

Second-Party Opinion Green Bond Framework for Industrial Bank Co., Ltd.



Evaluation Summary

Sustainalytics is of the opinion that the Green Bond Framework for Industrial Bank Co., Ltd. is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – (i) Renewable Energy, (ii) Energy Efficiency, (iii) Low Carbon and Low Emission Transportation, (iv) Sustainable Water and Wastewater Management, and (v) Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adaptation – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 11 and 14.



PROJECT EVALUATION / SELECTION IB's internal process in evaluating and selecting projects is managed by the Green Bond Working Group (the "Working Group"), which will review and approve eligible assets. The Working Group shall review the asset list on a quarterly basis and determine if any changes are necessary. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS IB's processes for management of proceeds is handled by the Treasury team of the issuing branch and the headquarters. The Bank intends to allocate the proceeds within one year after issuance. IB will establish a Green Bond Ledger to record the source and allocation of proceeds and ensure they are used to finance eligible assets. Unallocated proceeds will be held in accordance with IB's prudent liquidity management policy. This is in line with market practice.



REPORTING IB intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include aggregate amount and percentage allocated to the use of proceeds categories, the remaining balance of unallocated proceeds and types of temporary investment, and description of certain assets. In addition, IB is committed to reporting on relevant impact metrics. Sustainalytics views IB's allocation and impact reporting as aligned with market practice.

Evaluation Date October 26, 2020

Issuer Location Fuzhou, China

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Introduction

Founded in 1988 and headquartered in Fuzhou, China, Industrial Bank Co., Ltd. (“IB”, or the “Bank”) is a joint-stock commercial bank. Its main business areas include trust, lease, fund, consumer finance, futures, assets management, research and consulting and digital finance. As of the end of 2019, IB has 45 tier-one branches, including Hong Kong branches, and 2,019 outlets.

IB has developed the Green Bond Framework for Industrial Bank Co., Ltd. (the “Framework”) under which it intends to issue Green Bonds and use the proceeds to finance and refinance, in whole or in part, existing and future assets that could further the shift to a low-carbon economy in China. The Framework defines eligibility criteria in five areas:

1. Renewable Energy
2. Energy Efficiency
3. Low Carbon and Low Emission Transportation
4. Sustainable Water and Wastewater Management
5. Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adaptation

IB engaged Sustainalytics to review the Green Bond Framework for Industrial Bank Co., Ltd., dated November 2020, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of IB’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. IB representatives have confirmed (1) they understand it is the sole responsibility of IB to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and IB.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Green Bond Framework for Industrial Bank Co., Ltd. is available on IB’s website at: <https://www.cib.com.cn/>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that IB has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Green Bond Framework for Industrial Bank Co., Ltd.

Sustainalytics is of the opinion that the Green Bond Framework for Industrial Bank Co., Ltd. is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of IB's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency, Low Carbon and Low Emission Transportation, Sustainable Water and Wastewater Management, Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adaptation – are aligned with those recognized by the GBP. Sustainalytics notes that the proceeds issued under the Framework could further the shift to a low-carbon economy in China.
 - In the Renewable Energy category, IB may provide loans or other types of financings to support power generation, maintenance, and transmission from renewable sources, including solar, onshore, and offshore wind, tidal, biomass, and hydro. For biomass, the feedstock is limited from agricultural waste and or organic kitchen waste from municipal waste. To be eligible, hydropower projects must have less than 20 MW of installed capacity. In addition, IB may invest in the manufacturing of renewable energy components.⁴
 - Regarding Energy Efficiency, IB may provide financings for the implementation, construction, maintenance, and development that enhance energy efficiency of technologies, products, buildings, assets, or systems. These investments must result in at least 20% of energy consumptions savings. Sustainalytics views positively view the establishment of minimum the energy efficiency savings thresholds. Sustainalytics further highlights that the Bank excludes financing of fossil-fuel powered technology.
 - In the Low Carbon and Low Emission Transportation category, IB may provide financings for the construction, operation, and maintenance of electric or hydrogen-powered public transportation assets, systems, and infrastructure. The Company may also invest in the manufacturing of electric transportation vehicles and components, such as electric rail, tram, metro, bus rapid transit, electric and hydrogen vehicles.
 - Within the Sustainable Water and Wastewater Management category, the Bank may provide financings for the construction, operation, and maintenance of wastewater treatment infrastructure. In addition, IB may provide financings for the construction and maintenance of urban drainage systems, river training and other forms of flooding mitigation, such as dams and levees. Sustainalytics positively notes IB's commitment to carrying out climate risk assessments prior to project financing.
 - In the Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adaptation, IB may provide financings for the construction, operation and maintenance, and retrofits of shipment and port pollution treatment facilities, sea water desalinization

⁴ Sustainalytics notes that the Issuer has indicated the any allocation of proceeds to the manufacturing of renewable energy components will be exclusively allocated to renewable energy technological components and any fossil fuel related technology is excluded.

- facilities,⁵ and sustainable water infrastructure, such as wastewater treatment and urban drainage systems. Sustainalytics notes that the Bank excludes fossil-fuel-powered technologies from the financings to shipment and port pollution treatment facilities.
- IB has defined a look-back period of 24 months for refinancing.
 - Project Evaluation and Selection:
 - IB's internal process in evaluating and selecting projects is handled by the Green Bond Working Group (the "Working Group"), which will review and approve eligible assets. Members of the Working Group include green finance, environment, and industry experts from IB's Green Finance Department. Each expert has a veto power to the final decision on the selection of eligible assets. The Working Group shall review the asset list on a quarterly basis and determine if any changes are necessary. Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - IB's processes for management of proceeds is handled by the Treasury team of the issuing branch and the headquarters. The Bank intends to allocate the proceeds within one year after issuance. IB will establish a Green Bond Ledger to record the source and allocation of proceeds and ensure they are used to finance eligible assets. The proceeds of each Green Bond will be deposited in the general funding account and "earmarked" pending allocation. Unallocated proceeds will be held in accordance with IB's prudent liquidity management policy. Unallocated proceeds could be temporarily invested in Green Bonds issued by non-financial institutions, or in money market instruments with good credit rating and market liquidity. Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - IB intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include aggregate amount and percentage allocated to the use of proceeds categories, the remaining balance of unallocated proceeds and types of temporary investment, and description of certain assets. In addition, IB is committed to reporting on relevant impact metrics, such as kWh of power generated from renewable sources or the amount of water saved/recycled. For an exhaustive list of impact indicators, please refer to Appendix 1. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Green Bond Framework for Industrial Bank Co., Ltd. aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of IB

Contribution of framework to IB's sustainability strategy

IB has integrated the environmental aspect into its business operation plan at the branch level.⁶ Since 2019, the Bank has expanded its financing activities to the ecological environment management and energy-saving service industries, including water conservation, soil remediation, and public utilities, such as water and power supply.⁶ In addition, the Bank seeks to increase its involvement in green finance, primarily through the green bond market.

As such, IB has set the mid-term targets of RMB 1 trillion (USD 148.7 bn) financings and 10,000 clients for green finance by 2020.⁶ The Bank achieved these targets in 2019, one year ahead of the intended mid-term year. At the end of 2019, their total green financing⁷ portfolio equated to RMB 1.01 trillion (USD 150.2 billion) with 14,764 green financing corporate clients.⁸ Between 2016 and 2019, IB has issued nine green bonds with a total value of RMB 136.5 billion (USD 20.4 billion), aimed at financing projects for environmental protection, energy efficiency, renewable energy, clean transportation, among others.⁸ In 2019, according to its

⁵ Desalination facilities which are powered at least 90% by renewable energy.

⁶ Industrial Bank Co., Ltd., "Annual Sustainability Report 2019", (2019), at:

https://download.cib.com.cn/netbank/download/cn/Sustainable_Finance/report_2019en.pdf

⁷ Including loans, debt investment, bond investment, financing leasing, managed class assets, and equity investment that are aligned with IB's green financing standards (the "IB green finance standards"). IB green finance standards are a series of self-developed standards which are drafted based on domestic and international green finance standards and industrial standards. Further information available at:

https://download.cib.com.cn/netbank/download/cn/notice/20200429_1_e.pdf

⁸ Industrial Bank Co., Ltd., "2019 Green Bond Impact Report", (2019), at: https://download.cib.com.cn/netbank/download/cn/notice/20200429_1_e.pdf

estimations, IB's green financing portfolio may help reduce CO₂ emission by 84.39 million tons, save water by 410.06 million tons, and advance solid waste recycling by 45.67 million tons.⁸ Sustainalytics notes that the projects financed through the Framework, such as green transportation or renewable energy, could further the Company's involvement in green finance.

Given the above, Sustainalytics is of the opinion that the Green Bond Framework for Industrial Bank is aligned with the Bank's overall sustainability strategy and initiatives and will further enhance IB's action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are recognized by the GBP 2018 to have positive environmental impact, Sustainalytics is aware that such projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible assets include occupational health and safety, community relations, land-use change and biodiversity loss from construction. Furthermore, banks are exposed to risks of financing environmentally and socially harmful activities while offering lending services.

Sustainalytics is of the opinion that IB is able to manage and mitigate potential environmental and social risks through implementation of the following processes and principles:

- IB has established its four-step Environmental and Social Risk Management System: (i) identify and classify environmental and social risks, (ii) assess and verify the risks through due diligence, (iii) control and monitor the risks, then (iv) disclose information and evaluate evaluation.⁶
- IB has set specific environmental and social risk policies for climate change. The Bank prioritizes funding for energy-saving industries, tightens the regulation on credit policies and the compliance management of industries, and clearly defines regional policies, green financial technology standards and requirements.⁶
- IB adopted the Equator Principles (EP)⁹ in 2008, implying the presence of robust environmental and social governance systems. Following the EP, the Bank's assessment of the projects includes the (i) social and environmental, (ii) conservation of biodiversity, and (iii) occupational health and safety issues. In case of assets and projects with high environmental risks, the Bank actively conducts research on their risk quantification systems, models and methods including environmental stress tests. In addition, IB is a signatory to the Principles for Responsible Banking of the United Nations Environment Program Financial Initiative (UNEP FI). Following the Principles for Responsible Banking, the Bank must (i) conduct impact analysis on socio-economic and environmental impacts of its activities, (ii) set at least two targets addressing the most material impacts aligned with the SDGs and Paris Climate Agreement, and (iii) publicly report on its progress.¹⁰
- Under the Framework, IB has excluded assets, projects, and productions associated with environmentally and socially harmful activities. The exclusion list includes activities such as fossil fuel/infrastructure or rolling stock assets used for the transportation of fossil fuel, nuclear, biomass resource which is suitable for food source, forced labor/child labor or commercial logging operations for use in primary tropical moist forest.

Based on abovementioned policies, principles, and assessments, Sustainalytics is of the opinion that IB has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

Increasing the Share of Renewable Energy in Power Generation in China

In 2019, fossil fuels accounted for 67.9% of the power generation in China.¹¹ Coal heavily dominated the mix, accounting for 64.7% of electricity production, following an increase of 1.85% between 2018 and 2019.¹¹ Nevertheless, the use of renewable energy increased steadily by 15.1% between 2018 and 2019.¹¹ On a ten-year basis, renewable power generation grew by 36.6% per annum,¹¹ highlighting China's determination in decarbonizing power generation. By 2020, China targets to increase the installed capacity of wind, solar, and

⁹ The Equator Principles, "The Equator Principles", at: <https://equator-principles.com/about/>

¹⁰ UNEP FI, "About the Principles", at: <https://www.unepfi.org/banking/bankingprinciples/more-about-the-principles/>

¹¹ BP, "Statistical Review of World Energy 2020", (2020), at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>

hydropower by 210 GW, 110 GW, and 340 GW, respectively.¹² In 2019, the installed capacity of wind, solar and hydropower reached 210.4 GW, 205.4 GW, 356.4 GW respectively.¹³ Since power generation accounts for a substantial part of China's GHG emissions, developing low-carbon electricity generation may decrease the carbon intensity of electricity and reduce absolute GHG emissions, all else being equal.¹² Sustainalytics notes that by financing electricity generation from renewable sources, IB could further assist China in meeting its renewable energy added capacity targets and reduce its GHG emissions.

Sustainalytics is of the opinion that the projects funded under the Framework are impactful and could assist China in meeting its renewable energy targets and reducing GHG emissions from the power sector.

Importance of Low-Carbon Transportation in China

Over the past two decades, the rapid growth of China's transportation sector led to higher energy consumption.¹⁴ Between 1995 and 2014, the transportation sector experienced more than a five-fold increase in energy consumption.¹⁴ Given that energy accounts for 78.56% of China's GHG emissions, the transportation sector is one of the key areas for the transition to a low-carbon economy.¹² Therefore, China is committed to establishing a low-carbon transportation system by prioritizing public transportation and low-carbon modes of transport.¹² The Government has therefore set specific GHG emissions reduction targets for buses, trucks, and ships by 2020 compared to the 2015 baseline.¹⁵ Sustainalytics notes that the projects financed under the Framework, such as electric or hydrogen-powered transportation assets, could assist China in establishing a low-carbon transportation system.

