



Project Summary Information

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| 21 st July 2022 | |
| Project Name | Haier Social Infrastructure Leasing |
| Project Number | P000644 |
| AIIB member | China |
| Sector/Subsector | Multi-Sector / Health Infrastructure and/or Education Infrastructure |
| Alignment with AIIB's thematic priorities | Private Capital Mobilization |
| Status of Financing | Approved |
| Objective | To improve essential social services in the less-developed areas of China through support of Haier's lease program to relevant firms. |
| Project Description | <p>The project will provide funding for social infrastructure investments which improve access to essential social services, including healthcare and education, in rural and less developed areas of China. This will be achieved through AIIB's investment of up to USD100 million into a social bond program by Haier Financial Services ("Haier Leasing" or the "Company"), who will provide lease finance to relevant firms for the individual social projects.</p> <p>Haier Leasing is the leasing arm of the Chinese appliance manufacturer Haier Group. This will be the first social bond issued within the Haier Group which specifically targets less-developed regions of China. For the project, Haier Leasing will set up a Social Bond Framework that will govern the selection of eligible social subprojects and which aligns with International Capital Markets Association (ICMA) Social Bond Principles. The Company will also use an ESMS aligned with both the AIIB's Environmental and Social Framework and International Financial Corporation (IFC) Performance Standards.</p> <p>IFC will be a parallel investor as well as the Company's environmental and social (E&S) technical advisor. The project will be the first time IFC and AIIB are supporting social bond issuance by a Chinese nonbanking financial company.</p> |
| Expected Results | The expected results may be measured by the following indicators: (i) Private capital mobilized (indirect) as measured by volume of orders received, excluding AIIB and IFC share; (ii) Number of sub-projects financed in county level and below areas; (iii) Volume of sub-projects financed in county level and below areas; (iv) Volume of health and education investments; (v) Volume of women-owned enterprise investments |
| Environmental and Social Category | FI |
| Environmental and Social Information | The Bank's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL), applies to this project. The project is categorized FI, as the financing structure involves the on-lending of the proceeds of the |

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| | <p>bond through financial leasing to social infrastructure subprojects. This will include the selection, appraisal, approval and monitoring of subprojects in accordance with AIIB's ESP requirements. The E&S instrument will be (i) Haier Leasing's enhanced ESMS, which is materially consistent with AIIB's ESP and complemented by (ii) Haier Leasing's Social Bond Framework aligned to ICMA Social Bond Principles. An overview of the enhanced ESMS will be disclosed both in English and Chinese in an appropriate manner.</p> <p>The current pipeline comprises to be leased assets used in healthcare, education, agriculture, and manufacturing sectors. Every subproject will be screened by Haier Leasing to identify the risks and following the assessment, appropriate mitigation measures will be adopted. For this social bond issuance, Haier Leasing has agreed to (i) adopt AIIB's exclusion list; (ii) exclude Higher Risk¹ transactions and (iii) exclude coal mining, coal transportation or coal-fired power plants, as well as infrastructure services exclusively dedicated to support any of these activities.</p> <p>The relevant Social Bond Framework, second-party opinion, and annual social bond report will be made publicly available. At the corporate level, Haier Group's annual ESG report, prepared in accordance with Hong Kong Stock Exchange (HKEX) ESG Reporting requirements, is disclosed.</p> <p>Haier has enhanced its External Communications Mechanism (ECM), including contacts and processes to receive and handle related E&S matters, in both Chinese and English, and aligned with AIIB's ESP requirements. It will be made available to Project-Affected People and Project contracted workers and will provide information on its ECM and AIIB's Project-affected People's Mechanism (PPM). Under its enhanced ESMS, Haier Leasing will require lessees to establish a suitable subproject-level GRM, or equivalent, and inform people timely in the project's footprint about its availability in an appropriate manner. The GRM will receive and facilitate resolution of the concerns and complaints of people who believe that they have been adversely affected by the project's E&S impacts.</p> <p>Haier Leasing will rely on information provided directly by the lessees to conduct Environmental and Social Due Diligence (ESDD), impact evaluation and ongoing monitoring of the subprojects. Haier Leasing will be required to maintain a comprehensive database comprising all relevant E&S information and report to AIIB. AIIB will conduct post-reviews or monitoring of the selection and implementation of other subprojects as part of its regular supervision, comprising engagement with Haier Leasing, potential site visits once conditions allow and detailed review of the E&S documentation of selected subprojects.</p> |
| Cost and Financing Plan | Up to USD100 million into a social bond program by Haier Financial Services |

¹ Higher Risk Activities include the following activities financed by the Bank through the FI: (a) all Category A activities; and (b) selected Category B activities, as determined by the Bank, that may potentially result in: (i) Land Acquisition or Involuntary Resettlement; (ii) risk of adverse impacts on Indigenous Peoples and/or vulnerable groups; (iii) significant risks to or impacts on the environment, community health and safety, biodiversity and/or cultural resources; (iv) significant retrenchment of more than 20 percent of direct employees and recurrent contractors; and/or (iv) significant occupational health and safety risks

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| Borrower | Haier Financial Services Co., Ltd |
| Estimated date of last disbursement | 3Q 2022 |
| Contact Point | AIIB |
| Name | Han Zhao |
| Title | Investment Officer – Capital Markets & Structured Products |
| Email Address | han.zhao@aiib.org |
| Client Contact Point | Haier Financial Services Co., Ltd |
| Name | Mr. Chen Baoquan |
| Title | Chief Financial Officer |
| Email Address | baoquan.chen@haierfinancial.com |
| Date of Concept Decision | 18 May 2022 |
| Date of Appraisal Decision | 15 June 2022 |
| Date of Financing Approval | 21 July 2022 |

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| Independent Accountability Mechanism | The Policy on the Project-affected People's Mechanism (PPM) will apply to this project. The PPM has been established by the Bank to provide an opportunity for an independent and impartial review of submissions from project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the project-level GRM (ECM of this Project) or the processes of the Bank's Management. Information about the PPM is available at Policy on the Project-affected People's Mechanism – Operational Policies and Directives – AIIB. |
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