

## Appendix A

### **Agricultural Bank of China Green Bond Management Statement**

Agricultural Bank of China (“ABC”) is responsible for the preparation and fair presentation of this Green Bond Management Statement (Statement) as of 28<sup>th</sup> September 2015.

#### **Purpose**

This Statement has been developed to demonstrate how ABC will issue Green Bonds to fund new and existing projects and businesses with environmental benefits in alignment with the *Green Bond Principles, 2015*.

#### **Assertions from management**

For each Green Bond issued, ABC Management asserts that it will adopt (A) the Use of Proceeds and (B) Policies and Internal Control Procedures (in respect of each of (i) project evaluation and selection (ii) management of proceeds and (iii) reporting) as set out in this Statement.

#### **A. Use of Proceeds**

With reference to the *Green Bond Principles, 2015*, the proceeds of each Green Bond will be used exclusively for lending in support of environmental protection, energy conservation and greenhouse gas emission reduction, to fund eligible green projects listed in below sectors:

1. **Renewable energy:** the construction, operation and maintenance of renewable energy plant, i.e. solar, wind power, biomass power, and manufacture of renewable products.
2. **Energy efficiency:** upgrading the technology and equipment for industrial energy saving; energy efficiency building projects; manufacturing energy efficiency product.
3. **Sustainable waste management:** waste collection, transportation, disposition, and recycling, including compost and waste-to-energy power plant.

4. **Sustainable use of Land:** green agriculture development projects and green forestry development projects.
5. **Clean Transportation:** urban electrical vehicle transportation projects (including charging stations for electrical vehicles), and urban mass transit projects (light rail, subway, bus-rapid transport.)
6. **Sustainable water management:** sewage treatment and recycling, comprehensive restoration of river basin, disposal of water pollution and construction of water conservation facility.

In each case ABC will assess that the activities being financed in these sectors should provide clear environmentally sustainable benefits.

Lending in support of the following activities and businesses shall be explicitly excluded:

- activities that have a high risk of environmental pollution
- activities that do not meet national environmental standards
- activities and businesses that have not established good environmental management practices
- businesses that have caused pollution or environmental destruction within the last 2 years

Proceeds can be invested into projects in China or overseas.

## **B. Policies and Internal Controls and Procedures**

ABC applies policies and internal controls in alignment with the process guidelines set out in the *Green Bond Principles, 2015*.

### **I. Project Evaluation and Selection**

ABC Relationship Managers (the “RMs”) will propose loans as use of proceeds of each Green Bond. The Credit Management Department in Head Office will review and approve, as appropriate each proposed use of proceeds.

This process is described further below:

1. Initial evaluation and screening: ABC RMs will recommend loans based on the information they collect and gather, including information about (i) the borrower and the activities being funded (ii) the technical process and equipment being utilized by the borrower (iii) the environmental and social benefit from the activity being financed.

Based on this information ABC RMs will conduct a preliminary review and screen loans based on the criteria set out in this document. ABC RMs will then submit their recommendations to the Credit Management Department in Head Office for further review.

2. Review and Approve: The Credit Management Department in Head Office will review the materials submitted by ABC RMs for eligibility as use of proceeds in accordance with criteria and standards set out in this Statement. Loans determined as eligible will be marked accordingly and added into the eligible loans list.

The Head Office front-line management departments are responsible to maintain and update the eligible loan lists.

## **II. Management of Proceeds**

ABC will establish a Register for the Green Bond. The Register will contain information including borrower name, use of proceeds, financing amount, amount of loan drawn and outstanding, loan maturity and other necessary information so that the aggregate of issuance proceeds allocated to eligible loans is recorded at all times.

The proceeds will be used to fund eligible loans as soon as practicable. Any balance of issuance proceeds not allocated to fund eligible loans will be held in accordance with ABC's liquidity management policy.

## **III. Reporting**

ABC will report annually on the use of proceeds (Green Bond Report) published as part of the ABC annual sustainability report (or on the website of ABC), including the aggregate amount allocated to the various green sectors, example loans from each sector (subject to confidentiality), remaining balance of funds which have not yet been utilized. Furthermore ABC will confirm that the use of proceeds of the green bond issuance conforms to this Management Statement.

Agricultural Bank of China  
28<sup>th</sup> September 2015