

Special Report on Green Finance (TCFD)

Industrial and Commercial Bank of China Limited

2021



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Foreword

As the low-carbon and sustainable development has become a global consensus, the year of 2021 witnessed the encouraging progress made on the international green cooperation. The 15th meeting of the Conference of the Parties (COP 15) to the *Convention on Biological Diversity*, and the 26th meeting of the Conference of the Parties (COP 26) to the *United Nations Framework Convention on Climate Change* (UNFCCC) were successfully held, conveying to the world a firm belief in collective response to the climate change challenge. The philosophy of carbon neutrality has further taken hold. More countries have been devoted to achieving their carbon neutrality pledge or committed to cut carbon emissions, and taken more active actions to promote global climate governance.

After China announced the dual-carbon goals in September 2020¹, the year 2021 can be seen as a new start of China's efforts for carbon neutrality². Achieving carbon peak and carbon neutrality represents a major strategic decision to coordinate domestic and international markets. It is also an inevitable choice to address resource and environment constraints and realize sustainable development of the Chinese nation, a solemn commitment to build a community of shared future for mankind and an inherent requirement for China to promote high-quality economic and social development. The Central Government issued the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* and the *Action Plan for Carbon Dioxide Peaking Before 2030* in succession, gradually completing the top-level design of carbon peak and carbon neutrality and shaping a "1+N" policy framework. Carbon peak and carbon neutrality have an effect on the global landscape, economic model, industrial structure and social development. The financial sector should vigorously develop green finance, implement the new development philosophy fully and faithfully as well as ensure a steady and orderly transition of the economy and society.

Green finance refers to "financial services provided for economic activities that are supportive of environmental improvement, climate change mitigation and adaption, and resource efficiency promotion"³. With countries and enterprises all over the world setting the net-zero goal one after another, there is growing awareness of financial services empowering green development. Supporting the green transition of industries and conserving biodiversity have become new development goals and requirements of green finance. Environmental and climate-related information disclosure and standardized and transparent data for investment decision making have become important groundwork for green finance.

In 2017, Industrial and Commercial Bank of China (hereinafter referred to as "the Bank") became the first Chinese financial institution to sign a statement of support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB). As a founding signatory to the *Principles for Responsible*

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“The Bank has played a pioneering and leading role in green finance by improving the green finance development system, making coordinated efforts to promote green and low-carbon transition, product innovation and risk management and serving China’s dual-carbon goals.”

”

¹At the General Debate of the 75th Session of the United Nations General Assembly, President Xi Jinping said that China would scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures, aiming to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060.

²According to the research report entitled “*The First Year of Carbon Neutrality and Green Upgrading of Financial Sector*” issued by Chongyang Institute for Financial Studies, Renmin University of China.

³In 2016, the *Guidelines on Building a Green Financial System* issued by seven central authorities including PBC defined green finance.

Banking (PRB) of the United Nations Environment Program Finance Initiative (UNEP FI) in 2019, the Bank has developed a green and low-carbon strategy, improved corporate governance, gradually optimized the investment and financing structure and made in-depth, productive explorations in promoting green and low-carbon transition.

Implementing the dual-carbon goals, tapping deeply into green finance

In 2021, the Bank thoroughly implemented the strategic plan of the State Council on green development and set up a leading group for carbon peak and carbon neutrality at the Head Office level. The *Opinions on Further Strengthening Green Finance Development and the ICBC Work Plan for Carbon Peak and Carbon Neutrality (Trial)* were issued successively in an effort to build a system of green finance and “carbon peak and carbon neutrality” work.

Fostering the green philosophy, accelerating transition of investment and financing

The Bank took the lead in advocating and practicing the philosophy of green credit in the global banking sector. It formulated investment and financing policies for 16 sections and 50 industries, solidly promoted classified management of green investment and financing and realized systematic control of climate-related and environmental risks. As one of the world’s first financial institutions to research environmental risk stress testing, the Bank is a market leader by main metrics of green investment and financing, such as green loans, green bond issuance, green bond underwriting and investment, green non-standard agency investment and green lease financing. By the end of December 2021, the Bank ranked first among Chinese peers by outstanding green loans, and led in the volume of new green loans. The Bank recorded RMB2,480,621 million in green loans issued to energy conservation, environmental protection, cleaner production, clean energy, ecological conservation, green upgrading of infrastructure, green services and other green industries under the CBIRC’s criteria⁴, representing an increase of RMB634,902 million from the beginning of the year. By the balance of green loans, the top three industries were green upgrading of infrastructures, clean energy and energy conservation and environment protection.

Contributing ICBC’s wisdoms, serving peer exchanges

The Bank actively participated in peer exchanges at home and abroad, providing platform for view exchanges focusing on issues such as carbon neutrality, climate change and social responsibility fulfillment



⁴The CBIRC’s criteria for green credit covers energy conservation and environmental protection industry, clean production industry, clean energy industry, ecological and environmental industry, green upgrading of infrastructure, green services, overseas projects under international practices or standards, green trade financing and green consumer financing.



while sharing the Bank's wisdom and practices. On the one hand, the Bank proactively integrated with international sustainable finance governance through the Green Investment Principles (GIP) for the Belt and Road, BRICS Business Council, the United Nations Environment Program Finance Initiative (UNEP FI), the Belt and Road Bankers Roundtable (BRBR), China-Europe Business Council (CEBC) and the Green Finance Committee of China Society for Finance and Banking among other platforms. On the other hand, the Bank intensified research efforts and conduct in-depth research on topics such as low-carbon transition of commercial banks, financial support for carbon market development, business promotion in pilot zones for green finance reform and innovation, carbon emissions reduction support tools and ESG rating, forming a sound mechanism for green research to serve green development.

Aligning with international standards for higher transparency

The Bank has prepared corporate social responsibility reports each year since 2007, and published the semi-annual ESG report for the first time in August 2021, highlighting the three elements of environment, society and governance for high-quality disclosure of responsibility information. Since 2018, separate reports such as the *Annual Report on Green Bonds* and the *Special Report on Green Finance* have been prepared and published. Based on good green finance practices, the Bank took the lead in carrying out the UK-China Climate and Environmental Information Disclosure Pilot program, and was the first financial institution in China to carry out environmental information disclosure. Aligned with the TCFD recommendations⁵ and with reference to the *Principles for Responsible Banking* (PRB)⁶, this *Special Report on Green Finance* (TCFD) has been prepared for the fourth consecutive year, disclosing the Bank's performance and achievements in serving the green transition of the economy and society and enhancing its own green performance. In addition, under the guidance from regulatory authorities, the *Guidelines for Environmental Information Disclosure by Financial Institutions* prepared by institutions led by ICBC was officially released by PBC. The document provides a basic framework for standard environmental disclosures of Chinese financial institutions. In recent years, the Bank has explored and practiced environmental information disclosures with respect to improving green financial governance, innovating green financial products, developing standards, measuring carbon footprint and carrying out stress testing, further forming a routine disclosure mechanism and pushing for green and low-carbon banking.



The Bank's 2021 Corporate Social Responsibility (ESG) Report

Green development is an urgent issue, and green finance is an important mission. In the future, the Bank will continue to implement the new development philosophy, serve the new development pattern, further improve the organizational system, policy framework and product line of green finance, make overall planning for green finance development, continuously improve environmental information disclosure and persistently contribute ICBC's wisdom and strength to across-the-board green and low-carbon transition of the economy and society.

⁵See "TCFD Recommendations Index" on Page 87.

⁶See "PRB Index" on Pages 88-89.

01

Governance



The Bank has kept improving its green finance governance framework⁷ over years. It has put in place a green finance promotion system featuring overall leadership of the Board of Directors and the Green Finance Committee, collaboration and clarification of duties among departments, active innovation among branches and engagement of all staff.

⁷This chapter focuses on green finance and climate-related governance framework.



Board of Directors >

The Board of Directors of the Bank attaches great importance to the work on green finance. It has formulated the strategic development plan of the Bank, **pushed forward the fulfillment of the carbon peak and carbon neutrality goals within the Bank at all levels**, regularly reviewed proposals on corporate social responsibility (ESG) report, green finance implementation report and risk management report and strengthened the supervision and management of green finance and ESG matters.

Strategy Committee

It is mainly responsible for reviewing the strategic development plan, major overall strategic risks matters (such as ESG risk and climate risk) and annual corporate social responsibility (ESG) report and making suggestions to the Board of Directors.

Corporate Social Responsibility and Consumer Protection Committee

It is mainly responsible for *hearing reports* on the Bank's fulfillment of corporate social responsibilities in environment, society, governance, targeted poverty alleviation and corporate culture and reporting to the Board of Directors.

Risk Management Committee

It is mainly responsible for reviewing and revising the Bank's risk strategy, risk management policy, risk appetite, the enterprise risk management framework and internal control process according to the Bank's strategy, supervising and evaluating their implementation and results and making suggestions to the Board of Directors.



During the reporting period, the Board of Directors heard the *Proposal on the Annual Review of Risk Management Framework and Appetite in the US Region and Report on Various Risks*. A qualitative statement of "Environmental, Social and Governance (ESG) and Climate Risk" was added to the statement of risk appetite, aligning with the relevant strategic planning for US institutions and setting forth specific risk appetite requirements.

The Board of Directors and its Risk Management Committee reviewed and approved the ***Enterprise Risk Management Policy (Version 2021)***, incorporating "climate risk management" into the enterprise risk management system.

Clarifying the definition, influencing factors and main manifestations of climate risk

Clarifying the climate risk management system and management requirements



◎ **Green finance-related proposals reviewed by the Board of Directors and its special committees during the reporting period**

Date	Meeting agenda
March 25 March 26 August 26 August 27	<p>The Audit Committee of the Board of Directors reviewed and unanimously approved the <i>Proposal on 2020 Annual Report and Its Abstract</i>.</p> <p>The Board of Directors unanimously approved the <i>Proposal on 2020 Annual Report and Its Abstract</i>.</p> <p>The Board of Directors and its Audit Committee reviewed and approved the <i>Proposal on 2021 Interim Report and Its Abstract</i> by unanimous vote respectively.</p> <p>The Board of Directors and the special committee were informed about the Bank's arrangements for tackling climate change, implementation of green finance and suggestions on promoting green finance development.</p>
March 26	<p>The Board of Directors and its Strategy Committee reviewed and unanimously approved the <i>Proposal on 2020 Corporate Social Responsibility (ESG) Report of ICBC</i>. The Board of Directors and the special committee were informed about the Bank's green finance system and mechanism and the progress on the green credit, green investment and green bonds.</p>
April 29	<p>The Board of Directors and its Strategy Committee reviewed and unanimously approved the Proposal on the Strategic Development Plan of ICBC for 2021-2023 and the Proposal on the Risk Management Plan of ICBC for 2021-2023.</p> <p>The Board of Directors and the special committee were informed about the Bank's green finance development plan and the updates on green development and ecological conservation, ESG and climate risk system development. In addition, directors proposed that the new strategic plan should strongly support green development.</p>
April 28 August 26 October 28	<p>The Audit Committee of the Board of Directors heard the <i>Report on the Implementation Results of the Agreed-upon Procedures in the First Quarter of 2021</i> and the <i>Report on the 2021 Interim Review Results</i>. The special committee was informed about the green credit management and focal points of green finance development, among others.</p>
August 26 August 27	<p>The Board of Directors and its Risk Management Committee reviewed and unanimously approved the <i>Proposal on 2021 Interim Risk Management Report</i> respectively. The Board of Directors and the special committee were informed about the development of green loans of the Bank's and the peers.</p>
August 26 August 27	<p>The Board of Directors and its Social Responsibility and Consumer Protection Committee reviewed and unanimously approved the <i>Proposal on the Report on Green Finance Development of ICBC</i> respectively.</p> <p>The Board of Directors and the special committee were informed about the Bank's governance structure and strategic promotion system for green finance, the scale of green investment and financing, prevention and control of environmental and social risks, etc. In addition, directors proposed to continuously promote green and low-carbon transition of certain industries and enterprises and pay due attention to forestalling and defusing possible risks while developing green finance.</p>

Note: This table is arranged according to agenda items



Column Voices from Senior Management

Chen Siqing: Make green finance a new force driving the world's green transition and development



On January 15, 2022, Chen Siqing, Chairman of the Bank, attended the Global Asset Management Forum Shanghai Suhewan Summit and gave a video keynote speech. Chen called for incorporating the philosophy of green, low-carbon and sustainable development into the modern financial system and persistently enhancing the capability to offer financial services and promote green transition. First, the Bank will keep serving the real economy, accelerate the development of green finance and mobilize various resources towards the low-carbon circular economy. Second, the Bank will adhere to innovation-driven development, deepen investment and financing, give play to the dual driving role of technology and data and expand the boundaries of green financial services. Third, the Bank will adhere to a systematic mindset, tackle lifecycle risks and improve the ability to manage and control environmental and climate risks. Fourth, the Bank will adhere to openness and cooperation, share development achievements and strive for a green finance governance framework featuring fairness, reasonableness and win-win cooperation. ICBC is ready to work with all stakeholders and contribute more to green transition of the global economy.





Column The Board of Directors Attended Lectures on Climate Risk Management and Green Finance

Directors present heard the lecture on *Climate Risk Management of Commercial Banks* given by Liu Ruixia, member of the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) and the chief expert of the Working Group on China's Banking Industry Support for Fulfilling Carbon Peak and Carbon Neutrality Goals, and the thematic report on *ICBC's Green Financial System* presented by Li Zhigang, General Manager of the Credit and Investment Management Department of the Bank. They had a rich discussion on climate risk management and green finance and put forward a series of constructive opinions and suggestions.

All directors present agreed that strengthening climate risk management and developing green finance are not only the inherent needs of the banking sector to achieve sustainable and high-quality development, but also the inevitable choice for state-owned large banks to implement the new development philosophy and fulfill their responsibilities.

Directors present pointed out that the following work should be done well for green finance development:

Conducting in-depth study on the development characteristics and financing needs of green industries, continuously improving the adaptability, competitiveness and inclusiveness of financial services and supporting high-quality development of green industries.

Strengthening the collection and identification of carbon emission data, stepping up the building of information systems and developing the statistical, monitoring, analysis and reporting systems for carbon emission data.

Adhering to the development path of green finance with Chinese characteristics, actively participating in the making of international rules, making China's voice heard, providing China's solutions and contributing China's wisdoms.

Keep serving the real economy

Coordinating development and security considerations

Promoting innovative development

Strengthening information disclosure

Strengthening international cooperation

Following the objective market law, finding solutions in a market-oriented way, steadily optimizing the mix of investment and financing, properly controlling the pace and intensity and reasonably supporting energy conservation, emission reduction, transition and upgrading of traditional energy-intensive industries.

Conducting forward-looking study on regulators' and exchanges' rules for climate risk information disclosures, actively responding to the concerns of regulators and investors and continuously enhancing brand value.



Board of Supervisors >

The Board of Supervisors of the Bank attaches great importance to its supervision of the Board of Directors and senior management in performing their duties and responsibilities regarding green finance and climate risk management and promotion. It focuses on the Board of Directors' and senior management's performance in implementing the national economic and financial policies and regulatory requirements, serving major national strategies, supporting and serving the real economy and facilitating the development of inclusive finance and green finance, so as to ensure the Bank's fulfillment of its political, social and economic responsibilities as a large state-owned bank.

Senior Management >

Responsible for promoting the implementation of carbon peak and carbon neutrality goals, effectively allocating resources, coordinating efforts on green finance development across all business lines and institutions of the Group, promoting green and low-carbon transition and continuously improving the Group's climate risk management.

Risk Management Committee

The decision-making body for enterprise risk management.

Green Finance Committee

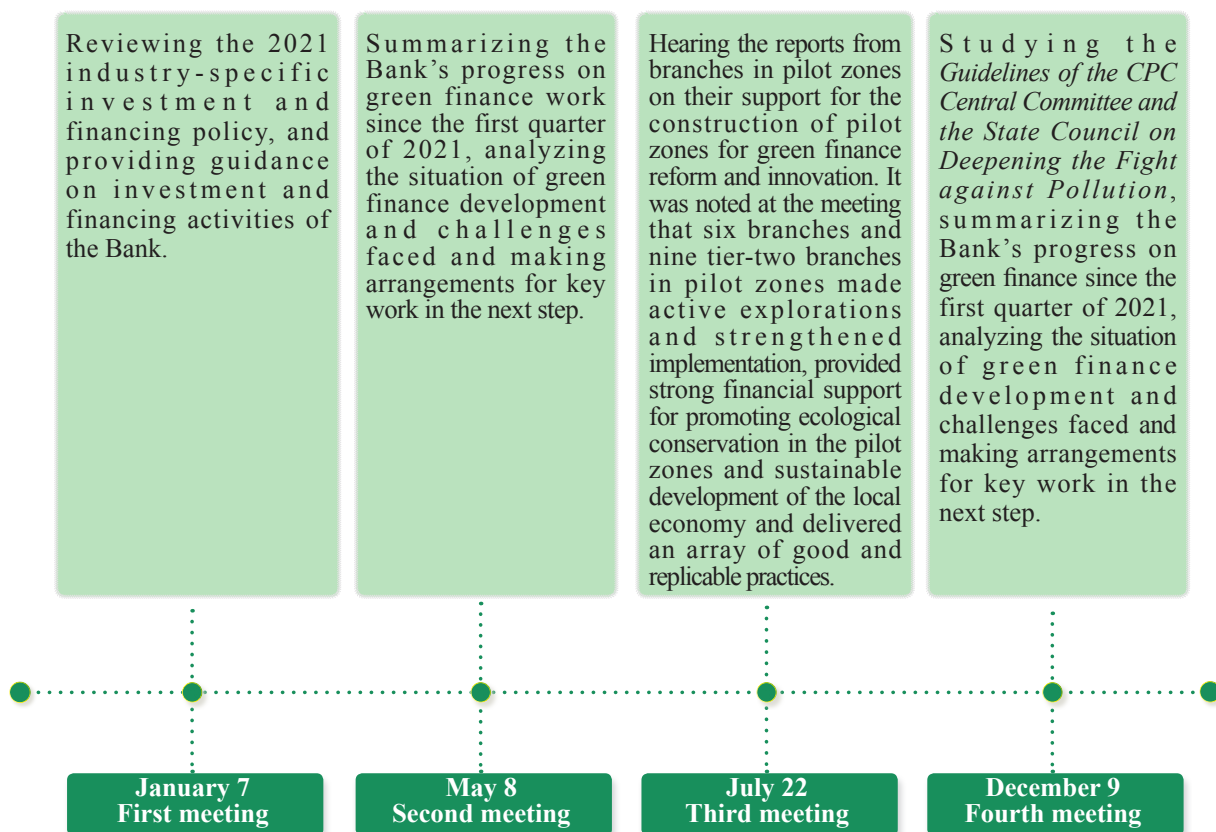
The assistant decision-making body for the overall leadership and coordinated promotion of green finance by the management. It is mainly responsible for: (a) reviewing the strategic plan and medium- and long-term or annual objectives of green finance development of the Bank; (b) reviewing the important policies, mechanisms, processes and work plans for implementing the green finance strategy; (c) reviewing the report on bank-wide promotion of green finance; and (d) coordinating the green finance work of all business lines and institutions of the Group and supervising the implementation of green finance strategy and objectives. Tier-one (or directly managed) branches set up their green finance committees according to the Head Office's organizational structure to coordinate and promote the green finance work within their mandate on every front.





The Bank organized four special meetings of the Green Finance Committee during the reporting period

The committee promoted all business lines to implement the green finance work plan of the Party Committee of the Head Office and strove to create the Bank's new strengths in green finance through active innovation, proactive action and enhanced coordination. The committee reported thoroughly on green finance work to the Party Committee and submitted for deliberation the development plan and important policies for green finance. It regularly reported to the Board of Directors and its Social Responsibility and Consumer Protection Committee on implementation of green finance across the Bank. The *Proposal on the Report on Green Finance Development of ICBC* was submitted to the Board of Directors for review and approval.





Work promotion mechanism

The Bank has established a green finance promotion mechanism under the overall leadership of the Board of Directors and senior management. Under this mechanism, the Credit and Investment Management Department acts as the lead manager, other relevant departments are coordinators and domestic and overseas branches are implementers.

Leading Group for Carbon Peak and Carbon Neutrality

During the reporting period, in order to better serve the national goals of “carbon peak and carbon neutrality”, the Bank set up a Leading Group for Carbon Peak and Carbon Neutrality at the Head Office level. It is responsible for fostering the green and low-carbon philosophy among all employees, conducting business training, strengthening the resource support and incentive mechanism and coordinating efforts to implement all plans for the “carbon peak and carbon neutrality” work.

Executive Committee of the Senior Management

The committee heard the reports on progress of green finance work, including the results of green finance work of related business lines, the situation of green finance and challenges faced and next-step work plan.

Green Finance Committee

The committee is responsible for overall leadership and coordinated promotion of green finance work. The Credit and Investment Management Department functions as the secretariat to facilitate effective operation of the Committee. In addition, it coordinates and organizes **23** member departments to jointly promote green finance.





Regular communication mechanism with investors

The Bank actively responded to investors' concerns about climate change, promoting green finance development and improving ESG performance. It has established and improved a regular communication mechanism for green finance, environmental and climate-related information through special meetings on green finance and one-to-one or one-to-many investor meetings.

During the reporting period, the Bank's management led a team to hold 10 special meetings on green finance and ESG with institutional investors home and abroad, providing global investors with a full picture of the Bank's practices and achievements in green finance, ESG and climate change response. Investors raised more than 700 questions through results briefings, roadshows, special communication meetings and other channels, including about 100 ESG-related questions such as carbon neutrality, green finance, ESG strategy, climate risk management and ESG information disclosure, accounted for about 15%⁸.

Overall planning mechanism for green finance research

The Bank attaches great importance to and promotes the research on green finance, unleashing the potential of research in **supporting decision-making and serving business development**. It has established a research system in which the Modern Finance Research Institute leads research and integrates think tank resources, bank-wide research resources are well coordinated and shared across the Bank. Regular research is conducted with a focus on China's goals of "carbon peak and carbon neutrality" as well as key and hot issues on green finance to support and serve the Bank's green finance development.

In-depth research

Preparing the special report series on green finance development

Collaborative research

Causing all business lines and branches to conduct research and analysis on their own green finance practices, and spurring positive interaction that enables research to serve decision making

External exchanges

Sharing the research findings on green finance through various exchange events, and boosting public awareness of the Bank's green finance brand

01

02

03

Promoting the specialization in green finance

During the reporting period, the Bank promoted the specialization in green finance. Branches were encouraged to set up bodies specializing in green finance according to their own characteristics, the exclusive services for green finance were refined, green finance specialists were appointed and the special assessment mechanism for green finance was improved.

⁸See the Bank's 2021 Corporate Social Responsibility (ESG) Report.

02

Strategy



The Bank attaches great importance to the green finance. It has identified green finance and ecological conservation as priorities in its work plan, explicitly set the goal of “becoming a leading bank in green development” and endeavored to build a green finance system. Towards the carbon peak and carbon neutrality goals, the Bank is practicing the development philosophy that “lucid waters and lush mountains are invaluable assets” and promoting harmonious coexistence between man and nature.



Strategic goal >

Developing into a world-leading green bank with a good international reputation.

Business philosophy >

As the pioneer and leader in green finance, the Bank stays true to the business tenet that green finance serves the real economy.

Planning >

The Board of Directors of the Bank reviewed and approved the *Strategic Development Plan for 2021-2023* (the “Plan”). In pursuit of sustainable development goals set in the *2030 Agenda for Sustainable Development* with respect to poverty eradication, food security, inclusive and equitable education, modern energy, full employment, climate change response, ecological restoration and global partnership, the Bank continued to take actions focused on green finance, inclusive finance (rural vitalization, livelihood security) and Fintech-empowered development in the fields of institutional banking, corporate banking, financial innovation and financial elements to practice the philosophy of sustainable development.

1

Mission

Committed to working with stakeholders to actively address urgent issues such as climate change, inclusive social development, environment and biodiversity protection, privacy protection and data security, and to jointly promote sustainable development

2

Strategic framework

In particular, the Plan focuses on the objectives, path and tools of the green finance system development in the next three years, refines the green and low-carbon financial service system for regions, products, customers and industries to make centralized arrangements and aims to become a leading bank in green development

3

Strategic focus

Create a low-carbon, green sustainable financial service system by means of Fintech and management of financial elements; build a big data platform for environmental risk information and continuously improve ESG risk management

4

Strategic actions

Align with the UN sustainable development goals, innovate ESG green rating and index research, explore quantitative evaluation methods and tools of green development of enterprises and establish a cutting-edge system of green finance research

Under the framework of *Paris Agreement*, build a big data service platform for environmental risk information, take the initiative in strengthening ESG information disclosure and climate-related investment and financing information disclosure, improve and align the statistical classification standards of green investment and financing and establish a scientific, comprehensive and systematic evaluation mechanism for green financial development



Support green life, cleaner production and ecological restoration, increase ecological and environment management in the Yangtze River and Yellow River basins, optimize the core structure of green credit for regions, products, customers and industries, significantly increase the proportion of green loans and cement the leading position in green finance

Vigorously develop financial instruments such as green bonds, green stock index, green development fund, green insurance and carbon finance to realize economic transition and upgrading and sustainable development of financial services

Under the guidance of the long-term strategy approved by the Board of Directors, the *Opinions on Further Strengthening Green Finance Development* was issued during the reporting period as a planning document in the field of green finance. These opinions define the development goals, basic principles, main areas of work and key measures of the Group for green finance in the next few years in the context of ecological conservation, in a bid to create new strengths in green finance.



To achieve a leading size and good quality of green loans, and seek to lead peers in total green investment and financing; set qualitative objectives and requirements on the organizational structure for green finance, policies and procedures, ability to prevent and control environment and climate-related risks in investment and financing and participation in the formulation of green financial standards.

The investment and financing in green industries grew rapidly; green loans ranked first by size among large commercial banks, outpacing the average growth of total loans for many consecutive years

Innovation has sped up in investment in all products including green bonds, wealth management and funds

Environmental and social risks in investment and financing prevented and controlled effectively

Remarkable achievements made in forward-looking research and foreign cooperation in green finance

Progress made in green finance development



Since the guidelines were implemented, the Bank has pushed for green finance development across the board in terms of policies, management processes, business innovation and in-house performance.



Column Solid Progress in Promoting the Achievement of Carbon Peak and Carbon Neutrality Goals

During the reporting period, the Bank systematically promoted the work on carbon peak and carbon neutrality (“dual-carbon”) across the organization. The dual-carbon work plan was formulated to clarify the Bank’s objectives, pathways and actions for the work. A number of practical measures were taken, including setting up a Leading Group for Carbon Peak and Carbon Neutrality at the Head Office level, having the Green Finance Committee to coordinate efforts, fostering the green and low-carbon philosophy among all employees, conducting business training, strengthening the resource support and incentive mechanism and putting the plan into action.



The Leading Group for Carbon Peak and Carbon Neutrality was set up to boost organizational push

The Leading Group is mainly responsible for leading the Bank’s dual-carbon work in every respect and organizing the formulation and research of the Bank’s development plan and major issues regarding the dual-carbon work.



Work Plan for Carbon Peak and Carbon Neutrality of Industrial and Commercial Bank of China (Trial) was formulated and issued

A forward-looking plan was made for the dual-carbon work on the Group’s own operation and its asset

Positioning

The Plan positions the dual-carbon work as an important part of green finance, requiring persistent push for the achievement of dual-carbon goals under the overall framework of green finance to drive green, low-carbon transition of the economy and society and serve the national goals of carbon peak and carbon neutrality

Principles

The Plan sets forth five principles, namely, scientific planning, serving the real economy, coordinated development, systematic advancement and innovation orientation

Roadmap to key tasks

Including establishing a carbon accounting system, setting goals, promoting green transition, innovating business development, strengthening climate risk management, vigorously promoting carbon emissions reduction and establishing and refining basic policies and procedures



sides under China's master plan for the work. The Plan defines the objectives, principles, roadmap and main actions for the Bank's dual-carbon work.



Strengthening research on the pathways to carbon peak and carbon neutrality, clarifying investment and financing strategies

Report on the Long- and Medium-term Strategy for Improvement of Investment and Financing Structure under the Carbon Peak and Carbon Neutrality Goals was prepared and issued across the Bank. The Report regards carbon peak and carbon neutrality as a factor that must be considered in the research on industry investment and financing policies and selection of customers. It guides the Bank toward stronger push for green and low-carbon industries, reasonable control over funding of carbon-intensive industries and precautions against structured financing risks.

Applying a “basket-specific policy” to investment and financing, promoting green, low-carbon transition of the investment and financing structure, and intensifying innovation in green financial products and services



Supporting the national carbon market, innovating carbon finance products

The Bank issued the *Guidelines for Improving the Business Layout of Financial Services for Carbon Market*, clarifying the development goal, working mechanism and specific tasks of improving financial services for carbon market. The Bank **supported the building of a national carbon trading market system** by connecting the settlement system of the National Carbon Emissions Rights Registration Agency and formulating a system development and connectivity plan for the registration agency. The Bank followed up on the construction of regional and provincial markets and fully assessed the risks and monitoring measures for the cooperation centers adopting the bank-commodity transfer mode to ensure adequate risk control. At present, the Bank has established a link with the settlement system of China Liaoning Emission Exchange.

⁹Hyperlink: <http://www.tj.icbc.com.cn/icbc/Tianjin Branch>



The Bank provides **comprehensive financial services**. It has signed strategic cooperation agreements with China Carbon Emission Registration Clearing Co., Ltd. and Shanghai Environment and Energy Exchange (SEEE), signed the settlement cooperation agreement with China Carbon Emission Registration Clearing Co., Ltd., signed the memorandum of understanding on cross-border cooperation with China Emissions Exchange (CEEX) and Shanghai Clearing House.



The Bank fully aligned its work with the development of the national carbon market registration and settlement system, the setup of the Carbon Peak Fund and other related work. It has explored financial services such as customer recommendation on the integrated service platform of green finance, credit demand of emissions control enterprises and support for innovation in carbon finance products according to the needs of financial market infrastructure (FMI) development.



The **case study on Tianjin Branch's lending backed by "dual pledge registration" of carbon allowance**⁹ was issued, thereby encouraging branches to explore the innovation in carbon finance products such as carbon quota-backed loans.



Facilitating the implementation of carbon-reduction supporting tools

The **Notice on Making Good Use of Carbon-Reduction Supporting Tool** was issued to clarify the policy and procedures for applying for carbon-reduction supporting tools, providing branches with guidance on increasing support for key areas of carbon emissions reduction.



03

Policies and Procedures



Taking a systematic approach to development, the Bank has furthered its efforts to build the green finance framework and mechanism focusing on the dual-carbon goals. Green financial policies and procedures have been introduced to fortify the foundation for green finance management in terms of economic capital occupation, performance appraisal of green credit, green financing statistics, dedicated quotas, supplier management and green procurement.



Promoting green rebalancing of investment and financing

With its annually-updated policy for industry investment and financing and its quota management scheme for key industries, the Bank supports the development of green industries, controls the financing to carbon-intensive industries and promotes the green rebalancing of investment and financing. The capital occupation policy is differentiated between green industries and energy-intensive, high-emissions industries, thus incentivising branches to increase support for green industries.

Formulating and issuing the *2021 Industry Investment and Financing Policy*

The investment and financing policy was formulated for 50 industries in 16 sections, highlighting the “green” orientation and further enhancing policy support and control for specific industries. Differentiated management measures were taken in terms of economic capital occupation, authorization, pricing and scale. Metrics such as technology, environmental protection and energy efficiency of the corporate were factored in the selection of customers and projects in key industries.

Vigorously supporting the development of green and low-carbon circular economy

Key areas such as clean energy, green transportation, energy conservation and environmental protection have been positioned as industries for active or moderate participation.

Ongoing attention to biodiversity conservation

Since 2015, the Bank has included boosting domestic biodiversity in the Group’s green credit development strategy. Active measures have been taken to protect biodiversity and the ecological conservation red lines have been strictly observed to prevent damage to important habitats, statutory nature reserves and ecosystem in ecologically fragile areas and to support biodiversity-friendly customers and projects, such as nature conservation and ecological restoration. For industries with high biodiversity risks, including agriculture, forestry, animal husbandry and fishery, mining, oil and gas extraction, infrastructure and building materials, the Bank attaches great importance to biodiversity risk management and actively supports environment-friendly customers.





Strictly controlling financing to energy-intensive, high-emission industries

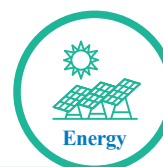
The *Notice on Strengthening Investment and Financing Management of Energy-Intensive, High-Emission Industries* was issued to strictly control the financing of new projects in energy-intensive, high-emission fields, heighten the energy efficiency standards for eligible projects and control the investment and financing risks in these industries in a forward-looking manner. Classified management was carried out for energy-intensive, high-emission industries under a differentiating policy. The *Notice on Implementing the Management of Total Investment and Financing for Selected Key Carbon-intensive Fields* was issued to strengthen risk prevention and control in carbon-intensive fields and effectively promote green rebalancing of investment and financing.



Mining

The mining industry mainly includes mining and beneficiation of metallic ores such as iron, copper and aluminum, as well as non-metallic ores. The Bank paid close attention to the environmental and social risks of investment and financing of domestic mines, strictly observed the relevant provisions on environmental protection and biodiversity, met the requirements for pollution and waste treatment methods, impact on endangered species and greenhouse gas emission regulations, actively supported the green transformation, environmental protection and governance of mining enterprises, and supported their large-scale and intensive mining, resource conservation and comprehensive recycling and utilization.

The energy industry mainly includes power production, power supply, coal, oil and gas and other industries. The Bank paid close attention to the environmental and social risks of investment and financing in the domestic energy industry, actively supported the development of clean energy, such as wind power and photovoltaic power generation, and the clean transformation of traditional energy, orderly reduced the proportion of financing for coal-fired power generation and coal mining, and pushed forward the technical progress and cost reduction of the domestic clean energy industry chain.



Energy



Oil and gas

The oil and gas industry mainly includes such industries as oil and gas extraction, oil refining, oil and gas transmission and other industries. The Bank paid close attention to the environmental and social risks of investment and financing in the domestic oil and gas field, strictly observed the environmental protection regulations on pollution and waste treatment methods and greenhouse gas emissions, mainly supported clean fuel production, large-scale advanced refinery-petrochemical integration projects and the building and operation of natural gas transmission, storage, transportation and peak shaving facilities, and strictly controlled the financing of and investment in the enterprises which purely specialize in refined oil products with high environmental protection risk, and have no space for transformation and upgrading of energy conservation and environmental protection.

The transportation industry, including highway, railway, civil aviation, port, shipping and airport, plays an important role in economic development and the people's livelihood. The Bank actively supported the green development of the domestic transportation industry in the direction of scientific layout, and clean, low-carbon, intensive and efficient development, including supporting the building of railway, highway and airport projects with ecological and environment-friendly siting, railway electrification transformation, port resource integration, large professional berth construction and high-grade waterway transformation, and meeting the financing needs of pilot enterprises in green shipping development.



Transportation

Agriculture
(including forestry)

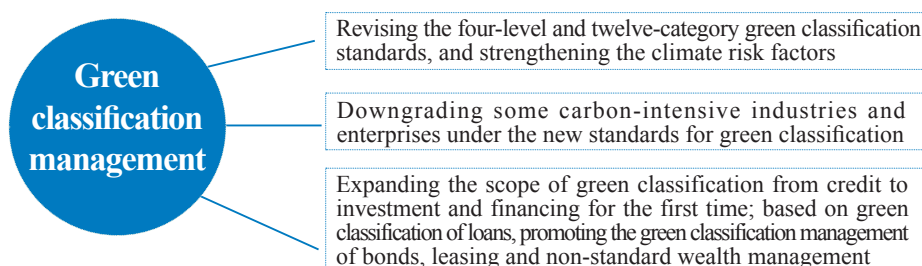
Agriculture, including planting, forestry, animal husbandry and fishery, is the basis of human survival and development. The Bank has recognized that the development of ecological agriculture is an inevitable trend for the long-term survival of human society. Therefore, the Bank actively supported the green development of domestic agriculture, including forest cultivation, ecological circular agriculture, ecological aquaculture, comprehensive utilization of straw residue, production of organic agricultural products and application of green agricultural technology.

Forestry mainly includes such fields as tree breeding and seedling raising, afforestation and regeneration, forest management, and timber harvesting and transportation. The Bank actively supported the protection, cultivation and rational utilization of domestic forest resources, maintained biodiversity, explored risk mitigation measures through collective forest rights, forest land operation income rights, public welfare forest (natural forest) compensation income rights and other measures, and supported the construction of national reserve forest, carbon sink forest and other forest land projects.



Green classification management of investment and financing for institutions >

In order to adapt to the changes in policy environment and effectively control the environmental risks of enterprises, the Bank issued the *Measures for Green Classification Management of Investment and Financing for Corporate Customers in Chinese Mainland (Version 2021)* during the reporting period.



The Bank issued the *Notice on Trial Implementation of Green Classification Management of Investment and Financing by Overseas Institutions*, requiring overseas institutions to implement green classification management of all investment and financing within the scope permitted by laws, regulations and supervisory rules of the host country (region).

Strengthening statistical management of green financing >

The *Notice on Strengthening the Management of Green Financial Statistical Identifiers of Green Finance* was issued to strengthen the management of statistical identifiers for green investment and financing and effectively boost the accuracy, timeliness and automation level of green investment and financing statistics.

Improving supporting policies and tools for green finance >

Refining the assessment mechanism and strengthening green credit assessment	Green credit was included in the corporate social responsibility section of branch's performance assessment metrics. The branch assessment focuses the percentage share of outstanding green loans, growth rate of green loans and compliance with green credit policy.
Strengthening credit policy differentiation and economic capital adjustment	The leading green industries, including railways, urban utilities, urban rail transit and hydropower, have all been positioned as industries for active participation eligible for lowered economic capital charge coefficient, matched authorization and other differentiated credit policies.
Developing the annual green lending plan and making FTP concessions	Allocating special quota for green loans, and prioritizing the availability of credit sources to green industries. The funds transfer pricing (FTP) incentive was introduced for green loans.

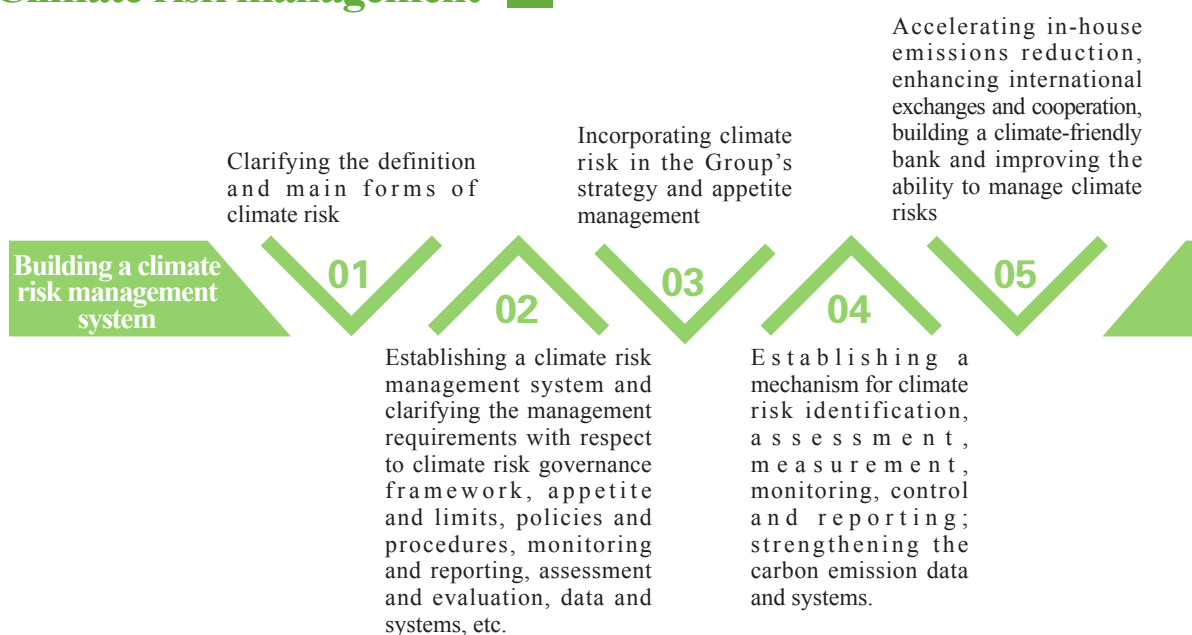
Risk Management



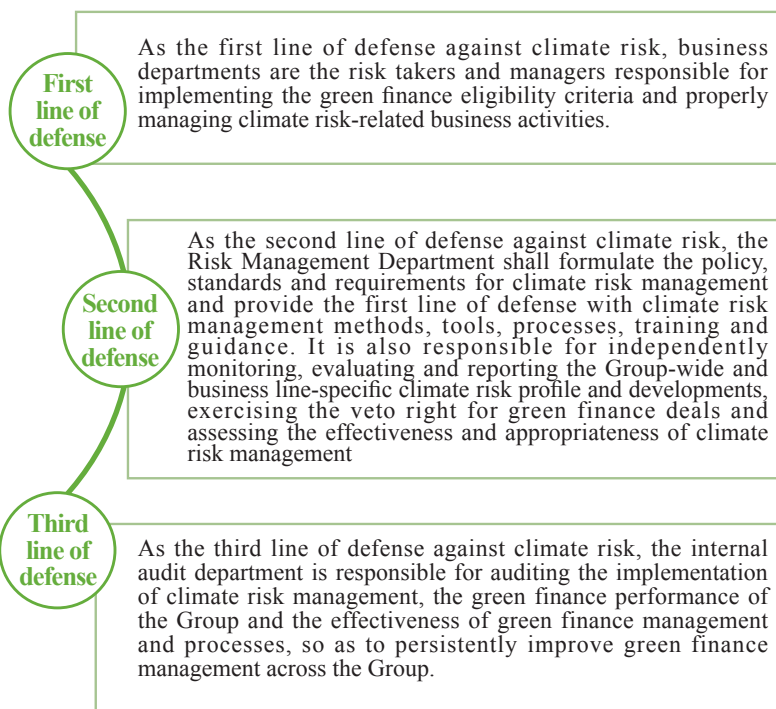
The Bank has incorporated climate risk management in its enterprise risk management system. Climate risk management appears as a separate section in the *Enterprise Risk Management Policy (Version 2021)*, making clear relevant duties and management requirements. The Bank has created a climate risk management framework, cemented the foundation of climate risk management, established a climate risk database, strengthened the identification and management of climate risks and conducted climate risk stress testing.



