WHEN TRUST MATTERS



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Document title:

Framework

Prepared by: DNV Business Assurance Australia Ltd.

Location: Sydney, Australia; Bangkok, Thailand

Date: 24 January 2022

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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the

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PENDENT ASSESSMENT

Scope and Objectives

entity of Hunan CNGR Holding Group Co. The company is a professional integrated service provider of new energy materials for lithium batteries.

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CNGR may pursue having some of the green bonds and / or green loans issued under this Framework certified by and / or green loans will also be in alignment with the Climate Bonds Standard V3.0 .

The Green Financing Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

The Green Financing Framework may, from time to time, be updated and expanded as the market practices evolve.

Responsibilities of the Management of CNGR and DNV

CNGR management has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform CNGR management and other interested stakeholders in the Framework as to whether the Framework is aligned with GBP, GLP, and if applicable, Climate Bonds Standard V3.0. In our work, we have relied on the information and the facts presented to us by CNGR. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data

[2] Green Bond Principles (icmagroup.org)
[3] Green Loan Principles - LSTA
[4] https://www.climatebonds.net/2019/12/climate-bonds-launches-version-3-international-climate-bonds-standard-universal

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Basis of DNV s opinion

We have adapted our assessment methodology to create the CNGR-specific Eligibility Assessment Protocol (henceforth

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

1. **Use of Proceeds**
   The Use of Proceeds criteria are guided by the requirement that an issuer of a bond/a borrower of a loan must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and social benefits.

2. **Process for Project Evaluation and Selection**
   The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond/a borrower of a loan should outline the process it follows when determining eligibility of an investment using Green Bond/Loan proceeds, and outline any impact objectives it will consider.

3. **Management of Proceeds**
   The Management of Proceeds criteria are guided by the requirements that a bond/a loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled.

4. **Reporting**
   The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

DNV was not commissioned to provide independent assurance or other audit activities.

bonds and green loans.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by CNGR

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1. Use of Proceeds

CNGR intends to use the proceeds from all Green Financing Instruments issued under the Framework to finance or refinance eligible green assets as identified by the ICMA Green Bond Principles 2021; and the LMA / LTSA / APLMA Green Loan Principles 2021 and, as elected, aligned with the Climate Bonds Standard v3.0.

The Framework defines the following eligible project categories.

Eligible Green Project Categories

Green Transportation
Circular Economy
Renewable Energy
Energy Efficiency
Sustainable Water and Wastewater Management
Pollution Prevention and Control

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CNGR has stated that the total net proceeds from the Green Financing instruments shall be allocated for the financing and / or refinancing of Eligible Assets. CNGR will track the allocation of the net proceeds to Eligible k and manage the allocation of the proceeds from each Green Financing Instrument issuances. The net proceeds of each Green Financing Instruments will be earmarked against the Eligible Assets pool identified in the Ledger.

The Ledger will contain the following information:

- Green Financing Instrument issuances: type of the instrument, issuance date, maturity date, currency, amount, etc.
- List of Eligible Assets: Eligible Green Categories, project amount, project phrase (construction / operation), project location, project description
- Allocation of proceeds by Eligible Green Categories
- Amount of unallocated Proceeds

Any balance of proceeds from Green Financing Instrument not earmarked to Eligible Assets shall be held in liquidity management policy. For example, the unallocated proceeds can be invested in short-term market instrument or Green Bonds. On a best effort basis, CNGR will strive to maintain an aggregate amount of Eligible Assets that is at least equal to the aggregate net proceeds of all outstanding Green Financing Instrument.

In case of divestment or cancellation of an allocated asset, or if an allocated asset no longer meets the eligibility criteria, CNGR shall reallocate the proceeds to other Eligible Assets.

DNV has reviewed the evidence presented and can confirm that the proceeds arising from the future issuances will be appropriately managed.

