

Industrial and Commercial Bank of China Limited
2021 Green Bond Report

**THIRD-PARTY
ASSESSMENT**

Beijing Zhongcai Green Financing Consultant Ltd.



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FOR
Industrial and Commercial Bank of China Limited
2021 Green Bond Report

Beijing Zhongcai Green Financing Consultant Ltd.

17th November 2022



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PART I GENERAL INFORMATION**General Information for This Assessment**

Third-Party Assessment Institution	Beijing Zhongcai Green Financing Consultant Ltd. (referred to as "the Assessor") is a member of China's National Association of Financial Market Institutional Investors, as well as approved as an international green verifier of Climate Bond Initiative.
Type of Assessment	Annual Report Assessment
Assessment Period	The Green Bond Annual Report covers the period from 1 January 2021 to 31 December 2021 and also includes some prior to 1 January 2021
Main Content	General Information of Green Bonds Management of Proceeds Use of Proceeds Environmental Benefits of Green Bonds
Assessment Basis	1. <i>ICBC Green Bond Framework (2021)</i> 2. <i>Green Bond Principles 2021</i> by ICMA 3. <i>China Green Bond Endorsed Project Catalogue(2021 Edition)</i> (Yinfa [2021] No. 96) by PBoC, NDRC, CSRC
Assessment Duration	1 st November to 17 th November 2022
Assessor	Xiaoling Hu, Shinan Qiao
Final Assessor	Ying Cui, Huixin Liu
Methods	Reviewing project documents, relevant rules and regulations of the Issuer, etc. and communicating with the Issuer and stakeholders through interviews, emails, etc.
Responsibilities of Assessment Institution	To complete this work independently, objectively and impartially and to provide the assessment report on time based on the information provided by ICBC and other relevant parties
Documents provided by the Issuer	See the Appendix

PART II GENERAL INFORMATION OF GREEN BOND

2.1. General Description

In 2021, ICBC issued one domestic green financial bond with an issuance amount of RMB10 billion. From 2017 to the end of 2021, ICBC issued a total of six offshore green financial bonds through the Luxembourg Branch, London Branch, ICBC Asia, Singapore Branch, Hong Kong Branch and Macau Branch, of which one offshore green financial bond has been issued in 2021. The cumulative amount of the six offshore green financial bonds issued was US\$13.06 billion equivalent, and the total balance of overseas green financial bonds in existence by the end of 2021 was US\$9.03 billion equivalent.

2.2. General Information of Green Bonds

(1) ICBC Domestic Green Financial Bonds

ICBC was approved to issue green financial bonds of no more than to RMB30 billion in the national inter-bank bond market by the *Approval of the China Banking and Insurance Regulatory Commission on the Issuance of Green Financial Bonds by ICBC* (CBIRC [2021] No. 702) and the *Decision of the People's Bank of China on the Granting of Administrative Permission* (CBRC [2021] No. 115), valid from 30 July 2021 to 29 July 2023.

On 24 September 2021, ICBC publicly issued ICBC's 2021 Green Financial Bonds (Phase I) in the national inter-bank bond market by way of book-entry, the basic information of which is shown in Table 1. As at the end of 2021, the balance of proceeds that have been used for green projects is \$9,935 million and the balance of idle proceeds is \$65 million.

Table 1 Basic information of ICBC's 2021 Green Financial Bonds (Phase I)

Bond Name	Industrial and Commercial Bank of China Limited 2021 Green Financial Bond (Phase I)
Bond Abbreviation	21 ICBC Green Financial Bond 01
Bond Code	2128031
Bond Issue Date	2021/9/24
Maturity date	2024/9/27

Bond Term	3 years
Issue Amount	RMB 10 billion
Coupon Rate	2.80%
Use of Proceeds	To be invested in wind power generation, solar power generation and urban rail transit projects ¹
External Audit Opinion	A green assessment report issued by Lianhe Equator Environmental Impact Assessment CO., Ltd. to determine the green attributes of the bond ²
Certified opinion	Certified by the Climate Bonds Initiative (CBI) on 10 September 2021, meeting the Climate Bonds Standard ³

(2) ICBC Offshore Green Financial Bonds

ICBC has issued six offshore green bonds with an aggregate issuance amount equivalent to US\$13.06 billion from 2017 to the end of 2021, the basic information of which is shown in Table 2.

