the levels selected as impactful (see Appendix 1 for further information on the referenced building standards). The Framework also defines eligibility for building renovations which achieve at least 20% energy performance improvement compared to baseline.
  - Regarding Renewable Energy, PARE may finance and/or refinance onsite solar photovoltaic electricity generation.
  - In the Energy Efficiency category, PARE may finance and/or refinance building upgrades and equipment expected to improve the energy performance of buildings, including smart meters, heating ventilation and air conditioning systems, automatic or LED lighting, lift system, and building controls to increase energy efficiency. PARE has confirmed that intended expenditures will be limited to fully electric equipment.
  - Within Pollution Prevention and Control, PARE may finance and/or refinance investments in waste prevention, sorting and recycling projects. The intended projects also include dust monitoring systems at building sites.
  - Regarding Sustainable Water Management, the Company intends to finance and/or refinance the construction, development, installation, operation and maintenance of infrastructure or

equipment for collection, treatment, recycling or reuse water, rainwater or wastewater. The Company has confirmed that it does not intend to treat wastewater from fossil fuel operations, and that expenditures related to operation and maintenance are expected to extend the life of existing water management systems.

- **Project Evaluation and Selection:**
  - PARE’s internal process in evaluation and selecting projects is managed by the Green Financing Committee (“GFC”), which is chaired by a Treasury delegate and composed of delegates from the Legal, Engineering, Management, Office Management, and Investor Relations, other relevant business units. The GFC will review and select eligible projects according to the criteria established in the Framework.
  - Based on above elements, Sustainalytics considers this process to be in line with market practice.
- **Management of Proceeds:**
  - PARE’s process for management of proceeds is overseen by the GFC. The Company will set up a Green Financing Register to track the allocation of proceeds following a portfolio approach. PARE is committed to allocating net proceeds to Eligible Projects on a best effort basis within 36 months of the date of issuance. Unallocated proceeds may be held in cash, cash equivalents or other short-term market instruments.
  - Based on above elements, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
  - PARE is committed to providing Allocation and Impact Reports via its website on an annual basis until full allocation. The allocation reporting will include details such as total amount of outstanding green financing, total allocation to eligible green projects, and balance of unallocated net proceeds. In addition, PARE is committed to reporting on relevant impact indicators including level of building certification, and annual energy savings. For a full list of impact indicators please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.
  - Based on above elements, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Green Bond Principles 2018 and Green Loan Principles 2021**

Sustainalytics has determined that the Ping An Real Estate Co., Ltd. Green Financing Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of PARE**

### **Contribution of framework to Ping An Real Estate Co., Ltd.’s sustainability strategy**

PARE demonstrates a commitment to sustainability by adopting its parent Company, Ping An Group’s (PAG), Sustainability and Low Carbon Business and Operation policies which focus on two key environmental areas: (i) Green Businesses – conduct business in an environmentally neutral or positive manner by developing and promoting innovative green products, including insurance, investment and lending (ii) Green Operations – operate business by strictly abiding to relevant laws and regulations in its operations and service provision, which reduces direct passive impact on environment.<sup>6</sup>

In line with PAG’s environmental policies, PARE is working to i) reduce carbon emissions from daily office activities, ii) promote use of renewable energy and implement energy management systems in office buildings iii) improve energy efficiency to comply with green building certifications, and iv) ensure that no new investments lead to high emissions, high pollution or damage protected areas recognized by national environmental protection regulators.<sup>7</sup>

In line with PAG’s sustainability priorities, the Company aims to i) reduce its operations carbon emission intensity by 20% by 2030, compared to 2018, ii) obtain China’s Green Building Label (2-star) or equivalent LEED certification for all new buildings, and iii) reduce paper use intensity by 80% by 2026, compared to 2016.<sup>8</sup>

<sup>6</sup> Ping An, “Community and Environment” at: [Community & Environment \(pingan.com\)](http://Community & Environment (pingan.com))

<sup>7</sup> Ping An, “Low carbon Business and Operation Policy” at: [Microsoft Word - 02-Ping An Group Low Carbon Business and Operations 0810 GH marked up-CRYSTAL.docx](http://Microsoft Word - 02-Ping An Group Low Carbon Business and Operations 0810 GH marked up-CRYSTAL.docx)

<sup>8</sup> Ping An, “Green Operation Policy” at: [GreenOperation.pdf \(pingan.com\)](http://GreenOperation.pdf (pingan.com))

Sustainalytics is of the opinion that the Ping An Real Estate Co., Ltd. Green Financing Framework is aligned with the Ping An Group's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

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

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental 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/stakeholder participation, land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents, and waste generated in construction.

