ASSESSMENT
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Contacts

Muhammad Ibrahim, CFA
Associate Lead Analyst-Sustainable Finance
muhammad.ibrahim@moodys.com

Jing Li Yim
Sustainable Finance Analyst
jingli.yim@moodys.com

Alice Presotto
Sustainable Finance Associate
alice.presotto@moodys.com

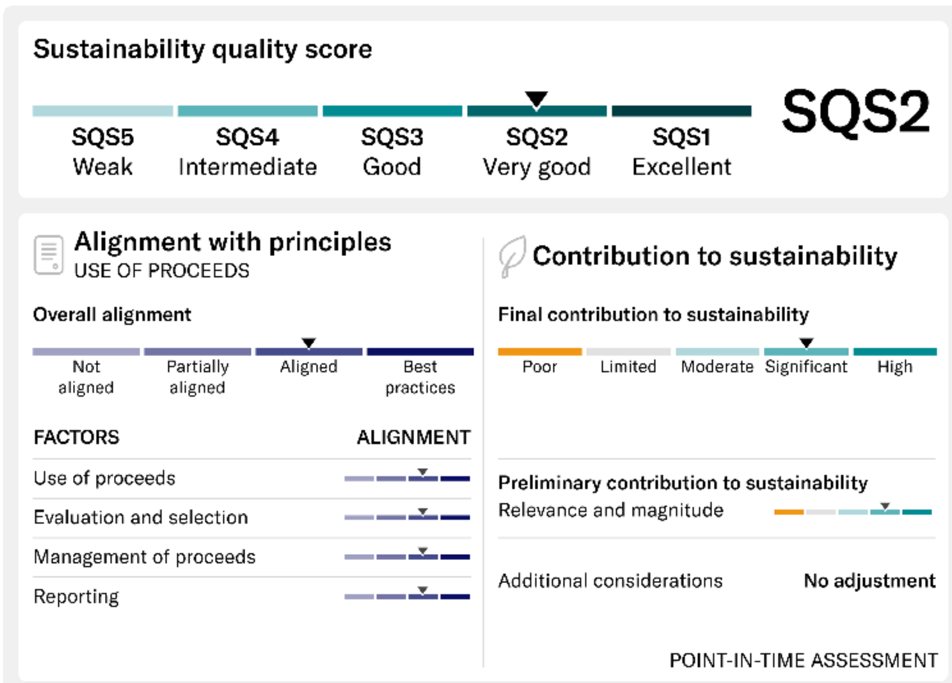
Jeffrey Lee
SVP-Sustainable Finance
sukjoonjeffrey.lee@moodys.com

Shandong Hi-speed Group Co., Ltd

Second Party Opinion – Green Finance Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 Sustainability Quality Score (very good) to Shandong Hi-speed Group Co., Ltd's (SDHS's) green finance framework dated March 2025. SDHS has established its use-of-proceeds framework with the aim of financing projects across four eligible green categories. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (including the June 2022 Appendix 1), and the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles (GLP) 2025. The framework demonstrates a significant contribution to sustainability.



Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of Shandong Hi-speed Group Co., Ltd's (SDHS's) green finance framework, including the framework's alignment with the ICMA's GBP 2021 (including the June 2022 Appendix 1) and LMA/APLMA/LSTA's GLP 2025. Under the framework, SDHS plans to issue use-of proceeds green finance instruments to finance projects across four green categories, as outlined in Appendix 3 of this report.

Our assessment is based on the last updated version of the framework dated March 2025, and our opinion reflects our point-in-time assessment[1] of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in March 2025.

Issuer profile

Shandong Hi-speed Group Co., Ltd (SDHS) is the largest toll road operator in Shandong province, following its merger with Qilu Transportation Development Group Co., Ltd (QLTD) in November 2020. As of 31 December 2024, SDHS owned a toll road portfolio spanning 9,070 kilometers, with more than 80% of the operating mileage located within Shandong province. SDHS is also the Shandong government's sole platform for investing in the national railways in the province, in partnership with China State Railway Group Co., Ltd (CSRG). Additionally, SDHS engages in construction engineering, port and marine transportation, trading, logistics and financial businesses.