As of the end of the reporting period, the following green bond varieties have expired, including 3-year €1.1billion and 3-year US\$450 million Green Bonds issued by Luxembourg Branch in 2017, 3-year €500 million and 3-year US\$500 million Green Bonds issued by London Branch in 2018, 2-year HK\$2.6 billion and 3-year US\$200 million Green Bonds issued by ICBC Asia in 2018, 1-year RMB1 billion and 2-year HK\$4 billion Green Bonds issued by Hong Kong Branch in 2019. The total balance of overseas green bonds in existence is equivalent to US\$9.03 billion.

Table 2 Basic information on ICBC's offshore green bonds

	Luxembourg Branch	London Branch	ICBC Asia	Singapore Branch	Hong Kong Branch	Jointly issued by Hong Kong, Singapore, Luxembourg, London and Macau Branch
Issue date	2017/9/28	2018/6/5	2018/6/13	2019/4/16	2019/9/9	2021/10/21
Issue Amount	USD400,000,000 (5-year fixed rate)	USD500,000,000 (5-year)	USD200,000,000 (5-year floating rate)	USD600,000,000 (5-year floating rate)	USD1,000,000,000 (5-year floating rate)	USD1,050,000,000 (3-year fixed rate)

¹ ICBC Limited Pre-Issue Independent Assessment Report on Green Finance Bonds 2021 (Phase I)
<https://www.chinabond.com.cn/Info/158876953>

² For further details see the website at <https://www.chinabond.com.cn/Info/158876953>

³ ICBC Green Finance Bond 2021 (Phase I) CBI Certificate of Accreditation
<https://www.chinabond.com.cn/Info/158876953>

	Luxembourg Branch	London Branch	ICBC Asia	Singapore Branch	Hong Kong Branch	Jointly issued by Hong Kong, Singapore, Luxembourg, London and Macau Branch
& Variety	USD450,000,000 (3-year floating rate) EUR1,100,000,000 (3-year floating rate)	floating rate) USD500,000,000 (3-year floating rate) EUR500,000,000 (3-year floating rate)	USD200,000,000 (5-year floating rate) HKD2,600,000,000 (2-year fixed rate)	USD900,000,000 (3-year floating rate) EUR500,000,000 (3-year fixed rate) CNY1,000,000,000 (3-year fixed rate)	USD500,000,000 (3-year fixed rate) USD1,000,000,000 (3-year floating rate) HKD4,000,000,000 (2-year fixed rate) CNY1,000,000,000 (1-year fixed rate)	USD1,000,000,000 (5-year fixed rate) EUR500,000,000 (5-year fixed rate) GBP250,000,000 (4-year fixed rate) MOP2,000,000,000 (2-year fixed rate)
Listing location	Luxembourg Green Exchange LGX (Luxembourg Stock Exchange)	London Stock Exchange	Hong Kong Stock Exchange Singapore	Singapore Stock Exchange	Hong Kong Stock Exchange Singapore	Singapore Stock Exchange, Hong Kong Stock Exchange, Luxembourg Stock Exchange, London Stock Exchange, China (Macau) Financial Assets Exchange
Use of Proceeds	To finance or refinance eligible green assets as described in the <i>ICBC Green Bond Framework</i> , including renewable energy, low-carbon and low-emissions transport, energy efficiency and sustainable water resources and wastewater management in the <i>Belt and Road</i> region and countries		To finance or refinance eligible green assets as described in the <i>ICBC Green Bond Framework</i> , including sustainable energy, low-carbon and low-emission transport, energy efficiency and sustainable water resources and wastewater management		To finance or refinance eligible green assets within the Guangdong, Hong Kong and Macao Greater Bay Area as described in the <i>ICBC Green Bond Framework</i> , including sustainable energy, low-carbon and low-emission transport, energy efficiency and sustainable water	To finance or refinance eligible green assets with significant carbon reduction benefits as described in the <i>ICBC Green Bond Framework</i> , including renewable energy and low-carbon and low-emission transport.