4. Reporting

Green Bonds

Until full allocation of the Green Bonds proceeds, CNGR has stated that it shall report the information on the allocation of proceeds on an annual basis until full allocation in the annual Social Responsibility Report or in a standalone Green Financing Report, and thereafter in case of any material change to the allocation. This shall include the following information:

- The amount of allocated proceeds by Eligible Green Categories
- The amount of unallocated proceeds
- Project case studies, subject to confidentiality

Where feasible, CNGR shall disclose the relevant information on the expected environmental benefits by Eligible Green Categories. CNGR has provided examples of impact indicators in the Framework.

currently meets the criteria established in the Protocol and that it is aligned with the stated definition of Green Bonds -raising and investment for new and existing projects with e

for DNV Business Assurance Australia Pty Ltd.

Sydney, NSW / 24 January 2022
Bangkok, Thailand, 24 January 2022





Mark Robinson
Lead Verifier, Sustainability Services

Thomas Leonard
Technical Reviewer

Schedule 1. Description of Categories to be financed or refinanced through

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
Clean Transportation	Research & development and acquisition, construction, maintenance and upgrade of facilities, and equipment dedicated for the manufacture of raw materials dedicated to the development of electric vehicles and energy storage, including precursor and nickel	• Supply chain facilities, including manufacturing for vehicles and key components, such as batteries, are be considered as an Eligible Project Category. • Note that the products produced at such facilities must be used for the stated purpose namely, manufacture of electricity vehicles.
Circular Economy	Research & development and acquisition, construction, maintenance and upgrade of facilities, equipment or infrastructure dedicated for recycling of end-of-life battery	• Facilities for the re-use or recycling of materials, including the end-of-life electric vehicle batteries, are considered an Eligible Project Category.
Renewable Energy	Acquisition, installation, maintenance and upgrade of renewable energy generation facilities and equipment, including solar and wind	• Renewable energy projects (wind and solar) are considered Eligible Project Categories. • Note that facilities for the production of solar electricity may not include back-up power from non-renewable sources for which electricity consumption will exceed 15% of total output.
Energy Efficiency	Acquisition, installation, maintenance and upgrade of the energy efficient equipment in the building, such as energy efficient air conditioning system, heating ventilation, lighting systems and windows. Such project shall achieve at least 20% improvement in the energy efficiency	• Equipment procured for the purpose of increasing energy efficiency in commercial buildings may be considered Eligible Project Categories. • Note that any such retrofit must result in a an emissions footprint in the top 15% of emissions performance in the local market or a substantial reduction in gCO2/m2.
Sustainable Water and Wastewater Management	Construction, maintenance and upgrade of facilities, equipment or infrastructure dedicated for collection, treatment, recycling or reuse of wastewater	• Equipment procured for the purpose of increasing water treatment, water recycling systems and wastewater treatment facilities may be considered Eligible Project Categories. • Note that any such projects must not result in net increases in GHG emissions (unless issuer can desonstrate specific justification in writing). • Negative net GHG emissions are expected over the lifetime of the project.
Pollution Prevention and Control	Acquisition, construction, maintenance and upgrade of facilities, equipment or infrastructure dedicated for waste management activities such as waste prevention, reduction and recycling	• Facilities for Prevention and Control will be considered as Eligible Project Categories assuming they fall under one of the eligible categories as defined by the CBI Taxonomy[5]: including re-use, recycling and measures to reduce GHGs.

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Schedule 3. Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of bond / loan	The Bond/Loan must fall in one of the following categories, as defined by the Green Bond Principles: Green Use of Proceeds Bond Green Use of Proceeds Revenue Bond Green Project Bond Green Securitized Bond Loan instrument made available for Green project (Green use of loan proceeds)	that sustainable financing transactions include green, bonds, loans, or any other debt-like instruments, and in doing so contribute to positive environmental impacts. **From the Framework** *(i) Use of Proceeds* *An amount equal to the net proceeds from any Green Bonds* *subsidiaries) will be allocated to finance and / or refinance, in whole or in part, new or existing eligible assets as defined* The reviewed evidence confirms that the Green Financing Instruments fall in the category: Green Use of Bond proceeds and Green Use of Loan Proceeds. The specific type of Green Financing Instruments will need to be further assessed on an individual basis.
1b	Green Project Categories	The cornerstones of Green Bond and Loan are the utilization of the proceeds of the bond and the loan which should be appropriately described in the legal documentation for the security.	Eligible project categories presented by CNGR are as follows: • Green Transportation • Circular Economy • Renewable Energy • Energy Efficiency • Sustainable Water and Wastewater Management • Pollution Prevention and Control

