

## Appendix I

### Description on China Construction Bank Luxembourg Branch's 2021 Green Bond

In accordance with the *Green Bond Principles 2018* published by the International Capital Market Association, China Construction Bank (the "Bank") established the *China Construction Bank Green, Social, Sustainability and Sustainability-Linked ("GSSS") Bond Framework* (the "Framework"), which defined the use and management of proceeds, project evaluation and selection, as well as information disclosure and reporting.

#### Use and Management of Proceeds

In accordance with the Framework, the Bank has defined the responsibility on the use and management of proceeds. The Bank has established a green bond proceeds management and monitoring mechanism to ensure that the flow of proceeds can be traced, monitored and matched with the eligible projects.

The proceeds will be deposited in the general funding accounts and earmarked to eligible projects. The Bank will maintain a register to keep track of the use of proceeds. The register will contain the following information, including:

- 1) Proceeds information
  - Issuer/borrower entity
  - Transaction date, tranche(s) information
  - Principal amount of proceeds, repayment or amortization profile, maturity date, and interest or coupon (the International Securities Identification Number (ISIN)).
- 2) Allocation of proceeds
  - Description of eligible projects to which the proceeds have been allocated in accordance with the Framework
  - The remaining balance of unallocated proceeds yet to be earmarked
  - Other relevant information such as information of temporary investment for unallocated proceeds.

Any balance of proceeds which are not yet allocated to eligible projects will be held in accordance with the Bank's normal liquidity management policy.

Projects which involve below activities will be excluded:

- 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

### Project Evaluation and Selection

In accordance with the Framework, the Bank defined the responsibility of Asset and Liability Management Department, Credit Management Department, Corporate Banking Department, Small Business Banking Department, Investment Banking Department, Public Relation Department and other relevant departments on project evaluation and selection, making sure that the selection of eligible projects is in accordance with national policies and requirements and international standards and practices. Besides, in accordance with the Framework, the eligible projects selected shall meet the specific industry and technology standards under the *Green Bonds Principles 2018*. The Bank nominated 23 projects, with total value of RMB7,708.77 million, approximated EUR 998.38 million<sup>1</sup>. Nominated green projects list is as follows.

#### Eligible Green Projects List

No	Region	Project	Category	Loan Amount (RMB million)	Loan Amount (EUR million)
1	Guangdong	Wastewater Treatment Project	Sustainable water and wastewater management	115.38	14.94
2	Guangdong	Wastewater Treatment Project	Sustainable water and wastewater management	397.00	51.42
3	Guangdong	Wastewater Treatment Project	Sustainable water and wastewater management	268.50	34.77
4	Guangdong	Wastewater Treatment Project	Sustainable water and wastewater management	295.00	38.21
5	Guangdong	Wastewater Treatment Project	Sustainable water and wastewater management	528.24	68.41
6	Guangxi	Wastewater Treatment Project	Sustainable water and wastewater management	51.30	6.64
7	Guangxi	Wastewater Treatment Project	Sustainable water and wastewater management	262.00	33.93
8	Henan	Wastewater Treatment Project	Sustainable water and wastewater management	544.00	70.45

<sup>1</sup> The exchange rate is calculated as 7.7213, the same below.

