

Agricultural Bank of China Limited Hong Kong Branch

Green Bond Allocation and Impact Report 2024

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Section 1: Introduction

This document marks the 2nd Green Bond Allocation and Impact Report published by Agricultural Bank of China Limited Hong Kong Branch (“Agricultural Bank of China, Hong Kong Branch”, the “Hong Kong Branch”, the “Branch”, or “ABCHK”) under its Sustainable Bond Framework (the “Framework”), which was published in January 2022.

On 1 March 2022, Agricultural Bank of China, Hong Kong Branch issued a USD 600 million 3-year Green Bond, marking the Branch’s first issuance under its Sustainable Bond Framework. In July 2024, ABCHK furthered our commitment to sustainable finance through our debut CNH-denominated green bond.

This report provides details regarding the allocation of proceeds for ABCHK’s outstanding green bond issuances and the impact of projects benefitting from these proceeds.

Overview of Agricultural Bank of China

The predecessor of Agricultural Bank of China (“ABC” or the “Bank”) was the 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-owned commercial bank. The Bank was restructured into a joint stock limited liability company in January 2009, and was listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange in July 2010. As one of the major integrated financial service providers in China, ABC is committed to building an international first-class commercial banking group with featured operations, efficient and convenient services, diversified functions, and demonstrated value-creation capability.

ABC incorporated green concepts into its core values. In accordance with the Agricultural Bank of China Green Finance Development Plan (2017–2020) and the Agricultural Bank of China Green Bank Construction Plan, the Bank worked for the green and low-carbon development, and were committed to building an energy-saving and environment friendly green bank. ABC took green credit as the focus of fulfilling its social responsibilities, serving the real economy and adjusting its credit structure. The Bank also strengthened green credit policy guidance, increased support for green credit business, and promoted environmental and social risk management, thus maintaining rapid development of our green credit business. In addition, with the mission of serving the real economy, ABC promoted the high-quality development of inclusive finance through digital transformation, supported small and micro enterprises to prevent the pandemic and resume production, and continuously improved financial services for inclusive customers.

Agricultural Bank of China Limited Hong Kong Branch (the “Branch”) is the first overseas branch for its parent bank, Agricultural Bank of China Limited. With the full support of ABC and the long presence in Hong Kong SAR, the Branch takes a leading position to offer the best products and services to support ABC’s overseas strategies and serve all its customers. The Branch is on a sound track of development with positive brand image and strong market position. It has been providing customers with diversified products and services, including trade finance, syndicated loans, wealth management, foreign exchange, bond investment, derivatives, deposits, money exchange, project loans, and structured products.

Section 2: Our Sustainable Bond Framework

Agricultural Bank of China, Hong Kong Branch published its Sustainable Bond Framework (the “Framework”) in January 2022 as the basis to issue Green, Social and Sustainability Bonds (“Sustainable Financing Instruments”). The Sustainable Financing Instruments will finance projects that are aligned with:

- the International Capital Market Association (“ICMA”) Green Bond Principles (“GBPs”) 2021, Social Bond Principles (“SBPs”) 2021 and Sustainability Bond Guidelines (“SBGs”) 2021 (together “the Principles”).

Instruments issued under this Framework may take the form of Green Bonds, Social Bonds, or Sustainability Bonds, which will be used to finance and/or refinance eligible assets.

In aligning with the above principles and guidelines, the Agricultural Bank of China, Hong Kong Branch’s Sustainable Bond Framework is presented through the four core components of the Principles.

Use of Proceeds: Agricultural Bank of China, Hong Kong Branch will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under this Framework to finance and/or re-finance, in whole or in part:

- Assets which meet the eligibility criteria of the Eligible Green Categories or Eligible Social Categories, as defined below.
- General corporate purpose loans to “Pure Play Companies”, which are defined as companies that derive over 90% of their revenues from activities meeting the eligibility criteria of the Eligible Green Categories or Eligible Social Categories, as defined below.

Process for Project Evaluation and Selection: The Project Evaluation and Selection Process will ensure that the proceeds of any Agricultural Bank of China, Hong Kong Branch Sustainable Financing Instrument are allocated to finance or refinance eligible green and/or social assets that meet the criteria and objectives set out in the Framework.

Agricultural Bank of China, Hong Kong Branch’s Sustainable Finance Working Group (the “SFWG”) will be responsible for governing and implementing the initiatives set out in the Framework.

Management of Proceeds: Agricultural Bank of China, Hong Kong has established a register (the “Register”) to record, track and manage the allocation of the proceeds from each issuance of Green, Social, or Sustainability Bond.







