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Second Party Opinion

Huai'an Investment Holdings Group Co. Ltd. Sustainable Finance Framework

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Location: China

Sector: Construction and Engineering

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Social Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Sustainability Bond Guidelines ICMA, 2021

See [Alignment Assessment](#) for more detail.

Strengths

Huai'an Investment Holdings Group Co. Ltd. (HIHG)'s eligible water management projects contain social co-benefits. They aim to provide safe drinking water for rural households in villages. Eligible river projects in Jiangsu province also contain climate adaptation benefits. These support the local community's health and well-being.

Weaknesses

Social projects have limited safeguards on environmental risks. Moreover, social impact indicators are largely based on outputs (such as number of beneficiaries) rather than outcomes.

Areas to watch


The framework does not specify minimum quantitative performance indicators for all green eligible projects, such as water management. Likewise, relying solely on point-based certifications as eligibility criteria limits insight into the potential benefits of new green building projects. Excluding the financing of fossil fuel-based equipment and requiring a minimum 30% energy performance improvement for energy efficiency projects partially tempers the risk.

HIHG does not disclosure information on its sustainability performance and policies. It is unclear how the company manages environmental and social considerations beyond eligible projects under this framework. This is common for local government-owned entities in China. Similarly, the company is yet to systematically measure and disclose its operations' exposure to physical climate risks.


Eligible Green Projects Assessment Summary

Over the two years following issuance of the financing, HIHG expects to allocate 80% of proceeds to refinance eligible green projects, and the remaining 20% to refinance social projects.


Eligible green projects under the company's sustainable finance framework are assessed based on their environmental benefits and risks, using Shades of Green methodology.

Sustainable water and wastewater management  **Medium green**

Construction, maintenance, and technologies for water recovery, treatment, ecological restoration, and flood mitigation

Energy efficiency  **Medium to Light green**

Investments and expenditure related to the acquisition, manufacture, construction, installation, development, and operation of projects or assets that improve energy efficiency and/or reduce energy consumption and losses, including smart grid, energy storage systems, upgrade equipment, and refurbished building

Green buildings  **Light green**

Acquisition, construction, and maintenance of buildings that have received recognized green building certifications

See [Analysis Of Eligible Projects](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Established in 2002, HIHG is a state-owned entity based in Huai'an city of Jiangsu province. The company is wholly owned by the Huai'an Urban Development Investment Holding Group Co. Ltd., an entity controlled by the Huai'an Municipal People's Government.

HIHG mainly engages in the construction of water conservancy projects (including the water diversion projects, river management, irrigation area development, water supply, and reservoir management), municipal infrastructure engineering and construction (such as roads, landscaping, public facilities), land development, affordable housing, commercial housing, building material trading (such as steel, pipe piles, cement, and mineral powder), and others (such as hospitality and rental business).

In 2023, most of the company's revenue of Chinese renminbi (RMB) 16.8 billion (US\$2.3 billion) came from water and municipal infrastructure construction (41%), followed by land development (27%). Affordable and commercial housing accounted for 16%, trading business for 11%, and other businesses for 5%.

Material Sustainability Factors

Climate transition risks

Engineering and construction companies contribute to global climate change mainly through embedded carbon in key materials such as steel and concrete, and greenhouse gases emitted during the project-use phase. Infrastructure development activities also produce significant emissions due to land use changes. Likewise, entities could be exposed to reputational risks if they participate in carbon-intensive projects. Incremental climate-related investments require significant capital outlays but will potentially reduce obsolescence risk due to changes in regulation or climate goals. In the longer term, low-carbon properties may achieve higher cost efficiencies or attract premium rents, therefore enhancing value. HIHG's trading business indirectly contributes to prolonged use of commodities that involve carbon-intensive manufacturing activities in the value chain, which could heighten the carbon lock-in risks and do not align with a low-carbon, climate resilient future. China has national commitments to reach peak carbon emissions before 2030 and achieve carbon neutrality by 2060.

