



Ernst & Young Hua Ming LLP
Level 17, Ernst & Young Tower
Oriental Plaza, 1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

安永华明会计师事务所 (特殊普通合伙)
中国北京市东城区东长安街 1 号
东方广场安永大楼 17 层
邮政编码: 100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

Assurance Report on Pre-issuance of China Construction Bank (DIFC Branch)'s 2023 Green Bond

To China Construction Bank (DIFC Branch)

We have been engaged by China Construction Bank (DIFC Branch) (the “Bank”) to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Bank’s use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of the Bank’s 2023 green bond issuance (the “Subject Matter”) as of 17 November 2023 in the accompanying the *Description on China Construction Bank (DIFC Branch)’s 2023 Green Bond* (the “Description”).

Criteria applied by the Bank

In preparing the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of the Bank’s 2023 Green Bond issuance in the Description, the Bank applied the *Green Bond Principles 2021* published by International Capital Market Association (the “Criteria”).

The Bank’s Responsibility

The Bank’s management is responsible for selecting the Criteria, and for presenting the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of the Bank’s 2023 green bond issuance in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Management

We have maintained our independence and confirm that we have met the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management (“ISQM”) 1: *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and ISQM 2: *Engagement Quality Reviews*, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the use of proceeds, process for project evaluation and selection, management of proceeds, reporting of the Bank’s 2023 Green Bond issuance and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process;
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter in the Description;
- Checked the Bank’s policies and procedures in relation to the subject matter;
- Checked the eligibility of the nominated projects of green bond issuance in accordance with the principles in the Criteria;
- Undertook analytical review procedures to support the reasonableness of the data;
- Identified and testing assumptions supporting calculations;
- Tested, on a sample basis, underlying source information to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of the Bank's 2023 Green Bond issuance as of 17 November 2023 in the Description, in order for it to be in accordance with the Criteria.

Restricted Use

Our responsibility in performing our procedures and reporting thereon is to the Bank only and in accordance with terms of reference for this engagement as agreed with them. The report may not be suitable for another purpose. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance of any such third party may place on the Bank's 2023 Green Bond issuance is entirely at its own risk.

Ernst & Young Hua Ming LLP

Beijing, China

17 November 2023

Appendix I

Description on China Construction Bank (DIFC Branch)'s 2023 Green Bond

China Construction Bank Corporation (the "Bank") has established the *China Construction Bank Green, Social, Sustainability and Sustainability-Linked ("GSSS") Bond Framework* (the "Framework"). In preparing the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of China Construction Bank (DIFC Branch)'s 2023 Green Bond, the Bank applied the *Green Bond Principles 2021* published by International Capital Market Association (the "Criteria").

Use of Proceeds

All the net proceeds of the green bond will be allocated to the Eligible Projects as defined in the *Green Bond Principles 2021*.

The following sectors will be excluded from Green Eligible Categories:

- Sectors which are prohibited by laws and regulation in China, such as gambling industry, adult entertainment, child labour and corporations involved in illegal activities
- Luxury sectors such as precious metals, precious artworks & antiques, golf course services
- Distillation, rectification and mixed alcoholic beverages
- Production of tobacco and tobacco products
- Hydro power with installed capacity >20MW
- Biomass which is suitable for food source
- Mining, quarrying and fossil fuels related assets
- Nuclear fuels
- Weapons and ammunitions
- Companies or activities involved in the production, distribution or storage of hazardous chemicals and radioactive substances

Process for Project Evaluation and Selection

1. Preliminary Screening

The Bank established a "GSS Bond Working Group" ("GSSWG") to review the preliminary list of Green Projects proposed by the business lines and domestic branches of the Bank. The GSSBWG will select the Eligible Green Projects that meet the Eligibility Criteria in the Use of Proceeds section under the GSSS Bond Framework of China Construction Bank, and best reflect the characteristics of the Bank, by considering the following factors:

- Whether the technology used in Green Projects is more advanced than other available technologies
- The pre and post certification for the Green Projects
- Whether the Green Projects comply with the development policy and strategy of the Bank
- Whether the characteristics of the Bank are reflected by the Green Projects

If a project is identified as Eligible Project under the GSSS Bond Framework of China Construction Bank by the GSSBWG, the project will be “marked” as Eligible Green Project.