As of 31 December 2024, SDHS was 70% owned by the Shandong State-owned Assets Supervision and Advisory Commission (SASAC), 20% by Shandong Guohui Investment Holding Group Co., Ltd. and 10% by the Shandong Caixin Asset Operation Co., Ltd, which, in turn, is ultimately wholly owned by the Shandong provincial government.

Due to its involvement in building and operating expressways, the company's need to exploit land resources exposes it to natural capital risks and associated compliance costs to mitigate environmental externalities. Physical climate risk is another significant concern, exposing the company to increased construction and repair costs for projects in areas prone to such risks. That said, SDHS's credit exposure to environmental physical risks is low, considering its provincial wide footprint, which diversifies its exposure to significant weather events. SDHS has moderate exposure to social risks, due to high likelihood of regulatory interference on toll fare setting and collection in China.

Strengths

» The majority of the proceeds will be invested in data centers achieving a low power usage effectiveness (PUE) in the range of 1.25 to 1.4, leading to long-term reductions in greenhouse gas (GHG) emissions.

» Financed renewable energy projects are likely to have synergies with SDHS's transportation and digital infrastructure businesses, promoting the use of cleaner energy in the group's key operations.

Challenges

» No commitment to obtain an independent external verification of the impact reporting.

» The framework includes equity financing to pure-play companies, which we consider a nonstandard use of proceeds, as it poses challenges related to asset-level adherence to sustainability objectives, allocation and traceability, impact reporting, as well as an increased risk of double counting, for which the company has shared relevant mitigation measures.

Alignment with principles

SDHS's green finance framework is aligned with the four core components of the ICMA's GBP 2021 (including the June 2022 Appendix 1) and LMA/APLMA/LSTA's GLP 2025. For a summary alignment with principles scorecard, please see Appendix 1.

- [x] Green Bond Principles (GBP)
- [x] Green Loan Principles (GLP)
- [ ] Social Bond Principles (SBP)
- [ ] Social Loan Principles (SLP)
- [ ] Sustainability-Linked Bond Principles (SLBP)
- [ ] Sustainability Linked Loan Principles (SLLP)

Use of proceeds

Not aligned	Partially aligned	Aligned ▼	Best practices

Clarity of the eligible categories – ALIGNED

SDHS has clearly communicated the nature of the expenditures for the eligible categories, and has defined eligibility and exclusion criteria for eligible categories within the framework. All categories have sufficiently robust criteria to understand the types of projects that can be financed. The company has identified China as the location for eligible projects.

The cornerstone of the ICMA's Green Bond Principles is the full utilization of net bond proceeds for eligible projects with clear environmental benefits. SDHS's framework includes allocation of proceeds toward investment in pure-play entities that derive at least 90% of their revenue from activities that adhere to the eligibility criteria in the framework. In the project selection process, the company will apply the exclusion criteria defined in the framework. Additionally, up to 5% of the proceeds allocation may be directed towards investments in pure-play entities, where the equity investment is not specifically traceable to underlying eligible projects and may be used for general corporate purposes.

In our view, this represents a nonstandard use of proceeds that entails certain challenges in terms of asset-level adherence to sustainability objectives, allocation and traceability, impact reporting and an increased risk of double counting. SDHS has provided information about the measures in place to identify, select and allocate net proceeds to pure-play companies that align with the sustainability objectives and benefits outlined in the framework. The company also has systems to track and report on the resulting sustainability benefits. For the majority of such equity investments into pure-play entities, the company has stated that the proceeds must be traceable to projects which are eligible in accordance with the framework criteria. Additionally, SDHS is to have substantive control and insight into investment decisions in the investee company as a result of these equity investments, which allows for monitoring and reporting of the sustainability benefits of the projects. Because of the limited allocation of not more than 5% of total proceeds to equity investments which are not traceable to underlying eligible projects, together with the 90% threshold, we consider this structure aligns with current practices, especially when these mitigating factors are taken into account.

Clarity of the environmental objectives – ALIGNED

SDHS has clearly outlined the environmental objectives associated with the eligible categories, including those arising from financing pure-play companies. The objectives are relevant to the eligible categories and are coherent with recognized international standards, including the United Nations' (UN) Sustainable Development Goals (SDGs).

