

4 June 2019

ICBC London Branch Climate Bond
Post-Issuance Verification Statement

Beijing Zhongcai Green Financing Consultant Ltd.

Scope and Objectives

Industrial and Commercial Bank of China Ltd., (ICBC) issued their second Certified Climate Bond by London Branch (The Bond) in June, 2018.

Beijing Zhongcai Green Financing Consultant Ltd. (Zhongcai) has been commissioned by Industrial and Commercial Bank of China Ltd. (ICBC), London Branch to provide the Post-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. The core matters for our assurance to the Bond are to the following subjects of the Bond:

- Identification of Nominated Projects & Assets,
- Eligibility of the Nominated Projects & Assets,
- Management of proceeds,
- Reporting on use of proceeds and project performance.

According to the list of Nominated Projects & Assets provided by ICBC London Branch, the Issuer has allocated the Net Proceeds to Nominated Projects & Assets falling under the following Sector Criteria of the Climate Bonds Standard:

1. Solar (Version 2.1)
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”)
4. The Marine Renewable Energy Criteria (June 2017)

Compared with the list of Nominated Projects & Assets provided by ICBC London Branch during Pre-issuance verification, the only change is the amount of the Net Proceeds.

According to Declaration made by ICBC and other supporting documents provided by ICBC London Branch, a summary of the verification procedures is shown in the following table:

CBS Item	CBS Requirement	Verification Procedures
4	Nominated Projects & Assets	<p>Review the <i>Green Bond Framework for Industrial and Commercial Bank of China</i> (ICBC Framework) to ensure that the bond meet the CBS requirements.</p> <p>Review that the Nominated Projects & Assets meet the eligibility criteria set out in the Solar, Wind, Low Carbon Transport and Marine Renewable Energy Criteria of the CBS.</p> <p>Review the Declaration made by ICBC London Branch to determine the Nominated Projects & Assets had not been</p>

		nominated to other Certified Climate Bonds.
5	Use of Proceeds	<p>Confirm all the Net Proceeds were used for refinancing.</p> <p>Review Internal accounts systems to ensure all proceeds are earmarked to Nominated Projects & Assets.</p> <p>Review allocation of the Net Proceeds of the Bond to confirm that the Net Proceeds of the Bond were allocated to Nominated Projects & Assets within 24 months of issuance of the Bond.</p>
6	Non-Contamination of Proceeds	Review internal accounts systems to ensure all proceeds are earmarked to Nominated Projects & Assets.
7	Confidentiality	The information about the Nominated Projects & Assets were provided to the Verifier and are available to CBI if required.
8	Reporting	<p>According to the ICBC Framework, ICBC commits to publish an annual green bond report, in which the information of allocation and quantitative performance impacts will be included.</p> <p>This Bond is the second bond certified under CBI by ICBC. The first one was issued by ICBC Luxembourg Branch in 2017. ICBC has published the annual report of 2017 as per the ICBC Framework on http://www.icbc-ltd.com/ICBCLtd/Investor%20Relations/GreenFinance/. The quantitative performance impacts of the Nominated Projects & Assets of the bond issued by ICBC Luxembourg Branch are included in the annual report of 2017. As clarified by ICBC in the Declaration, the annual report of 2018 will be published before 31 October 2019, in which the quantitative performance impacts of the Nominated Projects & Assets of the bond will be reported.</p>
9	Climate Bond Taxonomy	Review Nominated Projects & Assets against CBI eligibility taxonomy of the Solar, Wind, Low Carbon Transport and Marine Renewable Energy.
10	Technical Criteria	The Bond is certified under the Solar, Wind, Low Carbon Transport and Marine Renewable Energy Criteria. All the Nominated Projects & Assets meet the specific eligibility criteria of the relevant Sector-Specific Criteria documents.

11	Project Holding	Review the Nominated Projects & Assets of the Bond and the use of the proceeds to ensure that the total investment in the Nominated Projects & Assets is greater than the principal amount of the Climate Bond.
12	Settlement Period	Review allocation of the Net Proceeds of the Bond to confirm that the Net Proceeds of the Bond were allocated to Nominated Projects & Assets within 24 months of issuance of the Bond.
13	Earmarking	Review internal accounts systems to ensure all proceeds are earmarked to Nominated Projects & Assets.

Verification Opinion

Beijing Zhongcai Green Financing Consultant Ltd. (Zhongcai) has performed the Post-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 and found that:

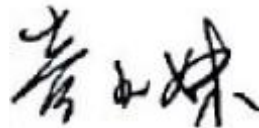
1. Compared with the list of Nominated Projects & Assets provided by ICBC London Branch during Pre-issuance verification, the only change is the amount of the Net Proceeds.
2. ICBC commits to publish an annual green bond report before 31 October 2019, in which the information of allocation and quantitative performance impacts will be included.

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 2.1, Wind 1.0, Low Carbon Transport Version 1.0 and the Marine Renewable Energy Criteria (June 2017)).

Ying CUI



Yumei Tong



The verification team of Beijing Zhongcai Green Financing Consultant Ltd.

Annex 1. Climate Bonds Standard Requirements_Post_Issuance

4. Nominated Projects & Assets		
Climate Bonds Standard Requirement	Findings	Met
<p>4.1. The Issuer shall maintain a decision- making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:</p> <p>4.1.1. A statement on the environmental objectives of the bond.</p>	<p><i>Green Bond Framework for Industrial and Commercial Bank of China (ICBC Framework) was issued in 2017. Interview with relevant personal and confirm that the ICBC Framework has been followed to manage the Bond.</i></p>	YES
<p>4.1.2. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part B of the Climate Bonds Standard.</p>	<p>The process is clearly stated in the ICBC Framework. The Bond was issued against Climate Bonds Standard version 2.1 and relevant sector criteria are:</p> <ol style="list-style-type: none"> 1.Solar (Version 2.1) 2.Wind (Version 1.0) 3.Low Carbon Transport 4.The Marine Renewable Energy Criteria <p>Sector-specific technical criteria are strictly followed by the Bond.</p> <p>ICBC has established a list of Nominated Projects & Assets which are kept up-to-date to monitor the Nominated Projects & Assets during the term of the bond.</p> <p>Till this Post-Issuance verification, there is no change to the list of Nominated Projects & Assets of the Bond.</p>	YES

<p>4.2. All Nominated Projects & Assets funded by the bond's proceeds shall meet the bond's documented objectives as stated under Clause 1.1, and shall be in conformance with the requirements of Part B of the Climate Bonds Standard.</p>	<p>As stated in the ICBC Framework, the Net Proceeds of the Bond shall be used to finance, and refinance, eligible green assets that promote the transition to low-carbon and sustainable economy and provide clear environmental sustainability and climate change benefits.</p> <p>The Bond is certified under the Solar, Wind, Low Carbon Transport and The Marine Renewable Energy Criteria, which is compliant with the statement.</p> <p>According to the ICBC Framework, ICBC commits to publish an annual green bond report, in which the information on allocation and impacts will be included.</p> <p>This Bond is the second bond certified under CBI by ICBC London. The first one was issued by ICBC Luxembourg Branch in 2017. ICBC has published the annual report of 2017 as per the ICBC Framework on http://www.icbc-ltd.com/ICBC Ltd/Investor%20Relations/GreenFinance/. The quantitative performance impacts of the Nominated Projects & Assets of the bond issued by ICBC Luxembourg Branch are included in the annual report of 2017. As clarified by ICBC, the annual report of 2018 will</p>	<p>YES</p>
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	be published no later than 31 October 2019, in which the quantitative performance impacts of the Nominated Projects & Assets of the bond will be reported.	
4.3. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds unless it is demonstrated by the Issuer that distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds or that the existing Certified Climate Bond is being refinanced via another Certified Climate Bond.	As clarified by ICBC London, all the nominated Projects & Assets are not nominated to other Certified Climate Bonds.	YES
5. Use of Proceeds		
Climate Bonds Standard Requirement	Findings	Met
5.1 The Net Proceeds of the bond shall be allocated to the Nominated Projects & Assets.	Allocation register (the “Register”) has been established to record the allocation of the Bond proceeds. Review the Register and confirm that all the Net Proceeds were used for the Net Proceeds of the Bond and has been allocated to the Nominated Projects & Assets.	YES

<p>5.2. The Issuer shall allocate funds to Nominated Projects & Assets within 24 months of issuance of the bond. Funds may be reallocated to other Nominated Projects & Assets at any time during the term of the bond.</p>	<p>Review the Register and confirm that all the net proceeds were used for the Net Proceeds of the Bond and has been allocated to the Nominated Projects & Assets on 14 June 2018.</p>	<p>YES</p>
<p>5.3. Where a proportion of the Net Proceeds of the bond are used for refinancing, the Issuer shall provide an estimate of the share of the Net Proceeds used for financing and re-financing, and identify which Nominated Projects & Assets may be refinanced.</p>	<p>As confirmed by ICBC, the Net Proceeds of the Bond are used for refinancing.</p>	<p>YES</p>
<p>5.4. The Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process as disclosed to the Verifier by the Issuer under Clause 2.1</p>	<p>Allocation register (the “Register”) has been established to record the allocation of the Bond proceeds.</p>	<p>YES</p>
<p>5.5 The Net Proceeds of the bond shall be no greater than the total investment in the Nominated Projects & Assets or the total Fair Market Value of the Nominated Projects & Assets at the time of issuance.</p>	<p>Yes, as clarified by ICBC London, Net Proceeds of the Bond are smaller than the total investment in the Nominated Projects & Assets.</p>	<p>YES</p>
<p>6. Non-Contamination of Proceeds</p>		
<p>Climate Bonds Standard Requirement</p>	<p>Findings</p>	<p>Met</p>
<p>6.1 The Net Proceeds of the bond shall be credited to a sub- account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner and documented.</p>	<p>Allocation register (the “Register”) has been established to record the allocation of the Bond proceeds.</p>	<p>YES</p>
<p>6.2 While the bond remains outstanding, the balance of the tracked proceeds shall be reduced by amounts matching eligible investments or loan disbursements made. Pending such investments or disbursements to Nominated Projects &</p>	<p>Review the Register and confirm that all the net proceeds were used for the Net Proceeds of the Bond and has been allocated to the Nominated Projects &</p>	<p>YES</p>

<p>Assets, the balance of unallocated proceeds shall be:</p> <p>6.2.1.Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or</p> <p>6.2.2.Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or</p> <p>6.2.3.Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets</p>	<p>Assets on 14 June 2018.</p>	
<p>6.3. In the case of a Force Majeure, the Issuer may apply to the Climate Bonds Standard Board for an extension to the asset allocation period. During the extension period the balance of unallocated proceeds shall be deemed to be conforming to Clause 5.2.</p>	<p>NA</p>	<p>NA</p>
<p>7. Confidentiality</p>		
<p>Climate Bonds Standard Requirement</p>	<p>Findings</p>	<p>Met</p>
<p>7.1 Information about the Nominated Projects & Assets shall be provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard.</p>	<p>The listed Nominated Projects & Assets are enclosed.</p>	<p>YES</p>
<p>7.2 Climate Bonds Standard. The Issuer should disclose information about the bond and the Nominated Projects & Assets to the market</p>	<p>ICBC has published the annual report of 2017 as per the ICBC Framework in 2018. The quantitative performance impacts of the Nominated Projects & Assets of the bond issued by ICBC Luxembourg Branch are included in the</p>	<p>Yes</p>

	annual report of 2017. ICBC committed that the annual report of 2018 will be published no later than 31 October 2019.	
8. Reporting		
Climate Bonds Standard Requirement	Findings	Met
8.1 The Issuer shall provide to bond holders and to the Climate Bonds Standard Secretariat at least annually a report containing the list of Nominated Projects & Assets to which proceeds of the bond have been allocated (or reallocated). The report shall include a brief description of the projects and the amounts disbursed, as well as the expected impact of the nominated Projects & Assets.	ICBC committed that the annual report of 2018 will be published no later than 31 October 2019 as per the requirement of CBI.	YES
8.1.1. The Issuer shall use qualitative performance indicators and, where feasible, quantitative performance measures of the impact of the Nominated Projects & Assets;	Qualitative performance indicators of the Nominated Projects & Assets are clearly determined in the annual report 2017 and ICBC committed that the annual report will be published no later than 31 October 2019 as per the requirement of CBI.	YES
8.1.2. The Issuer shall disclose the methods and the key underlying assumptions used in preparation of the performance indicators and metrics;	According to the requirement of CBI, the methods and the key underlying assumptions used to determine the performance indicators shall be included in the annual report. As committed by ICBC, it will be included in annual report as required.	YES
8.1.3. Where confidentiality agreements, competitive considerations,	The investment areas include Solar, Wind, Low	YES

