

19 Sep. 2017

ICBC Luxembourg Branch Climate Bond
Pre-Issuance Verification Statement

Beijing Zhongcai Green Financing Consultant Ltd.

Scope and Objectives

Industrial and Commercial Bank of China Ltd., Luxembourg Branch (the Issuer) is considering the issuance of a bond (the Bond) and has submitted the Bond for verification and certification against the Climate Bonds Standard (CBS).

Beijing Zhongcai Green Financing Consultant Ltd. (Zhongcai) has been commissioned by Industrial and Commercial Bank of China Ltd. (ICBC), Luxembourg Branch to provide the pre-issuance verification of the Bond as an independent and approved verifier under the CBS. The verification is performed in accordance with the CBS Version 2.1 and the assurance approach is in line with the *International Standard on Assurance Engagements 3000 (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

The verification statement is based on information provided by the Issuer and the Issuer is responsible for the integrity, accuracy and timeliness of the information. The verification opinions shall not be interpreted as any indication or guarantee for relevant bond investment decisions. In no case may the opinions hereof operate as the interpretation or guarantee for economic performance of bonds, credit rating and actual utilization of the raised fund.

Work Undertaken

The verification team has conducted documents review, interviews with the management team of the Issuer and communications with relevant people to verify the consistency with CBS Version 2.1.

According to the list of Nominated Projects & Assets and the Declaration made by ICBC Luxembourg Branch, the Issuer intends to finance nominated projects and assets (please see Annex. List of Nominated Projects, page 5) falling under the following Sector Criteria of the Climate Bonds Standard:

1. Solar (Version 2.0)
2. Wind (Version 1.0)
3. Low Carbon Transport (Version 1.0 - including Criterion 5, Part (b), page 17: “No more than 50% on the share of fossil fuel freight t-km transported by the line”)

A summary of the verification procedures is shown in the following table:

CBS Item	CBS Requirements	Verification Procedures
1.1.1	Environmental Objective	♦ Reviewed ICBC’s Green Bond Framework in which the environmental objective was stated.
1.1.2	Process to select Nominated Projects & Assets	♦ Reviewed ICBC’s Green Bond Framework to determine whether there was a process to assess that the Nominated Projects & Assets met the eligibility requirements of CBS.
1.2	Assessment of the proposed Nominated Projects & Assets	♦ Reviewed the list of Nominated Projects & Assets to determine whether they met the eligibility requirements of CBS and ICBC’s Green Bond Framework.
1.3	A list of Nominated Projects & Assets	♦ Reviewed the list of Nominated Projects & Assets; ♦ Reviewed ICBC’s Green Bond Framework to determine whether the list can be kept up-to-date during the term of the bond.
1.4	Nomination of Projects & Assets to other Certified Climate Bonds	♦ Reviewed the Declaration made by ICBC Luxembourg Branch to determine whether the nominated projects & assets had been nominated to other Certified Climate Bonds.



1.5	The expected Net Proceeds of the Bond	♦ Reviewed the Declaration made by ICBC Luxembourg Branch to determine whether “the expected Net Proceeds of the Bond shall be no greater than the Issuer’s debt obligation or the Fair Market Value of the proposed Nominated Projects & Assets owned by the Issuer”.
2.1.1	Tracking of proceeds	♦ Reviewed ICBC’s Green Bond Framework to determine how the Net Proceeds will be tracked.
2.1.2	Managing unallocated proceeds	♦ Reviewed ICBC’s Green Bond Framework to determine whether the management of unallocated proceeds met the requirements of CBS.
2.1.3	Earmarking funds to Nominated Projects & Assets	♦ Reviewed ICBC’s Green Bond Framework to determine whether there was a process for earmarking funds to Nominated Projects and Assets.
3	Reporting prior to issuance	♦ Reviewed ICBC’s Green Bond Framework to confirm that the Issuer will report the following: <ol style="list-style-type: none">1) The investment areas into which the Nominated Projects and Assets fall;2) The intended types of temporary investment instruments for the management of unallocated proceeds;3) The Verifier selected by the Issuer for the pre-issuance and the post-issuance engagements;4) Periodic Assurance Engagements and the expected frequency.

Verification Opinion

Beijing Zhongcai Green Financing Consultant Ltd. (Zhongcai) has performed the Pre-issuance verification of the Bond in accordance with the Climate Bonds Standard Version 2.1 and the *International Standard on Assurance Engagements 3000 (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

The assurance procedures include documents review, interviews with the management team of the Issuer and communications with relevant people. Based on the limited assurance procedures conducted, nothing has come to our attention that the Bond is not in line with the requirements of the Climate Bonds Standard and the relevant Sector Criteria (Solar Version 2.0, Wind 1.0 and Low Carbon Transport Version 1.0).

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