Sustainalytics is of the opinion that PARE, which adheres to PAG's risk mitigation policies/systems, is able to manage and/or mitigate potential risks through implementation of the following measures by PAG:

- PAG has established a responsible investment policy to integrate various ESG factors<sup>9</sup> within the Group's risk management system,<sup>9</sup> strategy, asset selection and portfolio construction. ESG factors include climate change, energy, waste, emissions and effluents, water and biodiversity, health & safety, labor, human rights and social cohesion.
- PAG has recently integrated climate change considerations into investment risk management assessment and monitoring in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations.<sup>9</sup>
- PAG adheres to UN Principles for Responsible Investment (PRI), TCFD and Climate Action 100+, by incorporating the commitments/recommendations into the responsible investment policy.<sup>9</sup>
- PAG has integrated ESG requirements into the closed-loop supply chain management that includes supplier selection, cooperation approval, and process management. The company analyses supplier's performance in environment protection, employee rights & interests, and risk management.<sup>10</sup>
- PAG has established a governance structure to help implement and manage the responsible investment policy, and promote development of a responsible investment framework in its subsidiaries.<sup>9</sup> PAG's has an ESG Committee responsible for managing the sustainable development of the group and setting up strategies; the ESG Committee reports to the Group Executive Committee. Additionally, the group has an ESG office, whose responsibilities include, review, formulating policies, strategies, guidelines and rules for integration of ESG factors into various business lines.<sup>9</sup>

Based on the policy and internal systems of PAG, Sustainalytics is of the opinion that PARE, as a subsidiary of Ping An Group, has adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

## **Section 3: Impact of Use of Proceeds**

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

### **The role of Green Buildings and Energy Efficiency to meet China's Climate Change commitments**

In September 2020, the Chinese Government announced its intention to scale up China's Nationally Determined Contribution (NDC) to address climate change by introducing more vigorous policies and measures in an effort to have CO<sub>2</sub> emissions peak before 2030 and reach carbon neutrality before 2060<sup>11</sup>. The Intergovernmental Panel on Climate Change (IPCC) claims that the building sector offers the largest cost-effective GHG mitigation potential, delivering savings and economic gains through the implementation of existing technologies, building design, and sound policy development.<sup>12</sup> With projections for the urban

<sup>9</sup> Ping An, "Responsible Investment policy", at: [http://pingan.com/app\\_upload/file/official/sustainability/ResponsibleInvestment.pdf](http://pingan.com/app_upload/file/official/sustainability/ResponsibleInvestment.pdf)

<sup>10</sup> Ping An, "Sustainable Supply Chain Policy", at: [http://pingan.com/app\\_upload/file/official/sustainability/SustainableSupplyChain.pdf](http://pingan.com/app_upload/file/official/sustainability/SustainableSupplyChain.pdf)

<sup>11</sup> WRI, "4 Questions About China's New Climate Commitments" (2020) at: <https://www.wri.org/insights/4-questions-about-chinas-new-climate-commitments>

<sup>12</sup> IPCC, "Climate Change 2014: Mitigation of Climate Change: 5th Assessment Report", (2014), at: [https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc\\_wg3\\_ar5\\_frontmatter.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_frontmatter.pdf).

population to reach 1 billion people by 2030 in China,<sup>13</sup> the urban real estate sector will continue to grow, making the nation an important player in controlling global carbon emissions and energy consumption.