The Register will contain information on the Green, Social, or Sustainability Bond issuance, such as the issuance amount, issuance date and maturity date, along with other necessary information, and the allocation to eligible green and/or social assets.

Any proceeds temporarily unallocated will be held in accordance with the Branch’s normal liquidity management policy.

Reporting: Until full allocation of the Green, Social or Sustainability Bond proceeds, the Branch shall report the information on the allocation of proceeds on an annual basis, which shall be publicly available. The allocation reporting shall include the following information:

- Allocation amount by eligible green / social asset categories
- Remaining amount of unallocated proceeds
- Project case studies, subject to confidentiality

Eligible Green Categories

Green Asset Category	Eligibility Criteria
<p>Renewable Energy</p> 	<p>Acquisition, manufacturing, construction, maintenance and upgrade of renewable energy generation facilities, equipment or infrastructure from wind, solar, tidal energy, hydro (life cycle emissions below 50gCO₂e/kWh or power density above 10W/m²), geothermal (life cycle GHG emissions < 100g CO₂e/kWh), biomass using waste feedstock (life cycle GHG emissions < 100g CO₂e/kWh).</p> <p>Supporting infrastructure and equipment dedicated for transmission and distribution of renewable electricity from its production site to the electricity grid.</p>
<p>Energy Efficiency</p> 	<p>Acquisition, implementation, maintenance and upgrade of products or technologies that increase energy efficiency or reduce energy consumption by at least 30% of the related asset(s) or technology(ies), such as energy efficient HVAC systems, lighting systems, windows and doors.</p> <p>Acquisition, implementation, maintenance and upgrade of products or technologies that improve efficiency in the delivery of bulk energy services, such as smart grid and energy storage (battery and pumped hydro).</p>
<p>Clean Transportation</p> 	<p>Acquisition, manufacturing, construction, maintenance and upgrade of facilities, equipment or infrastructure dedicated to zero direct emission transport including electrified, hydrogen public transportation (e.g. trains, busses, trams and ferries) and vehicles (e.g. cars, trucks and vessels).</p>
<p>Sustainable Water and Wastewater Management</p>  	<p>Acquisition, manufacturing, construction, maintenance and upgrade of facilities, equipment or infrastructure dedicated for:</p> <ul style="list-style-type: none"> • Water treatment activities including wastewater treatment, water recycling, and improving water quality; • Waste management activities such as waste prevention, waste reduction and waste recycling.
<p>Green Building</p> 	<p>Acquisition, construction, operation, maintenance, renovation and upgrade of building that have received, or expect to receive below recognized green building certifications:</p> <ul style="list-style-type: none"> • Chinese Green Building Evaluation Label – 2 Star or above (Design / Operations Label); or • Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or • U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or • Hong Kong BEAM Plus – Gold or above




Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adaptation



Acquisition, manufacturing, construction, maintenance and upgrade of facilities or infrastructure dedicated for:

- Sea water desalinization plant which are powered at least 90% by renewable energy
- Urban drainage system, river training and other forms of flooding mitigation and control to strengthen resilience against climate change in coastal areas

Eligible Social Categories

Social Asset Category	Eligibility Criteria
<p>Access to Essential Services</p>  	<p>Construction, maintenance and upgrade of public hospitals, eldercare centers and healthcare facilities.</p> <p>Construction, maintenance and upgrade of public education facilities (e.g. schools, universities and vocational training centers).</p>
<p>Employment Generation</p> 	<p>Loans to micro, small and medium enterprises as defined by the Trade and Industry Department of the Hong Kong SAR government, including:</p> <ul style="list-style-type: none"> • Women entrepreneurs (SMEs where more than 50% of the shares belong to women, in case the women ownership is below 50%, the SME shall be 20% female owned, have at least 1 woman as CEO / COO / President / Vice President (managerial role) and >30% board of directors comprised of woman, if a board exists) • Owned and / or operated by migrants or youth

For clarification purposes, asset dedicated for the following activities shall be excluded from financing by any Green, Social or Sustainability Bond: fossil fuel-based power generation, transportation of fossil fuel, biomass power that competes with food sources, nuclear power, child labor, weapons, mining, adult entertainment.

For any potential eligible hydropower projects under this framework, an environmental impact assessment (“EIA”) will be conducted by a credible body, and there would be no significant risk or expected negative impact or significant controversy surrounding the project identified in the EIA.