	Luxembourg Branch	London Branch	ICBC Asia	Singapore Branch	Hong Kong Branch	Jointly issued by Hong Kong, Singapore, Luxembourg, London and Macau Branch
					resources and wastewater management	
Second Party Opinion	Dark Green shading awarded by Center for International Climate Research(CICERO)					Sustainalytics issues a second party opinion
External Audit Opinion	External audit opinion issued by Beijing Zhongcai Green Financing Consultant Ltd. in accordance with China Green Bonds Standards					External audit opinion issued by Beijing Zhongcai Green Financing Consultant Ltd. in accordance with China Carbon Neutral Bond Standard
Accreditation Opinion	Labeled <i>Climate Bond</i> accredited by CBI on 26 September 2017 and post-issuance certification issued by CBI on 11 October 2018	Labeled "Climate Bond" accredited by CBI on 28 May 2018 and post-issuance certification issued by CBI on 4 June 2019	Pre-issuance and post-issuance green finance certification stage issued by HKQAA on 28 May 2018 and 5 July 2019 respectively	-	Pre-issuance and post-issuance green finance certificates issued by HKQAA from August to September 2019 and 14 September 2020 respectively	Certificate of Green and Sustainable Finance Certification from HKQAA for the pre-issuance phase on 13 August 2021 and labeled <i>Climate Bond</i> recognized by the CBI on 30 August 2021

Note: The Second Party Opinion, External Audit Opinion and Accreditation Opinion in the table can be found on the ICBC Global Official Website:

<http://www.icbc-ltd.com/en/column/1438058327061184645.html>

After our review of the relevant information, Wind database and public information, the above information is true.

2.3. Awards

As the end of the reporting period, the Luxembourg Branch green bond was awarded the "Best ESG Deal" for 2017 from Finance Asia , the " Best SRI Bond " for 2017 from

IFR Asia , "Best Green Bond" award by The Asset, "Award for Innovation in the Use of Proceeds from Green Bonds" for 2018 from Environmental Finance, Global Capital's the "2018 Asia Pacific Green/SRI Bond Deal of the Year" award. The London Branch green bond is awarded "Largest Emerging Markets Certified Climate Bond in 2018" by CBI. The Singapore Branch green bond was awarded the "Best FIG Bond" by The Asset. The Hong Kong Branch green bond was awarded the "Deals of the Year 2020 Asia Pacific" by The Banker and the "Outstanding Award for Green Bond Issuer - Largest Single Green Bond (Banking Industry)" by HKQAA. And Green Bond issued jointly by Hong Kong, Singapore, Luxembourg, London and Macau branches won the HKQAA "Outstanding Green and Sustainable Bond Issuer (Global Commercial Bank) - Largest Overall Carbon Neutral Themed Green Bond" and the "Banks Quasi-Sov Best Green Bond 2021" by The Asset.

The information above is verified through the public disclosure⁴.

⁴ <https://www.financeasia.com/News/441270,winners-emfinanceasiaems-achievement-awards-part-2.aspx>
<http://www.ifrasia.com/sri-bond/21320981.article>
<https://www.theasset.com/awards/regional-deals-2017-fixed-income>
<https://www.environmental-finance.com/content/awards/green-bond-awards-2018/winners/award-for-innovation-use-of-proceeds-icbc.html>
<http://www.globalcapital.com/article/b19tcwdcbrq2ks/sri-award-winners-2018-revealed>
<http://uk.people.com.cn/n1/2019/0306/c352308-30961380.html>
<https://www.thebanker.com/Awards/Deals-of-the-Year/Deals-of-the-Year-2020-Asia-Pacific?ct=true>
<https://www.theasset.com/awards/country-awards-2019-deals-north-asia>

PART III MANAGEMENT OF PROCEEDS

According to Sustainalytics' Second Opinion on *Green Bond Framework for Industrial and Commercial Bank of China*⁵, and external certification from Beijing Zhongcai Green Financing Consultant Ltd. for *ICBC Green Bond Framework*, the *ICBC Green Bond Framework (2021)* satisfies *Green Bond Principles (2021)* by ICMA and the *China's Green Bond Endorsed Project Catalogue*.