Clarity of expected benefits – ALIGNED

SDHS has identified relevant environmental benefits for all the eligible categories. The expected benefits are measurable and will be quantified in the impact reporting. The company has defined a maximum look-back period of three years. The estimated share of refinancing, however, will only be disclosed post-issuance in the reporting on the allocation of proceeds.

Process for project evaluation and selection

Not aligned | Partially aligned | **▼ Aligned** | Best practices

Transparency and clarity of the process for defining and monitoring eligible projects – ALIGNED

SDHS has established a robust and transparent decision-making process for determining the eligibility of projects, which is outlined in its publicly available framework. The green finance working group (GFWG) is tasked with the proposal, selection, validation, and monitoring of eligible assets and projects. This process ensures that all projects comply with the eligibility and exclusion criteria throughout the life of the green financing instruments. The GFWG will meet at least twice a year to review the asset pool and replace any ineligible projects with new eligible ones. The framework also includes a comprehensive approach to identifying and managing potential environmental and social risks, with detailed risk assessments and adherence to both internal ESG risk management practices and local regulations. Any identified risks will be addressed through established monitoring mechanisms and response measures. The decision-making process, including the criteria for project selection and risk management policies, is disclosed to the public via the company's official website.

Management of proceeds

Not aligned | Partially aligned | **▼ Aligned** | Best practices

Allocation and tracking of proceeds – ALIGNED

SDHS has clearly defined the process for the allocation and tracking of proceeds in its framework. The proceeds will be deposited in SDHS's general funding accounts and earmarked for allocation towards eligible green projects, with tracking facilitated by a green finance register. The company expects proceeds to be fully allocated within two years from the date of issuance, although longer allocation periods may be required for long-term infrastructure construction projects. Any temporarily unallocated proceeds will be managed in accordance with the company's standard liquidity policy and be held in cash or cash equivalents, and the temporary holdings must comply with the exclusion criteria outlined in the framework. However, we do not have visibility into the commitment to disclose the duration of those temporary placements. The company has shared that adjustments to the tracked proceeds will occur biannually, aligned with the frequency of the green finance working group's meetings.

Reporting

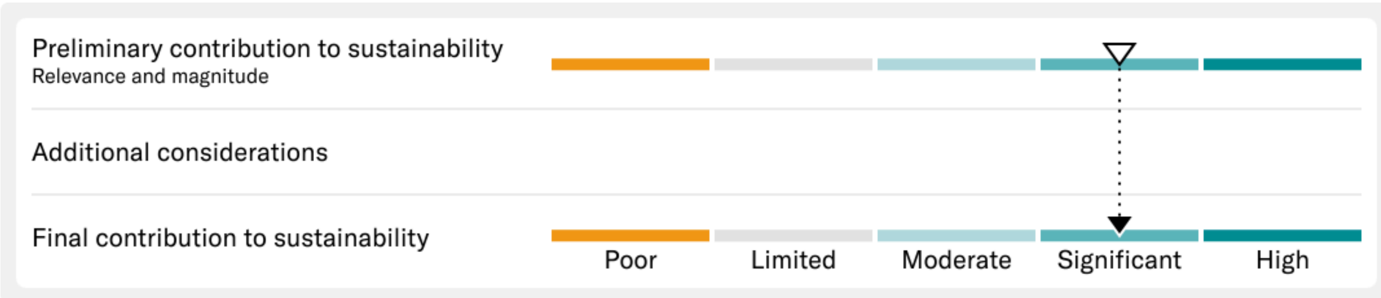
Not aligned | Partially aligned | **▼ Aligned** | Best practices

Reporting transparency – ALIGNED

SDHS has committed to providing annual allocation and impact reporting until proceeds are fully allocated, and the company will continue to report in the event of material developments. The reporting will be publicly available on the company's official website or within its publicly available annual reports or ESG reports. The allocation reporting will include comprehensive details such as the list of eligible projects, the amount of proceeds allocated to each project category, the breakdown of financing versus refinancing, project descriptions, and the amount of unallocated proceeds. The impact reporting will disclose metrics on relevant environmental benefits as well as the calculation methodologies and key assumptions used. The allocation of funds will be externally verified by an independent party. However, the company has not committed to an independent external verification of the impact assessment of environmental benefits.