<p>or a large number of underlying assets limit the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, as provided in Clause 9.1.</p>	<p>Carbon Transport, and Marine Renewable Energy, which will be clearly disclosed in the annual report as committed by ICBC.</p>	
<p>9. The Climate Bonds Taxonomy</p>		
<p>Climate Bonds Standard Requirement</p>	<p>Findings</p>	<p>Met</p>
<p>9.1 Nominated Projects & Assets, as identified by the Issuer under Clauses 1.3 and 4.2, shall fall into one or more of the investment areas contained in the latest version of the Climate Bonds Taxonomy.</p>	<p>The list of the Nominated Projects & Assets is included enclosed to the post verification report and will be clearly reported in the annual report of 2018 as committed by ICBC.</p>	<p>YES</p>
<p>10. Technical Criteria</p>		
<p>Climate Bonds Standard Requirement</p>	<p>Findings</p>	<p>Yes</p>
<p>10.1 Nominated Projects & Assets shall meet the specific eligibility criteria provided in the latest version of the relevant Sector-Specific Criteria document.</p>	<p>The Bond is certified under the Solar, Wind, Low Carbon Transport, and Marine Renewable Energy Criteria. Sector-specific technical criteria are strictly followed by the Bond.</p>	<p>YES</p>
<p>10.2 Where the proceeds of a bond are allocated to a Nominated Projects & Assets that are covered by more than one Sector-Specific Criteria (e.g., solar and wind investments in a portfolio), then each of the Nominated Projects & Assets shall meet the specific eligibility criteria provided in the Sector-Specific Criteria relevant to that Nominated Project & Asset.</p>	<p>The Bond is certified under the Solar, Wind, Low Carbon Transport, and Marine Renewable Energy Criteria. All the sector-specific technical criteria are strictly followed by the Bond.</p>	<p>YES</p>
<p>11. Project Holding</p>		

Climate Bonds Standard Requirement	Findings	Met
<p>11.1 The Issuer of the bond shall continue to hold Nominated Projects & Assets which have Fair Market Value at least equal to the original principal amount of the bond at the time of issuance.</p>	<p>Interviewed with personnel from ICBC and confirmed that the Fair Market Value of the Nominated Projects & Assets are equal to the original principal amount of the bond at the time of issuance.</p>	<p>YES</p>
<p>11.1.1 Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated project & Assets are eligible under Part B of the Climate Bonds Standard and the bond's environmental objective as set out in Clause 1.1.</p>	<p>As confirmed by ICBC there is no Additional Nominated Project & Assets added to the Bond till the end of May 2019.</p>	<p>YES</p>
<p>12. Settlement Period</p>		
Climate Bonds Standard Requirement	Findings	Met
<p>12.1 Issuers shall demonstrate that the Net Proceeds of the bond have been distributed to the Nominated Projects & Assets within 24 months of the issuance of the bond.</p>	<p>As confirmed by ICBC that the Net Proceeds of the Bond was transferred from ICBC London to ICBC and allocated to the Nominated Projects & Assets on 14 June 2018.</p>	<p>YES</p>
<p>12.2 Where full distribution of the Net Proceeds is not achieved within 24 months of the issuance of the bond, the Issuer shall demonstrate that:</p> <p>12.2.1 The surplus or undistributed funds have been invested in Eligible Projects & Assets not otherwise nominated for a specific Climate Bond.</p> <p>12.2.2 The Issuer has made temporary investments of surplus or undistributed funds in conformance with the provisions of Clause 6.</p>	<p>NA</p>	<p>NA</p>

13. Earmarking		
Climate Bonds Standard Requirements	Findings	Met
<p>13.1 The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the Nominated Projects & Assets as disclosed under Clauses 2.1 and 2.1.3.</p>	<p>Allocation register (the “Register”) has been established to record the allocation of the Bond proceeds.</p> <p>Review the Register and confirm that all the Net Proceeds were used to the Bond and has been allocated to the Nominated Projects & Assets.</p>	<p>YES</p>