Physical climate risks

Physical climate risk is a material factor because of potential damage to assets and disruptions to many stakeholders' and HIHG'S own operations. Huai'an city is exposed to acute physical risks--such as typhoons, storms, and floods--that could impair, disrupt, or even destroy assets, limiting the availability of essential infrastructure including roads. Over time, chronic risks--increase in precipitation patterns, and rising sea levels --may shorten the useful life of infrastructure. The likelihood of asset damage due to extreme weather increases without adaptation, more so in regions exposed to climate hazards. Their impacts can also be much broader if key assets--such as bridges, tunnels, or roads--are unavailable for extended periods. Severe weather events can add risks during the construction phase. They could require investments to manage potential effects or, in severe cases, relocation of tenants, and could also necessitate designing and building infrastructure that is resilient to known and projected climate hazards. Unabated climate change could lead to estimated GDP losses of 0.5%-2.3% as early as 2030 for China, according to the World Bank. Chinese provinces account for half of the most exposed global spots to extreme weather events by 2050. Under a Representative Concentration Pathways 8.5 scenario, Jiangsu province is ranked first globally in its exposure to aggregated damage risk in 2050 (source: 2024 XDI Gross Domestic Climate Risk Report).

Biodiversity and resource use

Key challenges with construction activities include extensive use of natural resources, and pollution to air, land, and water in the form of emissions, disposal, or potential leakages. The construction industry faces significant resource-use issues. Key challenges include energy consumption, extensive material use, and water depletion. Resource-intensive materials and practices pose risks to finite resources. Additionally, water scarcity concerns arise from construction-related water usage. Addressing these problems through resource-efficient designs, alternative materials, and responsible management of resources is essential to reduce the industry's impact on both local habitats and global footprints. China's Biodiversity Conservation Strategy and Action Plan (2023-2030) aims to improve biodiversity conservation. Its focus is on addressing biodiversity losses and sustainable use of biodiversity, along with benefit sharing through 27 priority action plans and a target to protect and restore 30% of degraded ecosystems on land, inland waters, coasts, and oceans by 2030 (source: China Development Brief).

Impact on communities

Large infrastructural construction projects require significant land hectareage and, at times, pass through rural/indigenous communities and conflict areas, as well as densely populated areas. The projects may therefore require voluntary or involuntary resettlement. Infrastructural developments in rural regions play a vital role in enhancing access and affordability for remote populations. These developments improve transportation, utilities, communication, education, health care, and agriculture, and help connect rural communities to job opportunities, essential services, and markets. These initiatives help reduce transportation costs. They also contribute to the overall well-being and economic growth of rural areas. However, the projects can be highly disruptive to existing communities, particularly in cases of redevelopment. This may include permanent demolition of existing structures (in some cases involving land acquisition).

Issuer And Context Analysis

The framework's eligible green projects aim to address climate transition and water availability risks, while social projects endeavor to enhance access to affordable houses.

These are all material sustainability factors for HIHG. Nevertheless, eligible projects could introduce sustainability considerations such as assets exposure to physical climate risk, harm to biodiversity, and impacts on local communities.

The company does not have specific sustainability targets. However, the eligible projects should contribute to China's 14th Five-Year Strategic Plan for the development of a low-carbon economy and facilitate the socioeconomic development of Huai'an city. HIHG mainly manages climate change through energy efficiency measures for projects such as green buildings, and investments in renewable energy assets (e.g. energy storage systems). These steps aim to contribute to China's carbon neutrality goal by 2060, and Jiangsu province's Three-Year Action Plan for a Low Carbon Development (2023-2025). However, investments in carbon reduction measures have not been translated into a wider company-specific decarbonization target. Similarly, HIHG has not established any social targets despite inclusion and welfare being one of its sustainability core areas.

HIHG is yet to systematically measure physical climate risk, despite its operations' material exposure due to the fixed nature of its assets. The company's water management category includes flood mitigation projects targeting the low-lying riverside areas of Jiangsu province. It also conducts project-level third-party feasibility studies during the design stage--a standard procedure in China--to guide the development of processes to manage and mitigate the adverse impacts of climate on its operations and assets. However, HIHG has limited public disclosure on how it addresses physical risks in general. It is also yet to systematically assess its portfolio's physical risk exposure. This situation is largely comparable to that for other local government-owned entities in China.