Contribution to sustainability

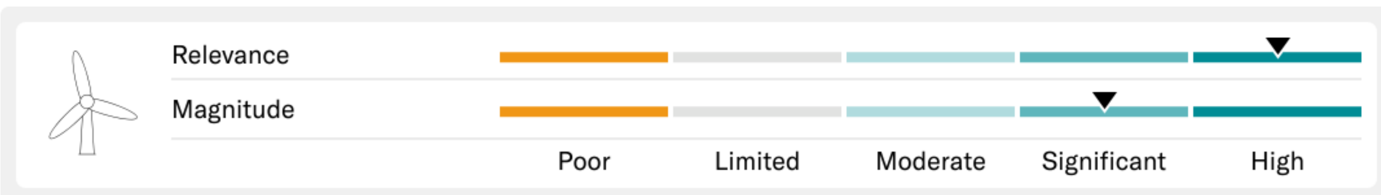
The framework demonstrates a significant overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of significant, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is significant, based on the relevance and magnitude of the eligible project categories. SDHS has shared their expected distribution of proceeds amongst the four categories. Based on this information, we have assigned the majority of the weight to the green buildings category, followed by the renewable energy category, while the clean transportation and energy efficiency categories have received the smallest weights.

Renewable energy



The relevance of this category is high because increasing renewable energy capacity and usage is key for China's decarbonization efforts. In 2023, coal remained the primary energy source for China, accounting for approximately 60% of the country's electricity generation.[2] The eligible projects support China's dual carbon goals and policy initiatives, including the 14th Five-Year Plan (2021-2025), which emphasizes the promotion of renewable energy. Although SDHS's core business is the operation of toll roads, the group has been diversifying into other sectors, notably renewable energy generation, primarily through its subsidiary, Shandong Hi-Speed New Energy Group Limited. The subsidiary focuses on solar and wind power generation, with most projects located in China, and one overseas project in Australia.

The overall magnitude is significant. Most projects under this category align with the best available technologies and will have a positive long-term impact on climate change mitigation. SDHS has also committed to conducting environmental and social impact assessments (ESIAs) for all projects, which includes assessing water stress risks and biodiversity risks, mitigating material E&S risks associated with eligible projects.

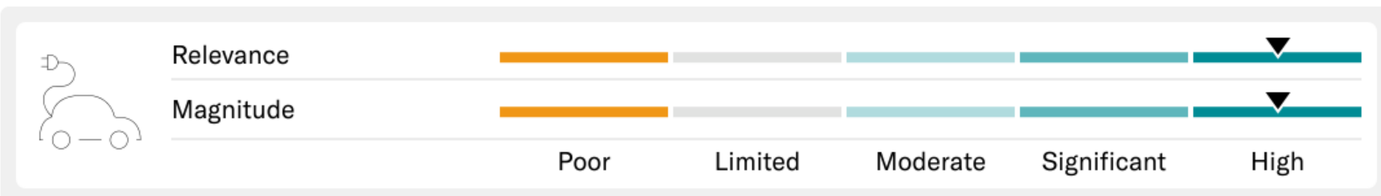
SDHS has informed us that their pipeline projects exclusively involve solar and wind power generation. Given that Shandong Hi-Speed New Energy Group's primary activities are in solar and wind energy, we expect that in the medium term, the majority of the proceeds allocated under this category will be directed towards solar and wind power generation projects. Solar and wind power are leading renewable energy technologies, and such projects are eligible by nature under the EU Taxonomy. Additionally, eligible projects must derive at least 85% of their power generation from solar sources, in accordance with the Climate Bonds Standard's solar criteria. Tidal and wave energy generation facilities are also eligible under this category and comply with both the EU Taxonomy and Climate Bonds Standard criteria.

For geothermal projects, eligible projects must comply with the life-cycle emissions intensity threshold set under the EU Taxonomy. Similarly, transmission and distribution projects must meet the EU Taxonomy substantial contribution criteria.