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1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	The Framework indicates that, proceeds will only be used for financing or refinancing of investments in the eligible categories. **From the Framework** *(i) Use of Proceeds* *An amount equal to the net proceeds from any Green Bonds* *subsidiaries) will be allocated to finance and / or refinance, in whole or in part, new or existing eligible assets as defined* The allocation of proceeds to financing and refinancing respectively is also addressed in Section 2 of the Framework.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-decision process	The Issuer of a Green Bond and Loan should outline the decision-making process it follows to determine the eligibility of projects using Green Bond and Loan proceeds. This includes, without limitation: The environmental objectives of the eligible Green Projects; The process by which the issuer determines how the projects fit within the eligible Green Projects categories; and Complementary information on processes by which the issuer identifies and manages perceived environmental and social risks associated with the relevant project(s).	The Framework states that Evaluation and Selection ensures that the net proceeds of the Green Financing Instruments are allocated to projects that meet the eligibility criteria as defined in the Use of Proceeds section of the Framework. **From the Framework** ***(i) Process for Project Evaluation and Selection*** ***To ensure that allocations are made to Eligible Assets as specified above, CNGR has established a Green Finance*** ***Eligible Assets and their compliance with the eligibility criteria described in the Framework. The GFWG will meet on an annual basis and when required.*** The function of the GFWG will be as follows: Reviewing and validating the existing pool of Eligible Assets Replacing Eligible Assets that no longer meet the eligibility criteria as defined in the Use of Proceeds section of the Framework (e.g. divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria, etc.) Reviewing and validating the new investments or projects to be included in the pool of Eligible Assets Verifying and validating annual reporting for Green Financing Instruments
2b	Issuer / environmental and governance framework	Issuers / borrowers are also encouraged to: Position the relevant information within the overarching objectives, strategy, policy and/or processes relating to environmental sustainability. Provide information, if relevant, on the alignment of projects with official or market-	The Framework explains the overarching objectives and strategy of CNGR. **From the Framework** ***2. Green Strategy*** ***Adhering to the corporate mission of "devoting to the development of new energy and building a better life for mankind", the precursors developed and produced by CNGR Co., Ltd., as the key core materials of lithium batteries, are widely used in the fields of new energy vehicles, 3C digital and energy storage, and continuously deliver green and clean energy to the society.***

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based taxonomies, related eligibility criteria Have a process in place to identify mitigants to known material risks of negative environmental and/or social impacts from the relevant project(s).	***In the future, CNGR will always be committed to the***

Second Party Opinion on

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Green Financing Instruments proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).	CNGR has confirmed to disclose the allocation of the net proceeds of each green finance transaction. **From the Framework** ***(iv) Reporting*** ***1. Green Bonds*** ***Until full allocation of the Green Bonds proceeds, CNGR shall report the information on the allocation of proceeds on an annual basis until full allocation in the annual Social Responsibility Report or in a standalone Green Financing Report, and thereafter in case of any material change to the allocation.*** ***2. Green Loans*** ***above-mentioned information, including information on the allocation of proceeds and the environmental impacts of Eligible Assets where feasible. Subject to the authorization of the lenders, CNGR may disclose the relevant information in the annual Social Responsibility Report or in a standalone Green Financing Report.*** CNGR states in the Framework that they will aim to report on the impact metrics below.

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From the Framework	
Eligible Category	**Potential Impact Metrics**
Clean Transportation	Annual production capacity of manufacture of raw materials dedicated for the developing electric vehicles and 06.1 167.1

Schedule 4. Green Financing Instruments / Green Financing Programme External Review Form

Section 1. Basic Information

Issuer name:

and its wholly owned subsidiaries

Green Financing Instruments ISIN or Issuer Green Financing Instruments Framework Name, if applicable:
CNGR Green Financing Framework, November 2021

DNV Business Assurance Australia Pty Ltd.

