Agricultural Bank of China Limited, Singapore Branch

Type of Engagement: Annual Review
Date: September 8, 2020
Engagement Leader: Amanda Ackerman, amanda.ackerman@sustainalytics.com, (+31) 20 205 00 88

Introduction

In 2019, Agricultural Bank of China Limited, Singapore Branch (ABC SG) issued a green loan aimed at financing existing and/or future projects, pure-play companies or assets that meet the eligibility criteria of the ABC SG Sustainable Financing Framework.[1] In 2020, ABC SG engaged Sustainalytics to review the projects funded through the issued green loan and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Sustainable Financing Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2019 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Sustainable Financing Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Sustainable Financing Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Renewable Energy	• Production and transmission of renewable energy including wind power, solar photovoltaic power, solar thermal utilisation, hydropower below 25MW), biomass energy (below 100g CO2/kWh and excluding feedstock competing with food production), renewable energy promotion projects and other renewable energy utilization (the utilisation of geothermal energy (below 100g CO2/kWh), ocean energy, air source heat energy and other renewable energy sources) • Infrastructure construction related to renewable energy, such as land development, construction of transmission networks and base station	• Kilowatt-hours (kWh) of power generated from renewable energy by type • Tonnes of greenhouse gas (GHG) avoided • Tonnes of air pollutants reduced • Number of people provided access to clean and affordable energy
Energy Efficiency	• The development and implementation of products or technology that reduces or recover energy by at least 20% of underlying assets, technology, products or systems including LED lights, improved chillers, improved lighting technology, and reduced	• Energy savings in kWh • Tonnes of GHG avoided

[1] Agricultural Bank of China Limited, Singapore Branch Sustainable Financing Framework, at: http://www.sg.abchina.com/en/news/201909/W020190930371562784110.pdf

© Sustainalytics 2020

	power usage in manufacturing operations, smart grids	

Pollution Prevention and Control	• Integrated municipal and commercial waste collection, recycling and diversion programs excluding landfill and exclude incineration without energy recovery
	• Liquid and hazardous waste treatment, recycling and reuse such as:
	  ○ E-waste recycling projects
	  ○ Sewage sludge treatment
	  ○ Industrial hazardous waste treatment
	  ○ Medical waste treatment
	  ○ Soil remediation
	• Waste liquid recovery
	• Waste-to-energy projects below 100g CO_2/kWh with air emission abatement technology
		• Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in % of total waste)
		• 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

Clean Transportation	• Development and manufacture of electric, hybrid, public, rail, non-motorised and multi-modal transportation; Low carbon non-electric vehicles below 75g CO_2/km/passenger • Development of related infrastructure such as charging stations, both private and public	• Passenger-kilometres (i.e. the transport of one passenger over one kilometre) and/or passengers; or tonne-kilometres (i.e. the transport of one tonne over one kilometre) and/or tonnes • Tonnes of GHG avoided • Tonnes of air pollutants reduced

Green Buildings	• Development of new green buildings or refurbished buildings that have or will receive regional, national or international certifications including:
	  ○ 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)
	  ○ Other comparable green building certifications
		• 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

Issuing Entity's Responsibility

ABC SG is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of ABC SG's Green Loan Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from ABC SG employees and review of documentation to confirm the conformance with the Sustainable Financing Framework.

Sustainalytics has relied on the information and the facts presented by ABC SG with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by ABC SG.

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

Conclusion

Based on the limited assurance procedures conducted,[2] nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects, funded through proceeds of ABC SG's green loan, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Sustainable Financing Framework.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green loan in 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Sustainable Financing Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green loan in 2019 to determine if impact of projects was reported in line with the KPIs outlined in the Sustainable Financing Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

[2] Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Impact Reporting by Eligibility Criteria[3]

Use of Proceeds Category	Project(s)
Renewable Energy	• Project C: Annual GHG emissions reduced: 1,054,030 tonnes CO_2
Green Buildings	• Project A: Scope 2 greenhouse gas emissions intensity decreased by 2.1% to 58 kgCO2e/m2 in FY19 • Project D: Green Mark Platinum Certification for green sustainable building design • Project E: GreenMark Platinum rating for commercial and hotel, and a GreenMark Gold Plus rating for Residences
Energy Efficiency	• Project A: Energy savings of more than 1,162,000 kWh/year • Project E: Estimated energy savings: 5,379,108 kWh/yr; (commercial) Estimated energy savings: 3,060,963 kWh/yr; (hotel) Estimated energy savings: 3,600,000 kWh/yr; (residential)
Clean Transportation	• Project B: CO2 emission for all new "Named" model 29g/km vs 222g/km for previous models • Project C: Annual GHG emissions reduced: 51,004 CO2 tonnes
Pollution Prevention and Control	• Project C: Annual pollution prevention: 13,728 COD tonnes • Project F : Contracted daily design capacity 1,556,500 (tons/day) of water treatment

[3] For ease of reporting, Sustainalytics has chosen to highlight one KPI per project and use of proceeds category. More KPI impacts can be found in the Agricultural Bank of China Limited Singapore Branch Green Reporting for Green Loan Impact Report Found here: http://www.sg.abchina.com

Disclaimer

Copyright ©2020 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit http://www.sustainalytics.com/legal-disclaimers.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider