

**Assurance Report on Pre-issuance of
Agricultural Bank of China
Green Financial Bond**



August 2022

Scope and Objectives

Issuer

The predecessor of Agricultural Bank of China (hereinafter referred to as "ABC" or "issuer") was Agricultural Cooperative Bank established in 1951. Since the late 1970s, ABC has evolved from a state-owned specialized bank to a wholly state-owned commercial bank and subsequently a state-controlled commercial bank. ABC was restructured into a joint stock limited liability company in January 2009. In July 2010, the Bank was listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Bond Information

Agricultural Bank of China will issue a green financial bond, the total scale will not exceed RMB 20 billion (including RMB 20 billion). Low Carbon Transport would be used by the net proceeds. The bond name is "Agricultural Bank of China 2022 Green Financial Bond" (hereinafter referred to as green bond).

Verification Institution

China Lianhe Equator Environmental Impact Assessment Co., LTD. (Lianhe Equator) was established in 2015, which primarily engaged in green bond third-party certification, green financial advisory and environmental impact assessment business. The core technical force included a great number of senior environmental protection experts at the provincial and ministerial level, many registered consultants, financial analysts and more than sixty registered environmental impact assessors who have the leading green financial advisory service capabilities in the industry. The Lianhe Equator standardizes the specific certification work with the *Green Bond Assessment and Certification Method System (LEIS0002-2021)* was independently developed. The Lianhe Equator also have conducted this limited assurance engagement in accordance with the *International Standard on Assurance Engagements 3000 (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information*. In addition, the comprehensive performance of green bond from four

dimensions, which were the characteristics of the project, the using and management of the net proceeds, the project evaluation screening and the information disclosure was evaluated. Ultimately, the green bond was evaluated and certified by it.

Verification Work

Verification Contents

Verification contents of Lianhe Equator about Agricultural Bank of China 2022 Green Financial Bond following aspects was included that:

- Policies and procedures of the using and management of proceeds.
- Evaluation and screening of project standards, green attributes and compliance.
- Information disclosure and process.

Standard

- *Climate Bonds Standard v3.0*
- *Climate Bonds Standard - Sector Criteria (Low Carbon Transport Version 2.0)*.

Responsibilities

Issuers responsibilities were included the following aspects:

- Accept on-site interviews and due diligence by the verification agency team.
- Provide relevant information data and system documents for the certification work of verification agency.
- Provide relevant information documents for the recruitment and investment projects for the certification work of verification agency.
- Ensure that the supplied information data and system documents real and effective.

Verification agencies responsibilities were including the following aspects:

- Conduct on-site interviews and due diligence, which is based on the information data, system documents and information documents provided by issuer.
- Issue the verification report and limited assurance conclusion on whether the

invested projects meet the climate bond standards.

Lianhe Equator conducted the verification in accordance with the *Climate Bond Standard Version 3.0* and refer to the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Information*.

Overview of Nominated Projects

Table 1

No.	Project	Region	Plan to Invest (RMB billion)	Categories	Project Description
1	Metro Project	Southern China	5.00	Low carbon transport	The project is located in Anhui Province of China, it is currently in the construction phase and the length of the railway line will be approximately 51km.
2	Metro Project	Southern China	5.50	Low carbon transport	The project is located in Anhui Province of China, it is currently in the construction phase and the length of the railway line will be approximately 3.65km.
3	Metro Project	Southern China	2.10	Low carbon transport	The project is located in Henan Province of China, it is currently in the construction phase and the length of the railway line will be approximately 26.72km.
4	Metro Project	Southern China	2.25	Low carbon transport	The project is located in Henan Province of China, it is currently in the construction phase and the length of the railway line will be approximately 17.04km.
5	Metro Project	Northern China	4.00	Low carbon transport	The project is located in Tianjin of China, it is currently in the construction phase and the length of the railway line will be approximately 14.35km.

6	Metro Project	Southern China	0.87	Low carbon transport	The project is located in Fujian Province of China, it is currently in the construction phase and the length of the railway line will be approximately 26.7km.
7	Metro Project	Southern China	1.98	Low carbon transport	The project is located in Fujian Province of China, it is currently in the construction phase and the length of the railway line will be approximately 27.3km.
8	Metro Project	Southern China	1.07	Low carbon transport	The project is located in Fujian Province of China, it is currently in the construction phase and the length of the railway line will be approximately 41.36km.
9	Metro Project	Southern China	2.50	Low carbon transport	The project is located in Fujian Province of China, it is currently in the construction phase and the length of the railway line will be approximately 62.4km.
Total Amount					25.27

Pre-Issuance Requirements and Verification found

Table 2

1. Use of Proceeds		
Climate Bonds Standard Requirement	Findings	Requirement Met
1.1 The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept Up To Date during the term of the Bond.	The issuer has established a Nominated Projects & Assets List for Eligible Projects & Assets. The list of projects will be continuously updated during the term of the bond.	Yes
1.2. The expected Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Issuer.	The expected Net Proceeds of the Bond will not greater than RMB 20 billion. The total amount of the listed project is RMB 25.27 billion. Therefore, it is expected that the Net Proceeds of the bond will not exceed the Issuer's total investment exposure to	Yes

	the proposed Nominated Projects & Assets.	
1.3 Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:	Nominated Projects & Assets will not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments.	Yes
1.3.1 Distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bond, green loans or other labelled instruments or;		
1.3.2 The existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.		
2. Process for Evaluation and Selection of Projects and Assets		
Climate Bonds Standard Requirement	Findings	Requirement Met
2.1. The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. The decision-making process shall include, without limitation:	The issuer has established the responsibilities and decision-making process, refer to <i>Agricultural Bank of China Green Bond Management Statement (the "Statement")</i> .	Yes
2.1.1. A statement on the climate-related objectives of the Bond.	For this issuance, the net proceeds of the climate-related objectives of the Bond will be invested into the low carbon projects to conform with the objective of low carbon economy. The detailed statement will be specified in the prospectus.	Yes
2.1.2 How the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.	The issuer is a state owned bank, it is positioned in the strategy of serving the country, and financial resources are towards green finance and environmental sustainability. The climate-related objectives of the bond conform to the issuer's policy and strategy.	Yes
2.1.3 Issuer's rationale for issuing the Bond.	This issuance aims to promote the low carbon economy development.	Yes
2.1.4 A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.	Specified in the Use of Proceeds, Project Evaluation and Selection part of the Statement.	Yes
2.2 Issuer should include under Clause 2.1 further aspects of the decision-making process, including:	By reviewing the Statement, we found that the issuer has include under Clause 2.1 further aspects of the decision-	Yes

	making process.	
2.2.1 Related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.	The issuer has established related eligibility criteria and system, managed the nominated projects & assets from environmental	Yes
2.2.2 Green standards or certifications referenced in the selection of Nominated Projects & Assets.	Specified in the Use of Proceeds part of the Statement.	Yes
2.2.3 The issuer shall assess that all proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.	The proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.	Yes
3. Management of Proceeds		
Climate Bonds Standard Requirement	Findings	Requirement Met
3.1 The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:	The issuer has engaged the independent third party-Lianhe Equator Environmental Impact Assessment Co., LTD. to conduct pre-issuance assurance. The systems, policies and processes to be used for management of the Net Proceeds are documented by the Issuer and disclosed to the third party.	Yes
3.1.1 The Net Proceeds of the Bond can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.	By reviewing the Statement, the issuer has defined the responsibility on the use and management of proceeds. The issuer will maintain a Register to keep track of the use of proceeds.	Yes
3.1.2 The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.3.	By reviewing the Statement, the balance of unallocated Net Proceeds will be documented in the Register. Any balance of issuance proceeds not allocated to fund eligible loans will be held in accordance with ABC's liquidity management policy.	Yes
3.1.3 The earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.	By reviewing the Statement, the issuer will maintain a Register to manage and account for funding to the Nominated Projects & Assets and enable estimation of the share of	Yes

	the Net Proceeds being used for financing;	
4. Reporting Prior To Issuance		
Climate Bonds Standard Requirement	Findings	Requirement Met
4.1 The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Bond Framework shall include, without limitation:	The issuer has established <i>Agricultural Bank of China Green Bond Management Statement</i>	Yes
4.1.1 Confirmation that the Bonds issued under the Green Bond Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.	By reviewing the Statement, we found that the bond issued is aligned with the Chinese domestic regulations and Climate Bonds Standard.	Yes
4.1.2 A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement.	The summary of the expected use of proceeds is disclosed Table 1, all the sectors belong to the low carbon industry to achieve the goals of Paris Climate Agreement.	Yes
4.1.3 A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2.	A description of the decision-making process is specified in the Statement.	Yes
4.1.4 on the methodology and assumptions to be used for: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets required to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard; and any other additional impact metrics that the issuer will define.	The methodology and assumptions to be used for confirming the characteristics or performance of Nominated Projects & Assets Specified is specified in Statement.	- Yes
4.1.5 A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1.	A summary of the approach to the management of unallocated Net Proceeds is specified in the Statement.	Yes
4.1.6 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	The issuer will engage a qualified independent third party to conduct post-issuance assurance to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	Yes
4.1.7 The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. Where there are limits on 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, provided in Clause 9.1, and the Issuer shall provide an explanation of why details on Nominated Projects & Assets is limited.	The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall is disclosed in Table 1.	Yes
4.1.8 Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.	The estimate of the share of the Net Proceeds used for financing, is disclosed in the issuance document.	Yes

4.2 The Issuer shall include in the Disclosure Documentation:	/	/
4.2.1 The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall.	The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall is disclosed in Table 1.	Yes
4.2.2 The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3.	Any balance of issuance proceeds not allocated to fund eligible loans will be held in accordance with ABC's liquidity management policy. This is disclosed in the Statement.	Yes
4.2.3 The Verifier engaged by the Issuer for the mandatory verification engagements.	The issuer has engaged Lianhe Equator Environmental Impact Assessment Co., LTD. to conduct pre-issuance assurance, also the issuer will engage Lianhe Equator Environmental Impact Assessment Co., LTD. to conduct post-issuance assurance.	Yes
4.2.4 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding, including the location of the published documents.	The issuer will engage Lianhe Equator Environmental Impact Assessment Co., LTD. to conduct post-issuance assurance to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	Yes
4.2.5 The CBI Disclaimer provided in the Certification Agreement.	The CBI Disclaimer provided in the Certification Agreement is specified in the issuance document.	Yes

Verification and Conclusion

Verification Opinions

Agricultural Bank of China Green Bond Management Statement which issued by ABC has reviewed by Lianhe Equator. Lianhe Equator has interviewed the relevant responsible department of ABC. In addition, it was not found any discrepancies of ABC in the using and management of proceeds, project evaluation and screening, information disclosure and reporting.

Limited Assurance Conclusion

This Green Bond issuance scale will not exceed RMB 20 billion, including 9

nominated projects which are Low carbon transport. The total amount which will invest will be RMB 25.27 billion which cover the green bond issuance quota. Based on the limited assurance procedures conducted, nothing has come to Lianhe's attention that causes us to believe that, in all materials aspects, Agricultural Bank of China 2022 Green Financial Bond is not in conformance with the requirements of the Climate Bonds Standard Version 3.0.

Statement

The copyright of the verification suggestions belongs to the verification agency and the issuer can publish the suggestions after obtaining the permission of the verification agency.

Except for the principal relationship between the verification authority and the issuer, there is no relationship among the verification authority, the verification personnel and the issuer that influences the independence, objectivity and impartiality of the verification action.

The conclusion of this verification report is that on the basis of sufficient investigation, reasonable evidence collection and comprehensive analysis, the verification agencies make independent judgments according to reasonable standards and procedures without changing their verification suggestions due to the improper influence of issuers and any other organizations or individuals.

The primary purpose of this verification is to verify the purpose and management of the green bond fund-raising, project evaluation and screening, and information disclosure. It only provides information support in the above fields. The verification agency does not accept liability for damages arising from erroneous or incomplete information from the issuer.

In this verification, the issuer is responsible for the completeness, accuracy and timeliness of the verification suggestions, which are based on the information provided by the issuers.

There are some inherent limitations in this verification process. For example, it may be difficult to detect fraud, errors and irregularities if the verification is conducted only on selected information.

This verification suggestion can not be interpreted as any indication or guarantee for relevant bond investment decisions. In any case, this suggestion can not be used as an explanation or guarantee for the actual situation of bond economic performance, credit evaluation and fund-raising purposes.

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