Sustainalytics is of the opinion that the projects funded under the Framework are impactful and could support the development of low-carbon transportation system in China.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Low Carbon and Low Emission Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and

¹² UNFCCC, "The People's Republic of China Third National Communication on Climate Change", (2018), at: https://unfccc.int/sites/default/files/resource/China%203NC_English_0.pdf

¹³ IRENA, "Renewable Capacity Statistics 2020", (2020), at: <https://www.irena.org/publications/2020/Mar/Renewable-Capacity-Statistics-2020>

¹⁴ Korea Institute for International Economic Policy, "China's Energy Efficiency Policy and Korea-China Cooperation Plan for Sustainable Growth (available in Korean)", (2016), at: http://www.kiep.go.kr/sub/view.do?bbsId=search_report&nttlId=194625

¹⁵ Korea Energy Economics Institute, "China's Coal Dependency Reduction Policy and Activities to Respond to Greenhouse Gas Reduction (available in Korean)", (2018), at: <https://bit.ly/2lBDDkm>

		substantially reduce the number of people suffering from water scarcity
Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adaptation	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans

Conclusion

IB has developed the Green Bond Framework for Industrial Bank Co., Ltd. under which it intends to issue green bonds and the use of proceeds to finance a wide range of assets, such as renewable energy added capacity and low carbon transportation assets. Sustainalytics expects that the assets funded by the green bond proceeds will yield provide positive environmental impact.

The Green Bond Framework for Industrial Bank Co., Ltd. outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Green Bond Framework for Industrial Bank Co., Ltd. is aligned with the overall sustainability strategy of the company and that the green use 6, 7, 11 and 14. Additionally, Sustainalytics is of the opinion that IB has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that IB is well-positioned to issue green bonds and that the Green Bond Framework for Industrial Bank Co., Ltd. is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Industrial Bank Co., Ltd.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Green Bond Framework for Industrial Bank Co., Ltd.
Review provider's name:	Sustainalytics
Completion date of this form:	October 26, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – (i) Renewable Energy, (ii) Energy Efficiency, (iii) Low Carbon and Low Emission Transportation, (iv) Sustainable Water and Wastewater Management, and (v) Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adaptation – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 11 and 14.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

IB's internal process in evaluating and selecting projects is managed by the Green Bond Working Group (the "Working Group"), which will review and approve eligible assets. The Working Group shall review the asset list on a quarterly basis and determine if any changes are necessary. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

IB's processes for management of proceeds is handled by the Treasury team of issuing branches or headquarters. The Bank intends to allocate the proceeds within one year after issuance. IB will establish a Green Bond Ledger to record the source and allocation of proceeds and ensure they are used to finance eligible assets. Unallocated proceeds will be held in accordance with IB's prudent liquidity management policy. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
 Allocations to both existing and future investments
- Allocation to individual disbursements
 Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
 Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

IB intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include aggregate amount and percentage allocated to the use of proceeds categories, the remaining balance of unallocated proceeds and types of temporary investment, and description of certain assets. In addition, IB is committed to reporting on relevant impact metrics. Sustainalytics views IB's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- Energy Savings
- Other ESG indicators (please specify):

“Eligible Green Asset” Categories	Potential Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> • kWh of power generated from renewable Energy • Amount of CO₂ or standard coal equivalent avoided
Energy Efficiency	<ul style="list-style-type: none"> • kWh of energy saved per year • Percentage annual energy saved
Low Carbon and Low Emission Transportation	<ul style="list-style-type: none"> • Amount of CO₂ or standard coal equivalent avoided • Km of tracks or dedicated lanes built (applicable to Rail Tram, Metro and Bus Rapid Transit Systems) • No. of passengers transported (applicable to Rail Tram, Metro and Bus Rapid Transit Systems) • Amount of vehicles built or served (applicable to electric vehicles and hydrogen vehicles)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Amount of water saved/recycled • Amount of wastewater treated
Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adoption	<ul style="list-style-type: none"> • Amount of water saved/recycled • Amount of wastewater treated • Sea water desalinization capacity built • Other types pollution or waste treated, including but not limited to solid waste, dust or exhaust gas • Length of urban drainage systems, dam, levees and other forms of flooding mitigation built

Frequency

- Annual
 Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (please specify):
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

https://www.caimmo.com/fileadmin/documents/Unternehmen/_Sustainability_report_2020_en_final.pdf

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- Consultancy (incl. 2nd opinion)
 Certification
 Verification / Audit
 Rating
 Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognized external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include

a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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