Hydropower projects are also eligible under this category and projects must comply with the EU Taxonomy criteria. However, there are more stringent criteria defined in the market, such as under the Climate Bonds Standard. SDHS has indicated that any investments in hydropower projects will constitute a minor proportion of total proceeds under this category. Large-scale hydropower projects, in particular, have significant inherent environmental and social externalities. SDHS has shared that large-scale construction projects in China are required to undergo ESIAs, and the assessment reports will be publicly available. As part of SDHS's ESG risk mitigation process, material E&S risks will be identified and mitigated accordingly.

SDHS will also finance hydrogen and ammonia production under this category. The company has clarified that ammonia projects will only involve the conversion of hydrogen — which aligns with the eligibility criteria — to ammonia, to facilitate transport of the gas. While the hydrogen produced must comply with a life-cycle GHG emissions intensity below $3tCO_2e/tH_2$, which aligns with that required in the EU Taxonomy, the company has not specified any exclusion criteria for the hydrogen production method. This could result in hydrogen produced using steam methane reforming process, combined with carbon capture and storage, being eligible. Thus, projects could potentially result in carbon lock-in. Additionally, as the end use of the manufactured hydrogen is not specified, we have limited visibility into the full extent of the projects' contribution to the category's stated objectives. However, SDHS has indicated that there are no planned hydrogen or ammonia production projects, and we expect that future allocations to such projects will constitute a minor proportion of proceeds under this category, with the majority being allocated to solar and wind power generation projects.

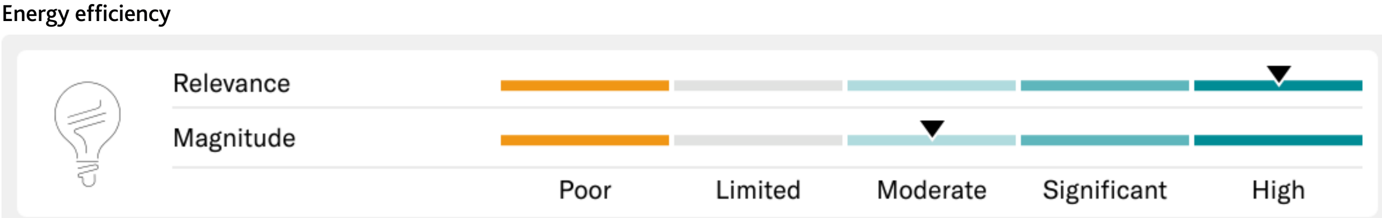
Clean transportation



The relevance is high as the funded projects encourage the utilization of zero direct emission transportation modes in China. Internal combustion engine vehicles are a significant source of GHG emissions and air pollution in Chinese cities, and as the country's motorization rate rises, the share of emissions from transport is likely to rise accordingly. Thus, electrification of the transportation sector has a highly positive impact on China's emissions trajectory. Moreover, the development of charging infrastructure and battery swapping stations for electric vehicles is particularly relevant for companies operating in China, as these projects align with a 2024 government directive that promotes provincial electric vehicle (EV) charging and battery swapping facilities.[3] Given SDHS's focus on the transportation sector, investments in road and railway infrastructure are highly relevant.

The magnitude is high. Projects financed include fully electrified zero tailpipe emission transportation modes, which are considered best available technologies with minimal lock-in effects. Supporting infrastructure, limited to EV charging stations and hydrogen filling stations, will also be eligible, which we do not expect to have lock-in effects. Although the short- to medium-term impacts will depend on emissions from the supply chain, such as grid emission factors and commercially viable scale of low-carbon hydrogen, zero direct tailpipe emission technologies are likely to have long-term environmental benefits. SDHS has indicated that upcoming issuances may not finance projects under this category, however, for future issuances involving projects under this category, the majority of proceeds would be directed towards zero-emission transportation modes rather than hydrogen filling stations. Additionally, the company has confirmed that roads and road construction activities will not be financed under this category.