9	Hubei	Wastewater Treatment Project	Sustainable water and wastewater management	228.55	29.60
10	Hubei	Wastewater Treatment Project	Sustainable water and wastewater management	286.50	37.11
11	Hubei	Wastewater Treatment Project	Sustainable water and wastewater management	207.40	26.86
12	Hubei	Wastewater Treatment Project	Sustainable water and wastewater management	797.00	103.22
13	Hunan	Wastewater Treatment Project	Sustainable water and wastewater management	312.50	40.47
14	Hunan	Wastewater Treatment Project	Sustainable water and wastewater management	118.50	15.35
15	Hunan	Wastewater Treatment Project	Sustainable water and wastewater management	140.00	18.13
16	Yunnan	River Training Project	Sustainable water and wastewater management	460.90	59.69
17	Yunnan	River Training Project	Sustainable water and wastewater management	365.00	47.27
18	Guangxi	River Training Project	Sustainable water and wastewater management	970.00	125.63
19	Hunan	River Training Project	Sustainable water and wastewater management	286.00	37.04
20	Jiangsu	River Training Project	Sustainable water and wastewater management	300.00	38.85
21	Jiangxi	Wastewater Treatment Project	Sustainable water and wastewater management	335.00	43.39
22	Guizhou	River Training Project	Sustainable water and wastewater management	200.00	25.90
23	Shandong	River Training Project	Sustainable water and wastewater management	240.00	31.08
<b>Total Loan Amount</b>				<b>7,708.77</b>	<b>998.38</b>

Examples of expected environmental benefits are as follows:

- A wastewater treatment project located in Guangdong Province of Southern China. The capacity of the wastewater treatment facility is 3300 tons/year. The COD<sub>cr</sub> of the input water is approximately 300mg/L, and COD<sub>cr</sub> of the output waterflow is below 40mg/L. The BOD<sub>5</sub> of the input water is approximately 140mg/L, and the BOD<sub>5</sub> of the output waterflow is below 10mg/L. The facility is expected to reduce COD<sub>cr</sub> 8580t, and BOD<sub>5</sub> 4290t annually. The Bank's loan to this project accounted for approximately 61.72% of the total project investment, which is expected to remove COD<sub>cr</sub> 5296t, and BOD<sub>5</sub> 2648t annually.



- A river training project is located in Yunnan Province of Southwest of China. The total length of the river trained by the project is 4.35km and a 2.96km intercepting sewer will be built which will collect COD<sub>cr</sub> 591.3t, and BOD<sub>5</sub> 394.2t annually. The Bank's loan to this project accounted for approximately 52.28% of the total project investment, which is expected to train river 2.23km and remove COD<sub>cr</sub> 309t, and BOD<sub>5</sub> 206t annually.

The Bank constantly focuses on global climate change, adheres to strategic approaches to use financial power to promote environmental protection and harmonized development of society. The Bank has made its transformation into a "green bank" in its medium and long-term business plan. The Bank seeks to continuously improve its green credit policies and institutional mechanisms, adjusts the allocation of its own credit resources, strengthens the management of environmental and social risks, and takes social responsibility on reducing greenhouse gas emissions and supporting development in the green field. In the credit area, the Bank clearly prioritizes the support in the fields of clean energy, clean transportation, energy-saving and environmental protection service, pollution control, as well as the industries with low-carbon environmental characteristics such as advanced manufacturing industry and information technology industry. The Bank supports enterprises to use new equipment and new technology for energy-saving and emission-reduction, effectively promotes traditional industrial structure adjustment and technological upgrade.

### **Information Disclosure and Reporting**

In accordance with the Framework, the Bank has defined the responsibility on the information disclosure and reporting. Prior to the bond issuance, the Bank has engaged a qualified independent third party to conduct pre-issuance assurance so as to ensure that all proceeds are to be invested in eligible projects, the management of proceeds is in accordance with related requirements, and the environmental benefits of those projects meet the expectations of investors.

During the bond tenor, the Bank commits to publish Green, Social and Sustainability Bonds Annual Report on the Bank's official website, which will provide information on the allocation of the proceeds and the environmental impacts of the eligible projects. The following contents will be disclosed in the Green, Social and Sustainability Bonds Annual Report:

- 1) The aggregate amount allocated to eligible projects
- 2) The remaining balance and the type of temporary investment of unallocated proceeds
- 3) Examples of eligible projects (subject to confidentiality disclosures)
- 4) The expected environmental impacts, respectively, of the eligible projects to which the proceeds have been allocated.

China Construction Bank Luxembourg Branch  
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