2. Establishing Project List

A list of projects financed by “GSS bonds” is established to facilitate bond duration management. The GSSBWG is responsible for the bookkeeping and tracking of eligible projects and for ensuring all information is true and accurate in the process.

3. Update and Maintenance

The GSSBWG reviews the allocation of funds raised by GSS bonds annually to ensure appropriate allocation to Eligible Green Projects, and to assist with the preparation for disclosures in annual reports.

Management of Proceeds

1. Management of Separate Register

The proceeds of each bond will be deposited in the general funding accounts. The Bank will maintain a register to keep track of the use of proceeds from each bond. The register will contain the following information:

- Type of Funding Transaction:
 - Key information includes transaction date, (net) amount of proceeds, maturity date, coupon, type of bond, pricing date and the ISIN number.
- Allocation of proceeds
 - Name and description of Eligible Projects to which the proceeds of GSS bonds have been allocated in accordance with the Framework
 - Allocation of the proceeds from GSS bonds to Eligible Projects
 - The balance of unallocated proceeds
 - Use of unallocated proceeds

2. Use of Unallocated Proceeds

Any balance of issuance proceeds which are not yet allocated to Eligible Green Projects will be held in accordance with the Bank’s normal liquidity management policy. The Bank undertakes not to invest unallocated proceeds in sectors set out in Exclusions.

Reporting

The Bank will publish reports on the use of proceeds from the issuance of GSS bonds on an annual basis on the official website of the Bank. The report will contain information on allocation and environmental impacts.

Eligible Project List

The Bank has established a list of eligible projects, with total value of USD 1,922.76 million. Nominated projects list may evolve over time. The following is detailed information of the eligible project.

Eligible Project List

| No. | Region | Project | Eligible Project Categories | Loan Amount (USD million) |
|--|---------------|---------------|-----------------------------|---------------------------|
| 1 | Eastern China | Metro project | Clean transportation | 129.72 |
| 2 | Eastern China | Metro project | Clean transportation | 473.58 |
| 3 | Eastern China | Metro project | Clean transportation | 135.15 |
| 4 | Eastern China | Metro project | Clean transportation | 133.07 |
| 5 | Eastern China | Metro project | Clean transportation | 453.24 |
| 6 | Eastern China | Metro project | Clean transportation | 12.68 |
| 7 | Eastern China | Metro project | Clean transportation | 557.32 |
| 8 | Eastern China | Metro project | Clean transportation | 12.12 |
| 9 | Eastern China | Metro project | Clean transportation | 10.03 |
| 10 | Eastern China | Metro project | Clean transportation | 5.71 |
| 11 | Eastern China | Metro project | Clean transportation | 0.14 |
| Total Loan Amount (USD million) | | | | 1,922.76 |

| Category | Loan Amount (USD million) | Number of Projects | Loan Proportion |
|----------------------|---------------------------|--------------------|-----------------|
| Clean transportation | 1,922.76 | 11 | 100.00% |
| Total | 1,922.76 | 11 | 100.00% |

The following set forth certain information of sample eligible project:

- The metro project is located in Eastern China. The total length of the metro in operation is 37.30 km with 33 stations. The construction of project is completed. The capacity of this line is 138.85 million passengers a year. This line is expected to contribute to a reduction of CO₂ emission by approximately 127,342.61 tons per year.
- The metro project is located in Eastern China. The total length of the metro in operation is 52.20 km with 33 stations. The construction of project is completed. The capacity of this line is 260.25 million passengers a year. This line is expected to contribute to a reduction of CO₂ emission by approximately 238,683.70 tons per year.

China Construction Bank (DIFC Branch)

17 November 2023

