

Agricultural Bank of China Limited, Singapore Branch

Type of Engagement: Annual Review

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Introduction

In November 2022, Agricultural Bank of China Limited, Singapore Branch (“ABC Singapore Branch”) issued a 2022 Green Club Loan (the “Green Loan”) under the Agricultural Bank of China Limited, Singapore Branch Sustainable Financing Framework¹ (the “Framework”) to finance and refinance projects that are expected to reduce GHG emissions, promote the sustainable management of waste and natural resources, and improve access to essential services and basic infrastructure among vulnerable populations in China and Singapore. In 2023, ABC Singapore Branch engaged Sustainalytics to review the projects financed with proceeds from the Green Loan and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in August, 2019² and an updated Second Party Opinion in December 2021.³

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2022 Green Loan based on whether they:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs⁴

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Energy Efficiency	<ul style="list-style-type: none"> • Development, manufacture and implementation of products or technologies that reduce energy use or recover energy related to products, technologies, systems or assets including LED lights, improved chillers, improved lighting/electricity technologies, water solutions, cooling solutions, farming solutions and reduced or stored power or energy usage in manufacturing operations, smart grids technologies 	<ul style="list-style-type: none"> • Energy savings in kWh • Tonnes of greenhouse gas (GHG) avoided and reduced
Pollution prevention and control	<ul style="list-style-type: none"> • Integrated municipal and commercial waste collection, recycling and diversion programs excluding landfill and exclude incineration without energy recovery 	<ul style="list-style-type: none"> • Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in

¹ ABC, Singapore, “Agricultural Bank of China Limited Singapore Branch Sustainable Financing Framework”, at: http://www.sg.abchina.com/en/news/202212/t20221207_2215517.htm

² ABC, Singapore, “Second-Party Opinion, Agricultural Bank of China Limited Singapore Branch Sustainable Financing Framework”, (2019), at: [https://urldefense.com/v3/_http://www.sg.abchina.com/en/news/201909/t20190930_1853102.htm_!!D8DunMSJ4IdR!6SdQRf461pe9Vj0evAPCKrEnDskO_FPvJNZs5saT7d00ZEcpkxjSTRIVRkc0SUbdhzh40-XeMK5EVJdyuVWnDaTX\\$](https://urldefense.com/v3/_http://www.sg.abchina.com/en/news/201909/t20190930_1853102.htm_!!D8DunMSJ4IdR!6SdQRf461pe9Vj0evAPCKrEnDskO_FPvJNZs5saT7d00ZEcpkxjSTRIVRkc0SUbdhzh40-XeMK5EVJdyuVWnDaTX$)

³ Sustainalytics, “Second-Party Opinion, ABC Singapore”, (2021), at:

<http://www.sg.abchina.com/en/news/202212/W020221209359646405838.pdf>

⁴ The Framework covers eight green and three social use of proceeds categories. The annual review covers the proceeds which have been allocated towards three green use of proceeds categories and Table 1 enlists the same.

	<ul style="list-style-type: none"> • Liquid and hazardous waste treatment, recycling and reuse such as: <ul style="list-style-type: none"> ▪ E-waste recycling projects ▪ Sewage sludge treatment ▪ Soil remediation ▪ Waste liquid recovery • Waste-to-energy projects below 100 gCO₂/kWh with air emission abatement technology <ul style="list-style-type: none"> ▪ Municipal and Industrial solid waste • Facilities, systems and equipment for preventing and reduction of air pollution and mitigation of GHG emissions <ul style="list-style-type: none"> ▪ Carbon sequestration: Natural-based Carbon capture storage (CCS)/ Utilization of the captured CO₂ (CCU) including afforestation, reforestation, habitat restoration, conservation of coastal and marine habitats; Biochar addition 	<p>tonnes p.a. and in % of total waste)</p> <ul style="list-style-type: none"> • Waste that is prevented, minimised, reused or recycled in tonnes p.a. • Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in kWh • Energy recovered from waste (minus any support fuel) in kWh of net energy generated p.a. • Tonnes of GHG avoided from waste management
Green Buildings	<ul style="list-style-type: none"> • Development and construction of new and existing green buildings that have or will receive regional, national or international certifications including: <ul style="list-style-type: none"> ▪ Singapore Green Mark (Gold or above) ▪ US Leadership in Energy and Environmental Design (LEED) (at least Gold Certification) China Green Building Evaluation Standard (Two star or above) ▪ Hong Kong BEAM Plus (Gold or above) ▪ EDGE (Certified) ▪ Building Research Establishment Environmental Assessment Method (BREEAM) (Excellent or above) ▪ Green Star (Five Stars or higher) • Development and refurbishment of green buildings that resulted in achieving one of the eligible certifications above or buildings that achieve at least 20% improvement in energy use and/or carbon emission as compared to before 	<ul style="list-style-type: none"> • Portfolio of building assets by type and green building certification level • Energy performance of kWh/m² of Gross Building Area annually • Energy use reduction/avoidance • Tonnes of GHG avoided

Issuer's Responsibility

ABC Singapore Branch is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from ABC Singapore Branch’s Green Loan. The work undertaken as part of this engagement included collection of documentation from ABC Singapore Branch and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by the Bank. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by the ABC Singapore Branch.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. ABC Singapore Branch has disclosed to Sustainalytics that the proceeds from the Green Loan were fully allocated as at 26 October 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the Green Loan to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the Green Loan to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Reported Impact

ABC Singapore Branch issued USD 200 million through the Green Loan. Of this amount, USD 195.31 million was for refinancing of eligible projects and the remaining USD 5.20 million was towards financing of eligible projects. Sustainalytics notes that ABC Singapore Branch fully allocated the amount as at 26 October 2023.

Table 3: Allocation and Reported Impact as per Use of Proceeds Category

Use of Proceeds Category	Environmental Impact Reported	Net Proceeds Allocation (USD million)
Green Buildings	<ul style="list-style-type: none"> • Total 23 buildings with green building certifications including two buildings with Singapore Green Mark (Gold or above), two buildings with Building Research Establishment Environmental Assessment Method (BREEAM) (Excellent or above) and 19 buildings with Green Star (Five Stars or higher) • Reduced scope 2 GHG Emissions: 1200 tonnes CO₂e • Reduced scope 2 GHG emissions intensity: 18.2 kgCO₂e/m² • Reduced energy intensity: 60.2 kWh/m² • Reduced electricity consumption: 24.6 GWh • Total renewable energy generated: 15.2 GWh 	76.3
Energy Efficiency	<ul style="list-style-type: none"> • Amount of water recycled: 270 tonnes • Reduced water intensity: 0.41m³/m² • Reduced waste intensity: 2.03 kg/m² • Energy generation: 6.5 GW 	16.8
Pollution Prevention and Control	<ul style="list-style-type: none"> • Amount of wastewater treated: 43,000 tonnes • Amount of water recycled: 3,274 tonnes • Reduced COD emissions: 20,000 tonnes/year • Reduced Sewage Sludge emissions: 6,410 tonnes/year • Reduced phosphorus emissions: 143 tonnes/year 	107.41

	<ul style="list-style-type: none">• Reduced ammonia and nitrogen emissions: 1,000 tonnes/year• Production of recycled plastic granules: 21.36 tonnes	
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