HIHG's construction activities could introduce biodiversity and local community issues. The company's control in this area remains largely limited to project-level compliance-based feasibility studies. During project design, it will appoint a third party to conduct a feasibility study,

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which includes an environmental and social impact assessment. Its ecological restoration projects could also partially mitigate potential biodiversity disruptions in other projects. According to HIHG, land development projects will not be greenfield, nor imply any relocation or resettlement of residents. The company says it has not received any community complaints in the past few years.

HIHG is yet to disclose consolidated sustainability indicators. This limits insights on the company's agenda to address its industry's material sustainability factors, and on its operations' sustainability performance, beyond the financed projects included in this framework. The company said it is planning to report on its operations' sustainability footprint on its website in the future, but did not offer any concrete scope or timeline.

Alignment Assessment

This section provides an analysis of the framework's alignment to the Social and Green Bond/Loan principles and the Sustainability Bond Guidelines.

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Social Loan Principles, LMA/LSTA/APLMA, 2023
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- ✓ Sustainability Bond Guidelines ICMA, 2021

✓ Use of proceeds

All the framework's environmental project categories have a green shade, and all social project categories align with the principles. HIHG commits to allocate the net proceeds issued under the framework exclusively to eligible green and social projects. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental and social benefits of the expected use of proceeds.

✓ Process for project evaluation and selection

The company's sustainable financing working group (SFWG) comprises representatives from various functions, including financial management, engineering, audit, and legal. The SFWG will meet at least once annually to discuss and select projects according to the framework's eligibility criteria. Shortlisted projects will be presented to the company's board of directors for approval. The framework's green projects refer to the China Green Bond Endorsed Projects Catalogue. The company will identify and manage potential environmental and social impacts associated with the financed projects based on environmental impact assessments (EIA) and feasibility reports. HIHG will endeavor to mitigate such risks during projects' construction stage. The framework's exclusion criteria reference the International Finance Corp.'s exclusion list, covering topics such as weapons and munitions, alcoholic beverages, tobacco, gambling, radioactive materials, and forced or child labor.

✓ Management of proceeds

The net proceeds will be deposited in HIHG's funding accounts and managed by the company's SFWG. HIHG will maintain a register to track the allocation of net proceeds. As long as instruments issued under this framework are outstanding, the balance of the tracked net proceeds will be adjusted biannually to match allocations to eligible projects. Pending allocation, proceeds will be held in cash deposits.

✓ Reporting

HIHG will report at least annually the allocation of funds and the impact of financed projects until the full allocation of net proceeds. The information will be disclosed on the company website. The allocation reporting will include project descriptions, the balance of the unallocated proceeds, the share of financing and refinancing, and material developments or issues related to the financed projects. Impact reporting will include both the expected and actual environmental and social impacts (including number of target populations served) of financed projects.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)," as well as our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

Green project categories

Sustainable water and wastewater management

Assessment

 **Medium green**

Description

Construction, maintenance and technologies for water recovery, treatment, ecological restoration, and flood mitigation

During construction, it reinforces the protection of water sources, and implements regulations on construction and domestic water usage. It strengthens water-saving measures by installing and utilizing water-saving equipment, temporary rainwater collection systems, and construction water usage. Additionally, it improves urban water environments and carries out ecological revetment to improve the flood control capacity of riverside area