Climate risk management >



Fortifying the three lines of defense for climate risk management

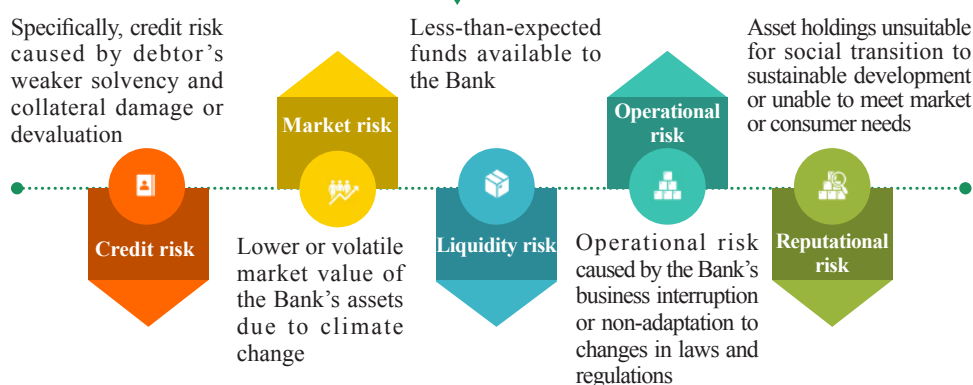


Climate risk identification and assessment

The Bank identifies and evaluates climate risks by analyzing climate factors that affect traditional risks.



Main forms of physical risks and transition risks



Identifying climate risk factors from the Bank's traditional risk types

Risk type	Impact	Climate risk factors	Impact duration
Credit risk	The risk that loss is caused to banking business when the borrower or counterparty fails to meet its contractual obligations.	<ul style="list-style-type: none"> Climate change results in weaker profitability or asset depreciation of the debtor Failure to adapt to the changes in policies, regulations and technologies has a negative impact on the obligor 	Medium and long terms
Market risk	The risk of loss to the Bank's on- and off-balance sheet activities caused by adverse movements in market rates (including interest rates, exchange rates, and stock price and commodity prices).	<ul style="list-style-type: none"> Asset depreciation due to climate change 	Medium and long terms
Liquidity risk	The risk that the Bank is unable to raise funds on a timely basis or at a reasonable cost to settle liabilities as they fall due, perform other payment obligations and satisfy other funding demands of normal business development.	<ul style="list-style-type: none"> Extreme weather events lead to customers' credit overdraft or less-than-expected funds available to the Bank 	Medium and long terms
Operational risk	The risk of loss resulting from insufficient or problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic and reputational risk.	<ul style="list-style-type: none"> Disruption of business activity and supply chain caused by extreme weather events and damaged facilities Carbon emission reduction measures add to operating costs and capital expenditures Failure to adapt to the changes in policies, regulations and technologies 	Medium term
Reputational risk	The Bank's behavior, its employees' behavior or external events lead to negative opinions on the Bank of stakeholders, the public and the media, thus damaging the brand value, adversely affecting the normal operation and even affecting market and social stability.	<ul style="list-style-type: none"> Negative impact caused by insufficient support for customers hit by extreme weather Reputational damage due to exposure to carbon-intensive industries 	Short, medium and long terms

¹⁰ According to the "green" level of investment and financing, that is, the environmental impact of investment and financing and the environmental and social risks they face, the investment and financing for domestic corporate customers are divided into four grades and twelve categories. The four grades are Friendly, Qualified, Observation and Remediation; the twelve categories are Friendly I, II, III and IV, Qualified I and II, Observation I and II, and Remediation I, II, III and IV.



Strengthening systematic control of environmental and social risks

In order to adapt to the changes in policy environment and effectively control the environmental risks of enterprises, the Bank revised the four-level, twelve-category¹⁰ green classification standards to strengthen climate risk factors and downgrade some high-carbon industries and enterprises. Since 2021, based on green classification of loans, the Bank has promoted the green classification management of bonds, leasing and non-standard wealth management. **The Notice on Strengthening the System Management of Customer Environmental Risks** was issued. By cooperating with third-party environmental data providers and making full use of multi-dimensional big data on corporate environmental risks, the Bank has added environmental information query control elements to the system, thus allowing real-time access to environmental information on enterprise and giving automatic risk alerts.

Issuing the *Notice on Strengthening the System Management of Customer Environmental Risks*

Adding environmental information query control elements

Automatic risk alerts

Conducting special audit on green credit

By combining off-site risk analysis with remote audit, the Bank focused on the implementation effect of green credit strategy, the effectiveness of green credit system construction and the compliance of process management, and carefully audited the implementation of green credit policy, business management and major risks of relevant branches. This year's green credit audit has achieved good results, which has played a positive role in promoting the compliance management level of the Bank's green credit business.

From July to August, 2021, the Internal Audit Bureau conducted the annual dedicated audit on green credit over four tier-one branches in **Chongqing, Guizhou, Guangxi and Tibet.**

97 customers with RMB **10,640** million of green credit were selected as audit samples.

Conducting environmental and climate risk stress tests

The Bank's stress testing research in recent years has made positive contributions to the research on quantification and transmission mechanism of environmental risks of commercial banks in China. At present, the stress testing research on environmental risks has covered three major areas: **policy, disaster and price**. During the reporting period, the Bank studied the world's cutting-edge methods for climate risk stress testing and established the transmission path of transition risk and physical risk based on the global stress scenarios provided by NGFS¹¹, shaping an impact mechanism of climate risks on key industries and regions.

¹¹The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) was created in 2017 by eight central banks. PBC is a founding member of NGFS.

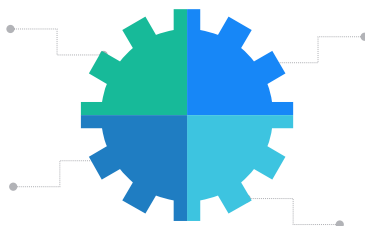


Enriching stress test scenarios

The stress test scenarios provided by the comprehensive evaluation model include orderly transition, disorderly transition and greenhouse world

Conducting dedicated stress tests on key industries

Special stress test methods were designed for selected key industries, including thermal power, steel, transportation, coal and oil and natural gas. This approach enables accurate depiction of the law of industry development, makes the stress testing model more specific to industry and ensures orderly climate risk stress testing under regulatory guidance¹²



Improving the transmission mechanism of transition risk

Establishing a transmission path from climate risk scenarios to customer's business elements, and then predicting customer's financial results and analyzing their rating changes

Adding physical risk stress testing

Based on global warming scenarios, the forecast data of trusted organizations are selected to analyze the losses caused by physical risks according to the geographical distribution of the Bank's assets and collateral

Column ICBC (Asia)'s Dedicated Stress Test on Climate Risk

In June 2021, according to relevant guidelines of the Hong Kong Monetary Authority (HKMA), ICBC (Asia) successfully completed the dedicated stress test on climate risk. It used the risk quantification method for the first time to measure the financial loss and the impact on profit and capital adequacy of the bank when physical risk and transition risk are transmitted to the bank's credit risk, market risk and operational risk under the climate risk scenarios defined by the Intergovernmental Panel on Climate Change (IPCC) and the Hong Kong Observatory. ICBC (Asia) is the one of the first in Hong Kong banking industry to submit climate risk stress test results, and the first institution of ICBC Group to complete climate risk stress test. In September 2021, with reference to the climate risk stress testing methodology of ICBC (Asia), Hong Kong Branch also completed the climate risk stress test on time and submitted results to HKMA. This successful test has laid a solid foundation for subsequent climate risk identification, measurement, monitoring, reporting and mitigation management.

¹²See Liu Guiping: *Improve Management of Climate-Related Risks by the Financial System*, by Liu Guiping, Deputy Governor, the People's Bank of China, published on *China Finance*, Vol. 05, 2022.

Green Investment and Financing

(Metrics and Targets)



The Bank has developed focal points of “green” business in line with China’s economic and financial conditions, strategic plans and new development needs. It provides green industries with diverse, multi-level comprehensive financial services through financial advisory service, bond underwriting, project loan, leasing + factoring, wealth management, investment and industrial funds. Financial services are effectively integrated with ecological conservation and environmental protection in a broader and deeper manner.



Green credit

By the end of the reporting period, the Bank ranked first among Chinese peers in outstanding green loans and lead in the size of new green loans

The Bank recorded

RMB **2,480,621** million in green loans issued to energy conservation, environmental protection, cleaner production, clean energy, ecological conservation, green upgrading of infrastructure, green services and other green industries under the latest CBIRC criteria¹³.

An increase of RMB **634,902** million over the beginning of the year

By the balance of green loans, the top three industries were:

Green upgrade of infrastructure, clean energy, energy conservation and environmental protection

Steady drop in the proportion of loans to energy-intensive, high-emission industries

During the reporting period, the Bank supported the national energy supply security and low-carbon transition strategy. Among the clean energy loans of the Bank, outstanding loans to wind energy and photovoltaic solar energy industries accounted for **36%** of total loans for the power industry, higher than the proportion of wind energy and photovoltaic energy in China's power mix over the same period. The proportion of loans to energy-intensive, high-emission industries decreased steadily.

More lending for transition and upgrading fields such as new energy, resource recycling and advanced manufacturing

Financing support was focused on small and micro enterprises (SMEs) in green and low-carbon industries. Innovative financing products were developed to meet emerging financing needs of low-carbon transition of SME customers. The “digital inclusive” development route was followed to speed up the digital transition of traditional SME credit products, gradually guiding SMEs’ business activity towards a digital and low-carbon future. Innovative financial instruments such as digital credit certificates were used to increase the funding for industrial chains of SMEs such as clean energy, pollution control and resource recycling.

¹³The CBIRC's criteria for green credit covers energy conservation and environmental protection industry, clean production industry, clean energy industry, ecological and environmental industry, green upgrading of infrastructure, green services, overseas projects under international practices or standards, green trade financing and green consumer financing.



◎ Emission reduction of green credit projects

Item	Unit	2021	2020	2019
Emission reduction of standard coal equivalent	10,000t	4,738.13	4,924.74	4,627.23
Emission reduction of carbon dioxide equivalent	10,000t	9,884.69	8,524.63	8,985.96
COD emission reduction	10,000t	28.38	281.71	26.85
Ammonia nitrogen reduction	10,000t	7.26	31.10	4.91
Emission reduction of sulfur dioxide	10,000t	1,817.13	2,189.30	3.94
Emission reduction of nitrogen oxides	10,000t	1,539.46	1,424.62	3.34
Water saved	10,000t	7,521.52	8,931.02	5,903.64

Green bond ➤

The Bank actively implements the national green development philosophy and sustainable development strategy, and continued to improve its financial service capacity in support of the dual-carbon goals.

Issuance of green bonds

Overseas: During the reporting period, the Bank optimized the green bond framework formulated in 2017 in line with the latest industry standards and guidelines, certified for foreign and domestic standards by Sustainalytics and Beijing Zhongcai Green Financing Consultant Ltd. respectively.

At the end of the reporting period, the Bank issued **six** overseas green bonds with an accumulative amount of USD **13.06** billion, and won **11** international awards in total

Under this framework, the Bank issued global multi-currency overseas “carbon neutrality” green bonds on October 21, 2021 through five branches in Hong Kong, Singapore, Macau, Luxembourg and London, and listed the bond on the stock exchanges in Hong Kong, Singapore, Luxembourg, London and Macau.

- The total issue size was equivalent to USD **3.23** billion marking the biggest international green issue of Chinese issuers.
- **Five** bonds denominated in **four** currencies, namely, USD, EUR, MOP and GBP.
- This bond obtained green certifications from three authoritative organizations at home and abroad, including the “carbon neutrality” labeling certification evaluation report issued by Beijing Zhongcai Green Financing Consultant Ltd., the green financial bond certification issued by the Climate Bonds Initiative (CBI), and the pre-issuance green and sustainable financial certificate issued by the Hong Kong Quality Assurance Agency (HKQAA).
- The use of proceeds is focused on low-carbon fields, and earmarked for green projects with significant carbon emissions reduction effect, such as clean transportation and renewable energy.



During the reporting period, this bond was awarded the “Outstanding Award for Green and Sustainable Bond Issuer (Global Commercial Banking Industry) - Largest Amount of Carbon Neutrality Themed Green Bond” by HKQAA.



It also won the award of Banks Quasi-Sov Best Green Bond from *The Asset* in Hong Kong.

Domestic: In September 2021, the Bank successfully issued the inaugural domestic green finance bond of RMB **10** billion at a coupon rate of **2.80%**, the lowest coupon rate of commercial banks' financial bonds in the year. It also came as the first green financial bond issued in the domestic market by a national commercial bank since China made its commitment to carbon peak and carbon neutrality in September 2020. This bond has been certified as labeled green bond by the Climate Bonds Initiative (CBI). All its proceeds have been invested in **clean energy and green transportation**, receiving wide attention and active subscription from the market. Successful subscribers covered a variety of investors such as banks, insurers, funds, securities firms and foreign institutions. In addition, the Bank leveraged on its advantages in product innovation to support the green finance development and issued the first green auto ABS among commercial banks in China.

Case: The first green auto ABS among commercial banks in China

During the reporting period, under the guidance from PBC and CBIRC, “Gongyuan Zhiyuan 2021 Green Auto ABS Series 1” initiated by ICBC was successfully issued in the interbank bond market. ICBC cooperated with Beijing Local Financial Supervision and Administration in preparation for the issue. This project marked the first green auto ABS issued by a national commercial bank in China. The bond attracted cross-border investment through the Bond Connect scheme, giving further impetus to the financial cooperation between domestic and foreign institutions and to the two-way opening of China's green bond market. It marked the official implementation of the “standardizing and exploring cross-border ABS based on green credit” task under the “two zones” policy.

In this project, the underlying assets are all personal installment loans for new energy vehicles (NEV) issued by the Bank and meet the green project criteria, and all issue proceeds are earmarked for new NEV loans. This ABS product is green in both underlying assets and use of proceeds, receiving a G2 green rating from China Credit

Rating, a green certification agency. With an issue size of RMB **132** million, the project was offered simultaneously to domestic and foreign investors on September 9 through the Bond Connect scheme. On the issue date, the bond was much sought after among domestic and foreign banks, funds and securities firms. Its senior tranche was issued at a coupon rate of **2.95%**. Of total successful subscription, **60%** came from foreign investors, making domestic green credit ABS products further recognized among international investors.



全国首单商业银行绿色汽车分期资产支持证券

发行总额 13,208.79 万元 发行时间 2021年9月9日

分档	信用等级	发行规模 (万元)	发行利率	全场认购倍数
优先档	AAA+/AAA	10,100.00	2.95%	3.4
次级	未评级	3,108.79	/	/



Green bond investment

The Bank has thoroughly implemented the decisions and arrangements of the State Council for ecological conservation, climate change response and the building of a green financial system. The Bank actively invested in the green bond of various types, including green unsecured bonds, green local government bonds, and green asset-backed securities, with new investments in green corporate bonds growing fast throughout the year. The Bank also increased the investment in green bonds to offer financing support for quality customers in the fields of ecological protection, clean energy, energy saving and environmental protection, green transportation, green building, circular economy, low-carbon economy, and other green sectors.

Green bond underwriting

During the reporting period, the Bank, as a lead underwriter underwrote

67 green bonds That raised
RMB **140,130** million
in total

With the lead underwriting amounting to RMB

63,637 million
A year-on-year increase of
12.44 times

Among them, there were **24**

carbon neutral bonds
With a lead underwriting amount of
RMB **24,909** million

Ranking **first** among
Chinese peers.

During the reporting period, the Bank, as a lead underwriter, underwrote the first carbon neutrality bond in the market - RMB500 million's worth of green medium-term notes (carbon neutrality bond) of an airport in some province, and the funds raised were used for the airport's green building project. According to the assessment of a third-party specialized agency, the project can reduce the emissions of carbon dioxide, sulfur dioxide, nitrogen oxides and smoke and dust by **19,700** tons, **5.32** tons, **5.55** tons and **1.08** tons respectively every year.

During the reporting period, the Bank, as a lead underwriter, underwrote the first batch of sustainability-linked bonds in the market.

Green bond trading

The Bank actively performed its duty of bilateral quotation in the inter-bank bond market in an effort to steadily strengthen the capacity and quality of market making and quotation for green bonds, leading the market by either number or quality of quoted bonds.

Through the over-the-counter (OTC) distribution channel, the Bank successfully distributed China Development Bank (CDB)'s green bonds themed by “Carbon Neutrality” and “Yellow River Basin Ecological Conservation and High-quality Development” and the Agricultural Development Bank of China (ADBC)'s first carbon neutrality bond for forest sink in China. The Bank ranked first among peers by distribution size of the “Yellow River Basin Ecological Conservation and High-quality Development” green financial bond. Through extensive publicity to customers, the Bank effectively fostered the public awareness of responsible investment.

Leveraging on its overseas network and cross-border collaboration, the Bank guided foreign institutional investors to invest in CDB's green financial bonds themed by carbon neutrality and low-carbon transportation through the CIBM Direct and Bond Connect channels, making positive contributions to high-level opening-up of the green bond market.



Case: Guangdong Branch took the lead in underwriting the first carbon market performance-linked bond in China

On October 15, 2021, the Medium-Term Note (Sustainability-Linked) 2021 Series 1 of some company underwritten by Guangdong Branch was successfully issued, with a total amount of RMB300 million and a tenor of 3 years. **The MTN came as the first bond linked to the carbon market performance in China, and the first ever sustainability-linked bond in Guangdong Province.**

The sustainability-linked bond was an innovative debt financing instrument that emerged under the Central Government's decision to peak carbon emissions and achieve carbon neutrality. It was launched by National Association of Financial Market Institutional Investors (NAFMII) in April 2021. In the design of bond structure, the bond clauses and coupon rate were contingent upon the emissions reduction target or performance of the issuer. This design not only broadens the issuer's financing channels and meets the capital needs of traditional industry transition, new energy enterprises or enterprises in other industries, but also encourages the issuer to pursue sustainable development in a planned and targeted way.

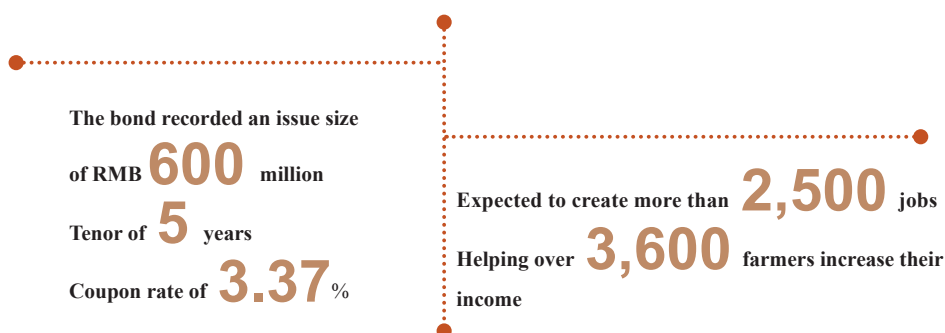
For the MTN, **the issuer linked the coupon rate with two sustainability performance targets, namely, "carbon market performance" and "reduction in average coal consumption per unit of thermal power generation" and made a commitment to the market from the perspectives of "compliance" and "carbon emissions reduction"**, manifesting the issuer's responsibility and determination to support the achievement of dual-carbon goals. In addition, a professional third-party green finance evaluation and certification agency uses the blockchain among other cutting-edge technologies to efficiently manage the sustainability performance targets of bonds, ensuring that the green evaluation results are professional, accurate, immutable and traceable.





