“Second-party Opinion” on
Industrial Bank Co., Ltd. Hong Kong Branch
Green Deposit Framework
(Green Deposit and Green Certificate of Deposit)

by Hong Kong Quality Assurance Agency (HKQAA)

Prepared by:





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1. Introduction

Industrial Bank Co., Ltd. (A joint stock company incorporated in P.R.C. with limited liability) Hong Kong Branch ("CIBHK" or the "Bank") has developed Green Deposit Framework ("the Framework") in July 2026, in which subject matters, including Use of Proceeds, Project Evaluation and Selection Process, Management of Proceeds and Reporting were described. Under the Framework, the Bank intends to launch Green Deposit ("GD") and Green Certificate of Deposit ("GCD"), while setting out underlying eligible qualifying environmental themes and activities.

The Bank has engaged Hong Kong Quality Assurance Agency ("HKQAA") to provide a second-party opinion on the application of the Framework for structuring, issuance and management of the Bank's first GD and GCD. In this engagement, HKQAA requested and reviewed a broad set of documentation in order to put the Framework into perspectives. Internal procedures, investment policies, terms and conditions of GD and GCD were studied.

As there was no standards or principles developed for GD or GCD, considering the similarity in the intention and structuring of green bonds, Green Bond Principles - June 2021 (with June 2022 Appendix 1) ("GBP") was selected as the guiding reference for commenting the Framework. Due to the fact that green loans would be selected to build a green asset portfolio to support the GD and GCD, Green Loan Principles – 26 March 2025 ("GLP") was also used as a secondary reference for commenting the Framework when green loans are involved.

Through this engagement, alignment of the Framework with the core components of Green Bond Principles and Green Loan Principles was opined. This document contains HKQAA's opinion on the Framework under the context of the Bank's first GD an GCD, it should be read in conjunction with the Framework.

2. Context of Green Deposit and Green Certificate of Deposit

Chairman of Industrial Bank Co., Ltd. ("CIB") aware that in pursuing sustainable development, CIB must adhere to the principle of seeking progress while maintaining stability, do their best within the capabilities, and tailor the efforts in areas like ESG according to local conditions. And continuously explore new development models, explore new development spaces, and lay a solid material foundation for undertaking greater responsibilities and making more contributions, as described in its Sustainability Report 2025.

According to its Sustainability Report 2025, CIB supports low-carbon transitioning, and brings long-term and sustainable value and returns for stakeholders by approving green loans that assist customers transform into a more climate resilient and sustainable enterprise.

CIB also formulated the CIB ESG Policy and the Sustainable Development Management Measures which suggesting CIB has been prepared to define its investment preference in green debt instruments. The policy applies to green bonds which would be selected and pooled with selected green loans to form a portfolio of green asset to support Green Deposit and Green Certificate of Deposit.

3. Framework Overview and Opinion

The Framework was developed as a guiding document for structuring green deposits as a theme. Eligible green assets would be selected to form a green asset portfolio to support green themed deposits.

In the sections of the Framework ('Purpose' and 'Background'), a highlight of the Bank's history, its scale of operation and achievement as well as policy, approach and structure for sustainability were described, it was able to allow potential depositors to appreciate the long history of the Bank as well as the rationale behind the issuance of Green Deposits. Under the section 'Framework Overview' ('1. Use of Proceeds', '2. Process for Asset Evaluation and Selection', '3. Management of Proceeds' and '4. Reporting'), eligibility criteria for assets to support a theme of deposits, linkage to Sustainable Development Goals, tracking of proceeds, temporary allocation of proceeds and regular disclosures were detailed.

Further details on the alignment of the Bank's structuring and management practices for Green Deposit and Green Certificate of Deposit were discussed in section of 'Planning for Use of Proceeds' and 'Management of Separate Ledger'. The bank's commitment to follow the core elements of Green Bonds Principles and Green Loan Principles (applicable specifically to green loans) was demonstrated in the section of '4. Reporting'.

3.1 Use of Proceeds

According to the Bank's input, GD is a deposit taken from clients and GCD is a deposit instrument under existing Certificate of Deposit program with tenor to be determined based on the Bank's prevailing requirements and the agreed terms and conditions between the Bank and the depositor.

All net proceeds of GD and GCD is committed by the Bank to be used to finance and/or refinance eligible green assets which match with the eligible green category defined in section 1. Use of Proceeds. The exclusive nature of use of proceeds to generate positive environmental benefits is opined as clearly addressed through the Framework which will be made available to the public by the Bank. The eligible green categories are matched with the categories of eligibility for Green Projects in GBP, six eligible green categories are given in the Framework:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Sustainable Water and Wastewater Management
6. Climate Change Adaptation

Eligible criteria for each of the categories as well as the linkage to SDGs are specified by the Bank to allow depositors and stakeholders to understand the expected environmental benefits. The approach is opined as typical and acceptable.

