



WHEN TRUST MATTERS



CNGR ADVANCED MATERIAL CO. LTD. GREEN FINANCING FRAMEWORK SECOND PARTY OPINION

CNGR 中伟

Document title: Second Party Opinion on CNGR Advanced Material Co. Ltd's Green Financing Framework

Prepared by: DNV Business Assurance Australia Ltd.

Location: Sydney, Australia; Bangkok, Thailand

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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 unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

CNGR Advanced Material Co., Ltd. ("CNGR") was established in September 2014. It is a holding subsidiary and listed entity of Hunan CNGR Holding Group Co. The company is a professional integrated service provider of new energy materials for lithium batteries.

DNV Business Assurance Australia Pty Ltd. ("DNV") has been commissioned by CNGR to review its Green Financing Framework ("Framework") and provide a Second Party Opinion on the Framework in relation to alignment with:

- Green Bond Principles ("GBP") 2021² published by the International Capital Market Association ("ICMA");
- Green Loan Principles ("GLP") 2021³ published by the Loan Market Association ("LMA"), the Loan Syndications and Trading Association ("LSTA"), and the Asia Pacific Loan Market Association ("APLMA")

CNGR may pursue having some of the green bonds and / or green loans issued under this Framework certified by relevant organizations, including the Climate Bonds Initiative ("CBI"), in which the green bonds and / or green loans will also be in alignment with the Climate Bonds Standard V3.0⁴.

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 provided by CNGR's management and used as a basis for this assessment were not correct or complete.

² [Green Bond Principles \(icmagroup.org\)](https://www.icmagroup.org/green-bonds/green-bond-principles/)

³ [Green Loan Principles - LSTA](https://www.lma.com/loan-market-association/green-loan-principles/)

⁴ <https://www.climatebonds.net/2019/12/climate-bonds-launches-version-3-international-climate-bonds-standard-universal>

Basis of DNV's opinion

We have adapted our assessment methodology to create the CNGR-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

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.

No assurance is provided regarding the financial performance of instruments issued via the CNGR's Framework, 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.

Note that, throughout this document, the term "Green Financing Instruments ("GFI")" may refer collectively to green 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 in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the Framework, as described above and in Schedule 3 to this Assessment;
- Assessment of documentary evidence provided by CNGR on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of published materials by CNGR and CNGR's website;
- Discussions with CNGR's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion

DNV's findings are listed below:

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

DNV undertook an analysis of the associated project type to determine the eligibility as "Green" and in line with the GBP and GLP. CNGR has provided tables mapping its Eligible Green Categories and the United Nations Sustainable Development Goals ("UN SDGs"). The outlined types of project within each category and associated selection criteria is provided in the Framework in order to determine eligibility.

DNV concludes that the eligible categories outlined in the Framework are consistent with the categories outlined in the GBP and GLP.

2. Process for Project Evaluation and Selection

The Framework describes the process for project evaluation and selection. All assets that are financed / refinanced with proceeds from the Green Financing Instruments must continue to meet the relevant criteria of standards set out in the eligible green asset criteria, via annual review and validation from CNGR's Green Finance Working Group, and annual reporting against the Framework. Subject to such post-issuance and annual reporting; the proceeds raised will remain green for the life of the facility.

The register of eligible assets is evaluated on an annual basis against the criteria. Any changes to the asset register will require review and validation from CNGR's Green Finance Working Group to ensure the eligible assets continue to align with the relevant criteria of standards set out in the Framework and conform to the eligibility criteria. The outcome from any change in the asset register will be disclosed annually.

Note that third party verification and CBI Certification in the pre-issuance and post-issuance certification report may be pursued for some green bonds and / or green loans, but not all.

CNGR has stated in the Framework that it has a corporate mission of "*devoting to the development of new energy and building a better life for mankind*", and that, "*In the future, CNGR will always be committed to the development of new energy, relying on technology and quality, continuously delivering green energy to society, shouldering the social responsibility of energy recycling, and aiming to become the world's most valuable comprehensive service provider of new energy materials.*".

DNV concludes that the stated types of Green Projects which the Green Financing Instruments are intended to finance are in line with this mission.

As such, DNV concludes that CNGR's Framework appropriately describes the process of project evaluation and selection.