Energy efficiency



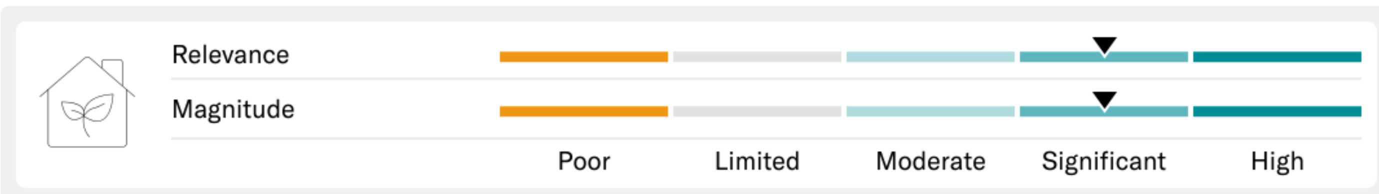
The relevance of this category is high because improving energy efficiency is a key driver for China to reduce its emissions. Given that China has the highest coal-related emissions globally, promoting energy savings and enhancing energy efficiency are important. The eligible projects support China's national strategy to accelerate the development of energy storage, as outlined in its 14th Five-Year

Plan, which ambitiously aims for a 13.5% improvement in energy efficiency by 2025, further emphasizing its importance in China's energy and environmental policies.

The magnitude is considered moderate because we expect the eligible projects to generate positive benefits in reducing GHG emissions with limited lock-in effects since energy efficiency improvements that lead to lock-in of fossil fuel assets and activities will be excluded. The company has set an energy consumption improvement threshold of 20%, which is lower than the market best standards of 30%, such as those in the EU Taxonomy. Also, there is limited transparency regarding the specific project types and sectors eligible for financing, which limits visibility into the financed projects' contribution to the environmental objectives.

In addition, the category will also finance smart grids (e.g. smart grid meters), energy meters and energy management systems. These include demand-side management, and the defined systems are effective means to enhance the energy efficiency and stability of power transmission and distribution. Such projects support the stated environmental objective by enabling better energy management, while they do not directly result in immediate emissions reductions.

Green buildings



The relevance is significant as the category includes investments in data centers in China, the largest data center market in Asia-Pacific. By 2030, data center power consumption in China is projected to reach nearly 8% of total power usage, with water demand expected to double.[4] While the eligibility criteria consider data centers' PUE, they do not explicitly address water usage effectiveness (WUE), which is also relevant. These investments will support the company's expansion into digital infrastructure, although they are likely to account for less than 10% of its revenue. Besides data centre investments, the category includes financing buildings, which significantly contribute to the country's carbon emissions. Reducing energy consumption and emissions from buildings is crucial for achieving China's dual carbon targets outlined in the 14th Five-Year Plan.

The magnitude is significant because this category will finance buildings and invest in data centers that achieve PUE levels leading to long-term reductions in GHG emissions. The company plans to finance or refinance new data centers targeting a PUE of 1.25 in cool climates and 1.30 in warm climates under full-load conditions. For existing data centres with major refurbishments, the company aims for a PUE of 1.40 at full load, which is better than the global average of 1.56 PUE as reported by the Uptime survey 2024.[5] For acquisition of existing data centers, the company aims for a PUE of 1.30 in cool climates and 1.40 in warm climates, which aligns with the Climate Neutral Data Center Pact (CNDCP) and is viewed positively. That said, we note the stringent PUE criteria being considered for some Chinese markets. For example, Beijing's PUE range for new data centers is 1.15 to 1.30,[6] while Shandong's policy stipulates that PUE should not exceed 1.30 for new data centers.[7]

SDHS has detailed the use of proceeds for the upcoming issuance, involving a primary equity investment in a data center company that meets eligibility criteria. Although the framework lacks thresholds for water efficiency and renewable energy usage, SDHS has shown the investee company's measures to address these aspects. The investee company aims for operational carbon neutrality in scope 1 and 2 emissions and 100% renewable energy usage by 2030, supporting the goal of “zero-carbon” data centers. For water usage, the investee company has developed a “deep cold” air conditioning system, improving energy efficiency by 30% to 50% annually and reducing WUE, though specific water consumption improvements and the WUE baseline are not visible. That said, similar equity investments in other data centers under the framework may pose a potential risk due to the lack of visibility into water usage efficiency.

Among green building certifications, some are recognized by the Climate Bonds Initiative, such as the Chinese Green Building Evaluation Label Star 3 — which we believe will be the most frequently adopted label as eligible projects will be located in China — corresponding to the top 15% of buildings in terms of energy performance. However, LEED Gold and above, and BREEAM Excellent and above, are not the highest certification levels. Additionally, these certifications do not specify additional energy efficiency improvements beyond their own criteria.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

The company conducts a comprehensive risk assessment, identifying 39 specific risks across eight categories. SDHS adopts environmental policies to minimize the negative impacts of construction and operation of expressways, roads, bridges, and railways. In China, construction projects must undergo environmental impact assessments, and the reports are made public by local authorities. The company's GFWG will manage environmental and social risks of the eligible projects in compliance with relevant laws and regulations.

SDHS's risk assessment process includes identifying and categorizing risks into a three-level inventory with clear definitions, analyzing root causes, potential outcomes, and their probabilities, performing qualitative and quantitative analyses to prioritize risks, summarizing monitoring mechanisms and response measures, and continuous improvement of risk reporting and internal control systems.

The framework is coherent with SDHS's sustainability strategy. SDHS plays a crucial role in Shandong's infrastructure construction, contributing to diversified, multi-modal, and low-carbon transportation. SDHS's development of electrified railways and rail transit infrastructure supports the transition to a low-carbon economy and climate change mitigation. SDHS integrates environmental protection into its operations, such as by installing solar panel-powered lighting on expressways, promoting energy conservation and emissions reduction. SDHS has shared that the green proceeds will finance projects based in China, supporting the company's expansion into renewable energy and digital infrastructure. SDHS has a substantial business in trading of commodities, with some exposure to oil and coal trading.

Appendix 1 - Alignment with principles scorecard for Shandong Hi-speed Group Co., Ltd's green finance framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Aligned	Aligned
		Definition of content, eligibility and exclusion criteria for nearly all categories	A		
		Location	A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	No		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Aligned	
		Coherence of project category objectives with standards for nearly all categories	A		
		BP: Objectives are defined, relevant and coherent for all categories	No		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Aligned	
		Measurability of expected benefits for nearly all categories	A		
		BP: Relevant benefits are identified for all categories	No		
		BP: Benefits are measurable for all categories	No		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	No		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Aligned	Aligned
		Disclosure of the process	A		
		Transparency of the environmental and social risk mitigation process	A		
		BP: Monitoring of continued project compliance	No		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Aligned	Aligned
		Periodic adjustment of proceeds to match allocations	A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A		
		BP: Disclosure of the proceeds management process	No		
		BP: Allocation period is 24 months or less	No		
Reporting	Reporting transparency	Reporting frequency	A	Aligned	Aligned
		Reporting duration	A		
		Report disclosure	A		
		Reporting exhaustivity	A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	No		
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes		
		BP: Disclosure of reporting methodology and calculation assumptions	Yes		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes		
		BP: Independent impact assessment on environmental and social benefits	No		
				Overall alignment with principles score:	**Aligned**

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The four eligible categories included in Shandong Hi-speed Group Co., Ltd's green finance framework are likely to contribute to three of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals		SDG Targets
GOAL 7: Affordable and Clean Energy	*Renewable energy*	7.2: Increase substantially the share of renewable energy in the global energy mix
	Energy efficiency	7.3: Double the global rate of improvement in energy efficiency
GOAL 9: Industry, Innovation and Infrastructure	*Green buildings*	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 11: Sustainable Cities and Communities	*Clean transportation*	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in SDHS's green finance framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in Shandong Hi-speed Group Co., Ltd's green finance framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Renewable Energy	- Development, investment, acquisition, production, installation, operation, transmission and storage of existing, or new projects related to the energy from the following renewable sources (including manufacture of dedicated components for renewable energy): • Solar (PV and Concentrated Solar Power with a minimum 85% of power generation derived from solar sources) • Wind energy (including onshore and offshore) • Hydropower, including pumped storage, with either a power density above 5W/m2 or life-cycle GHG emissions intensity below 100gCO2e/kWh • Geothermal, with life-cycledirect emissions intensity threshold below 100gCO2e/kWh • Green hydrogen and green ammonia (from electrolysis powered by 100% renewable energy including wind and solar), or with a life-cycle GHG emissions intensity at or belowlower than 3tCO2e/tH2 • Ocean energy (Tidal, wave) • Transmission and distribution projects located on a system for which at least 67% of its added generation capacity over a rolling five-year period fall below the low carbon power threshold of 100gCO2e/kWh measured on a life-cycle basis that aim to connect renewable energy sources or reduce GHG emissions	Climate change mitigation	- Avoidance and reduction of Greenhouse gas emissions (GHG)
Clean transportation	- Investment, acquisition, operation, maintenance, and expenditure of projects related to the zero-direct emission vehicles for passenger and freight transportation, including road and rail transportation that is fully electrified. - Investments, acquisition, operation and expenditure into construction, maintenance and renovation of dedicated hydrogen filling stations, charging infrastructure and battery swapping stations for electric vehicles. Infrastructure dedicated to the transportation of fossil fuel will be excluded.	Climate change mitigation	- Avoidance and reduction of Greenhouse gas emissions (GHG)
Energy efficiency	- Investment, manufacture and installation of energy-efficient systems, products and technology that reduce energy consumption or improve operational energy efficiency by at least 20% compared to the average of national energy consumption of an equivalent project or technology, including: • Modernization of lighting systems including LED lighting and HVAC infrastructure, building management systems • Investment in components of smart grids (e.g. smart grid meters), energy meters and energy management systems Improvement activities that result in the lock in of fossil fuel technologies will be excluded.	Climate change mitigation	- Avoidance and reduction of Greenhouse gas emissions (GHG)