Analytical considerations

- Water is a necessary natural capital for economic activity, thriving ecosystems, and supporting public health. Therefore, water supply systems are important to secure a future where all stakeholders have reliable access to sufficient water of adequate quality. These systems are energy intensive, and generally require the use of chemicals in pre-treatment, clarification, filtration, and disinfection, which can also generate by-product waste and pose disruptions to hydrology and aquatic ecosystems. That said, improvements in water efficiency with the introduction of climate change adaptation and stormwater management features can help reduce demands for natural resources and reduce greenhouse gas emissions associated with water treatment and conveyance. This also enhances economic resilience in the context of growing physical climate risks facing the Jiangsu province, such as flooding, extreme rainstorms, and rising sea levels.
- HIHG stated that eligible projects include the development of the Baima Lake Water Plant, and two river management projects (the Huaihe River Project and the Wusong River Project). The former is a water supply system and has an area of 42 hectares (105 acres). The project involves biological pretreatment, purification processes, and advanced treatment technology, with a water supply capacity of 130,000 cubic meters (m³)/day. Advanced treatment technology requires the application of membrane separation, ozone-biological activated carbon, and nano-titanium dioxide photocatalytic oxidation technologies (source: China Water Network). It aims to serve rural households in the Yanxing village, Caoyun Town of Huai'an city, and therefore contain social co-benefits.
- The Huaihe River Project and the Wusong River Project include the construction of river diversions, embankment reinforcement, slope protection, flood control structures, and green infrastructure, such as landscaping. Green landscaping could prevent soil erosion during rainfall runoff and has a climate adaptation benefit. According to HIHG, eligible river projects will enhance rainwater collection, improve drainage channels and waterlogging capabilities, and bolster flood control capacity of low-lying riverside areas in Jiangsu province.
- Improving access to clean and safe drinking water through the development of water treatment and supply network contains both environmental and social co-benefits. Enhancing water efficiency with the introduction of climate change adaptation and flood management features can also enhance resilience in the context of growing physical climate risks facing the Jiangsu province, such as flooding, thunderstorms, and rising sea levels. It is positive that the designs of river projects will incorporate green infrastructure (such as ecological revetment and green landscaping) with co-benefits to address drainage and flooding issues. While the company excludes the financing of fossil fuel equipment, it does not consider any other specific energy or lifecycle emissions thresholds as eligibility criteria. Nevertheless, we consider the social and climate resiliency co-benefits of these project categories and assign a Medium green shade.

- The financing includes adaptation and resilience measures that require construction (e.g. flood defenses), which can lead to substantial emissions from construction works and the use of heavy materials (cement in particular). HIHG does not have any specific plans to manage embodied emissions, weighing on the benefits of such projects.
- HIHG stated that it will evaluate the vulnerability of assets and projects to climate weather events and establish necessary contingency plans in a feasibility study. These, in addition to its management of other environmental impacts (e.g. pollution, and resource use) appear largely limited to compliance with relevant laws and regulations.

Energy Efficiency

Assessment

 **Medium to Light green**

Description

Investments and expenditure related to the acquisition, manufacture, construction, installation, development, and operation of projects or assets that improve energy efficiency and/or reduce energy consumption and losses, including smart grid, energy storage systems, upgrade equipment, and refurbished building

Analytical considerations

- Activities that seek to improve energy efficiency are necessary to transition to a low carbon economy as they allow for a greenhouse gas emissions reduction from reduced usage of power. According to the IEA's net zero emissions by 2050 scenario, a 35% improvement in energy efficiency, equivalent to 4% per year, is necessary by 2030.
- HIHG has set a minimum energy efficiency improvement threshold of 30% for all eligible energy efficiency projects and requires a third-party verification. This adds to the transparency of the projects' potential impact. The framework excludes activities related to fossil fuels, or carbon-intensive assets. The company also confirmed eligible financing will not include the upgrade or maintenance of fossil fuel equipment (e.g., boilers or diesel back-up generators). On the other hand, a potentially broad range of eligible projects yet limited considerations to the value chain emissions (such as from development and manufacturing), limit visibility on the projects' lifecycle emissions. Given HIHG's presence in China where the local grids are largely dependent on fossil fuels, improved efficiency could drive more energy usage (rebound effects) and more greenhouse gas emissions as a result. These support a Light green shade.
- Eligible projects also include technologies that are dedicated to renewable energy, such as energy storage, smart power grids, and metering systems. HIHG stated that eligible projects will be connected to a 2MW centralized photovoltaic system that is currently under development. Energy storage plays a key role in a low carbon future as it provides the necessary flexibility and adaptability to balance the intermittency of renewable energy sources. Additionally, smart grids and metering facilitate the integration, deployment, and monitoring of renewable energy. These investments are essential to grid resiliency and electrification. That said, coal still plays a large role in China's grids, linking to ongoing fossil fuel use. Similarly, batteries used for energy storage involve mining for minerals such as lithium, cobalt, and copper. This can harm the environment by disrupting natural habitats and causing pollution. These projects are Medium green overall, given a potential broad range of applications and limited information on their lifecycle benefits.
- Energy efficient projects in fixed assets present some physical climate risks. HIHG mainly relies on feasibility studies to identify and manage such risks, in accordance with local regulatory requirements.