Section 3: ABCHK's Green Bonds

Issuer	Agricultural Bank of China Limited Hong Kong Branch	
Issuer Rating	Moody's: A1 (Negative) S&P: A (Stable) Fitch: A (Negative)	
Issue Date	1 March 2022	31 July 2024
Issue Rating	Moody's: A1	Moody's: A1
Form	Registered	Registered
Type	Regulation S, Category 2	Regulation S, Category 2
Listing	The Stock Exchange of Hong Kong Limited	The Stock Exchange of Hong Kong Limited
Tenor	3 years	3 years
ISIN	XS2436799238	HK0001007449
Issue Size	USD 600 mn	CNH 2.0 bn
Maturity Date	1 March 2025	31 July 2027
Coupon	2.0% Fixed, semi-annually in arrear, 30/360	2.8% Fixed, semi-annually in arrear, Actual/365

Section 4: Allocation of Proceeds¹

ISIN	Issued Amount	Issued Amount (HKD million)
XS2436799238	USD 600 million	4,689.3
HK0001007449	CNH 2 billion	2,162.0
Total		6,851.3

Conversion rates used as per each bond's respective issuance date, from Bloomberg.

Project Classification	Allocated Amount (HKD million)	% of Allocated Funds
Sustainable Water and Wastewater Management	2,823.0	45.5%
Renewable Energy	3,114.0	41.2%
Green Buildings	914.3	13.3%
Total	6,851.3	100%

	Allocated Amount (HKD million)	Outstanding Sustainable Financing Instrument Proceeds Allocated (%)
Total Green Bonds	6,851.3	100%
Total Allocated Green Assets	6,851.3	

¹ As of 31 December 2024

Section 5: Our Sustainable Finance Working Group

The Branch has established a Sustainable Finance Working Group (the “SFWG”) to oversee the process of project evaluation and selection for the Green, Social and Sustainability Bond issuance by the Branch. The SFWG meets on an annual basis and any time when the situation requires.

The SFWG is chaired by the Chief Executive Officer of the Branch and is composed by representatives from the following departments:

- Financial Markets Department
- Corporate Banking 1 Department
- Corporate Banking 2 Department
- Financial Institutions Department
- Asset and Liability Department
- Credit Department
- Legal and Compliance Department
- Risk Management Department
- Other relevant business units

Prior to the issuance of any Green, Social or Sustainability Bonds, the Corporate Banking 1 Department, Corporate Banking 2 Department and Financial Institutions Department of the Branch conduct a preliminary screening of potential eligible green/social projects in accordance with the criteria and standards set out in the “Use of Proceeds” section of the Framework, and form a list of nominated eligible green/social assets which are submitted to the SFWG for further review.

The SFWG reviews the nominated eligible green/social assets to ensure that the approved assets under the Framework have significant positive environmental and/or social impact, and would not do significant harm to the environment or society. Where relevant and applicable, SFWG considers the following:

- the environmental and social impact assessment/certification/report of the nominated eligible green/social asset;
- the alignment of the nominated eligible green/social asset with the ABC or the Branch’s sustainability policies/strategy or United Nations Sustainable Development Goals; and
- the nominated eligible green/social asset’s compliance with relevant local, national, and/or international environmental, social standards and regulatory requirements.

The SFWG reviews each of the nominated projects for approval as eligible green/social asset. The approved assets form an eligible green/social asset list.

Until the maturity of the relevant Green Bond, Social or Sustainability Bond, the SFWG shall review the list of eligible green/social assets on an annual basis. In case of divestment or cancellation of an allocated asset, or if an allocated asset no longer meets the eligibility criteria, the Branch shall reallocate the proceeds to other eligible green/social assets.

Section 6: Summary of Asset Impacts

Eligible Green Asset Categories	Project Locations	Description and Expected Impact
Green Buildings	China	<ul style="list-style-type: none"> This includes two buildings in China which received 3-star Green Building Design Label and LEED Gold certification respectively.
Sustainable Water and Wastewater Management (Wastewater Treatment Projects)	China	<ul style="list-style-type: none"> This includes 10 Wastewater Treatment plant projects are located in Beijing, Liaoning, Guangdong, Tianjin and Shenyang, including the financing of sewage treatment facilities that will meet the corresponding locations' long-term sewage treatment requirement. The projects are now in operation with 259 million m³ / year of sewage treatment capacity.
Renewable Energy (Wind Power)	South Africa, Ukraine	<ul style="list-style-type: none"> This includes financing of a 76.5MW onshore wind power plant located in Ukraine and 244.5MW onshore wind power plant located in South Africa respectively.
	Chile	<ul style="list-style-type: none"> This includes financing of an 81.6MW onshore wind power project, of which ABCHK's attributed share is ~49MW.

Note: Unless otherwise stated, the impact figures calculated are reflective of the total impact of projects and should not be interpreted as the portion of impact that is attributable to our green bond issuances.