

Green Bond Framework
for
Industrial and Commercial Bank of China



September 2017

Purpose

This green bond framework (the “Green Bond Framework”) has been developed to demonstrate how Industrial and Commercial Bank of China (“ICBC” or the “Bank”) will issue Green Bonds to fund new and existing projects with environmental benefits with reference to:

- *The Green Bond Principles 2017 (GBP 2017), International Capital Market Association (ICMA)*
- *Guidelines for Establishing the Green Financial System (Yinfa 2016 Doc No. 228) (PBoC, Ministry of Finance, NDRC, Ministry of Environmental Protection, CBRC, CSRC and CIRC)*
- *Green Bond Categories, the People’s Bank of China (PBoC)*

Bonds issued under ICBC’s Green Bond Framework may be certified by Climate Bond Initiative (CBI) against Climate Bond Standards.

Assertions from the Management

For each green bond (the “Green Bond”) issued, ICBC asserts that it will adopt (i) Use of Proceeds (ii) Project Evaluation and Selection (iii) Management of Proceeds and (iv) Reporting, as set out in this Framework.

Background

Industrial and Commercial Bank of China was established on January 1st 1984. On October 28th, 2005, the Bank was wholly restructured to a joint-stock limited company. On October 27th, 2006, the Bank was listed on both Shanghai Stock Exchange and Stock Exchange of Hong Kong Limited.

Headquartered in Beijing, ICBC has developed into one of the top large listed banks in the world, possessing a wide customer base, a diversified business structure, strong innovation capabilities and market competitiveness and providing comprehensive financial products and services to 5,784 thousand corporate and 530 million personal customers. The pattern of internationalized and diversified operation was further improved, covering 44 countries and territories.

For the fourth consecutive year in 2016, the Bank ranked No.1 in The Banker’s Top 1000 World Banks, the Forbes Global 2000, and the Fortune Global 500 Sub-list of Commercial Banks.

Rationale of ICBC Green Bond

ICBC has been consciously integrating the social responsibilities into its development strategy, operation and management activities, gaining wide social recognition in the aspects of supporting targeted poverty relief, protecting environment and resources, participating in social and public welfare undertakings, and promoting inclusive finance.

ICBC has built its Corporate Social Responsibility Model on six dimensions, namely **Value Creator, Brand Bank, Green Bank, Integrity Bank, Harmonious Bank and Charity Bank**, based on which the Bank has been making constant efforts to facilitate many important initiatives such as targeted poverty relief, supply-chain reform, Belt and Road initiative, and green finance.

ICBC was the first Chinese commercial bank to join the UN Global Compact in 2012 and joined the United Nations Environment Programme Finance Initiative ("UNEP FI") in 2014. In China, ICBC is a member of the standing council of Green Finance Committee established under China Financial Forum.

ICBC has been an active advocate of green finance both nationally and internationally as a social and environmental commitment.

The Green Bonds issued by ICBC will be a further elaboration of the Bank's consistent green strategy and will also facilitate the implementation of environmental protection endeavors in accordance with China's National 13th Five-year Plan. These Green Bonds will further boost ICBC as a Group in its development strategies related to sustainability and climate change. This Green Bond Framework will be a further step in supporting ICBC investors to meet their objectives in the fast-growing green economy.

Framework Overview

ICBC has developed the Green Bond Framework under which it plans to finance and refinance, in whole or in part, eligible green assets as defined below ("**Eligible Green Assets**"):

1. Use of Proceeds

The proceeds of each ICBC Green Bond will be used to finance, and refinance, eligible green assets that promote the transition to low-carbon and sustainable economy and provide clear environmental sustainability and climate change benefits.

The eligible green assets under the Green Bond Framework comprise financing within the eligible green asset categories below which are or have been originated by the various business units of ICBC (the "**Eligible Green Assets**") in and outside China.

"Eligible Green Asset Categories" for ICBC	Alignment with Green Bond Principles (GBP2017)	Description and Examples
Renewable Energy	<ul style="list-style-type: none"> • Renewable energy 	<ul style="list-style-type: none"> • Generation and transmission of energy from renewable energy sources. <ul style="list-style-type: none"> - Renewable energy sources include

		offshore and onshore wind, solar, tidal, hydropower subject to conditions, biomass and geothermal
Low Carbon and Low Emission Transportation	<ul style="list-style-type: none"> • Clean transportation 	<ul style="list-style-type: none"> • Low energy or emission transportation assets, systems, infrastructure, components and services excluding any infrastructure or rolling stock assets used for the transportation of fossil fuel products <ul style="list-style-type: none"> - Examples include Rail Tram, Metro, Bus Rapid Transit Systems, Electric Vehicles
Energy Efficiency	<ul style="list-style-type: none"> • Energy efficiency 	<ul style="list-style-type: none"> • Development of products or technology and their implementation that reduces energy consumption of underlying asset, technology, product or system(s) <ul style="list-style-type: none"> - Examples include LED lights, improved chillers, improved lighting technology, and reduced power usage in manufacturing operations • Improved efficiency in the delivery of bulk energy services <p>Examples include district heating/ cooling systems, smart grids, energy recovery technology, and the storage, transmission and distribution of energy that results in reduced energy losses</p>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Sustainable water and wastewater management 	<ul style="list-style-type: none"> • Water collection, treatment, recycling, re-use, technologies and related infrastructure <ul style="list-style-type: none"> - Examples include water pipes and collection facilities to collect water/rainwater, dams, treatment plant facilities

Note: Assets in all eligible categories shall at least reach the threshold of relevant official standards of environmental impacts recognized in the local jurisdictions. In case of no official standards locally recognized, corresponding international standards shall apply.