Green Buildings

Assessment

Light green

Description







Acquisition, construction, and maintenance of buildings that have received the below recognized green building certifications:

- Green Building Evaluation Standards (GB/T 50378) – two stars or above; or
- U.S. Leadership in Energy and Environmental Design (LEED) – Gold grade or above; or
- Hong Kong BEAM Plus – minimum certification level of Gold; or
- BREEAM – minimum certification level of Excellent Building; or
- EDGE Green Building Certificate – minimum certification level of level 1; or
- Building and Construction Authority (BCA) Green Mark – Gold Plus or above

Analytical considerations

- Green buildings support climate change mitigation by alleviating greenhouse gas emissions associated with energy use. They could also have other environmental benefits related to water and waste management. However, construction activities introduce other issues such as energy performance and emissions associated with building materials. The IEA emphasizes that reaching net-zero emissions in buildings demands major strides in energy efficiency and fossil fuel phase out. All properties must achieve high energy performance. New properties should also cut emissions from building materials and construction. Physical climate risks are likely to be material for buildings, and new construction may raise biodiversity issues.
- HIHG stated that eligible projects will include new construction and energy efficiency measures in existing buildings, without an indicative split. It only considers residential and commercial buildings that have obtained international or national green certificates to be eligible. The framework states that any buildings connected to the fossil fuel value chain (e.g. production, generation, and trade) will not be eligible.
- Construction and retrofits involve embodied emissions and associated climate impacts. For new buildings, HIHG mainly relies on the selected certifications for screening. Even though green building certifications cover a broad set of environmental aspects, they differ in their requirements for energy efficiency, embodied emissions of construction materials, and climate resilience. The point-based systems also do not necessarily require minimum performance improvements. Similarly, the framework does not include specific eligibility criteria for energy performance. That means, required certification levels could be achieved without addressing specific environmental issues thoroughly. HIHG does not have a plan to assess a given building's life cycle emissions, nor to set any emissions reduction targets or thresholds. This implies that certified buildings do not necessarily guarantee the highest climate impact and supports the assessment of Light green.
- HIHG plans to implement energy efficiency measures and renewables (e.g. solar, wind, and hydro) to enhance the carbon footprint of existing buildings. According to the company, the foregoing energy efficiency projects that require at least 30% in energy efficiency improvement will apply to eligible existing buildings under this category. On the other hand, it has not identified any opportunities to conduct portfolio lifecycle emissions assessment, or to inform any emissions reduction thresholds. These factors also limit the assessment to a Light green shade.
- HIHG confirmed that eligible buildings will not have fossil fuel-based equipment. Heating, cooling, and lighting of the buildings will rely on electricity sourced from the national grid, for which coal still largely dominates. The company is exploring the use of renewable energy sources such as solar, wind, and hydro.
- According to HIHG, green buildings projects are locally exposed to earthquakes, typhoons, and flooding. HIHG mainly addresses the risks through implementing measures recommended by the third-party feasibility studies during the project design stage, as required by relevant laws and regulations.
- The biodiversity and land use change risks associated with construction activities are partially mitigated as HIHG confirmed eligible projects will only take place on developed sites and will not involve greenfield development. Other than that, its management in this regard appears largely compliant with national laws and regulations, such as carrying out measures based on its feasibility studies.