Case: Underwriting China's first "green + vitalization of old revolutionary base areas + rural vitalization" bond as lead underwriter

On September 2, 2021, the "Green Medium-Term Note 2021 Series 2" of some company underwritten by the Bank as the lead underwriter was successfully issued in the interbank bond market. The underlying project of the bond is a green animal husbandry project covered by the *Catalogue of Green Bond-Endorsed Projects (Version 2021)*. **It is China's first green bond labeled with "vitalization of old revolutionary base areas", "rural vitalization" and "green agriculture". It is also one of the first debt financing instruments for vitalization of old revolutionary base areas in China.** All the proceeds from this bond will be used for an energy-efficient, environment-friendly model pig farm project with standard operation and intelligent management. The project **will link the achievements in poverty alleviation with rural vitalization, vitalization of old revolutionary base areas and green finance**, laying a solid foundation for high-quality, sustainable development of old revolutionary base areas and rural areas on the economic and environmental fronts.



Case: Shanghai Branch underwrote a carbon-neutrality asset-backed commercial paper of a financial leasing company: one of the first nationwide and first of its kind in Shanghai

The underlying assets of the project all came from green, low-carbon clean energy projects with a significant reduction in carbon dioxide emissions when compared with equivalent on-grid energy using thermal power generators. As an excellent case, the project earned the Bank the Innovative Bank of the Year by cls.cn in its "Green Carbon Pioneers" Awards.

In addition, Shanghai Branch underwrote an RMB**910** million green auto loan ABS of a conglomerate's finance company, the first of its kind in China, giving an impetus to development of new energy vehicle industry.



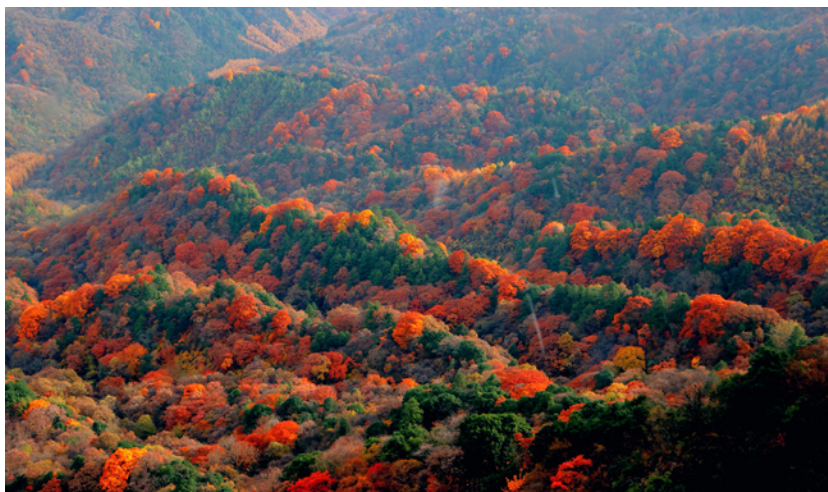
Case: Shenzhen Branch underwrote China's first green panda MTN themed by carbon neutrality and rural vitalization

Under the guidance of the Head Office and Shenzhen Branch, Xinian Sub-branch of Shenzhen Branch efficiently underwrote the "China Everbright Greentech Limited Medium-Term Note 2021 Series 1 (Bond Connect/Carbon Neutrality Bond/Rural Vitalization)" in collaboration with Everbright Securities. This bond was **China's first green panda MTN themed by carbon neutrality and rural vitalization**, and the first dual-label green panda bond underwritten by the Bank. The bond had an issue size of RMB1 billion, a tenor of 3+2 years, coupon rate of 3.50% and oversubscription ratio of 2.25x. Customers highly recognized the issuance process and underwriting results.



Case: Sichuan Branch issued the first green bond in western China in cooperation with ICBC International

Giving full play to ICBC Group's strengths in "commercial banking + investment banking" integration, Sichuan Branch, as a joint underwriter, joined hands with ICBC International, a wholly-owned overseas investment bank of the Bank, **to participate in the issuance of the first overseas green senior USD bond in western China**. With a tenor of 5 years and an issue size of USD300 million, the green bond helps Sichuan Province achieve the goals of carbon peak and carbon neutrality and drive economic and social development to a green future.





Column Green Fund, Green Wealth Management, Green Investment and Green Leasing

During the reporting period, the Bank leveraged on the Group's strengths to support the goals of "carbon peak and carbon neutrality". All entities of the Group worked together to innovate services and products regarding green fund, green wealth management, green investment and green leasing.

Green fund

Farsighted push for green development funds, fully recognized across the market

ICBC Credit Suisse, a controlled subsidiary of the Bank, has integrated social responsibility into its service and product innovation. It keeps targeting investments at sustainability and greenness in a push for green development products. ICBC Credit Suisse has successfully issued a number of equity funds themed by green development, including ICBCCS New Materials and New Energy Fund, ICBCCS Ecological and Environmental Industry Fund and ICBCCS New Energy Vehicle Fund. It also successfully issued the ICBC Credit Suisse CSI 180 ESG ETF in June 2021.



At UNCTAD's Seventh World Investment Forum, ICBCCS Ecological and Environmental Industry Fund was nominated as one of the top ten sustainability funds for emerging markets. It was the only bank-run fund company shortlisted in the top ten nomination for this award.

At the 17th Golden Funds sponsored by *Shanghai Securities News*, ICBC Credit Suisse won the "Socially Responsible Investment Fund Management Company Award for 2020".



The size of Green fund products continued to expand, creating stable returns for investors

ICBC Credit Suisse attaches great importance to the research and development of sustainability themed products, boasting a wide spectrum of green funds. By the end of the reporting period, the size of ICBCCS New Materials and New Energy Fund, ICBCCS Ecological and Environmental Industry Fund and ICBCCS New Energy Vehicle Fund had expanded to RMB **2.37** billion, RMB **5.79** billion and RMB **12.59** billion, respectively. The three funds have performed well, with an annualized return of 9.6%, 17.0% and 55.1% respectively since their inception. Their excess return compared to CSI 300 Index was **9.4%**, **17.2%** and **49.2%** respectively, creating long-term stable returns for investors.

Case: Participating in the National Green Development Fund

During the reporting period, the Bank pursued and promoted green development, vigorously supported sustainable investment, and efficiently completed the approval and capital contribution of the national green development fund. With a total amount of RMB **88.5** billion, the fund was mainly invested in such fields as pollution control, ecological restoration and land greening, energy and resource conservation and utilization, green transportation and clean energy.



Green wealth management

During the reporting period, ICBC Wealth Management, a wholly-owned subsidiary of the Bank, actively promoted the innovation of green financial products and explored investment opportunities in the carbon trading market. ICBC Wealth Management stuck to the basic concept of responsible investment and sustainable development, gave full play to the advantages of direct investment and expansion of wealth management funds, continued to increase the investment in green finance, constantly enriched green financial products and service models, vigorously supported the investment and financing needs of green finance-related sectors, industries and enterprises, and channeled more funds to the green development, and **developed a “green solutions” with the characteristics of ICBC Wealth Management.**

As at the end of the reporting period, ICBC Wealth Management invested nearly RMB630 billion in various green assets through bonds, equity, non-standard assets and other means, covering many green finance-related sub-industries and segments, such as wind power generation, photovoltaic equipment, new energy batteries, green transportation, low-carbon transformation, ecological environmental protection, agriculture, forestry and water conservancy, and well-facilitated farmland construction.

Case: Creating Hengrui series of green finance products

The Bank's Private Banking Department strengthened collaboration with ICBC Wealth Management and created **Hengrui series of green finance products** during the reporting period, in a bid to channel more investments into green and low-carbon development fields and promote green and high-quality development. This product series came as ICBC Wealth Management's **first WM product focused on green and low-carbon business issued under the New Regulations on Wealth Management**, and the **first product themed by green finance in the industry**, demonstrating the Bank's determination to implement low-carbon transition and green finance investment. The product adopted the “fixed income plus” strategy. The fixed income side gives priority to investing in high-quality domestic green bonds. The equity side cooperates with the top fund companies and gives priority to investing in best-performing public funds or ETFs themed by new energy, environmental protection and low carbon, with a focus on the dual-carbon goals and a series of guidelines and policies issued by the state. Portfolios are managed with quantitative strategy. While helping customers seize the long-term opportunities in green investment, these products also meet the high-level demand of the Bank's private banking customers for environmental protection, sustainable development and social contribution, help private banking customers serve China's major strategies including rural vitalization and common prosperity and carry forward the entrepreneurship in China today.

“Fixed income plus” strategy

ICBC 工银理财

绿色金融 焕新成长

在全球绿色低碳减排大趋势下，我国向国际社会做出“碳达峰、碳中和”的庄重承诺，绿色发展上升为国家长期坚持的国家战略。推动绿色发展是未来可预见的最大的确定性，也带来中长线的投资机会。助力“双碳目标”，绿色投资大有可为。

- 专业团队 经验丰富
- 绿色投资 布局长远
- 量化策略 大类配置

工银理财·恒睿绿色金融主题
私银尊享固定收益类
封闭式理财产品 **21GS6788**

风险评级	产品类型	期限	起购金额
PR3	固定收益类	421天	20万元起

募集期：2021年12月1日—2021年12月13日



Green investment

During the reporting period, ICBC Investment, a wholly-owned subsidiary of the Bank, engaged in and served China's dual-carbon goals. It fully leveraged its advantage of debt-for-equity license to conduct headquarters-to-headquarters cooperation of central government-owned enterprises and set up fund of fund, increased investments in green finance, and focused on providing support for a number of enterprises in such green sectors as photovoltaic power, wind power and hydropower, so as to facilitate green and low-carbon development.

As at the end of
the reporting
period

Outstanding
investment
in new energy
industry chain was
RMB**30** billion

An increase of
RMB**12** billion
over 2020

Green leasing

ICBC Leasing, a wholly-owned subsidiary of the Bank, seized the development opportunity of green finance, and gave full play to the product attribute advantages of leasing business to specially strengthen the support for clean energy, green public transportation, green shipping, energy conservation and environmental protection and other green industries, in tune with the development trend of "carbon peak and carbon neutrality". It optimized business structure, gave full play to the bank-company linkage mechanism, and comprehensively utilized the "leasing + loan" model to support the diversified financing needs of enterprises.

Green leasing

As at the end of the reporting period, ICBC Leasing recorded RMB**41.8** billion in green leasing (under the CBIRC's criteria), accounting for about **40**% of domestic financial leasing.

Green bonds

In 2019, ICBC Leasing successfully issued a USD**600** million five-year overseas green bond, the first green bond issued by a Chinese leasing company in the international capital market. During the reporting period, the company issued a USD**750** million five-year overseas green bond, the first overseas green climate bond issued by a Chinese leasing company.

Management mechanisms

Since 2021, the Bank has formulated the *Administrative Measures for Green Classification of Leasing Business for Domestic Corporate Customers* and put the supporting system functions into operation. It has realized online management of green classification, optimized the risk pricing and assessment process, linked the greenness of businesses (customers) with pricing and assessment and constantly improved the system of green leasing management.



Column Research, Development, Update and Maintenance of Green Indices

Belt and Road Green Finance (Investment) Index

The index was jointly developed by the Bank and Oxford Economics. In 2019, the index was pre-released at the Second Belt and Road Bankers Roundtable and included in the list of deliverables of the Second Belt and Road Forum for International Cooperation. In 2020, the index was released at the annual conference of the Green Finance Committee (GFC) of China Society for Finance and Banking. In November 2021, the *Belt and Road Green Finance (Investment) Index Research (2021)* was released at the fourth China International Import Expo (CIIE). The index provides a set of evaluation methodologies. It helps scientifically and systematically measure the green level of the economy and finance in countries along the Belt and Road, helps investors find more green investment opportunities and helps stay away from environmental risks, thus boosting the investment willingness and efficiency along the Belt and Road.

ChinaBond-ICBC Green Bond Index

The index was jointly issued by the Bank and China Central Depository & Clearing Co., Ltd. (CCDC) in Beijing on September 10, 2021, and listed and displayed in Chongwa (Macao) Financial Asset Exchange Co., Ltd. (MOX) and Luxembourg Stock Exchange (LGX) in October 2021. The index is the first interbank green bond index in the industry based on the latest market standards. It can be tracked and replicated. The index covers the main green products in the interbank market, including green enterprise bonds, green financial bonds and green debt financing instruments. Financed projects have remarkable environmental benefits. The index provides a convenient channel and reference for domestic and foreign investors to understand and invest in China's green bond market. Up to now, the index has outperformed market average in return. Its constituent bonds are stable in credit standing, highly decentralized and highly liquid. The index is easy to track and replicate.

CSI-ICBC Wealth Management Carbon Neutrality and Asset Allocation Index

During the reporting period, ICBC Wealth Management released the industry's first carbon-neutrality multi-asset index jointly developed with China Securities Index Co., Ltd. (CSI). The index focuses on the debt and equity assets in more than 30 segments in the deep decarbonization sector, giving full play to ICBC Wealth Management's asset allocation capability. The target risk model was used to create optimal allocations of debt and equity assets benefiting from carbon neutrality. This index is focused on the theme with strong vitality, pursuing absolute returns and emphasizing drawdown control. It suits the prudent risk appetite of wealth management customers.

CSI 180 ESG Index

CSI 180 ESG Index was jointly released by the Bank and China Securities Index Co., Ltd. (CSI). It came as first ESG index developed by a domestic commercial bank. The index measures the ESG performance of listed companies using ICBC's unique ESG rating system. By assigning a bigger weight to the stocks with better ESG performance, the index reflects the overall change in stock prices of enterprises with strong sustainability. The ESG index came as a new practice for financial institutions to optimize resource allocation and promote sustainable development with innovative ideas and tools, helping enterprises better combine environment, social responsibility and corporate governance with operating cost-effectiveness and establish a long-term development mechanism.



Column Supporting Development of Pilot Zones for Green Finance Reform and Innovation

The Bank thoroughly implemented the national strategic plan at Head Office, branch and sub-branch levels, providing persistent and strong financial support for promoting the ecological conservation and building the bridgehead of green finance in the pilot zones. The Bank issued the *Guidelines for Promoting Financial Services in the Pilot Zones for Green Finance Reform and Innovation*. The document sets forth **5** major tasks (namely, improving the green finance organization framework, continuously increasing investment and financing support for green industries, focusing on strengthening supporting measures, strengthening environmental and social risk management and improving the day-to-day work mechanism) and **16** specific actions, so that all institutions are able to play a better leading role in the local green finance reform and innovation. Branches in pilot zones have developed an array of replicable practices in creation of the green finance organization framework and innovation in products and services.

Green loans grew steadily

As at the end of the reporting period, the Bank registered RMB439.7 billion in balance of green loans in Zhejiang, Xinjiang, Guizhou, Jiangxi, Gansu and Guangzhou.

Outstanding green loans of
RMB439.7 billion

Financial support planning for pilot zones

Branches in pilot zones developed finance action plans tailor-made for local green industry developments. For example, Zhejiang Huzhou Branch formulated its latest *Three-Year Plan for Green Finance Development of Huzhou Branch* in line with the “30•60” decarbonization goal, as the master plan for the branch’s green finance development. The branch also prepares the *Green Finance Model Project Plan of Huzhou Branch* each year.

Refining the supporting mechanism for green financial services, improving the allocation of green financial resources

First, the organizational framework was improved. For example, Zhejiang Branch innovatively set up a green finance department, and Huzhou Branch participated in the pilot program on carbon-neutrality banks in Huzhou and facilitated the first zero-carbon building project. Second, the resource allocation and support were strengthened for green finance by prioritizing the green lending quota, applying preferential interest rates to green loans and strengthening the performance assessment of green finance. A differentiated credit process was introduced for green finance projects. In credit approval, for example, Quzhou Branch gives priority to small and micro businesses included in the Whitelist of Environment Friendly Green Enterprises.

Innovative green financial products and services were introduced to effectively support the green finance reform and innovation in pilot zones

Financial product innovation was strengthened based on traditional operations on and off balance sheets, giving full play to the Bank’s overall strengths.

For example, Huzhou Branch launched dedicated financing products such as Green Park Loan, Green Seedling Loan, Green Breeding Loan and Carbon Benefit e Loan.

Guangzhou Branch actively participated in the construction of green bond market, recommended green bonds (including Carbon Neutrality Bonds) and Sustainability-Linked Bonds to enterprises, innovatively introduced supply chain financing and launched the Huadu Green Industry Cluster Loan.



Case: Huzhou Branch provided innovative financial services for bamboo carbon sink

In September 2021, in order to provide targeted financial support for the bamboo carbon sink industry, **Huzhou Branch of the Bank set up a research group on “Anji Bamboo Carbon Sink” under the guidance from the Modern Finance Research Institute and formulated the *Research Report on Anji Bamboo Carbon Sink Industry* based on in-depth survey.** The Branch was deeply involved in creating the Anji bamboo carbon sink trading mechanism, and highly recognized by the local government. With financial support as the link, the Branch innovatively designed a financial service scheme for carbon sink covering the generation, storage and use of carbon sinks in bamboo forests, including **Carbon Sink Common Prosperity Loan, Carbon Sink Storage Loan and Carbon Neutrality Aid Loan.** It signed strategic cooperation agreements with the three sides respectively, giving a financial impetus to the Anji bamboo carbon sink industry. The bamboo carbon sink-related financial service model innovatively uses the right to earnings in forestry carbon sink as pledge, effectively turning ecological resources into economic benefits. Such mechanism of offsetting industrial carbon emissions by the increment of forestry carbon sink can not only boost the industry nurturing agriculture process, but also create space for low-carbon transition of local industries.



Signing ceremony for the cooperation agreement on carbon sink storage loan.

Case: Guizhou Branch supported the building of the pilot zone for green finance reform and innovation

During the reporting period, ICBC Guizhou Branch fully supported the building of a pilot zone for green finance reform and innovation in Gui'an New Area. From the perspectives of establishing separate convenient access to green finance review, moderately lowering the access threshold for green projects, cutting the financing costs of green loans, ensuring the scale of green credit, accelerating the innovation of green financial products and financing channels, the Bank took differentiated resources allocation and guarantee for green loans in Gui'an pilot zone, and established the development goal of green finance in Gui'an pilot zone for green finance reform and innovation. For the green projects in Gui'an Industrial Park, the Bank broadened the financing channels for companies through investment-loan linkage, so as to meet the financing needs of high-quality green enterprises with one-stop solutions.

Case: Jiangxi Branch implemented a “Six Dedicated” service model for institutions in Ganjiang New Area

Jiangxi Branch introduced a **“Six Dedicated” service model (namely, dedicated credit quota, dedicated fund price, dedicated risk management metrics, dedicated credit approval channel, dedicated performance assessment and dedicated green finance products)** for institutions in Ganjiang New Area, so as to improve work efficiency and accelerate the development of green credit projects.



Innovation in green investment and financing products >

>> Biodiversity conservation



Tianjin Branch

supported ecological conservation in northern mountainous area of Tianjin

This project was located in the northern mountainous area of Tianjin, part of the Beijing-Tianjin-Hebei integration region in the northern sand prevention belt. This area is a national key eco-function zone and a crucial area for China's desertification prevention and control. The project mainly controls the Beijing-Tianjin sandstorm sources. The project will effectively protect the existing natural resources in the region, further increase the vegetation cover, enhance the eco-functions of windbreak and sand fixation, soil and water conservation and biodiversity and improve the quality and stability of the natural ecosystem.

The project investment totals RMB**30** billion. Tianjin Branch has disbursed its participating loan of RMB**3.75** billion with a term of **25** years. The project mainly works on bare land restoration, ecological conservation, forest tending, plant introduction and domestication, ecological experience and the improvement of the ecological environment in northern mountainous area through afforestation, after which moderate eco-tourism activities will be carried out based on the soundness of the ecosystem.



Tianjin Branch provided credit support for the tourism project of Limutai Scenic Area in Jixian County

**Guizhou Branch****supported ecological restoration of Caohai, Bijie City**

Guizhou Branch of the Bank prioritize the support for Caohai ecological restoration in its financial services offering, promoting biodiversity conservation and green development in the area. Guizhou Weining Sub-branch provided RMB **620** million of credit support for “Vegetation Restoration Project in the Rain Collection Area on the North Bank of Caohai”. Caohai, located in Bijie City, Guizhou Province, is a national nature reserve and one of the few natural freshwater lakes on the plateau. The large-scale expansion of the county town has gradually consumed the vegetation around Caohai. The local forest coverage rate is less than 10% with severe soil erosion. Guizhou Branch supported the renovation of road surfaces on the north slope of Caohai, the landscaping of park roads and squares, afforestation and auxiliary facilities. With its help, **2,500** mu of vegetation restoration has been realized in the rain collection area on the north bank of Caohai. In recent years, the number of bird species in Caohai Nature Reserve has increased from 228 to 246. More than **60,000** birds wintered in Caohai Nature Reserve.