The Bank's eligible green assets will have occurred not more than 5 years prior to the issuance date of the relevant deposit, hence, a look back period of green investment is specified. As clarification of the expected look-back period for refinanced eligible green projects is recommended by GBP while

no specific limit on the look-back period is specified. The clarification given by the Framework is opined as acceptable

Exclusions given in the Framework is opined as typical and acceptable.

3.2 Project Evaluation and Selection Process

The evaluation and selection process specified in the Framework is supplemented by an internal procedure. The level of details given in the Framework is opined as typical and acceptable.

On the other hand, the guidance will be given to staff who are assigned to evaluate and nominate green assets. As per the Bank's input, Corporate Business Management Department (CBMD) will pay attention to the following features of green assets:

1. Type and issuer of the assets
2. Type of loans
3. Outstanding amount
4. External review
5. Remaining tenor
6. Availability of information on environmental benefits and compliance with applicable regulatory requirements.

The practice is opined as acceptable.

3.3 Management of Proceeds

The approach of management of proceeds exhibits sufficient asset control. The Green Deposit Internal Management Procedure demonstrates the management of proceeds is properly structured by dividing it into three sections, including Product Introduction (开立与销售), Fund Investment Management (资金投放管理) and Asset Pool Management (资产池管理). The practice is opined as typical and acceptable.

The proceeds from each deposit instrument will be internally managed and governed by the Working Group of CBMD. It also fulfils the core component of encouraged practice of tracking the allocation of proceeds to eligible green assets within its internal management system including descriptions of the projects, the category in which the projects are classified and the amount of proceeds allocated to the projects to maintain transparency and to promote the integrity of the deposit instrument. The practice is opined as typical and acceptable.

The Framework also provides sufficient details on the management of proceeds and asset control regarding refinancing and proceeds reallocation. Before each green deposit is opened, the CBMD will confirm the size of the existing asset pool and ensure that the real-time green deposit balance does not exceed 80% of the existing asset pool size to cope with unforeseen asset reductions. If an unforeseen event causes the green asset size to fall below the existing green deposit balance, the opening of new green deposits will be immediately suspended; simultaneously, the bank promises to make up the asset shortfall within 1.5 months to realize the disbursement of the undisbursed funds. The practice is opined as typical and acceptable.

The practice is opined as acceptable when it is communicated to depositors through the Framework which will be made available to the public.

3.4 Reporting

The Bank will make and keep readily available up to date information on the use of proceeds to be renewed by publishing a Green Deposit or Green Certificate of Deposit report which could contain information on allocation and environmental impact on its public website as long as GD or GCD is outstanding. This proceeds allocation reporting is opined as typical and acceptable.

4. Conclusion

The assessment team of Hong Kong Quality Assurance Agency has determined that the Framework provides adequate information for depositors to appreciate eligible green projects and project evaluation and selection process when disclosed. Furthermore, it provides guidance and sufficient internal control along with The Green Deposit Internal Management Procedure for implementation and disclosure in a consistent manner. The framework is opined as in alignment with the core components of GBP and GLP.

Appendix 1: Documents reviewed or referenced

No.	Author	Title
1	APLMA, LSTA, LMA	Green Loan Principles – 26 March 2025
2	ICMA	Green Bond Principles – June 2021 (with June 2022 Appendix 1)
3	Industrial Bank Co., Ltd.	Sustainability Report 2025
4	兴业银行香港分行企业金融业务管理部 Industrial Bank Co., Ltd. Hong Kong Branch, Corporate Business Management Department	绿色定存内部管理流程 The Green Deposit Internal Management Procedure
5	兴业银行香港分行企业金融业务管理部 Industrial Bank Co., Ltd. Hong Kong Branch, Corporate Business Management Department	绿色存款及资产台账（模板） The Green Deposit and Asset Ledger (Template)

Appendix 2: About role(s) of review providers as defined by the GLP

1. Consultant review: a borrower can seek advice from consultants and/or institutions with recognised expertise in environmental sustainability or other aspects of the administration of a green loan. "Second party opinions" may also fall into this category.

2. Verification: a borrower can have its green loan, associated green loan framework, or underlying assets independently verified by qualified parties, such as auditors or independent ESG rating providers. In contrast to certification, verification may focus on alignment with internal standards or claims made by the borrower.

3. Certification: a borrower may have its green loan or associated green loan framework certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties/certifiers.

4. Rating: a borrower can have its green loan or associated green loan framework rated by qualified third parties, such as specialised research providers or rating agencies.

Appendix 3: About role(s) of review providers as defined by the ICMA

1. Second Party Opinion: An institution with environmental/ social/sustainability expertise that is independent from the issuer may provide a Second Party Opinion (either required or recommended pre-issuance as described in the respective Principles). The institution should be independent from the issuer's adviser for its green, social, sustainability and sustainability-linked 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. Any concerns on the institution's independence should be disclosed to investors.