S&P Global Ratings' Shades of Green

Assessments					
Dark green	Medium green	Light green	Yellow	Orange	Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Social project categories

Affordable Housing

Projects related to construction and development of affordable housing, including subsidized housing, public rental housing, low-cost commercial housing, and the development of shanty towns in Huai'an city, which contribute to reductions in the number of people without adequate, safe, and affordable housing.

Target population: Indigenous residents affected by housing demolition and relocation in Huai'an city, and low- and middle-income groups.

Analytical considerations

- The development of affordable housing helps improve living conditions for low-income households and contributes to support the housing-security objectives under China's 14th Five-Year Plan and the Three Major Projects initiative. Announced in 2023, the initiative focuses on affordable housing, rural vitalization, and public infrastructure (see "[China LGFV's Bigger Housing Role: Risk Control Matters](#)," published March 27, 2024).
- HIHG said that for all affordable housing projects' units, the Huai'an city government will set the monthly rental terms, ranging from RMB10-RMB20 (US\$1.4-US\$2.8) per square meter. Every housing project will have different pricing and financing terms, depending on its location and the financial characteristics of the future residents. The rental cost of housing will generally be 85% below market rates for comparable properties, but the exact extent of discount is unknown.
- The target population definition references the affordable housing standards announced by the Huai'an city government in 2024. This adds objectivity to the eligibility criteria. The targeted low- and middle-income families are those with per-capita disposable income 50% and 10% below the average per capita disposable income of a Huai'an household. In 2023, the 50% and 10% boundaries of per capita annual disposable income of Huai'an city were RMB21,096 (US\$2,910) and RMB37,968 (US\$ 5238). HIHG will use the latest figures when updated by the Huai'an city government.
- The development of affordable properties may involve the relocation of existing residents. HIHG confirms that all demolition and relocation processes comply with relevant laws and regulations, especially the Huai'an Government's Compensation and Resettlement Plan. Upon determining the demolition and resettlement process, the issuer will organize consultation sessions to discuss with affected residents on their resettlement needs. While the amount is unknown, HIHG stated that impacted residents will be compensated based on the existing house area and number of family members impacted. The compensation plan also includes the entitlement to resettlement houses, resettlement costs, and relevant subsidies.
- The framework is less specific about the financial considerations for these indigenous residents but stated that any households impacted by housing demolition and relocation in Huai'an city will be eligible for affordable housing as a means of resettlement. Indigenous residents could include these who currently live in shanty towns, or rural remote areas.
- The construction of residential units raises the issue of real estate's climate resilience and climate transition. In addition, new constructions might use materials with high embodied emissions, such as steel and cement, or those with a direct link to fossil fuels, such as asphalt. There are also potential biodiversity, land use, and pollution impacts. While the framework does not spell out specific performance criteria for the housing units, the feasibility studies should include measures to address potential environmental negative impacts.

Mapping To The U.N.'s Sustainable Development Goals

Where the Financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the Financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not impact our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds

SDGs Choose a building block.

Sustainable Water and Wastewater Management



3. Good health and well-being

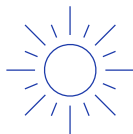


6. Clean water and sanitation*

Energy Efficiency



6. Clean water and sanitation

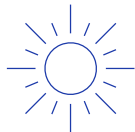


7. Affordable and clean energy*



13. Climate action

Green Buildings



7. Affordable and clean energy



11. Sustainable cities and communities*



13. Climate action

Affordable Housing



1. No poverty*



11. Sustainable cities and communities*

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Analytical Approach: Second Party Opinions: Use of Proceeds](#), July 27, 2023
- [FAQ: Applying Our Integrated Analytical Approach for Use-of-Proceeds Second Party Opinions](#), July 27, 2023
- [Analytical Approach: Shades of Green Assessments](#), July 27, 2023
- [S&P Global Ratings ESG Materiality Maps](#), July 20, 2022

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