3.1. Management of proceeds

For one domestic green financial bond issued by ICBC in 2021, ICBC formulated the *Measures for the Management of Green Financial Bond Proceeds (2021 Edition)* based on the guiding principles of the *People's Bank of China Announcement No. 39[2015]* to stipulate the relevant business processes and division of departmental responsibilities, etc. ICBC establishes a Green Bond "allocation register" to record the allocation of Green Bond proceeds, ensuring that the proceeds can be used for green projects and generate maximum environmental benefits, and implement the credit policies of the competent authorities to support green projects. During the idle period, the idle proceeds will be invested in green bonds issued by non-financial enterprises and money market instruments with good credit ratings and market liquidity, and other relevant areas in line with regulatory requirements. In terms of internal management, during the bond duration, the Financial Markets Department of ICBC's takes the lead in the operation and disclosure of idle proceeds, while the Credit and Investment Management Department takes the lead in the use of proceeds.

For the six offshore green financial bonds issued by ICBC from 2017 to 2021, the proceeds will be deposited in the head office of ICBC through the Luxembourg Branch, London Branch, Hong Kong Branch, Singapore and Macau Branches respectively, and all of them will be used to support the financing or refinancing of the stock of eligible green assets. The eligible green assets are sourced from ICBC's branches in and outside China and will contribute to low carbon transition, pollution prevention and

⁵ <http://www.icbc-ltd.com/en/column/1438058327061184645.html>

sustainable development. Moreover, ICBC has provided clear data on the calculation of environmental benefits.

The Assessor verified that one domestic green bond issued in 2021 and the six offshore green bonds issued from 2017 to 2021 have complied with *ICBC Green Bond Framework (2021)* in terms of the procedures of bond issuance and management of proceeds.

3.2. Selection and Categories of Projects

The green assets will be reviewed by a dedicated green bond working group at ICBC Head Office (the “Green Bond Working Group”) which comprises representatives of the 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 and Other departments if relevant prior to the issuance. 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 (2021)* for approval as “Eligible Green Asset” and form an eligible green asset list (each “Eligible Green Asset”, collectively the “Eligible Green Asset Lists”).

By reviewing the categories of green projects and related information, the Assessor verified that the green project selection and the range of project categories of one domestic green financial bond in 2021 and six offshore green financial bonds from 2017 to 2021 have complied with the *ICBC Green Bond Framework (2021)*.

3.3. Policy Execution

Based on the interviews with issuer and management team through phone-calls and emails, as well as a review of relevant documents, the Assessor verified that one domestic green bond issued in 2021 and the six offshore green bonds issued from 2017 to 2021 have complied with *ICBC Green Bond Framework (2021)* in terms of the procedures of bond issuance and management of proceeds.

PART IV USE OF PROCEEDS

4.1. Plan of Proceeds Utilization

One domestic green bond issued in 2021 raised RMB10 billion, of which RMB9,935 million has been used to support green projects such as wind power generation, solar power generation and urban rail transit projects, with RMB65 million of idle proceeds. During the idle period, ICBC has managed and deposited the idle proceeds in strict accordance with the relevant regulatory requirements. According to the *ICBC Green Financial Bonds 2021 (Phase I) Tracking and Assessment Report*⁶ and the relevant disclosure report, the Assessor is of the view that the projects for which the proceeds were invested did not fail to meet the requirements of the *ICBC Green Bond Framework*.