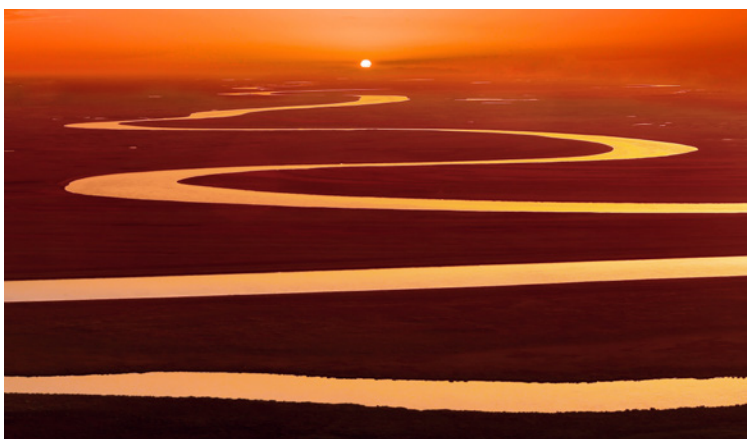
**Fujian Branch****provided financing for core attractions in Fujian Wuyishan National Park**

Fujian Nanping Branch provided RMB **120** million of financing to the operator of core attractions in Wuyishan National Park. Nanping Branch developed a customized financial solution for the customer. Secured by the charging rights in particular assets, RMB **480** million of credit was granted to fund the ecological conservation at core attractions and meet the working capital needs for renewal, renovation and repair of facilities and landscapes in the park. Wuyishan National Park, located in the north of Fujian Province, is the largest world heritage site in China at present. It is a subtropical evergreen broad-leaved forest area with **7,400** species of key protected wild animals, **210.70** square kilometers of native forest vegetation that has not been destroyed by human activities. It is the most complete, typical and largest subtropical forest ecosystem on the same latitude in the world. Fujian Nanping Branch provided strong support for its ecological conservation and biodiversity.



**Xinjiang Branch****supported ecological conservation of Bayinbuluke Reserve**

Xinjiang Branch granted a loan of RMB**300** million backed by charging rights in particular assets to a tourism development company. The company is mainly responsible for the development and operation of tourism projects in Bayinbuluke Reserve and infrastructure construction at tourist attractions. Bayinbuluke, located in the Yourdusi Basin in the middle of Tianshan Mountains, is named as one of the six most beautiful swamps in China by Chinese National Geography, and is a national **5A** tourist attraction. With the loan support from Xinjiang Branch, the frequency and scheduling of shuttle buses in the nature reserve are more reasonable, and the tourism satisfaction has been improved. As the shuttle buses are mainly renewable energy vehicles with zero pollution, even in the case of a significant rise in the number of tourists, the local ecosystem can be conserved.

**Hebei Branch****supported the Baiyangdian Ecosystem Rehabilitation Project in Xiong'an New Area**

The pilot project of Baiyangdian Ecosystem Rehabilitation in Xiong'an New Area is divided into three bid sections. Hebei Branch approved a **10**-year project loan of RMB**168** million for the enterprise responsible for the first bid section. It also issued a project loan of RMB**182** million to the enterprise responsible for the third bid section, with a loan term of up to **15** years. Baiyangdian ecosystem rehabilitation is the top priority of ecological work in Xiong'an New Area, relating closely to the ecological security and sustainable development of the Beijing-Tianjin-Hebei region. When completed, the project will effectively improve the water body of Baiyangdian Lake and the living environment of the surrounding residents. It is an important move to create a new eco-friendly and livable rural environment in the new area.





» Low-carbon transition



Shanghai Branch supported enterprises in energy conservation and emissions reduction



Shanghai Branch issued the first ever innovative loan for purchasing carbon emission allowance and China Certified Emission Reduction (CCER), helping emission control enterprises in surrender of carbon emission rights and performance of emissions reduction obligation. Shanghai Branch supported the “capacity upgrading, coal reduction and emissions reduction” of key energy projects in Shanghai during the 13th Five-Year Plan period. It provided financial support for a factory’s high-efficiency generators transformation project with a joint loan of RMB **1.3** billion earmarked for “two 650 thousand MW double reheat ultra-supercritical coal-fired units”. The branch underwrote RMB **300** million of green medium-term note issued by an environmental company, with remarkable benefits in energy conservation and emissions reduction. It provided financing for two large floating storage regasification units (FSRUs) for liquefied natural gas (LNG). FSRUs are typical environment-friendly vessels designed and built with the concept of “green, environmental protection, low carbon and safety”.



Zhejiang Branch supported market-oriented green power trading

On September 7, 2021, the first pilot direct trading of green power was launched on the online platform. Through proactive marketing, Zhejiang Quzhou Branch learned that a local large state-owned enterprise planned to participate in the market-oriented trading of green power and subscribe for 100 million kWh of green power, which would be partially funded with external financing. The Branch submitted a service proposal immediately. After the proposal was accepted by the enterprise, the Branch activated the expedited process for dedicated business according to the branch’s credit management system for green “carbon credit” customers, and completed the approval process in just two days. The Branch eventually issued an RMB **29** million financing facility for the enterprise’s initial green power subscription of 50 million kWh. This successful subscription for green power is equivalent to a reduction of **35,000** tons of carbon dioxide emissions, effectively helping the borrower achieve energy conservation and emissions reduction and fulfill its social responsibility.



Inner Mongolia Branch issued “Carbon Sink Loan” to diversify green financing channels

On November 2, 2021, Baotou Branch successfully granted a “Carbon Sink Loan” of RMB **10** million to a steelmaker in Inner Mongolia for its carbon sink trading. It came as the largest financing facility for carbon sink trading from financial institutions in Baotou so far, which is the innovative financial support for green, low-carbon, energy-conservation and emission-reduction industries, and helps to improve the sustainability of local environment.



Inner Mongolia Branch paid a field visit to the production line of a steelmaker

**Shandong Branch issued the first subsidy-backed loan for biomass power producer**

In September 2021, Shandong Branch of the Bank approached a local biomass power producer. Under the guidance of the local PBC branch, Shandong Branch successfully issued to the company a loan backed by confirmed fiscal subsidy receivables as pledge. This loan was of great significance to innovating the form of pledges, diversifying corporate financing channels and promoting the development of renewable energy. Meanwhile, this loan was used to purchase crop straw residues as raw materials, effectively boosting the income of local farmers. It is an effective form of targeted poverty alleviation through industrial development, and an important way to achieve rural vitalization.

**Jiangsu Branch helped a green energy company acquire 10 photovoltaic power plants**

Jiangsu Branch issued an M&A loan to a green energy company to fund its acquisition of 10 photovoltaic power plant project companies. The loan enabled the borrower to further optimize its network of photovoltaic power plants and the regional solar energy mix. The photovoltaic business has further expanded to enhance the conglomerate's core competitiveness. The seller's total registered installed capacity was 360 MW, all of which was in operation and connected to power grids. The underlying assets included one "Leader" power station (100 MW) and two "Poverty Alleviation" power stations. Their operation models include "farming + lighting" combination and "fishery + lighting" combination. These projects deliver good economic and environmental benefits.

**Shanxi Branch supported the PPP Project Phase I of Taiyuan Rail Transit Line 1**

Shanxi Branch and Beijing Branch jointly issued a syndicated project loan of up to RMB**5** billion for the PPP Project Phase I of Taiyuan Rail Transit Line 1. With a term of no more than **30** years (with a grace period of **6** years), the loan is earmarked for project implementation. As a key project of China Railway Construction, the project has a large total investment, many participating banks and complicated syndication work. The Taiyuan Rail Transit Line 1 project has reduced the environmental impact on surrounding areas by optimizing the organizational design and working processes, strictly controlling the boundaries of construction sites and strengthening the supervision of works. In addition, to meet the needs of energy conservation, emissions reduction and low-carbon life, the project has incorporated energy-efficient design and upgrades in terms of route design, traction and braking of trains, operation modes of rail transit systems and product selection. When put into operation, the project will effectively improve the urban traffic environment, increase jobs and boost economic development along the line and in the broader region.

**Precious Metal Business Department****provided financial leasing services for the green industry of refinery-petrochemical integration**

The Precious Metal Business Department keeps rebalancing its energy investment and financing in line with the national energy mix adjustments. It provided **121.2** tons of silver leasing and financing service for the green industry of refinery-petrochemical integration. The refinery-petrochemical integration project of a petrochemical company is an encouraged key project in the national petrochemical industry. The project improves the energy cycle efficiency and forms a low-consumption, low-emission and high-efficiency industrial development system through the integrated construction of utilities and the centralized allocation of supply of water, electricity and other utility services. The Precious Metal Business Department issued **57.9** tons of silver leasing to the company to ensure smooth project implementation.

**Ningbo Branch****supported a local tool manufacturer to be renovated into a “green factory”**

Ningbo Branch facilitated a local tool manufacturer’s green transition with stronger financing support and diverse financial services. As of October 2021, the company had a financing balance of RMB**31.95** million with Ningbo Branch. Through technical revamp, introduction of advanced systems and other measures, the company was committed to building a “green factory” and a green manufacturing system with low energy consumption and high energy efficiency. The company was honored as a “Municipal Green Factory” for its high rating in carbon emissions per unit of industrial added value.

**Heilongjiang Branch****helped a green energy company cut carbon emissions**

A green energy company built a “new MSW-to-energy incineration project with a daily treatment capacity of 800 tons” in Qiqihar under a concession contract. With one 15MW turbine generator set and a total investment of RMB392.29 million, the project applied for bank financing of RMB**237** million, accounting for **60.4%** of total investment, with a term of 15 years. The financing was backed by charging rights in the project with a concession period of 30 years. When put into operation, the project will treat 800 tons of municipal solid wastes (MSW) per day, representing an annual treatment capacity of 292,000 tons and a maximum on-grid energy output of 81.1 million kWh. On the one hand, it can meet the demand for environmental and economic sustainability and for an environment-friendly society. On the other hand, the MSW-to-energy approach is of great significance to promoting environmental protection, for it effectively relieves the pressure of landfill sites and saves massive valuable land resources.



**Shaanxi Branch supported Hanjiang Baihe Hydropower Project**

Shaanxi Branch issued a project loan of RMB**2** billion to a hydropower developer's Hanjiang Baihe Hydropower Project. With a term of up to **25** years, the project loan is unsecured during the construction period, and secured by the tariff charging right and related accounts receivable after the project is completed. By the end of the reporting period, the Branch had granted a total loan of RMB**1,179.65** million for this project. Baihe Hydropower Project is a comprehensive utilization project in the upper reaches of Hanjiang River. Its principal task is hydropower generation, supplemented by shipping and other benefits.

According to the energy output estimates, the project will, when completed, save **181,000** tons of standard coal equivalent for thermal power and reduce the emissions of carbon dioxide, sulfur dioxide and nitrogen oxides by **474,000** tons, **1,500** tons and **1,300** tons, respectively.

**Hunan Branch supported the wind farm project in Sapo Township, Jingle County**

During the reporting period, Hunan Branch of the Bank increased its support for green and environmental protection projects. It supported nine wind energy projects of a subsidiary of State Power Investment Corporation (SPIC). The approved financing facility totaled RMB5.02 billion. By the end of the reporting period, Hunan Branch had disbursed RMB**3,595** million with an outstanding balance of RMB**2,371** million. RMB**884** million of financing was approved for the 200MW wind farm project in Sapo Township, Jingle County. By the end of the reporting period, Dongtang Sub-branch in Changsha City, Hunan Province had disbursed RMB**500** million of financing for the project. With a planned capacity of 200MW, it is an energy-efficient and environment-friendly project that harnesses wind to generate electricity. It helps save energy, cut emissions and improve the power supply mix, playing a positive role in improving the power grid capacity of Xinzhou, Shanxi Province. When completed, it will supply **441,591.35** MWh clean energy to the power grid a year. In addition, it can also reduce a large amount of soot and fly ash emissions each year, cut water consumption, and reduce wastewater emissions, thus delivering remarkable environmental benefits.

The project will, when put into operation, save about **143,958.78** tons of standard coal equivalent and reduce emissions of carbon dioxide, sulfur dioxide and nitrogen oxides by **348,848.33** tons, **2,534.73** tons and **3,806.52** tons, respectively.





» Green supply chain



**Inclusive Finance
Department**

innovatively developed “e-Chain Quick Loan”

Inclusive Finance Department cooperated with a leading solar PV manufacturer to promote the development of digital supply chain business in the field of distributed solar PV, giving a boost to high-quality development and comprehensive green and low-carbon transition. The company is mainly responsible for the expansion and operation of home rooftop solar PV systems. Its principal business is divided into two models: leasing and sales. Under the sales model, when rural households as end customers purchase solar power systems from agents of the manufacturer, they need an efficient, convenient financing channel to support lump-sum cash payment for their purchases. Based on the philosophy of being oriented to customer experience and innovating risk controls without changing the business logic of the scenario, Inclusive Finance Department embedded the “e-Chain Quick Loan” into the purchasing scenario where the manufacturer provided rural households as end customers with a full range of services including equipment sales, installation, commissioning and grid-connected power generation through local agents (non-affiliated). In this way, supply chain loans were issued to fund the purchase of distributed solar PV systems. This project provided a new path and model for inclusive finance and green credit development.



Henan Branch

supported a company’s downstream supply chain financing

To effectively address downstream customers’ fund shortage in buying vehicles, an automotive company partnered with financial institutions in supply chain financing. Buyers of new energy vehicles (NEVs) accounted for one third of financed customers, with about 1,000 vehicles sold, mainly in the bus and commuter sectors. These NEVs have reduced carbon emissions and pollutants that cause smog and reduced the PM2.5 concentration in the air, effectively reducing carbon emissions and improving air quality. Compared with fuel-fired buses, a pure electric bus reduces carbon dioxide emissions by about 7 tons and other exhaust pollutants by nearly 0.4 tons a year. Henan Branch helped electrification of **1,000** buses to reduce carbon emissions by nearly **7,000** tons and other exhaust pollutants by about **400** tons a year, enabling green travel in a low-carbon and energy-efficient fashion.





» Green agriculture



Heilongjiang Branch

supported the financing of an agribusiness conglomerate

During the reporting period, Heilongjiang Branch granted a total of **48** loans to an agribusiness conglomerate, with an outstanding balance of RMB **7,081** million. These loans were mainly used for grain reserves and day-to-day production and operation of its subsidiaries, all of which are included in the PBC's scope of green lending. The Branch will further provide all-round financial services to the customer and persistently support its vigorous push for sustainable agriculture. The agribusiness conglomerate is an important national commodity grain base and strategic grain reserve base in China, manifesting the largest scale of farmland, the highest degree of modernization and the strongest comprehensive production capacity in the country. It serves as a "ballast stone" for the national food security. Keeping in line with the content, characteristics and trends of sustainable agriculture, Heilongjiang Branch has regarded supporting sustainable agriculture as a crucial focal point of green financial work and helped the customer make great strides in sustainable agriculture.



Xinjiang Branch

supported sustainable agriculture development

Xinjiang Changji Branch granted the "Quick Lending for Operation" and "Online Revolving Loan", totaling RMB **8.5** million, to a crop seeds company in Xinjiang. The company is mainly engaged in research, development, breeding, production, experiment, demonstration, operation and promotion of crop seeds. It applied for loans to Xinjiang Changji Branch to finance its seed production activity and working capital needs. Xinjiang Changji Branch developed a tailor-made financial service solution based on its key credit products, including "Quick Lending for Operation" and "Online Revolving Loan", and disbursed credit funds quickly. The service strongly supported implementation of the local government's sustainable agriculture plan. It was also a move to implement the national rural vitalization strategy, providing strong support for local sustainable agriculture.



Seed warehouse of a company financed by Xinjiang Branch



» Green services



Beijing Branch supported green city operations and green Olympics

Beijing Branch granted RMB **1.36** billion of financing for the geothermal “dual-source” district cooling and heating system project in the core area of Beijing sub-center. The project employs the **largest single-batch geothermal “dual-source” system worldwide**, launched as a demonstration project for “near-zero carbon emission zone” in Beijing.

The project will save **21,000** tons of standard coal equivalent and reduce **48,000** tons of carbon dioxide emissions for the city sub-center a year

In addition, Beijing Branch served green Olympics by supporting the construction of **low-carbon venues, energy utilization and transportation for Beijing 2022 Winter Olympics**. This Winter Olympics came as the first international sports event held after China announced the dual-carbon goals. As one of the three competition zones, Beijing Yanqing Winter Olympics Village and Mountain News Center met China’s green building standards. The project design and construction embodied the philosophy of green Olympics and ecological sustainability everywhere. Beijing Branch took the lead in completing the project financing approval, and was one of the biggest participants in syndicated lending to the project.



**Bills Discounting Department****launched the green bills discounting service brand “ICBC i-Green Discount”**

During the reporting period, the Bills Discounting Department of the Bank tapped its innovation potential. By stepping up innovation investment and technological research and development, “ICBC i-Green Discount” was created and launched as a unified service brand for green bills discounting. The brand provides an effective tool for the bills financing function to serve green customers through research and development of such features as customer classification label, green customer whitelist and green financial policy system elements. Targeted



support was provided for customers in green industries through an expedited business process, preferential interest rate discounts, central bank policy alignment, cooperation with pilot zones for national green finance reform and innovation and other incentive and publicity mechanisms. During the reporting period, the accumulative amount of “ICBC i-Green Discount” was nearly RMB **35** billion, which all channeled to green enterprises aligning with the national orientation towards environmental protection and energy conservation. **50%** of these enterprises were manufacturers who took up more than **70%** of the total amount.

**ICBC Technology****building a blockchain service platform for bank confirmations**

Under the guidance of CBIRC, Ministry of Finance and other regulatory authorities, ICBC Technology as contractor created the “Blockchain Platform for Bank Confirmations”, based on its experience in “ICBC e Confirmation Service”, jointly with China Banking Association and Chinese Institute of Certified Public Accountants. The platform provides secure, efficient and low-cost digital confirmation services for banking institutions and accounting firms. By the end of the reporting period, **32** banking institutions and **14** accounting firms had established an access to the platform to access the digital confirmation services. There were over 12 million traditional bank confirmations a year. The Blockchain Platform for Bank Confirmations helps create a paperless office ecosphere, effectively reducing paperwork and logistics costs and contributing to carbon emissions reduction across the industry.



On December 18, 2020, Zhang Wenwu, Senior Executive Vice President of the Bank, attended the launch event and signing ceremony of the Blockchain Platform for Bank Confirmations in Beijing.



» Overseas green finance



Supporting an offshore wind farm project in the UK

During the reporting period, the Bank took an active part in multilateral cooperation and jointly developed third-party markets leveraging on its broad overseas network. The Bank joined a syndicate consisting of **16** commercial banks from Spain, France, Germany and Japan, providing financing for an offshore wind farm project in the UK. It was a typical case of multilateral cooperation in large-scale new energy projects. The project is expected to supply electricity to **950,000** households in Scotland a year, meeting the power demand of 40% of local households and cutting carbon emissions by **1.7** million tons.



Supporting a solar thermal and photovoltaic integrated power plant project in Dubai

During the reporting period, the Bank as the lead arranger successfully organized an international syndicate of commercial banks, issued a USD **2.5** billion credit facility for a solar thermal and photovoltaic integrated power plant project in Dubai. This project is one of the important projects under the UAE's clean energy strategy. When completed, it can supply clean electricity to more than **270,000** households in Dubai a year.