3. Management of Proceeds

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 Assets by establishing and maintaining a dedicated ledger (the “Ledger”). The Ledger will record, track 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 accordance with CNGR’s normal treasury or 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.

On the basis of the information provided by CNGR and the work undertaken, it is DNV’s opinion that the Framework currently meets the criteria established in the Protocol and that it is aligned with the stated definition of Green Bonds and Loans within the Green Bond Principles and Green Loan Principles, which is to “enable capital-raising and investment for new and existing projects with environmental benefits”.



for DNV Business Assurance Australia Pty Ltd.

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

A handwritten signature in black ink, appearing to read "Mark Robinson".

Mark Robinson
**Lead Verifier, Sustainability
Services**

A handwritten signature in blue ink, appearing to read "Thomas Leonard".

Thomas Leonard
Technical Reviewer

Schedule 1. Description of Categories to be financed or refinanced through CNGR's Green Financing Transactions

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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 demonstrate 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	<ul style="list-style-type: none"> 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 Taxonomy⁵: including re-use, recycling and measures to reduce GHGs.

⁵ Climate Bonds Taxonomy <https://www.climatebonds.net/standard/taxonomy>

Schedule 2. Contributions to UN SDGs

Eligible Project Categories	CNGR Strategies and Activities stated in Framework and associated documents	UN SDGs	DNV Findings
Sustainable Cities and Communities	<i>“In the future, CNGR will always be committed to the development of new energy, relying on technology and quality, continuously delivering green energy to society, shouldering the social responsibility of energy recycling, and aiming to become the world’s most valuable comprehensive service provider of new energy materials.”</i>	<p>SDG 11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels</p> <p>SDG 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials</p>	DNV is of the opinion that eligible category outlined in the Framework contributes to the achievement of the UN SDGs.
Sustainable Consumption and Production	<i>“The company took the initiative to undertake the social responsibility of recycling new energy power batteries. In January 2020, it was selected into the list of enterprises in the Industry Standard Conditions for Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles by the Ministry of Industry and Information Technology, and carried out comprehensive energy recycling, helping to achieve the goals of "carbon peaking" and "carbon neutrality", and making great contributions to improving the environment and reducing energy consumption.”</i>	<p>SDG 12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>SDG 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>SDG 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	
Affordable and Clean Energy for Everyone	<i>“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.”</i>	<p>SDG 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>SDG 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support.</p>	
Clean Water and Sanitation	See also “Sustainable Cities and Communities”	SDG 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	

Schedule 3. Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings														
1a	Type of bond / loan	<p>The Bond/Loan must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> 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) 	<p>The CNGR Green Financing Framework (“Framework”) states that sustainable financing transactions include green, bonds, loans, or any other debt-like instruments, and in doing so contribute to positive environmental impacts.</p> <div style="border: 1px solid black; padding: 5px;"> <p>From the Framework</p> <p><i>(i) Use of Proceeds</i></p> <p><i>An amount equal to the net proceeds from any Green Bonds and / or Green Loans (collectively referred to as “Green Financing Instruments”) issued by CNGR (or any of its subsidiaries) will be allocated to finance and / or refinance, in whole or in part, new or existing eligible assets as defined below (“Eligible Assets”)</i></p> </div> <p>The reviewed evidence confirms that the Green Financing Instruments fall in the category: Green Use of Bond proceeds and Green Use of Loan Proceeds.</p> <p>The specific type of Green Financing Instruments will need to be further assessed on an individual basis.</p>														
1b	Green Project Categories	<p>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.</p>	<p>Eligible project categories presented by CNGR are as follows:</p> <ul style="list-style-type: none"> Green Transportation Circular Economy Renewable Energy Energy Efficiency Sustainable Water and Wastewater Management Pollution Prevention and Control <p>The above-mentioned project categories meet the eligible Green Project Categories in GBP and GLP.</p>														
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.</p>	<p>Environmental benefits are noted to include:</p> <table border="1"> <thead> <tr> <th>Eligible Category</th> <th>Environmental Benefit</th> </tr> </thead> <tbody> <tr> <td>Green Transportation</td> <td> <ul style="list-style-type: none"> Greater availability of components for electric vehicles </td> </tr> <tr> <td>Circular Economy</td> <td> <ul style="list-style-type: none"> Increased recycling and reduction of waste to landfill. </td> </tr> <tr> <td>Renewable Energy</td> <td> <ul style="list-style-type: none"> Generation of renewable energy. Carbon offsets bought (in tonnes of CO2e) resulting in lower net GHG emissions </td> </tr> <tr> <td>Energy Efficiency</td> <td> <ul style="list-style-type: none"> Reduced consumption and reduced GHG emissions. </td> </tr> <tr> <td>Sustainable Water and Wastewater Management</td> <td> <ul style="list-style-type: none"> Reduced consumption of water </td> </tr> <tr> <td>Pollution Prevention and Control</td> <td> <ul style="list-style-type: none"> See also Circular Economy </td> </tr> </tbody> </table>	Eligible Category	Environmental Benefit	Green Transportation	<ul style="list-style-type: none"> Greater availability of components for electric vehicles 	Circular Economy	<ul style="list-style-type: none"> Increased recycling and reduction of waste to landfill. 	Renewable Energy	<ul style="list-style-type: none"> Generation of renewable energy. Carbon offsets bought (in tonnes of CO2e) resulting in lower net GHG emissions 	Energy Efficiency	<ul style="list-style-type: none"> Reduced consumption and reduced GHG emissions. 	Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Reduced consumption of water 	Pollution Prevention and Control	<ul style="list-style-type: none"> See also Circular Economy
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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.	<p>The Framework indicates that, proceeds will only be used for financing or refinancing of investments in the eligible categories.</p> <p>From the Framework</p> <p><i>(i) Use of Proceeds</i> <i>An amount equal to the net proceeds from any Green Bonds and / or Green Loans (collectively referred to as "Green Financing Instruments") issued by CNGR (or any of its subsidiaries) will be allocated to finance and / or refinance, in whole or in part, new or existing eligible assets as defined below ("Eligible Assets")</i></p> <p>The allocation of proceeds to financing and refinancing respectively is also addressed in Section 2 of the Framework.</p>
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2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-decision process	<p>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:</p> <ul style="list-style-type: none"> 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). 	<p>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.</p> <p>From the Framework</p> <p><i>(i) Process for Project Evaluation and Selection:</i></p> <p><i>To ensure that allocations are made to Eligible Assets as specified above, CNGR has established a Green Finance Working Group ("GFWG") to oversee the selection of Eligible Assets and their compliance with the eligibility criteria described in the Framework. The GFWG will meet on an annual basis and when required.</i></p> <p>The function of the GFWG will be as follows:</p> <ul style="list-style-type: none"> 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 / borrower's environmental and governance framework	<p>Issuers / borrowers are also encouraged to:</p> <ul style="list-style-type: none"> Position the relevant information within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability. Provide information, if relevant, on the alignment of projects with official or market- 	<p>The Framework explains the overarching objectives and strategy of CNGR.</p> <p>From the Framework</p> <p>2. Green Strategy</p> <p><i>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.</i></p>

		<p>based taxonomies, related eligibility criteria</p> <ul style="list-style-type: none"> • Have a process in place to identify mitigants to known material risks of negative environmental and/or social impacts from the relevant project(s). 	<p>...</p> <p><i>In the future, CNGR will always be committed to the development of new energy, relying on technology and quality, continuously delivering green energy to society, shouldering the social responsibility of energy recycling, and aiming to become the world's most valuable comprehensive service provider of new energy materials.</i></p>
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3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
3a	Tracking procedure	<ul style="list-style-type: none"> • (Bond) The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Green Projects. • (Loan) The proceeds of Green Loans should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product. Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner. 	<p>The evidence reviewed shows how CNGR plans to manage the sustainable financing transaction proceeds, in accordance with the evaluation and selection process in the Framework.</p> <p>From the Framework</p> <p><i>(iii) Management of Proceeds</i> <i>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.</i></p> <p>...</p> <p><i>The Ledger will contain the following information:</i></p> <ul style="list-style-type: none"> • <i>Green Financing Instrument issuances: type of the instrument, issuance date, maturity date, currency, amount, etc.</i> • <i>List of Eligible Assets: Eligible Green Categories, project amount, project phrase (construction / operation), project location, project description</i> • <i>Allocation of proceeds by Eligible Green Categories</i> • <i>Amount of unallocated Proceeds</i>
3b	Tracking procedure	<p>So long as the Green Financing Instruments are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.</p>	<p>The related tracking procedures are in place in the Framework as follows:</p> <p>From the Framework</p> <p><i>(iii) Management of Proceeds</i> <i>CNGR will track the allocation of the net proceeds to Eligible Assets by establishing and maintaining a dedicated ledger (the "Ledger"). The Ledger will record, track 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.</i></p>