The Chinese Government's 14<sup>th</sup> Five Year plan has set quantitative targets to reduce by 13.5% energy intensity, and cut by 18% CO<sub>2</sub> emission intensity during the 2021-25 period.<sup>14</sup> These target build upon the 13<sup>th</sup> Five Year, under which China achieved a 18.2% carbon emission intensity reduction in 2019 (compared to 2015), and installed renewable energy capacity grew by 12% annually since 2016.<sup>15</sup> The Ministry of Ecology and Environment (MEE) is expected to set targets for nationwide greenhouse gas emission controls between late 2021 and early 2022. These targets will break down those outlined in the Five-Year Plan at the sectoral and administrative level and will provide greater details concerning road maps and action plans for implementation, evaluation, and reporting.

The opportunities for the Chinese green building industry are significant, with an estimated USD 12.9 trillion in potential low carbon building investments by 2030.<sup>16</sup> According to the International Energy Agency, China has made significant strides in energy efficiency improvements across its economy since 2010, without which, China would have used 25% more energy in 2018.<sup>17</sup>

Sustainalytics considers that PARE's financing for green buildings and energy efficiency projects will have a positive environmental impact by reducing GHG emissions from the built environment and contribute to China's revised climate change commitment.

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Ping An Real Estate Co., Ltd. Green Financing Framework 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
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
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

### Conclusion

PARE has developed the Ping An Real Estate Co., Ltd. Green Financing Framework under which it may issue green bonds and loans and the use of proceeds to finance Green Buildings, Renewable Energy, Energy Efficiency, Pollution Prevention and Control and Sustainable Water and Waste Water Management.

<sup>13</sup> IFC, "Climate Investment Opportunities in Emerging Markets", (2016), at: [https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate\\_Investment\\_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES&CVID=IBLd6Xq](https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate_Investment_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES&CVID=IBLd6Xq)

<sup>14</sup> BSR, "China's Climate Goals, The 14th Five-Year Plan, and the Impact on Sustainable Business", at: <https://www.bsr.org/en/our-insights/blog-view/china-climate-goals-the-14th-five-year-plan-sustainable-business-impact>

<sup>15</sup> Xinhuanet, "Achievements during 13th Five-Year Plan (2016-2020)", at: [http://www.xinhuanet.com/english/2020-10/24/c\\_139464137.htm](http://www.xinhuanet.com/english/2020-10/24/c_139464137.htm)

<sup>16</sup> The International Finance Corporation, "Climate Investment Opportunities in Emerging Markets Report (2016)", available at: [https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate\\_Investment\\_Opportunity-Report-Dec-](https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate_Investment_Opportunity-Report-Dec-)

<sup>17</sup> IEA, "Energy efficiency in China, (2018)", at: <https://www.iea.org/articles/e4-country-profile-energy-efficiency-in-china>

Sustainalytics considers that the projects funded by the green bond and loans proceeds are expected to provide positive environmental impact.




The Ping An Real Estate Co., Ltd. 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 the Ping An Real Estate Co., Ltd. Green Financing Framework is aligned with the overall sustainability strategy of the parent company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 11 and 12. Additionally, Sustainalytics is of the opinion that PARE 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 Ping An Real Estate Co., Ltd. is well-positioned to issue green bonds and loans and that the Ping An Real Estate Co., Ltd. Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2021.

## Appendices

### Appendix 1: Green Building Certification Schemes

	LEED	BREEAM	Chinese Green Building Evaluation Label (CHINA 3-STAR)
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	The Chinese 3-Star Green Building Standard 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).
<b>Certification levels</b>	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding	1-Star 2-Star 3-Star
<b>Areas of Assessment: Environmental Performance of the Building</b>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Land savings and outdoor environment;</li> <li>• Energy savings and utilisation;</li> <li>• Water savings and utilisation;</li> <li>• Material savings and utilisation;</li> <li>• Indoor environment;</li> <li>• Operations and management.</li> </ul>
<b>Requirements</b>	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New</p>	<p>Prerequisites depending on the levels of certification + Credits with associated points</p> <p>This number of points is then weighted by item<sup>37</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p>	<p>Prerequisites:</p> <p>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.</p>

	Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	
<b>Performance display</b>			

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

### Section 1. Basic Information

<b>Issuer name:</b>	Ping An Real Estate Co., Ltd.
<b>Green Bond ISIN or Issuer Green Financing Framework Name, if applicable:</b>	Ping An Real Estate Co., Ltd. Green Financing Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	June 07, 2021
<b>Publication date of review publication:</b>	

### 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:

- |  |  |
|--|--|
| <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 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                                |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

**EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)**

Please refer to Evaluation Summary above.

**Section 3. Detailed review**

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

**1. USE OF PROCEEDS**

Overall comment on section (if applicable):

The eligible categories for the use of proceeds - Green Buildings, Renewable Energy, Energy Efficiency, Pollution Prevention and Control and Sustainable Water and Wastewater Management – are aligned with those recognized by both the Green Bond Principles. Sustainalytics considers that the eligible categories are expected to reduce the carbon footprint and improve the environmental performance of PARE's operations, while providing a positive environmental impact in mainland China. and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 11 & 12.

**Use of proceeds categories as per GBP:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy  | <input checked="" type="checkbox"/> Energy efficiency  |
| <input checked="" 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 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 GBP | <input type="checkbox"/> Other (please specify):   |

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

**2. PROCESS FOR PROJECT EVALUATION AND SELECTION**

Overall comment on section (if applicable):

Ping An Real Estate's internal process in evaluation and selecting projects is managed by the Green Financing Committee ("GFC"), which is chaired by a Treasury delegate and composed of delegates from the Legal, Engineering, Management, Office Management, and Investor Relations, other relevant business units. The GFC will review and select eligible projects according to the criteria established in the Framework. Sustainalytics considers the project selection process in line with market practice.

**Evaluation and selection**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability 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 checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                  | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

**Information on Responsibilities and Accountability**

- |   |  |
|---|--|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |  |

**3. MANAGEMENT OF PROCEEDS**

Overall comment on section (*if applicable*):

Ping An Real Estate's process for management of proceeds is overseen by the GFC. The Company will set up a Green Financing Register to track the allocation of proceeds following a portfolio approach. PARE is committed to allocating net proceeds to Eligible Projects on a best effort basis within 36 months of the date of issuance. Unallocated proceeds may be held in cash, cash equivalents or other short-term market instruments. This is in line with market practice.

**Tracking of proceeds:**

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

**Additional disclosure:**

- |  |  |
|--|--|
| <input type="checkbox"/> Allocations to future investments only                  | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                  | <input type="checkbox"/> Allocation to a portfolio of disbursements          |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                    |

**4. REPORTING**

Overall comment on section (*if applicable*):

PARE 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 Bonds (ii) the issuance amount of allocation to the Eligible Green Project (iii) the total amount of unallocated proceeds. In addition, PARE is committed to reporting on relevant impact metrics. Sustainalytics views PARE'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*):  
 aggregated amount allocated to respective eligible green projects and the total amount of unallocated proceeds

**Frequency:**

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

**Impact reporting:**

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

**Information reported (expected or ex-post):**

- GHG Emissions / Savings
  Energy Savings
- Decrease in water use
  Other ESG indicators (*please specify*): Level of certification by building, Energy performance for buildings (in kWh per m<sup>2</sup> and year), Renewable Energy capacity installed (in MW), Renewable energy generated annually (in MWh), % annual energy efficiency gains relative to an established baseline, Amount of rain water collected and re-used (in m<sup>3</sup>), Amount of waste produced (ton per person or ton per sqm), Amount of hygiene consumables (tissues etc. on ton per person), % annual

efficiency gains related to above figures

**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 type="checkbox"/> Other (please specify): To be published in an allocation Report which will include impact 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 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                     |  |

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer’s adviser for its Green Financing Framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer’s internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

- 
- iii. **Certification:** An issuer can have its Green Bond or associated Green Financing Framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
  - iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Financing 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, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

## Disclaimer

**Copyright ©2021 Sustainalytics. All rights reserved.**

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognized by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



**Named**

2015: Best SRI or Green Bond Research or Rating Firm  
2017, 2018, 2019: Most Impressive Second Opinion Provider