Emissions reduction:

1.6 million tons of carbon dioxide

110,000 tons of sulfur dioxide

29 million tons of inhalable particulate matters
and **50,000** tons of nitrogen oxides



Sydney Branch: Supporting a light rail transit (LRT) refinancing project

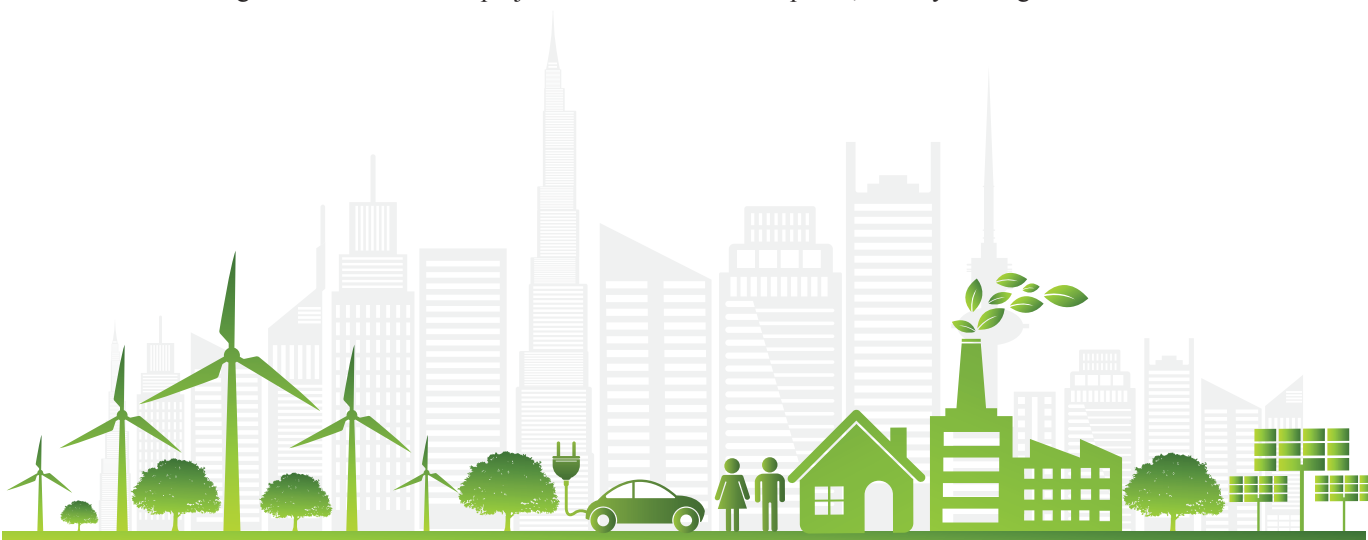
Thanks to its good reputation in infrastructure finance in Australia, outstanding professional skills and long-term stable partnership with consortium members, Sydney Branch stood out from the fierce competition among more than 20 banks. It became one of the participating banks for a LRT refinancing project, and the only Chinese bank among the five shortlisted banks.

The project is a LRT system consisting of three lines. The trams used can recover 99% of energy consumption in braking mode, estimated to reduce **663,000** tons of GHG emissions in the next 30 years. This project has been certified as green financing by the Climate Bond Standards Board. It also became the first infrastructure project in operation certified for green loan in New South Wales.



ICBC Standard: exploring clean energy business, serving energy conservation and emission reduction needs

ICBC Standard attaches great importance to ESG and sustainable finance development, actively exploring business opportunities in clean energy and other fields. Leveraging on its unique strengths in energy business, ICBC Standard has successfully provided clean energy financing services for large LNG customers, meeting their business needs and empowering clean energy development. In addition, the bank conducts in-depth communication with energy customers, helps enterprises' professional discussions on natural gas and LNG risk management and financing and explores business opportunities while promoting carbon emissions reduction. To meet business needs in the field of new energy vehicles, ICBC Standard has carried out platinum-group metal leasing and transitional loan projects for low-carbon enterprises, thereby serving the business needs of customers.



06

Green Operations (Metrics and Targets)



Focusing on key tasks in the 14th Five-Year Plan period and the dual-carbon goals, the Bank makes persistent explorations and innovations to achieve green operation, build green office and offer green services through the in-depth integration of finance and technology. In a push for “green banking”, the Bank endeavors to build zero-carbon outlets, strengthen the publicity and education of environmental protection and fulfill the commitments to energy conservation and emissions reduction.



Energy conservation and emissions reduction >

Carbon footprint management

Among the financial institutions in Chinese Mainland, **the Bank is the first to have an in-house statistical system for carbon footprint management and the first to realize digital reporting, standard approval and automatic aggregation of energy consumption data.** With a pilot program carried out among selected institutions, **in addition to the Head Office, some branches (e.g. Beijing and Hunan) have carried out carbon inventory.** According to the total amount and structure of carbon emissions in the past five years, the Bank has started a research on its carbon neutrality timetable for own operations and its roadmap for energy conservation and emissions reduction, making gradual progress in the work on carbon-neutral operations.

Steady decline in energy consumption

During the reporting period, the Bank increasingly standardized its energy management. The green office evaluation methods and management policy were formulated and refined to encourage proactive explorations for institution-specific energy conservation and emission reduction measures, and for institution-specific policy on the use of energy resources. The Bank regularly assesses the operation of the energy-using systems on Beijing-based office premises of the Head Office and strengthened the supervision and measurement of energy use. According to the Notice of Beijing Municipal Ecology and Environment Bureau on Management of Key Carbon Emission Entities and the Pilot Work on Carbon Emissions Trading in 2021, the Bank has completed the carbon emissions verification, clearing of carbon emissions trades and other related work for Beijing-based office premises of the Head Office. Employees' awareness of energy conservation has been enhanced by carrying out a series of events, including intensifying publicity and guidance, giving lectures on energy conservation and creating an energy efficient organization.

During the reporting period, the total fuel consumption of business vehicles at the headquarters of the Bank was 65,355 liters, with a mileage of 478,618 kilometers.

The lighting sources in some areas of the underground space at the Head Office were upgraded to LED lamps, saving power consumption by **50%** while boosting lighting effects.

The operation management and maintenance of central air-conditioning units were strengthened to ensure their optimal condition and efficiency, standardize and control the temperature of office air-conditioning and turn off air-conditioning in idle areas, thus reducing power consumption.

The Bank's data center used the solar photovoltaic technology to generate electricity on a pilot basis, reducing power consumption in the park, with a peak of **868** million transactions processed a day. Carbon dioxide emissions were cut by nearly **6,000** tons during the reporting period.

The Software Development Center purified or replaced the lithium bromide solution of two direct-fired air conditioners, and recycled the wastewater produced by water dispensers in the office building, thus reducing energy use.



◎ Solid Wastes Generated by Electronic and Information Products

Item	Unit	2021	2020	2019
Microcomputers	sets	920	838	519
Monitors	sets	991	544	280
Laptop computers	sets	655	212	494
Printers	sets	150	297	132
Servers	sets	0	12	7
Others	sets	740	674	292
Toners	kg	980.85	328.05	332.85
Cartridges	kg	3362.4	1124.4	1141.2
Ribbons	kg	2	3	4.5



□
The Bank standardized the electronics scrapping procedure to ensure harmless treatment of e-wastes and minimize environment impact.

◎ Main metrics of green operation of the Head Office in 2019-2021

Item	Unit	2021	2020	2019
Proportion of domestic E-banking business volume	%	98.8	98.7	98.1
Office paper consumption	million pieces	9.72	8.86	10.26
Office power consumption	kWh	81,161,682	17,290,357	19,667,324
Office water consumption	ton	282,154	125,103	177,550
Corporate vehicle fuel consumption	liter	65,355	57,339	67,796
Corporate vehicle mileage	km	478,618	335,907	397,510

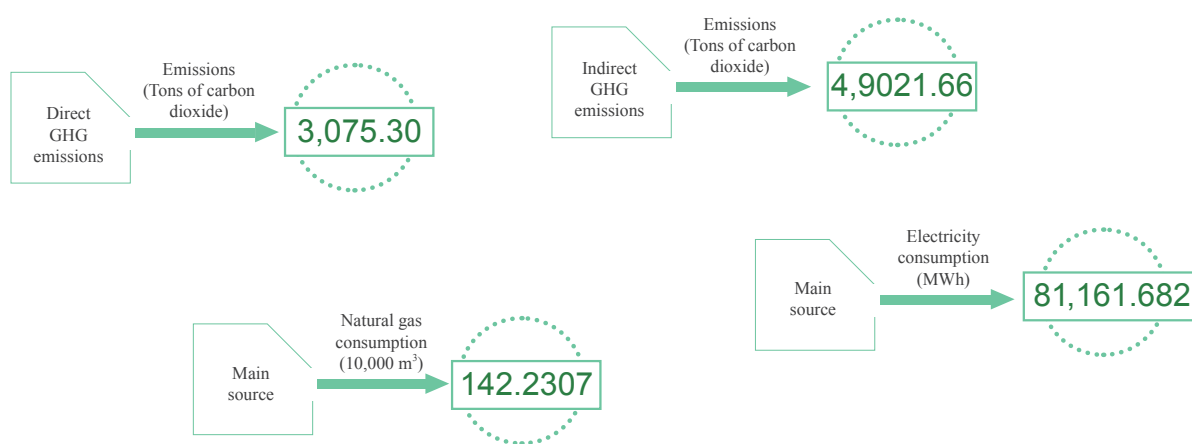
Notes:

1. Statistical scope of total office water consumption and total office power consumption in 2021 covered the Head Office, the kindergarten, Business R&D Center and Beijing R&D department of the Software Development Center of the Head Office; the statistical scope of total office water consumption and total office power consumption in 2019-2020 only included the Head Office and the kindergarten of the Head Office.
2. The statistical scope of total oil consumption and mileage of business vehicles in 2021 covered business vehicles, dining cars and other vehicles; the statistical scope of total oil consumption and mileage of business vehicles in 2019-2020 only included business vehicles.
3. The statistical scope of the total amount of office paper consumption covered the Head Office.



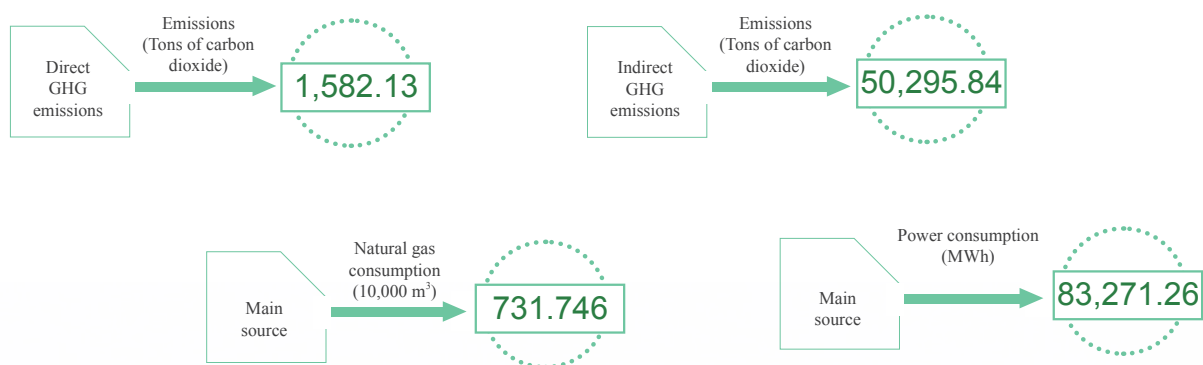
Carbon emissions from Green operations (Scope 1/Scope 2)

GHG emissions from Beijing-based institutions of the Head Office



Note: According to the carbon emissions management requirements of Beijing, information on Beijing-based institutions of the Head Office includes information on the Head Office Park, kindergarten, the Business R&D Center and the Software Development Center (Beijing). Relevant energy consumption was calculated according to the *Guidelines for Carbon Dioxide Emissions Accounting and Reporting of Beijing Enterprises (Organizations)*.

GHG emission from Beijing Branch (headquarters)





Column Leader in Building Green Data Center

The Bank's data center upholds the mindset of energy conservation and environmental protection. In response to the national dual-carbon goals, the Bank has implemented the philosophy of building and operating green data centers in terms of computer room construction, energy conservation and emissions reduction as well as efficient operation and maintenance, giving an impetus to green, low-carbon transition of economic and social development and serving the national goals of carbon peak and carbon neutrality. In 2020, Jiading Park of the Bank's data center was honored as "National Green Data Center". This award showed the Bank's achievements in green data center construction and operation fully recognized among national authorities and professional accreditation bodies.

Computer room construction

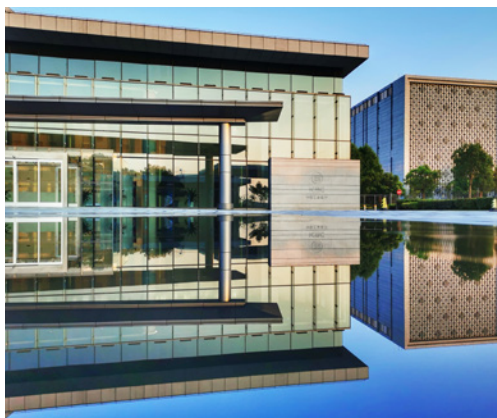
In the second phase of the Jiading Park computer room project, the Bank applied 21 "new-era infrastructure" technological solutions, including high-water-temperature cooling, series structure of water chillers and plate heat exchangers, high-voltage variable-frequency water chillers, air-cooled water chillers and high-voltage DC. Among them, **14 technologies were first used in financial industry data centers, and 8 technologies were first used in financial and internet firms' data centers**. The PUE design value was reduced from 1.6 (Jiading Phase I) to 1.387 (Jiading Phase II). When operating in full capacity, Jiading Phase II will save 30 million kWh of energy a year. In Waigaoqiao Park, the data center designed and built the experimental environment of container computer room based on the philosophy of prefabrication and modularization, and used new technologies to enable high-efficiency operation of the computer room. The average PUE was as low as 1.192 in the year, a leading level across the sector, and winning the Bank the **IDC's "Future Digital Infrastructure Leader" award**.

Energy conservation and emissions reduction of equipment

The Bank adopted technologies such as cloud environment virtualization and containerization to fully unleash equipment performance and better utilize IT equipment. The Bank deployed customized high-density servers, liquid-cooled servers, high-performance CPUs, large-capacity storage and other energy-efficient and high-performance IT equipment, so as to increase the deployment density per unit space and reduce the resource consumption of computer rooms.

Operation and maintenance management

The Bank's data center has actively researched and applied the new technologies regarding computer room operation and maintenance to improve the efficiency, security and stability of the computer room.



Real scene of Jiading Park of Data Center

First, ICBC was the first bank to apply the intelligent inspection robot and the power inspection robot to explore the unmanned and smart management of computer rooms.

Second, ICBC was the first bank to use the RFID-based asset tracking technology to realize intelligent asset management.

Third, based on the real-time digital simulation (RTDS) technology, ICBC was the first bank to accomplish the real-time simulation of computer room refrigeration and the interaction between DCIM monitoring data and simulation data, enabling predictive management of the computer room refrigeration system and visualization of computer room airflow management. The solution has provided a scientific basis for IT equipment deployment and infrastructure control management, receiving the second prize of the “Data Center Technology Achievements Award” at CDCC 2021 Ninth Data Center Standards Summit.

Active explorations for low-carbon outlets

During the reporting period, the Bank built four carbon-neutral “zero-carbon outlets” on a pilot basis, gaining experience in “green banking” in own operations. The Bank has integrated the environment-friendly technologies and the green development philosophy into the design of outlets. Environment-friendly building materials and furniture were used. ICBC cooperated with the carbon emissions exchange in checking the carbon emissions of building materials and office supplies during outlet remodeling and operation, and offset carbon emissions, so as to achieve the “carbon neutrality” in outlet remodeling and “carbon neutrality in advance” in outlet operation. The Bank also renovated outlets for energy-efficient lighting and piloted automated cash handling at outlets, making gradual progress in low-carbon outlet development.



Inauguration of the Bank's first “zero-carbon outlet”



On November 10, 2021, China Emissions Exchange (Tianjin) issued a “carbon neutrality” certificate to **First Development Sub-branch of Tianjin Branch**, the first banking institution in Tianjin Binhai New Area to be awarded this certificate.

On December 24, 2021, China Emissions Exchange (Tianjin) issued a “carbon neutrality” certificate to the **Sino-Singapore Tianjin Eco-city Sub-branch of Tianjin FTZ Branch**, the first banking institution in the eco-city to be awarded this certificate.

On December 27, 2021, **Qingning Road Sub-branch in Yulin, Guangxi** was certified for “carbon neutrality” and “carbon emissions offset” by China Emissions Exchange (Guangzhou), marking the official launch of the first “zero-carbon” outlet in the Guangxi banking industry.

On September 14, 2021, China Emissions Exchange (Guangzhou) issued a “carbon neutrality” certificate to **Shantou Park Sub-branch**, marking the official launch of the Bank’s first “zero-carbon outlet”.



“Carbon peak and carbon neutrality” publicity and exhibition area of Qingning Road Sub-branch in Yulin, Guangxi

Case: Sihui Sub-branch became the first county-level green sub-branch in Guangdong province



Showcasing the green credit elements and achievements in the sub-branch’s lobby

On May 12, 2021, Sihui Sub-branch in Zhaoqing City, Guangdong Province officially became a green sub-branch. It was the first green sub-branch in Guangdong Province outside the Guangzhou Pilot Zone for Green Finance Reform and Innovation, and also the first county-level green sub-branch in the province. It was a contribution to the drive for a “Beautiful Bay Area” and Guangdong’s goal to become the first province to peak carbon emissions. Sihui Green Sub-branch is a key county-level sub-branch of the Bank, with deposits and loans ranking among the top three



branches. Leveraging on the Bank's online network, the sub-branch has vigorously developed low-carbon and environment-friendly green financial services such as internet financing, and continuously deepened the integrated development of online and offline services in line with the "Internet Plus" trends and customers' demand for "non-contact" services. The sub-branch took the lead in fully launching the paperless cash counter operation services across the Bank. Individual customers can go through the entire business process through oral communication and electronic signature without using a single piece of paper.

Case: The Banking Department of Shenzhen Branch was named one of the first "Green Financial Institutions in Shenzhen"

Shenzhen Branch participated in the pilot program on specialized green institutions of Shenzhen Local Financial Supervision and Administration. The Banking Department of Shenzhen Branch was licensed to be "Shenzhen Green Financial Institution" in August 2021, becoming one of the first 11 specialized green financial institutions in Shenzhen. By the end of the reporting period, the Banking Department of

Shenzhen Branch recorded RMB **12,075** million in balance of green credit, an increase of **40.87** % over the beginning of the year, accounting for **39.15** % of Shenzhen Branch's outstanding green credit. The green credit covered a number of green industries, playing a remarkable model role.



The Banking Department of Shenzhen Branch was named one of the first "Green Financial Institutions in Shenzhen"

Green operations >

"Online" and "paperless" office

During the reporting period, the Bank implemented localization of the office platform and integrated and optimized mobile office features. Green office assessment was strengthened, with paperless meetings and training further promoted.

56 system features optimized, including document processing and travel expense reimbursement

270 million transactions handled in the year

810 paperless meetings held

Video conferences accounted for **29** % of the Bank's total meetings

Mobile office DAU rose by more than **50** % year-on-year

5.2 million sheets of paper saved



“Non-contact” services

During the reporting period, the Bank adhered to the principle of “technology-driven, value creation” for a “digital, smart and automated” transition of business operations. It continuously improved the online and intelligent level of financial services, promoting paperless financial operations and services, energy conservation and emission reduction by online and mobile means. With a focus on the hot areas of people’s livelihood, such as healthcare, education and transportation, the Bank built a financial ecosystem based on an open platform and a financial eco-cloud platform. It launched 20 “financial + industrial” cloud services, including healthcare. At present, the financial ecosystem ranks No. 1 in the sector by types of service and number of scenarios. Efforts were made to build a new service model of “ICBC on the Cloud”, pursuing technology-driven upgrading of mobile banking and providing a full range of online services for **469** million users. The supply of non-contact and online services was further increased under a variety of scenarios, including cloud processing of transactions, screen-to-screen emergency handling, 24×7 communication and integrated services.

By the end of the reporting period, the Bank processed 98.8% of transactions through electronic channels, equivalent to the business volume of more than 100,000 physical outlets and 1 million tellers, effectively reducing carbon emissions from financial services.

■ Case: Building the “No.1 Mobile Bank” to make financial services more convenient

The Bank launched the innovative Personal Mobile Banking 7.0 with leading technologies such as “Smart Brain + Journey Engine”. The new version provides “Five Smart Companions” with “human + digital” power, namely wealth companion, cloud companion, dedicated companion, bill companion and benefits companion, so as to create a mobile banking with all-round interaction and through-the-journey companion. The Corporate Mobile Banking 4.0 was launched. This version incorporates an inclusive finance module to meet online financing needs of small and micro businesses. It offers key financial services such as online credit line evaluation and quick loan issuance. Video interview and facial recognition technologies were introduced to enable online application, approval, contract signing, drawdown, payment and repayment. Personalized services were offered by launching exclusive versions (e.g. Happy Life Version 2.0, Better Home Version 2.0, SME Inclusive Finance Version 1.0, and English Version) as well as the ICBC Salary Housekeeper payroll sections, so as to enhance dedicated services for key customer groups such as the elderly, county-area customers, small and micro enterprises, cross-border customers and payroll customers and meet their diverse financial needs.





“ICBC Ju Fu Tong” financial service brand

In boosting digital transition of traditional service models, the platform was linked to nearly **200** governmental, industrial and consumer platforms, serving **73** G-end platforms, **26,000** B-end customers and **19.6** million C-end customers.