The six offshore green bonds issued by ICBC from 2017 to 2021 raised a total equivalent of US\$13.06 billion, with a combined balance on deposit equivalent to US\$9.03 billion. The proceeds were mainly used to support the refinancing of the renewable energy industry, low-carbon and low-emission transportation industry and sustainable water management industry. Referred to the *Climate Bond Standards Certification Confirmation Letter(2018, London Branch)* from CBI, *Climate Bonds Letter Approving Certification Post-Issuance* from CBI, *2021 ICBC Carbon Neutrality Green Bond Certificate(CBI)*⁷, along with the relevant documents, no evidence represents any inconformity to *ICBC Green Bond Framework* occurred in the use of proceeds.

4.2. Management of Unallocated Proceeds

One domestic green bond issued in 2021 raised RMB10 billion, of which RMB9,935 million has been used to support green projects, with RMB65 million of idle proceeds. During the idle period, ICBC has managed and deposited the idle proceeds in strict accordance with the relevant regulatory requirements. During the reporting period, the proceeds from the six offshore green bonds issued from 2017 to 2021 have been used for the stock of qualified green assets and there is no idle proceeds.

⁶ <https://www.chinamoney.com.cn/chinese/zqjc/?bondDefinedCode=jffcafn0ca>

⁷ [Industrial and Commercial Bank of China Limited \(icbc-ltd.com\)](https://www.icbc-ltd.com)

4.3. Any accident causing major pollution liability or any other environmental violations

During the reporting period, no explicit evidences from public sources represent any material environmental risks associated with the projects funded by the proceeds of one domestic green bond issued in 2021 and the six offshore green bonds issued from 2017 to 2021.

PART V ENVIRONMENTAL BENEFITS OF GREEN BOND

5.1. Basis of Calculation

The environmental benefits of one domestic green bond issued during the reporting period are measured by the CBIRC's *Green Financing Statistical Regulations (2020 Edition)* and the Ministry of Ecology and Environment's *2019 Annual Emission Reduction Projects China Regional Grid Baseline Emission Factor*.⁸

For the measurement of the environmental benefits of offshore green bonds issued from 2017 to 2021, the EIB CO₂ method⁹ is used for the calculation of carbon reduction from renewable energy. In addition, to evaluate low carbon and low emission transportation projects, the assessment use both China Railway Emission Parameters¹⁰, which is published by UIC and IEA, and EIB CO₂ method.

5.2. The Environmental Benefits of the Report

For one domestic green bond issued during the reporting period, based on the proportion of the actual amount of proceeds used in this bond to the total investment in the invested projects, this bond can achieve an annual CO₂ emission reduction of 1,120,600 tonnes, standard coal saving of 472,800 tonnes, SO₂ emission reduction of 239.88 tonnes, NO_x emission reduction of 319.91 tonnes, soot emission reduction of 47.98 tonnes and PM₁₀ emission reduction of 0.96 tonnes.

The total annual carbon emission reduction from green assets backed by the proceeds of six surviving offshore green bonds was 24,379,885 tonnes, with an annual increase in water supply of 450,000 cubic metres and an annual wastewater treatment capacity of 35,640,700 cubic metres. Among them, the total annual carbon emission reduction from renewable energy projects was 7,148,687 tonnes, the total annual carbon emission reduction from low carbon and low emission transportation projects was 17,231,198 tonnes; and the annual increase in water supply from sustainable water

⁸ <https://www.chinamoney.com.cn/chinese/zqjc/?bondDefinedCode=jffcafn0ca>】

⁹ <https://www.eib.org/en/publications/eib-project-carbon-footprint-methodologies>

¹⁰ https://uic.org/IMG/pdf/handbook_iea-uic_2017_web3.pdf

management projects was 450,000 cubic metres and the annual wastewater treatment capacity was 35,640,700 cubic metres.

The environmental benefits provided by the report is calculated from existing project details, and the Assessor can verify and confirm that the calculation process is reliable, and the result is accurate. Therefore, the environmental benefits data could be trusted.

Part VI DISCLOSURE AND REPORTING

ICBC is committed to publishing an Annual Green Bond Report to provide information on the allocation of proceeds and environmental benefits of green bonds. The Green Bond Annual Report will be updated annually and will also be disclosed through other feasible channels such as annual reports, CSR reports and ESG and sustainable finance reports, as detailed on ICBC's global official website: <http://www.icbc-ltd.com/>

Part VII CONCLUSION

According to the review of the relevant documents provided by issuers and the communication through phone-calls and emails with the relevant departments and persons in charge of the green bonds issuance, the Assessor has not found any misrepresentation or evidence that may lead to material errors in the contents of the *Industrial and Commercial Bank of China Limited 2021 Green Bond Report* that do not comply with the *ICBC Green Bond Framework (2021)*, the *Green Bond Principles 2021* of ICMA and the *China Green Bond Endorsed Project Catalogue(2021 Edition)*.

Based on the comprehensive assessment of the general information of the bonds, the management and use of the proceeds and the environmental benefits of the green bonds as disclosed in the *Industrial and Commercial Bank of China Limited 2021 Green Bond Report*, the following assessment conclusions were reached.

1. Disclosure of *Industrial and Commercial Bank of China Limited 2021 Green Bond Report* is accurate and acceptable.
2. The management and use of bond proceeds and the selection of projects disclosed in the *Industrial and Commercial Bank of China Limited 2021 Green Bond Report* comply with the requirements of the *ICBC Green Bond Framework (2021)*, *Green Bond Principles 2021* of ICMA and *China Green Bond Endorsed Project Catalogue(2021 Edition)*. In addition, the pre-issuance and duration tracking of the green bonds issued by the London and Luxembourg branches meet the standards of the Climate Bond Initiative.
3. Environmental benefits in the *Industrial and Commercial Bank of China Limited 2021 Green Bond Report* are accurate and acceptable.

Beijing Zhongcai Green Financing Consultant Ltd. (SEAL):

Signature of LEAGAL REPRESENTATIVE:

Signature of Assessor:

Xiaoling Hu
Shinan Qiao

Signature of Final Assessor:

Huixia Liu
Ying Cui

Issue Date : 17th November 2022

PART VII APPENDIX

Supporting documents from Stakeholders including Issuer, etc.:

- 【1】 *Industrial and Commercial Bank of China Limited 2020 Green Bond Report*
- 【2】 *ICBC Green Bond Framework*
- 【3】 *CICERO, Second Opinion on ICBC's Green Bond Framework*
- 【4】 *Beijing Zhongcai Green Financing Consultant Ltd., Third-party Assessment Report of ICBC Green Bond Framework*
- 【5】 *CBI Certification for ICBC Luxembourg Green Bonds, 2017*
- 【6】 *CBI Certification for post-issuance of ICBC Luxembourg Green Bonds, 2018*
- 【7】 *CBI Certification for ICBC London Green Bonds, 2018*
- 【8】 *CBI Certification for post-issuance of ICBC London Green Bonds, 2019*
- 【9】 *Manuscript of Environmental Benefits of ICBC Asia Green Bond*
- 【10】 *Voucher of independent deposit of ICBC Green Bond*
- 【11】 *Manuscript of Environmental Benefits of Luxembourg Branch Green Bond*
- 【12】 *Manuscript of Environmental Benefits of Singapore Branch Green Bond*
- 【13】 *Manuscript of Environmental Benefits of Hong Kong Branch Green Bond*
- 【14】 *Basic Information of London Branch Green Bond*
- 【15】 *Certification for ICBC Asia and Hong Kong Branch Green Bond by the Hong Kong Quality Assurance Agency*
- 【16】 *2021 ICBC Carbon Neutrality Green Bond Green & Sustainable Finance Certificate (HKQAA)*
- 【17】 *Industrial and Commercial Bank of China Limited Green Finance Bond 2021 (Phase I) Tracking and Assessment Report*
- 【18】 *Sustainalytics, Green Bond Framework for Industrial and Commercial Bank of China*
- 【19】 *Beijing Zhongcai Green Financing Consultant Ltd., ICBC Green Bond Framework Assessment Report*