For the avoidance of doubt, in any case, the Eligible Green Assets shall exclude below:

- fossil fuel related assets
- Large scale hydropower plants
- Nuclear and nuclear-related assets

2. Project Evaluation and Selection

Eligible Green Assets will firstly be identified and proposed by ICBC business units globally, including its subsidiaries and branches.

They will then be reviewed by a dedicated green bond working group at ICBC Head Office (the “**Green Bond Working Group**”) which comprises representatives of:

- Asset & Liability Management Department
- International Banking Department
- Credit and Investment Management Department
- Finance & Accounting Department
- Corporate Strategy and Investor Relations Department
- Urban Finance Research Institute
- Other departments if relevant

Prior to the issuance, the Green Bond Working Group will review all proposed Eligible Green Assets to determine their compliance with the ICBC Green Bond Framework for approval as “Eligible Green Asset” and form an eligible green asset list (each “Eligible Green Asset”, collectively the “**Eligible Green Asset Lists**”).

In the Green Bond Working Group, representatives shall be nominated if they have environmental experience and knowledge. The experts with environmental experience and knowledge enjoy a veto power to the final decision on the selection. The assets vetoed by them shall be excluded from the Eligible Green Asset List.

Annually, the Green Bond Working Group will review the allocation of the proceeds to the Eligible Green Asset List and determine if any changes are necessary (for example, if a project has amortized, been prepaid, sold or otherwise become ineligible) and facilitate ongoing reporting. The Green Bond Working Group will decide any necessary update of the Eligible Green Asset List (such as replacement, deletion, or addition of projects) to maintain the eligibility of the Use of Proceeds.

3. Management of Proceeds

Prior to the issuance of a Green Bond, ICBC shall evaluate the recent and pipeline capital spending and develop a preliminary Eligible Green Asset List in accordance with the procedures as described in the Project Evaluation and Selection section to ensure that the Green Bond proceeds can be allocated to the Eligible Green Assets in a timely manner.

A Green Bond “allocation register” (the “**Register**”) will be established to record the allocation of Green Bond proceeds. The proceeds of each ICBC Green Bond will be deposited in the general funding accounts and “earmarked” pending allocation.

The Register will contain, for each Green Bond issued, information including:

(1)Details of Green Bond: ISIN, pricing date, maturity date, etc.

(2)Details of Eligible Green Asset List: information including:

- Eligible Green Asset
- Summary of details of investment made
- Amount of investment made
- Other necessary information so that the aggregate of issuance proceeds allocated to the Eligible Green Assets is recorded at all times
- Issuer's estimate of the beneficial environmental impact of the Eligible Green Assets

Any balance of issuance proceeds not allocated to Eligible Green Assets will be held in accordance with ICBC's normal sound and prudent liquidity management policy. The unallocated proceeds could be temporarily used domestically and internationally in money market instruments with good credit rating and market liquidity until they are allocated to Eligible Green Assets. The unallocated proceeds shall not be invested in highly polluting or energy intensive projects.

4. Reporting

ICBC commits to publish an annual green bond report (the "**Annual Green Bond Report**"), which will provide information on allocation and impacts.

(1) Allocation Reporting

Information will be provided on amounts equal to the net proceeds of the Green Bond issued and provide:

- aggregate amount allocated to the various Eligible Green Asset Categories
- remaining balance of funds which have not yet been allocated
- examples of Eligible Green Assets (subject to confidentiality disclosures)

Furthermore, ICBC will confirm that the use of proceeds of the Green Bond issuance conforms to the Green Bond Framework.

(2) Impact Reporting

Where possible, ICBC will report on the environmental and social (where relevant) impacts resulting from Eligible Green Assets.

Subject to the nature of Eligible Green Assets and availability of information, ICBC aims to include, but not limited to, the following Impact Indicators

Eligible Green Asset Categories	Impact Indicators
Renewable energy	<ul style="list-style-type: none">• KWh of power generated from renewable energy• Tonnes of CO₂ (or other GHG) avoided

Low Carbon and Low Emission Transportation	<ul style="list-style-type: none"> • Tonnes of CO₂ (or other GHG) avoided • Km of tracks built • No. of passenger
Energy efficiency	<ul style="list-style-type: none"> • KWh of energy saved per year • Percentage energy efficiency achieved
Sustainable water and wastewater management	<ul style="list-style-type: none"> • Amount of water saved • Amount of waste water treated

The Annual Green Bond Report will be publicly available via annual updates on ICBC's official global website www.icbc-ltd.com.

ICBC will also make disclosure through other channels where feasible, such as annual reports and corporate social responsibility reports, which will also be published on www.icbc-ltd.com.

External Review

ICBC has engaged CICERO to act as an external reviewer of this Green Bond Framework for GBP alignment and Zhongcai Green Financing Consultants Ltd. to act as an external reviewer of this Green Bond Framework for Chinese domestic standards. The Second Party Opinions by CICERO and Zhongcai Green Financing Consultants Ltd. are publicly available on ICBC official global website www.icbc-ltd.com.

ICBC will engage an independent third party to provide assurance on its Annual Green Bond Report which will provide information on allocation and impacts.

Disclaimer

The information and opinions contained in this Green Bond Framework are provided as at the date of this document and are subject to change without notice. ICBC does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

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