<p>3c</p>	<p>Temporary holdings</p>	<p>Pending such investments or disbursements to eligible Green Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.</p>	<p>CNGR has described its process for handling unallocated proceed.</p> <p>From the Framework</p> <p><i>(iii) Management of Proceeds</i> <i>Any balance of proceeds from Green Financing Instrument not earmarked to Eligible Assets shall be held in accordance with CNGR's normal treasury or 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.</i></p> <p><i>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.</i></p>
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4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	<ul style="list-style-type: none"> • 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). 	<p>CNGR has confirmed to disclose the allocation of the net proceeds of each green finance transaction.</p> <div style="border: 1px solid black; padding: 5px;"> <p>From the Framework</p> <p>(iv) Reporting</p> <p>1. Green Bonds <i>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.</i></p> <p>2. Green Loans <i>Subject to lenders' requests, CNGR shall disclose the 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.</i></p> </div> <p>CNGR states in the Framework that they will aim to report on the impact metrics below.</p>

		From the Framework	
		Eligible Category	Potential Impact Metrics
		Clean Transportation	<ul style="list-style-type: none"> Annual production capacity of manufacture of raw materials dedicated for the developing electric vehicles and energy storage Number of electronic vehicles produced / supported Annual passenger capacity supported Annual GHG emissions avoided (tCO₂e/year)
		Circular Economy	<ul style="list-style-type: none"> Annual recycling capacity on battery Annual amount of battery recycled
		Renewable Energy	<ul style="list-style-type: none"> Capacity installed (MW) Annual renewable energy generation (MWh/year) Annual GHG emissions avoided (tCO₂e/year)
		Energy Efficiency	<ul style="list-style-type: none"> Annual energy consumption reduced (kWh/year) Annual % reduction in energy consumption Annual GHG emissions avoided (tCO₂e/year)
		Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Annual amount of wastewater collected / treated / recycled / reused (m³/year)
		Pollution Prevention and Control	<ul style="list-style-type: none"> Annual tons of waste managed / prevented / reduced / recycled (m³/year)

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

Section 1. Basic Information

Issuer name:

CNGR Advanced Material Co., Ltd. ("CNGR") and its wholly owned subsidiaries

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

CNGR Green Financing Framework, November 2021

Independent External Review provider's name:

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:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

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

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

On the basis of the information provided by CNGR and the work undertaken, it is DNV's opinion that the CNGR's Green 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 Green Financing Instrument ("GFI") issued under the Green Financing 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:

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

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

Use of proceeds categories as per GLP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> 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. Any changes to the Green Financing Framework will be published on CNGR's website.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Financing Instruments proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

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 to Eligible Assets by establishing and maintaining a dedicated ledger (the "Ledger"). The Ledger will record, track 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.

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:

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

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

GHG Emissions / Savings

Decrease in water use

Target populations

Energy Savings

Number of beneficiaries

Other ESG indicators (*please specify*):

- Production capacity of manufacture of raw materials
- Items produced
- Passenger capacity supported
- Material/waste savings

Means of Disclosure

Information published in financial report

Information published in ad hoc documents

Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*):

Information published in sustainability report

Other (*please specify*): Annual Green Loan / Green Bond Report

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

Second Party Opinion

Verification

Other (*please specify*):

Certification

Scoring/Rating

Review provider(s):

DNV Business Assurance Australia Pty Ltd.

Date of publication:

24 January 2022

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 issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Financing Framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles and Green Loan principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- 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 regarding an issuer's internal tracking method for use of proceeds, allocation of 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.



About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with 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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