Serving rural vitalization by extending online service channels downwards to county areas

The Bank built a novel rural financial access system featuring online-offline integration, with the ICBC Xingnongtong APP developed innovatively. The Mobile Banking County-area Version 2.0 was upgraded, registering **16.03** million users as at the end of the reporting period

Deeper online-offline integration, better convenience and availability of financial services

Online services available from **16,000** cloud outlets, **28,000** wealth managers and more than 100 remote customer service representatives

Online-offline integrated services available from “intelligent + manual” and “text+ voice + video” cloud outlets, cloud studios and cloud customer service representatives.

Online organizations, employees and services realized preliminarily

Interaction between mobile banking and remote banking/physical outlets were deepened. The mobile banking feature of real-time on-screen counseling was introduced, expanding the scope of online video examination service and upgrading from “face-to-face” to “screen-to-screen” interaction. Service scenarios were diversified for no-card, no-certificate outlet services and “online order, offline delivery” services, replacing over **90%** of traditional transactions at relevant outlets.

Remote banking served intelligent transition

The number of “Gino” intelligent service portals has increased to **96**, covering “incoming + outgoing”, “voice + text”, “online + offline” and “internal + external” service scenarios. The voice and text recognition accuracy exceeded **97%**. **630** million intelligent service transactions were completed, an increase of **11%** over the previous year.



Building a green service system for corporate customers

During the reporting period, the Bank gave full play to its intensive, intelligent and professional operations to build a green service system for corporate customers. Through a green, low-carbon transition of banking services, the Bank helps corporate customers pursue the dual-carbon goals with a financial service network featuring efficient, intensive and cyclical use of resources.

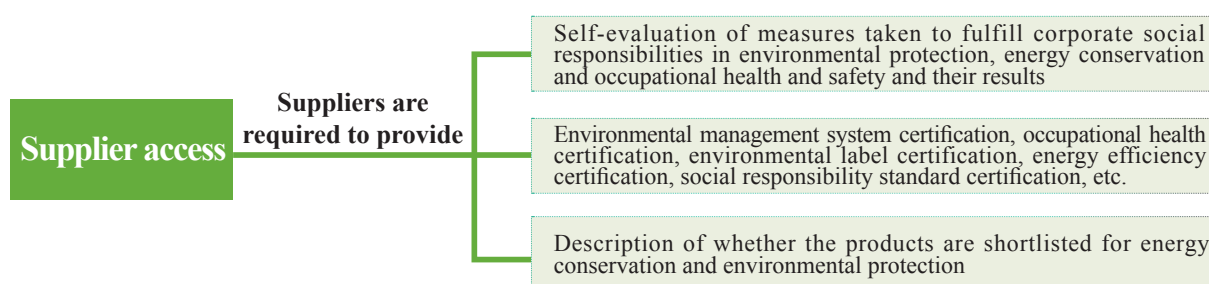
Introducing the OFD cloud receipts for “green” financial operations of corporate customers. A fully digital chain of corporate accounting information was introduced to reduce the conversion of accounting information between banks and financial software. This service model has effectively solved the pain points (e.g. heavy manual workload and inefficient handling) faced by corporate customers under traditional service models that required manual printing, matching and recording of bank receipts. Take a conglomerate’s shared service center as an example, the center processed about 1.5 million paper receipts a year, spending more than 1.5 million on the printing, record-keeping and storage of receipts. After OFD cloud receipts were introduced, manual operations have been cut substantially and each receipt only requires storage space of 18KB, down 80% from the past, while boosting the transmission efficiency.

The “ICBC e Confirmation Service” brand was developed for “green” confirmation service. Leveraging on Fintech solutions such as data lake, API and electronic seal, the Bank introduced the first digital bank confirmation service brand “ICBC e Confirmation Service” in the sector. The brand has realized automated, standardized and intensive processing of bank confirmation services. The “ICBC e Confirmation Service” is fully traceable, allowing electronic filing of confirmations with electronic seals. The processing time has been reduced from 10 working days to less than 48 hours. So far, the Bank has signed cooperation agreements on “ICBC e Confirmation Service” with more than 300 accounting firms. The confirmations have proved to be accurate, convenient and efficient in annual report audits in 2019 and 2020, effectively boosting the digital transition of domestic accounting firms and audited companies.

Case: ICBC (Turkey) put into operation the paperless online processing integration project for export credit

In export credit processing in Turkey, it is necessary to obtain the basic information on the latest version of e-commerce customs declaration and its remarks, so as to provide customers with tax credits, letter of credit processing and other operations. After ICBC (Turkey) put into operation the paperless online processing integration project for export credit, the core banking system was connected with the system of Turkey’s Minister of Commerce, enabling the online processing of customs declaration forms, remarks notification and remarks inquiry, and effectively mitigating the business processing risk and improving the process efficiency. The project has substantially reduced the consumption of paper and printing supplies in export credit operations, giving a boost to transition to a low-carbon economy.

Supply chain management and green procurement >





Supplier management

Suppliers are managed based on the Bank's centralized procurement supplier database. A sound mechanism for annual supplier review is in place to regularly conduct comprehensive risk screening and assessment of all suppliers in the database and remove any unqualified suppliers. The database has played a bigger role in the access, grading and risk examination of suppliers. A graded approval and collective review mechanism is in place to examine the access of suppliers and strictly control the acceptance of suppliers. Open recruitment of suppliers is carried out to ensure the onboarding of suppliers with excellent brands, advanced technology and sound management.

Green finance training >

During the reporting period, the Bank organized **162** sessions of bank-wide training on green finance in the form of face-to-face training, online training, video training, morning training and pre-shift/after-shift training, with a total of **576.13** million attendees. These training programs have delivered good results.

Promoting the philosophy of green development via management training

During the reporting period, such courses as “promoting comprehensive green transformation in economic and social development, pursuing modernization featuring harmonious coexistence between human and nature” were included in the training of managers at all levels under the theme of green development. These training courses have enhanced the management's understanding of green development and promoted bank-side implementation of the green development philosophy and sustainable development strategy.

Interpreting policies on green credit at home and abroad

During the reporting period, seven training sessions on green credit (four sessions domestically and three overseas) were provided both online and offline, and the courses on “interpretation of green credit policies” were added to 27 training sessions, ensuring compliant and efficient development of the Bank's green credit.

Training on green transition against the backdrop of carbon neutrality

During the reporting period, face-to-face, video, internet, dedicated lectures and other ways were adopted, focusing on management at all levels, and 19 training sessions on the development and transition of green finance under the background of carbon neutrality were held to explore the green development strategies and pathways of commercial banks and convey the development philosophy of green finance business under the new situation.

Climate risk training

Climate risk training was provided for the heads and core staff of the risk management departments at tier-one (or directly managed) branches, overseas institutions and comprehensive subsidiaries. Such training helped employees better understand the background and basic concepts of climate risk, how climate risk affects banks and the climate risk management methods and practices at home and abroad.



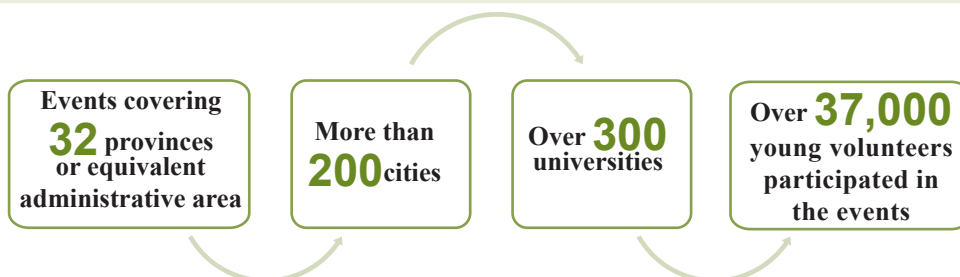
Green charity events >

During the reporting period, the Bank organized a total of **6,425** green youth volunteer events. A total of **33,000** young volunteers provided **26,000** hours of volunteer services.



“Beautiful China - Young ICBC in Action” Season 4

The Bank carried out public welfare plogging for the fourth consecutive year, including waste sorting and anti-pollution events, to disseminate the philosophy of ecological conservation and advocate green lifestyle. These events covered more than 200 cities and more than 300 universities in 32 provinces or equivalents. More than 37,000 young volunteers participated in these events. In 2021, under the theme of “protecting the source of three rivers”, young volunteers were organized to take part in environmental protection events through garbage-collecting jogging, environmental protection lecturing and public welfare donations. More than **8,000** young volunteers from the Bank participated in the events. A total of RMB**90,000** was raised from over **5,000** people. These vents were broadly covered by the media, including People.cn and chinanews.com.





ICBC (Asia): Carrying out the “Plantation Enrichment Plan”

In November 2021, the third phase of plantation protection work was successfully carried out under the “ICBC (Asia) Plantation Enrichment Project” jointly launched with The Hong Kong Agriculture, Fisheries and Conservation Department and The Green Earth. More than 25 members of the ICBC (Asia) Tree Planting Volunteer Team went to the Clear Water Bay Country Park to take good care of the saplings planted by ICBC (Asia) Volunteer Team earlier. The event marked ICBC (Asia)’s strive to enhance the ecological value and enrich biodiversity of Hong Kong’s forest areas, and boost sustainability of the ecosystem in Hong Kong.



ICBC (Peru): Cleaning coastlines to fulfill social responsibility

ICBC (Peru) organized employees to pick up garbage along the green coast of Lima, the capital of Peru, to clean the beach, fulfill social responsibility, advocate environmental protection and protect the marine ecosystem. A total of 25 employees participated in this event, removing 15 big bags of garbage from the 1,000-meter-long beach.





ICBC Credit Suisse: Investor training on green investment

As a response to regulators' call for stronger investor education and protection, ICBC Credit Suisse created a website to educate investors on green investment under the national policy of carbon peak and carbon neutrality. Through the “online + offline” integrated development model, the bank provided investors with guidance on green industry policies and green fund investments.



ICBC of China Hangzhou Institute of Financial Studies: Plogging for a beautiful Hangzhou

The “Civilization Pioneer in Action” event was organized, a plogging event for a beautiful Hangzhou. The “World Environment Day” publicity event was carried out with the video entitled “Non-exhaustive Illustration of Wild Animals in Sanjiangyuan” produced to call for protecting the Yellow River, China’s “Mother River”. The Bank participated in the Earth Hour campaign and generated an initiative. The “Collecting Green Energy, Protecting Lucid Waters and Lush Mountains” annual cloud tree planting event was carried out to make positive changes for environmental protection.



07

Forward-looking Research



The Bank attaches great importance to forward-looking research on green finance. In 2021, ICBC conducted in-depth research on topics such as low-carbon transition of commercial banks, financial support for carbon market development, business promotion in pilot zones for green finance reform and innovation, carbon-reduction supporting tool and ESG rating, shaping a sound mechanism for researches to serve decision making and business development.

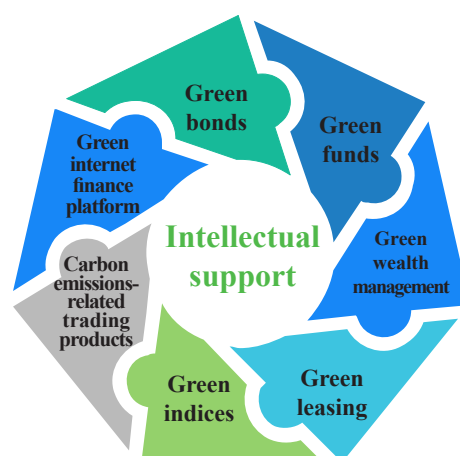


Green finance research findings serve decision-making and transition >

Since China announced the dual-carbon goals, the Bank has conducted in-depth research on green finance that yielded remarkable results in policy tracking, business support, standard guidance and brand awareness.

The Modern Finance Research Institute of the Bank coordinates Group-wide efforts to strengthen research on national policies, industry trends and banking business under the dual-carbon goals, shaping a good atmosphere for green research supportive of decision-making and green development. Such research has provided effective intellectual support for the transition to green finance, including green bonds, green funds, green wealth management, green leasing, green indices, carbon emissions-related trading products and green internet finance platform.

Research serves decision making and business development



Research on key issues regarding green finance development

In-depth research reports were prepared with a focus on key issues regarding green finance development. Policy recommendations were made on key issues such as ESG rating, carbon-neutrality banking, construction of pilot zones for green finance reform and financial services for carbon market. These policy recommendations are implemented with the approval of the Party Committee of the Head Office. Laser-focused on financial support for the dual-carbon goals, the Bank has completed the *Research on Green and Low Carbon Transition of ICBC under the Background of Carbon Neutrality*, a key research project of the Bank, and the *Research on Green Finance Development Supportive of the Dual-carbon Goals*, a research project of PBC and FSDC.

In-depth application of “CSI 180 ESG Index”

The index went online in 2018. As the first ESG-themed stock index created by a domestic commercial bank, it has outperformed SSE 180 in either short-term or medium-to-long term return. It is also more resilient to market declines than mainstream indexes and similar indexes. During the reporting period, ICBC Credit Suisse launched an ETF linked to this index, the first approved ESG.ETF product and a successful practice of innovation in research-business interaction.



Fruitful cooperative research >

Compilation of *Casebook of BRBR Green Finance Practice*

The BRBR¹⁴ Secretariat compiled the Casebook from the dimensions of products and management (e.g. green bonds, green loans, product innovation and in-house governance) based on the cases solicited from BRBR members and publicly available information. The Casebook is intended to promote industry champions, encourage innovation, provide reference for BRBR members of different scales, continuously strengthen capability building on green finance and jointly contribute financial wisdoms and strengths to make green the background color of the Belt and Road Initiative. The framework of the *Casebook of BRBR Green Finance Practice* was released on the Parallel Session on “Green Finance Facilitates Sustainable Development” of the Hongqiao International Economic Forum at the Fourth China International Import Expo (CIIE).

Publishing the abstract of the *Report on Practices of Chinese and European Enterprises in Peak Carbon Dioxide Emissions and Carbon Neutrality*

This report is a research result of the Bank relying on the China-Europe Business Council (CEBC)¹⁵. It summarized the good practices of Chinese and European enterprises on the way to carbon peak and carbon neutrality, outlined the challenges faced in pursuing the dual-carbon goals, put forward the “China-Europe Green Bridge” action plan and proposed a feasible pathway to sustainable development.

Participating in formulation of standards

Under the PBC guidance, the Bank took the lead in formulating the *Guidelines for Environmental Information Disclosure by Financial Institutions*. The guidelines were officially released by PBC in July 2021 as the first recommended industry standard for environmental information disclosure of financial institutions in China. At present, it has been piloted in nine areas across six provinces and the Guangdong-Hong Kong-Macao Greater Bay Area.

Column Hunan Branch Successfully Completed the PBC Pilot Program on Environmental Information Disclosure

Hunan Branch became the only branch of a state-owned commercial bank designated by PBC Changsha Central Sub-branch to take the lead in carrying out the pilot program on environmental information disclosure of financial institutions. The *2020 Annual Report on Environmental Information of Financial Institutions* was prepared based on identification and assessment of the environmental opportunities and risks of Hunan Branch in 2020 in terms of governance structure, policies and procedures, innovation in products and services, environmental risk management process, impact of environmental factors, environmental impact of investing and financing activities, environmental impact of operating activities, data collation and protection and green finance innovation and research results.

¹⁴The China-Europe Business Council (CEBC) was initiated by ICBC with leading enterprises from China and Europe and officially launched on April 29, 2021, and participated in by leading enterprises from China and Europe. It aims to upgrade the China-Europe economic and trade relations through the cooperation between Chinese and European enterprises.



Compiling the green finance development report series

The Bank and Renmin University of China jointly led the compilation of **2021 China Green Finance Development Research Report**. It was the fifth year that the Bank prepared the report. This report represents common wisdoms of regulators, industries and academia. It not only reviews the latest developments in green finance across China, but also provides insights into hot and focal issues, providing a valuable reference for policy makers, financial institutions, enterprises and academia. The Bank also participated in the preparation of PBC's annual report on green finance development for 2021, the fourth consecutive year of preparing the report.

Research on environmental information disclosure of financial institutions

The Bank's Modern Finance Research Institute and the Institute of Finance and Sustainability (IFS) jointly issued the **Research Report on Environmental Information Disclosure of Financial Institutions under the Dual-carbon Goals**. Based on analysis of the evolution and trend of domestic and foreign policies on environmental disclosure of financial institutions and China's practices in environmental disclosure of financial institutions, this report focuses on the key issues and difficulties in financial institutions' environmental disclosure, recommends the approaches and methods for quantitative measurement and analysis of environmental disclosure of Chinese financial institutions and proposes next-step countermeasures in this regard.

Proactive research on climate risks

The Bank has incorporated climate risk into the enterprise risk management system. It carried out climate risk identification, assessment, monitoring and control in a proactive manner and conducted climate risk stress tests in an orderly manner under regulatory guidance.

Solid climate risk analysis and stress test research

Since 2015, the research results have covered a wide range of industries and fields such as thermal power, cement, steel, electrolytic aluminum, water risk and carbon trading. They have been published on Network for Greening the Financial System (NGFS), G20 and other platforms. The Bank led some GFC institutions in compiling and publishing the first professional book on environmental and climate risk management in China, namely, *Environmental Risk Analysis by Financial Institutions and Case Study*, and published five research reports on stress testing of environmental and climate risks.



Translating and proofreading five TCFD deliverables documents

Including *TCFD Recommendations on Climate-Related Financial Disclosures*, *Guidance on Risk Management Integration and Disclosure*, *Guidance on Scenario Analysis for Non-Financial Companies*, *The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities* and *2021 Status Report*. The document, "translated by ICBC Working Group on Climate Risks", was published on the TCFD website. It provides Chinese institutions with a TCFD framework for reference in strengthening climate risk management and making relevant disclosures.



Participation in TCFD global financial governance

The Bank is the first Chinese financial institution to sign the TCFD recommendation. As an expert member of TCFD, the Bank participates in TCFD global financial governance. In 2021, the Bank attended four general meetings of TCFD and gave suggestions on refining important documents, including *TCFD's Guidance on Metrics, Targets, and Transition Plans* and *Portfolio Alignment Techniques*. The Bank led more than 10 domestic banks in completing the TCFD questionnaire, causing TCFD international rules to consider China's national conditions.



Performing duties as leader of the Banking Expert Group

In June 2021, the Bank and the China Banking Association (CBA) jointly established a Banking Expert Group on Carbon Peak and Carbon Neutrality, led by ICBC. The Bank worked with CBA to formulate important documents, such as the *Management Measures of the Expert Group*, the *Five-Year Work Plan* and the *Joint Initiative*. The Bank led compilation of the Report on the Practices of Banking Support for Carbon Peak and Carbon Neutrality Goals with nearly 130,000 Chinese characters. A climate risk database covering hundreds of documents was created.



International Cooperation



Relying on international green finance organizations and platforms, the Bank participates in sustainability-related international governance and formulation of standards, contributing ICBC's strength to green finance and sustainable development.



The Bank engages with global financial institutions and international platforms. Under the guidance from regulatory authorities, The Bank initiated the Belt and Road Bankers Roundtable (BRBR) and joined the Green Investment Principles (GIP) for the Belt and Road, the United Nations Environment Program Finance Initiative (UNEP FI) and the United Nations Principles for Responsible Banking (PRB), taking an active part in international exchanges and cooperation and capacity building in green finance. As the deputy director of the Green Finance Committee of China Society for Finance and Banking, the Bank participates in various domestic green finance conferences and academic exchanges to share its research findings and experience in business development.

Hosting the Global Systemically Important Financial Institutions Meeting 2021, promoting joint release of the *Beijing Initiative for Climate-friendly Banks* ▶▶▶



In October 2021, the Bank hosted the Global Systemically Important Financial Institutions Meeting 2021, with the topic of “Promoting Climate-Friendly, Advancing Green Finance and Sustainable Development”. Chen Siqing, Chairman of the Bank, attended and addressed the conference. The parties to the conference jointly released the *Beijing Initiative for Climate-friendly Banks*, first international initiative to address climate change led and proposed by Chinese commercial organizations.



On October 21, 2021, Chairman Chen Siqing and President Liao Lin of the Bank attended the Global Systemically Important Financial Institutions Meeting 2021.



Participating in the Ecological Civilization Forum of UN Biodiversity Conference, signing the “Ecological Civilization: Building a Shared Future for All Life on Earth” initiative ▶▶▶



On October 15, 2021, President Liao Lin of the Bank attended the Ecological Civilization Forum at the 15th meeting of the Conference of the Parties (COP 15) to the Convention on Biological Diversity in Kunming, Yunnan.