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Green buildings	- Projects related to investment, acquisition, development, construction and refurbishment of new or existing commercial or residential buildings that have received, or expect to receive based on its design, construction and operational plans, certification according to third-party verified green building standards, such as: o U.S. Leadership in Energy and Environmental Design (LEED) – minimum certification of Gold; or o BEAM Plus – minimum certification level of Gold; or o Chinese Green Building Evaluation Standard – minimum certification level of 3 stars; or o BREEAM – minimum certification level of Excellent; or o EDGE – minimum certification level of EDGE Certified; or o BCA Green Mark – minimum certification level of Gold - Expenditures related to the development, investment, acquisition, construction, installation, operation, maintenance, and refurbishment of eco-efficient data centres with an annualised average Power Usage Effectiveness (“PUE”). The PUE threshold used for eligibility will depends on the different scenarios and due to climate conditions (i.e. temperature and humidity)*: a) For expenditures related to construction of new data centres with a PUE ≤ 1.25 in cool climates and PUE ≤ 1.30 in warm climates respectively, at 100% load for data centres. b) For expenditures related to major refurbishments of existing data centres that would lead to data centres with a PUE ≤ 1.40 at 100% load for data centres. c) For acquisitions of data centres with a PUE ≤ 1.30 in cool climates and PUE ≤ 1.40 in warm climates respectively, at 100% load for data centres.	Climate change mitigation	- Avoidance and reduction of Greenhouse gas emissions (GHG)

* Cool climates region are those regions that are at or below cooling degree days from temperature corrected by humidity, measurement of 1500°C days based on for the IEA Weather, Climate and Energy Tracker. Cool climates region include but not limited to Northern China (i.e. Inner Mongolia, Beijing, Hebei etc.), Canada, and Japan and South Korea. Warm climates region are those that are at or above cooling degree day from temperature corrected by humidity, measurement of 1501°C days based on for the IEA Weather, Climate and Energy Tracker. Warm climates region include but not limited to Southern China (i.e. Greater Bay Area, Hainan etc.), ASEAN, and India

Endnotes

1 Point-in-time assessment is applicable only on date of assignment or update.

2 Carbon Brief: 'Critical turning point' for coal poses risks for China's state power firms, says report, 5-Aug-2024.

3 Ministry of Finance of the People's Republic of China: Notice on the issuance of the 2024 energy conservation and emission reduction subsidy fund budget, 18-Jul-2024.

4 China Water Risk: China ICT running dry?, 24-Apr-2024.

5 The Uptime Institute: Global Data Center Survey 2024, Jul-2024.

6 Beijing Municipal Commission of Development and Reform, Regulations on Further Strengthening Energy Conservation Review of Data Center Projects (in Chinese), 5-Jul-2023.

7 The Shandong Provincial People's Government General Office: Guiding Opinions on the Construction of Digital Infrastructure in Shandong Province, 23 March 2023.

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