Completion date of this form:
24 January 2022

Publication date of review publication:
24 January 2022

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 ICMA GBP and LMA GLP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

☒	Second Party Opinion	☐	Certification
☐	Verification	☐	Scoring/Rating
☐	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)

On the basis of the information provided by CNGR and the work undertaken, it is
Financing Framework meet the criteria established in the Protocol and are aligned with the stated definition of green bonds/loans within the GBP and GLP.

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)***:**
CNGR intends to use the proceeds of the Gree
Framework to finance or refinance, in whole or in part, new or existing Eligible Green Project Categories. DNV concludes that the CNGR Framework is aligned with the GBP and GLP.

Use of proceeds categories as per GBP:

☒	Renewable energy	☒	Energy efficiency
☒	Pollution prevention and control	☐	Environmentally sustainable management of living natural resources and land use
☐	Terrestrial and aquatic biodiversity conservation	☒	Clean transportation
☒	Sustainable water and wastewater management	☐	Climate change adaptation
☒	Eco-efficient and/or circular economy adapted products, production technologies and processes	☒	Green buildings
☐	Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs	☐	Other *(please specify)*:

If applicable please specify the environmental taxonomy, if other than GBPs: GLP.

Use of proceeds categories as per GLP:

☒	Renewable energy	☒	Energy efficiency
☒	Pollution prevention and control	☐	Environmentally sustainable management of living natural resources and land use
☐	Terrestrial and aquatic biodiversity conservation	☒	Clean transportation
☒	Sustainable water and wastewater management	☐	Climate change adaptation
☒	Eco-efficient and/or circular economy adapted products, production technologies and processes	☒	Green buildings

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)***:**
The proceeds will be allocated to finance and refinance the assets as defined in Schedule 1. DNV reviewed the Framework which describes the process through which projects are evaluated and selected. DNV can confirm the proceeds of the Green Financing Instruments go through a strict internal process for evaluation and selection. The Finance team will consider potential projects, assess their eligibility, and the Board of Directors will approve those that qualify as eligible projects. The Finance team will be responsible for managing any future updates to the Framework.

Evaluation and selection

☒	en objectives	☒	Documented process to determine that projects fit within defined categories
☒	Defined and transparent criteria for projects eligible for Green Financing Instruments proceeds	☒	Documented process to identify and manage potential ESG risks associated with the project
☒	Summary criteria for project evaluation and selection publicly available	☐	Other *(please specify):*

Information on Responsibilities and Accountability

☒	Evaluation / Selection criteria subject to external advice or verification	☐	In-house assessment
☐	Other *(please specify)*:		

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)***:**
The Framework states that an amount equivalent to the total net proceeds from the Green Financing instruments shall be allocated for the financing and / or refinancing of Eligible Assets. CNGR will track the allocation of the net proceeds

manage the allocation of the proceeds from each Green Financing Instrument issuances. The net proceeds of each Green Financing Instruments will be earmarked against the Eligible Assets pool identified in the Ledger.

Tracking of proceeds:

☒ Green Bond/Loan proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☐ Allocation to a portfolio of disbursements

☒ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*:

4. REPORTING

Overall comment on section *(if applicable)***:**
CNGR has confirmed that until full allocation of the Green Bonds proceeds, it shall report the information on the allocation of proceeds on an annual basis until full allocation in the annual Social Responsibility Report or in a standalone Green Financing Report, and thereafter in case of any material change to the allocation.

Use of proceeds reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other *(please specify):*

Information reported:

☒ Allocated amounts

☐ Sustainability Bond financed share of total investment

☐ Other *(please specify):*

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):*

Frequency:

☒Annual

☐ Semi-annual

☐ Other *(please specify):*

Information reported (expected or ex-post):

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND GLP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may

   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 and Green Loan principles. In particular, it can include an

   sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

2. **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 funds from Green Financing Instruments proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

3. **Certification:** An issuer can have its Green Financing Instruments 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.

4. **Green Financing Instruments Scoring/Rating:** An issuer can have its Green Financing Instruments, associated Green Financing Instruments 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.

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trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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