2. Verification: An issuer can (or "needs to" in the case of sustainability-linked bonds post issuance) obtain independent verification against a designated set of criteria, typically pertaining to environmental/social/sustainability or KPI performance and sustainability targets for the SLBs.

3. Certification: An issuer can have its green, social, sustainability and sustainability-linked bond or associated green, social, sustainability and sustainability-linked bond framework or Use of Proceeds or Key Performance Indicators (KPIs) and Sustainability Performance targets (SPTs) certified against a recognised external green/ social/sustainability 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.

4. Green, Social, Sustainability and Sustainability-Linked Bond Scoring/Rating: An issuer can have its green, social, sustainability and sustainability-linked bond associated framework or a key feature such as Use of Proceeds, selection of KPIs, calibration of the level of ambitiousness of SPTs, evaluated or assessed by third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology.

Appendix 4: Hong Kong Quality Assurance Agency (HKQAA)

Local Excellence, Global Perspective

Established by Hong Kong Government in 1989, Hong Kong Quality Assurance Agency (HKQAA) is a non-profit public organisation committed to introducing international management standards, promoting good management practices and sustainability in Greater China for decades. As one of the leading conformity assessment organisations in the region, HKQAA not only provides certification, assessment, registration, training and research services to help organisations enhance management performance and competitiveness, but also develops a wide range of good management practices and related criteria to cope with increasingly diversified market demands and the growing need for sustainable development, fostering a better environment and bringing benefits to the community.

Ample Experience in Fostering Sustainable Economy

In recent years, sustainability has become one of the key forces driving organisations towards a prolonged success. To support and encourage them to walk the talk, HKQAA has developed diverse services and obtained ample experience in the field of social responsibility, environmental protection, sustainability and responsible investment:

- With the initial support of **The Hongkong and Shanghai Banking Corporation Limited (HSBC)**, HKQAA introduced the **CSR Index** to provide quantitative metrics to measure organisations' maturity level in practicing their social responsibilities in 2008;
- HKQAA has been **the only Hong Kong organisation accredited as the Designated Operational Entity (DOE)** by the Executive Board of the Clean Development Mechanism (CDM) under the United Nations Framework Convention on Climate Change (UNFCCC) to deliver CDM validation and verification services since 2011;
- HKQAA has been providing assessment and rating services on companies' sustainability performance for the **Hang Seng Corporate Sustainability Index Series** since 2014;
- Since 2017, our expert has been nominated by the **Innovation and Technology Commission of the HKSAR Government** and the **China National Institute of Standardization** respectively to directly take part in the technical committee of ISO/ TC 207/SC 4 and the working group of ***ISO/TC 207/SC 4/ WG 7*** to develop ***ISO 14030 Green bonds – Environmental performance of nominated projects and assets***;
- Since 2018, HKQAA has been admitted as an **Observer of the Green Bond Principles (GBP) under the International Capital Market Association (ICMA)**;
- Since 2018, HKQAA has become an **approved verifier under the Climate Bonds Standard**.
- Since 2018, the HKQAA expert was nominated by the **Innovation and Technology Commission of the HKSAR Government** to participate in the **ISO Technical Committee, Sustainable Finance (ISO/TC 322)** for the development of sustainable finance related standards.

Contact HKQAA

Website: http://www.hkqaa.org

Appendix 5: Methodologies and Limitation

Level of Assurance and Methodology

The process applied in this assessment was based on the International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (ISAE 3000). Our evidence gathering process was designed to obtain a limited level of assurance as set out in ISAE 3000 for the purpose of provision of opinion.

Our assessment procedure, performed to support our opinion, covered reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the framework contents and verifying the selected representative sample of project, data and information. Raw data and supporting evidence of the selected samples were also examined during the assessment process.

Independence

IBHK is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Framework. Our assessment activities are independent from IBHK.

Limitations

There are inherent limitations in performing assurance as follows. Assurance engagements are based on selective testing of the information and data being examined and it is possible that fraud, error or non-compliance may occur and not be detected. The assurance did not provide assurance on information outside the defined reporting boundary and period. There are additional inherent risks associated with assurance over non-financial information including reporting against which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ISAE 3000 is subjective and will be interpreted differently by different stakeholder groups.

The information contained in this document is not intended to provide professional advice, constitute any express or implied advice or recommendation by HKQAA for any investments and should not be relied upon in those regards. Persons intending to use any information obtained from this document are advised to obtain appropriate professional advice. Our assurance was limited to the Framework, and did not include statutory financial statements, financial statements and economic performance. Our assurance is limited to policies and procedures in place as of 23 July 2026.

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