On October 15, 2021, President Liao Lin of the Bank attended the Ecological Civilization Forum at the 15th meeting of the Conference of the Parties (COP 15) to the Convention on Biological Diversity in Kunming, and delivered a closing speech. Liao provided three suggestions on financial support for biodiversity conservation: First, financial services should be used to vitalize market players. Second, financial services should empower economic rebalancing. Biodiversity

conservation should be incorporated into financial institutions' own development strategy, thereby guiding more funds toward eco-friendly projects and helping build a green and low-carbon system of circular economy. Third, financial cooperation should promote global environmental governance. ICBC is ready to work with the global financial peers to pioneer the practicing of the green development philosophy, encourage eco-friendly flows of financial resources, take proactive and well-targeted actions and make new and greater contributions to building a shared future for all life on earth and a cleaner and beautiful world.

Co-hosting the 2021 annual conference of the Green Finance Committee ▶▶▶

On September 25, 2021, the Bank co-hosted the 2021 annual conference of the Green Finance Committee of China Society for Finance and Banking. It was the seventh annual conference of the Green Finance Committee. Wang Jingwu, Senior Executive Vice President of the Bank, delivered a speech at the opening ceremony, stressing that the efforts to pursue green finance development should follow the principles of serving the real economy, technological empowerment and putting people at the center. Banking institutions should, on the one hand, expand the scale of green financing to support the development of low-carbon industries and technological upgrade, energy conservation and carbon emissions reduction of traditional industries, and keep environmental risks under control on the other hand. In addition, advanced technologies should be used to make financial services more targeted and improve the ability to manage environmental risks.



On September 25, 2021, Wang Jingwu, Senior Executive Vice President of the Bank, attended and addressed the 2021 annual conference of the Green Finance Committee of China Society for Finance and Banking.



Co-hosting the Green Finance Forum of Eco Forum Global Guiyang 2021 ▶▶▶

On July 11, 2021, the Bank and Guizhou Provincial People's Government jointly hosted the Green Finance Forum of Eco Forum Global Guiyang 2021 under the theme of "green finance helping to peak CO₂ emissions and achieve carbon neutrality". Senior Executive Vice President Xu Shouben attended and addressed the forum. Experts, scholars and industry insiders from government agencies, universities and financial institutions were invited to discuss how to implement the five-pronged development philosophy of innovation, coordination, greenness, openness and sharing in the financial sector and support the high-quality development of green finance. The forum consisted of a summit meeting and two sub-forums, namely, "Financial Support for Integrated Development of Green Healthcare" and "Paths of Finance Supporting Low-carbon Transformation of Economy".



On July 11, 2021, Xu Shouben, Senior Executive Vice President of the Bank, attended and addressed the Green Finance Forum of Eco Forum Global Guiyang 2021.

Participating in the sideline dialogue series on green finance related to the 26th meeting of the Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC) hosted by the City of London ▶▶▶

Senior Executive Vice President Zhang Weiwu attended the APAC Green Tea Dialogue by video and had discussions with 10 financial institutions in Asia-Pacific regions on the global role of financial institutions in the transition to net-zero carbon emissions under the themes of "Route to Net Zero" and "Opportunities in Carbon Market".



In July 2021, Zhang Weiwu, Senior Executive Vice President of the Bank, took part in green finance discussions by video link.



Attending the 18th Global Annual Conference of the International Finance Forum (IFF) ▶▶▶

On December 5, 2021, Zhou Yueqiu, Chief Economist of the Bank, attended the 18th IFF Global Annual Conference. The conference was co-sponsored by China Council for the Promotion of International Trade (CCPIT), Guangzhou Municipal People's Government and the International Finance Forum (IFF). Distinguished



On December 5, 2021, Zhou Yueqiu, Chief Economist of the Bank, attended the 18th IFF Global Annual Conference.

guests from financial institutions and international organizations in China, the United States and Japan attended the conference. Zhou Yueqiu delivered a speech at the global carbon neutrality summit of the annual conference. He made an in-depth analysis on the “new goal”, “new energy”, “new market” and “new partners”, analyzed the responsibilities and opportunities of financial institutions under the background of global cooperation to achieve carbon neutrality goals and proposed to contribute more financial wisdoms.

Hosting the Parallel Session on “Green Finance Facilitates Sustainable Development” of the Hongqiao International Economic Forum, fully leveraging on the influence of CIIE ▶▶▶

During the Fourth China International Import Expo (CIIE), the Bank successfully hosted the parallel session on “Green Finance Facilitates Sustainable Development” of the Hongqiao International Economic Forum. The event was attended by representatives from the government, financial institutions, non-financial enterprises, academic research institutes and international multilateral organizations from 23 countries and regions. Attendants had in-depth exchanges on topics such as promoting carbon peak and carbon neutrality, enterprises' demand for green finance in their low-carbon transition, carbon market construction, and international cooperation on green finance along the Belt and Road.

Serving China-Europe economic and trade relations, boosting the bilateral cooperation in “carbon peak and carbon neutrality” work ▶▶▶

On April 29, 2021, amid the broad opportunities of China-Europe cooperation, the Bank established China-Europe Business Council (CEBC) jointly with outstanding Chinese and European enterprises. A working group on sustainable development was set up within the CEBC. CEBC follows the principles of openness, greenness, inclusiveness, mutual benefit and win-win cooperation. It aims to upgrade the China-Europe economic and trade relations through cooperation between Chinese and European enterprises, and make new contributions to the development of China-EU relations. During the 4th CIIE, the Bank successfully held the China-Europe CEO Summit for the third year in a row, and released the abstract of the *Report on Practices of Chinese and European Enterprises in Peak Carbon Dioxide Emissions and Carbon Neutrality*.



Column Remarkable Results of Joint Efforts to Promote the UK-China Climate and Environmental Information Disclosure Pilot

Under the support and guidance from PBC and the joint leadership of the Green Finance Committee of China Society for Finance and Banking and the City of London, ICBC and the UN Principles for Responsible Investment (PRI) as lead bodies jointly advanced the pilot program.

Since December 2017, the Bank has made unremitting explorations and led China's pilot financial institutions in drawing upon international best practices and aligning with international trends. The Bank has developed the pathway to the climate and environmental disclosures pilot suitable for China's national conditions, including its development stage and characteristics. The *Action Plan for the Pilot Program on China-UK Environmental Information Disclosure of Financial Institutions* was formulated innovatively, setting out a three-stage action plan for the pilot. On that basis, the *China-UK Financial Institutions Environmental Information Disclosure Targets Framework (China)* was developed to clarify the definitions and contents (qualitative and quantitative metrics) and forms of environmental information disclosure. By the end of May 2021, the number of Chinese and UK pilot institutions (including financial institutions, city representatives and observers) had increased from the original 10 to 20¹⁶, covering banking, asset management, insurance and securities sectors.

◎ Capacity building events for environmental information disclosures of Chinese and UK financial institutions

Date	Meeting	Meeting agenda
April 2021	China Carbon Neutrality Week	The online meeting discussed three major topics: policy and regulatory developments for achieving carbon neutrality goals, climate-related risk management and information disclosure, investor stewardship management and participation of listed companies, preparing for and playing an active role in the global and China's transition to carbon neutrality.
June 2021	Workshop on Decarbonization and Climate-related Disclosure in China	Discussion on the climate-related financial risk disclosures in China's low-carbon transition and rapid development.
	Workshop on the Latest Analysis of Pathways to Carbon Neutrality and Its Impact on Investors and China's Coal Industry	Introduction to the latest analysis on net-zero emissions in China and worldwide, e.g. how China's carbon market supports the dual-carbon goals, and the impact of the latest scenario forecasts on global climate policies on investors and net-zero target.
December 2021	International Workshop on Green Finance 2021	Focusing on the G20 consensus on sustainable finance development, the meeting introduced the environmental disclosure standards of Chinese financial institutions, the current situation of TCFD, China's ESG stewardship management, banks' ESG practices and development recommendations and progress of green technological platforms. Meanwhile, the working group on the UK-China Climate and Environmental Information Disclosure Pilot also held a meeting.

¹⁶UK-China Climate and Environmental Information Disclosure Pilot institutions (including financial institutions, city representatives and observers): ICBC, Industrial Bank, Bank of Jiangsu, Bank of Huzhou, E Fund, China Asset Management, Ping An Group, PICC P&C Insurance, AVIC Trust, Bank of China, Jiangxi Bank, Chongqing Rural Commercial Bank, Bank of Jiujiang, Haitong International, China Construction Bank and the Leading Group on the Huzhou Pilot Zone for Green Finance Reform and Innovation (16 from China) and HSBC, AVIVA, HERMES Investment Management and Brunel Pension (four from the UK).



Column Fostering Green Consensus within BRBR



The Belt and Road Bankers Roundtable (BRBR) is an international financial cooperation mechanism initiated by the Bank under the guidance of the PBC during the first Belt and Road Forum for International Cooperation in 2017. During the reporting period, the Bank as the BRBR Secretariat stepped up efforts to build a green BRBR. The Working Group on Green Finance was set up. Based on the mechanism, the Bank kept fostering the consensus on green development by launching initiatives, issuing BRBR green bonds, releasing reports, and holding forums and training series. These moves have boosted information exchange and capacity building in green finance. The Bank successively held high-level events as the BRBR Green Finance Webinar, the parallel session on “Green Finance Facilitates Sustainable Development” of the Fourth Hongqiao International Economic Forum and the forum themed “Empowering the ESG Transformation - the Role of Technologies” at the Expo 2020, Dubai, UAE. It also held BRBR Green Finance Training series including three workshops on green bonds issuance, green credit and carbon finance respectively.



The first plenary meeting of the BRBR Working Group on Green Finance



BRBR Green Finance Webinar was held for the first time. President Liao Lin and Senior Executive Vice President Zhang Weiwu of the Bank and representatives from PBC, the Green Finance Committee and the Institute of International Finance delivered speeches at the event. Representatives from nearly 40 member institutions attended the meeting. The meeting reached broad consensus on promoting green recovery in the post-epidemic era, increasing green finance offering, pushing forward the transition of green financial services and supporting the sustainable economic and social development along the Belt and Road.

During the second China-Africa Economic and Trade Expo (CAETE), the Bank and the Standard Bank Group jointly hosted the China-Africa Financial Cooperation Dialogue. The *BRBR Initiative on Promoting the High-Quality Development in Africa* was released at the event. The initiative called for adhering to the UN Sustainable Development Goals, and the goals set by the *UN Framework Convention on Climate Change* and *Paris Agreement*, as well as the Green Investment Principle (GIP) for the Belt and Road, strengthening support for energy conservation, environmental protection, green energy, green transportation and green infrastructure through extensive and multi-level cooperation, fulfilling social responsibilities to increase local jobs, promoting low-carbon transition progressively and making contributions to the high-quality development and green development of African countries.

The Bank successfully held the “ICBC Day” of the China Pavilion at the Expo 2020 in Dubai under the theme of “Together, for a Shared Future”. The BRBR Secretariat and Dubai (DIFC) Branch of the Bank jointly held the BRBR thematic forum during the event. Discussions were made on “empowering the ESG transition - the role of technologies”. Good practices were shared on how to give full play to Fintech in empowering economic and social sustainability as well as the business transition and risk management of the financial service sector.

April
2021

July
2021

September
2021

November
2021

December
2021

Second half
of 2021

The BRBR Working Group on Green Finance was formally established. The working group is chaired by Crédit Agricole CIB and also joined by nine BRBR members from seven countries in different stages of development.

The Bank hosted the parallel session on “Green Finance Facilitates Sustainable Development” of the Hongqiao International Economic Forum under the support of BRBR. During the event, the Bank unveiled a number of green deliverables, including the BRBR “carbon neutrality” themed green bonds, the *Belt and Road Green Finance (Investment) Index Research (2021)*, the framework of *Casebook of BRBR Green Finance Practice*, the ChinaBond-ICBC Green Bond Index and the memorandum of understanding on tripartite cross-border cooperation between ICBC, Shanghai Clearing House and China Emissions Exchange (Guangzhou), of which two deliverables were contributed by the BRBR.

The BRBR Green Finance Training Series invited experts and practitioners from regulators, financial institutions, multilateral development banks, advisory body, and external evaluation providers are invited to walk the audience through regulatory environment, market development and offering, standards & assurances and risk management measures across the fields of green bonds issuance, green loans and carbon finance both in China and internationally. The workshops were welcomed by BRBR members and observers, China-Europe Business Council (CEBC) members, prospective BRBR members, and the employees from the Head Office as well as domestic and overseas institutions of the Bank with nearly 1,000 person/time from more than 50 countries and regions attended online and offline. To strengthen the in-house green capacity building, the workshops have been uploaded to the ICBC Research Center, receiving more than 10,000 hits so far. More than 3,000 employees have completed their study.



Column ICBC's Broad Participation in and Green Contribution to International Multilateral Cooperation

Promoting discussions and cooperation on issues related to green finance issues under the framework of BRICS Business Council

In August 2021, the Bank, together with the BRICS Business Council (BBC), adopted the *Joint Statement on Business Co-operation Towards Achieving Sustainable Development Goals*. According to the *United Nations' 2030 Agenda for Sustainable Development*, the joint statement holds that the business community should strengthen cooperation in economic development, trade, investment, innovation, research and creation of sustainable development, calling on BRICS leaders to jointly achieve sustainable development goals. At the same time, as the leader of the BBC Working Group on Financial Services, the Bank actively promoted the discussions and cooperation in issues related to green finance within the working group.



The Bank won GIP's "2021 Best Capacity Building Award"

Participating in the Green Investment Principles (GIP) for the Belt and Road

During the reporting period, BRBR Secretariat, which sits in the Bank, joined the GIP Steering Committee. The Bank promoted GIP within BRBR and attended the GIP annual conference and GFLP, a green finance capacity building project in Southeast Asia. As a Co-chair of the GIP Working Group I on Environmental and Climate Risk Assessment (GIP WG1), the Bank led some members in carrying out rounds of optimization and dozens of in-depth discussions over two years and successfully developed CERAT, an online tool for environmental and climate risk management of the Belt and Road Initiative projects. It is a scientific instrument for enterprises and financial institutions to measure and manage environmental and climate risks of projects. The Bank won the GIP "2021 Best Capacity Building Award" for its above green finance contributions.

CERAT, an online tool for environmental and climate risk management of the Belt and Road Initiative projects, enables measurement of carbon emissions, pollutants and water risks of four project categories, namely, construction, transportation, industry and electricity.

Improving its own ESG performance, implementing the UN Principles for Responsible Banking (PRB)

The Bank is the only Chinese financial institution that joined the PRB Banking Board. It has actively aligned itself with PRB requirements, strengthened the publicity of the PRB and extensively participated in discussions on issues such as tackling climate change and fulfilling social responsibilities. As a representative of Chinese banks, the Bank joined the working group on PRB framework improvement, reviewed the applicability of the principles together with PRB global financial partners and improved the framework according to the latest trends in sustainable development and biodiversity commitments. Under the guidance of the new framework, a biennial PRB Collective Progress Report was shaped.

09

Awards





◇ **International Finance Forum (IFF)**

Institution of the Year, “2021 Global Green Finance Awards”



◇ **Xinhua News Agency**

“Model Case of Green Finance Practices” in the financial industry in the first year of the 14th Five-Year Plan



◇ **UN Global Compact Network China**

“Best Corporate Practices for Achieving the Sustainable Development Goals 2021”

- Eco-Environment Protection and Concern about Climate Change



◇ **Green Investment Principles (GIP) for the Belt and Road**

“2021 Best Capacity Building Award”

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Appendices



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-



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Principle 1

Consistency

We will ensure that our business strategy is consistent with and contributes to the Sustainable Development Goals (SDGs) of the United Nations, the Paris Climate Agreement and individual needs and social goals set out in relevant national and regional frameworks.

Contents	Page
1.1 (Outline) Describe your business model, including the main customer groups you serve, the types of main products and services you provide, the main industries/technologies/activities to which you provide financing, and the geographical areas you mainly operate or provide financing.	28-53
1.2 Describe how your current strategy /plan adjustment strategy is consistent with and contributes to the Sustainable Development Goals (SDGs) of the United Nations, the Paris Climate Agreement and social goals set out in relevant national and regional frameworks.	2-4, 14- 17

Principle 2

Influence and objective setting

We will continue to enhance the positive influence, while reducing the negative influence of our business activities, products and services on human and environment and managing the related risks. To this end, we will set and make public goals for the fields that have the biggest influence on us.

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2.1 Influence analysis	23-26
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Principle 3

Customers

Based on the principle of responsibility, we cooperate with customers, encourage their sustainable practice, promote the development of economic activities, and create common prosperity for current and future generations.

Contents	Page
3.1 Outline the policies and practices that your bank has implemented and/or planned to implement in order to promote the responsible relationship with customers. Outline the plans and measures that have been implemented (and/or to be implemented), the scale and the results (in any possible circumstance).	19-21



3.2 Describe how your bank cooperates or plans to cooperate with customers, so as to encourage their sustainable practices and promote sustainable development of economic activities. The information disclosed shall include the action plan that has been implemented or to be implemented, the products and services developed, and the effect (in possible circumstances).

Principle 4

Stakeholders

We will actively and responsibly consult, interact and cooperate with stakeholders to achieve social goals.

Contents	Page
4.1 Describe which stakeholders (or the group/type of stakeholders) your bank has consulted, communicated or cooperated with in order to improve your influence. Outline how your bank identifies stakeholders, and the issues that your bank has solved and the achievements your bank has made.	12, 19-21, 64

Principle 5

Corporate governance and banking culture

We will fulfill our commitment to these principles through effective corporate governance and a responsible banking culture.

Contents	Page
5.1 Describe relevant governance structure, policies and processes that your bank has implemented or planned to implement in order to manage the substantial (potential) positive and negative influence and effectively fulfill the Principles.	6-12, 19-21, 23- 26
5.2 Describe the initiatives and measures that your bank has implemented or planned to implement in order to cultivate a responsible banking culture among employees. Outline the inclusion of relevant factors in the related capacity building, remuneration structure and performance management, as well as leader communication.	64-68, 70- 72
5.3 Governance structure for implementation of the Principles for Responsible Banking	6-12

Principle 6

Transparency and responsibility

We will regularly evaluate the implementation of these principles by each of our institutions and all signing banks, publicly disclose our positive and negative influence and our contribution to social goals, and be responsible for the relevant influence.

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6.1 Implementation progress of the Principles for Responsible Banking	2-4, 81

Note: Please refer to the Bank's 2021 Corporate Social Responsibility (ESG) Report for more details.
<http://v.icbc.com.cn/userfiles/Resources/ICBCLTD/download/2022/2021CSR.pdf>



Notes to the Report >

Scope

Organization scope: This report covers the whole Group, focusing on the Industrial and Commercial Bank of China Limited.

Time frame: January 1 to December 31, 2021, and some contents are beyond this time frame.

Principles for report preparation

This report refers to the Recommendations of the Task Force on Climate-related Financial Disclosure issued by the TCFD of the Financial Stability Board, the environment-related principles of the UN Global Compact, and the SDGs of the UN, and meets the Green Credit Statistics System and the Green Credit Guidelines issued by the CBIRC, the Guidelines for Environmental Information Disclosure by Financial Institutions issued by PBC, the Guidelines for Environmental Information Disclosure of Listed Companies issued by Shanghai Stock Exchange, the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited and other relevant opinions and guidelines.

Data

Data used in this report is mainly from 2021, most of which is excerpted from the statistical data of the Bank's internal systems and branches. Unless otherwise provided, figures involved in this report shall be in RMB.

Format

This report is released in soft copy, which is available on the website of the Bank (www.icbc-ltd.com). This report is published in Chinese and English. In the case of discrepancy between the two versions, the Chinese version shall prevail.





Feedback Form

Thank you for reading the Special Report on Green Finance (TCFD). In order to better meet your reading needs, provide you and all stakeholders with more valuable information, effectively implement the Bank's philosophy of green operation, and fulfill our responsibility and mission of promoting green transformation of the real economy with green finance, we earnestly hope that you can make valuable comments on the report and provide it to us by:

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1. Your overall comment on this report

Very good ☐ Good ☐ Average ☐ Poor ☐

2. Which of the following stakeholders you belong to?

Government ☐ Regulator ☐ Shareholder or investor ☐ Customer ☐ Partner ☐ Staff ☐ Others ☐

3. To what extent do you think this report can meet your reading needs?

Very good ☐ Good ☐ Average ☐ Poor ☐

4. How clear, accurate and complete do you think the information, data and metrics disclosed in this report are?

High ☐ Relatively high ☐ Average ☐ Low ☐

5. To what extent do you think this report can effectively demonstrate the environmental and social influence and contributions of ICBC's green finance work?

Very good ☐ Good ☐ Average ☐ Poor ☐

6. To what extent do you think the layout and design of this report are suitable for reading?

Very good ☐ Good ☐ Average ☐ Poor ☐

7. Your suggestions on the Bank's green finance work and this report

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