

2019 CHINA CONSTRUCTION BANK
**GREEN, SOCIAL AND
SUSTAINABILITY BONDS
ANNUAL REPORT**



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Since 2018, China Construction Bank Corporation (hereinafter referred to as “CCB” or the “Bank”) issued 3 green bonds and 1 sustainability bond. As stated in the *China Construction Bank Green, Social and Sustainability Bond Framework* (hereinafter referred to as “*Framework*”), the Bank hereby provide Green, Social and Sustainability Bonds (hereinafter referred to as “GSS bonds”) Annual Report, disclosing the allocation of the proceeds of GSS bonds as well as the environmental and/or social impacts of the eligible projects as of 31 December 2019.



1.Green, Social and Sustainability Bonds Issued by the End of 2019

Bonds	Hong Kong Branch 2018 Sustainability Bond	Luxembourg Branch 2018 Green Bond	Hong Kong Branch 2019 Green Bond	Luxembourg Branch 2019 Green Bond
ISIN	XS1880301228	XS1877506367	XS2066780466	XS2066776274
Issue Date	17/9/2018	17/9/2018	15/10/2019	15/10/2019
Maturity (year)	3	3	3	3
Size	USD 1,000,000,000	EUR 500,000,000	USD 1,000,000,000	EUR 500,000,000
External review	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP
CBI certification	/	Obtained the Climate Bond Certification on 5 September 2018	Obtained the Climate Bond Certification on 11 October 2019	Obtained the Climate Bond Certification on 11 October 2019



2.Framework

2.1 Use of Proceeds

The net proceeds of GSS bonds will be allocated to finance and/or refinance, in full or in part, loans to customers involved in as well as the Bank’s own operational activities in Eligible Green Projects and Eligible Social Projects in one or more of the following categories:

Eligible Green Projects

✓ Renewable energy	The production and transmission of renewable energy, including wind, solar, hydropower, bioenergy and geothermal energy, and the construction of infrastructure related to renewable energy, such as land development, construction of transport networks and base stations
✓ Energy efficiency	The development and implementation of products or technology that reduce energy consumption and/or emissions, such as reducing power usage in manufacturing operations and reducing emissions through energy management centres, distributed energy networks and smart grids and construction of energy-saving and low-emission urban and rural infrastructure
✓ Pollution prevention and control	The prevention and reduction of industrial solid waste, recycling of waste gas and biomass resources, recycling, reprocessing and reutilisation of renewable resources, soil remediation and decontamination of hazardous sewage
✓ Clean transportation	The purchase and maintenance of rolling stocks for electric express, metro, light and urban railways and public transport vehicles such as electric buses and trams (for which purpose vehicles carrying fossil fuel products are excluded), construction, upgrading and/or maintenance of public transport infrastructure as electric rail networks and related infrastructure, such as communication, signalling and lighting systems
✓ Sustainable water and wastewater management	The design and implementation of integrated water resources management (including but not limited to agricultural and animal husbandry, irrigation and seawater desalination), construction and maintenance of sustainable clean and/or drinking water infrastructure and urban water networks and treatment and recycling of sewage
✓ Green buildings	The construction of green buildings or redevelopment, refurbishment and upgrading of existing buildings as green buildings that have or will receive regional, national or internationally recognised third-party green building certifications
✓ Environmentally sustainable management of living natural resources	Including ecological protection and restoration, ecological agriculture and animal husbandry, sustainable forestry development, disaster emergency prevention and control (including the design and construction of flood mitigation infrastructure and river training)

Eligible Social Projects

✓ Employment generation	Including SMEs and individual financing. SMEs are defined by China's Ministry of Industry and Information Technology, National Bureau of Statistics, National Development and Reform Commission, and Ministry of Commerce; Individual financing includes operation loans for
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	business owned by individuals, operation loans for farmers, entrepreneurship guarantee (for laid-off workers) loans, consumption loans to registered poverty-stricken populations, poverty alleviation loan
✓ Affordable basic infrastructure	Indemnificatory housing programme such as public rental housing; Basic rural living facilities, such as rural biogas, development of power grids in rural area, rural garbage collection and treatment
✓ Access to essential services	Including education infrastructure construction, medical infrastructure construction and career training related loan.

Exclusion

✓ Projects which involve below activities will be excluded	<ul style="list-style-type: none"> • Activities which are prohibited by laws and regulation in China, such as child labor, gambling industry, adult entertainment and corporations which are in association with illegal activities • Luxury related activities: precious metals, mineral of precious metals, artworks & antiques, golf course services • Distillation, rectification and mixed alcoholic beverages • Production of tobacco and tobacco products • Hydro power with installed capacity >20MW • Biomass from land that competes with food production • Mining and quarrying, as well as fossil fuel-related asset • Nuclear • Weapon • Army vehicles leasing and operation • Activities which are in relation to hazardous chemicals and radioactive substance
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2.2 Project Evaluation and Selection

The Bank will follow the procedures below to evaluate and select potential eligible projects:

✓ Preliminary Screening	The Bank established a “Green, Social and Sustainability Bond Working Group” (“GSSWG”) to review the preliminary list of green and social projects proposed by business lines and branches of CCB. If a project is identified as eligible project, it will be “marked”.
✓ Establishing Project List	The marked projects will form an Eligible Projects List. The GSSWG is responsible for bookkeeping and tracking all Eligible Green and Social Projects so as to ensure information and data are accurate.
✓ Update and Maintenance	The GSSWG shall review the Eligible Projects List on an annual basis and determine if any change is necessary (for example, in the case of a project being amortised, prepaid or otherwise becoming ineligible). The GSSWG will decide

	any necessary update of the Eligible Projects List (such as replacement, deletion, or addition of projects) to maintain the eligibility of the use of proceeds raised from each relevant bond.
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2.3 Management of Proceeds

✓ Management of Separate Register	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.
✓ Use of Unallocated Proceeds	Any balance of issuance proceeds not allocated to Eligible Projects will be held in accordance with the Bank's normal liquidity management policy. CCB commits not to invest unallocated GSS bond proceeds in sectors covered in exclusions as described above.

2.4 Reporting

As long as any GSS bond are outstanding, CCB will publish the green, social and sustainability bond report on an annual basis on the official website of the Bank. The report will contain information on allocation and environmental and/or social impacts.

2.5 External Review

The Bank engaged Ernst & Young Hua Ming LLP on an ongoing basis to provide independent review. External review will cover pre-issuance assurance, post-issuance assurance, an assurance report on the use of proceeds. The external review report will be publicly available on the official website of the Bank.



3. Allocation of Proceeds

3.1 Allocation Overview

As of 31 December 2019, the total net proceeds of CNY **21.84** billion raised by GSS bonds were fully allocated to eligible green and social projects.

✓ Total net proceeds raised	equivalent CNY 21.84 billion
✓ Allocated amount	equivalent CNY 21.84 billion
✓ Unallocated proceeds	CNY 0 billion

3.2 Category Breakdown

The eligible green and social projects fall into 6 categories including clean transportation, renewable energy, sustainable water and wastewater management, employment generation, affordable basic infrastructure and access to essential services, with detailed information presented as below:

Number of Projects	Category	Allocated Amount (CNY million)	Proportion
10	Clean transportation	15,049.69	68.92%
16	Renewable energy	4,238.90	19.41%
1	Sustainable water and wastewater management	585.00	2.68%
285	Employment generation	701.91	3.21%
247	Affordable basic infrastructure	617.73	2.83%
257	Access to essential services	642.89	2.95%

3.3 Location Breakdown

Number of Projects	Location	Allocated Amount (CNY million)	Proportion
44	Northeast China	112.63	0.52%
165	Northern China	4,293.73	19.66%
257	Eastern China	3,464.57	15.86%
208	Central China	5,552.28	25.43%
95	Southern China	8,294.89	37.99%
39	Northwest China	96.43	0.44%
8	Southwest China	21.60	0.10%



4.Environmental and Social Impacts

Due to the considerations of confidentiality for our loan clients, the impact results of the eligible projects are disclosed on a portfolio basis. The eligible green and social projects helped to:

✓	reduce a total CO ₂ emission of 864,182 tons, including 802,583 tons for renewable energy projects ¹ and 61,599 tons for clean transportation projects ²
✓	reduce COD of 2,994 tons, NH ₃ -N of 499 tons for sustainable water and wastewater management projects ³
✓	provide CNY 701.91 million to 285 micro, small and medium-sized enterprises
✓	provide CNY 617.73 million to 247 basic infrastructure related projects
✓	provide CNY 642.89 million to 257 health related projects

¹ The environmental impact is calculated based on the UNFCCC CDM methodology ACM 0002 Grid-connected electricity generation from renewable sources.

² The environmental impact is calculated based on ACM0016 Mass rapid transit projects and Green credit project energy-saving emission reduction measurement guidelines.

³ The environmental impact is calculated based on Green credit project energy-saving emission reduction measurement guidelines.



Appendix I: Hong Kong Branch's 2018 Sustainability Bond

On 17 September 2018 CCB Hong Kong Branch issued its first sustainability bond. As of 31 December 2019, all net proceeds of this bond have been utilized to fund projects belonged to categories of clean transportation, employment generation, affordable basic infrastructure and access to essential services.

Table I-1 Detailed Information

ISIN Code	Maturity (year)	Coupon Type	Amount (USD million)	Net Amount (USD million)	FX Rate	Net CNY Equivalent Amount (CNY million)
XS1880301228	3	Floating	1,000	998.98	6.8440	6,836.98

Table I-2 Proceeds Allocation in Terms of Category

Category	Allocated Amount (CNY million)	Number of Projects	Proportion
Clean transportation	4,874.45	1	71.30%
Employment generation	701.91	285	10.27%
Affordable basic infrastructure	617.73	247	9.03%
Access to essential services	642.89	257	9.40%
Total	6,836.98	790	100.00%

Table I-3 Proceeds Allocation in Terms of Location

Location	Allocated Amount (CNY million)	Number of Projects	Proportion
Northeast China	112.63	44	1.65%
Northern China	371.83	150	5.44%
Eastern China	642.07	253	9.39%
Central China	497.04	203	7.27%
Southern China	5,095.38	93	74.53%
Northwest China	96.43	39	1.41%
Southwest China	21.60	8	0.31%

Total	6,836.98	790	100.00%
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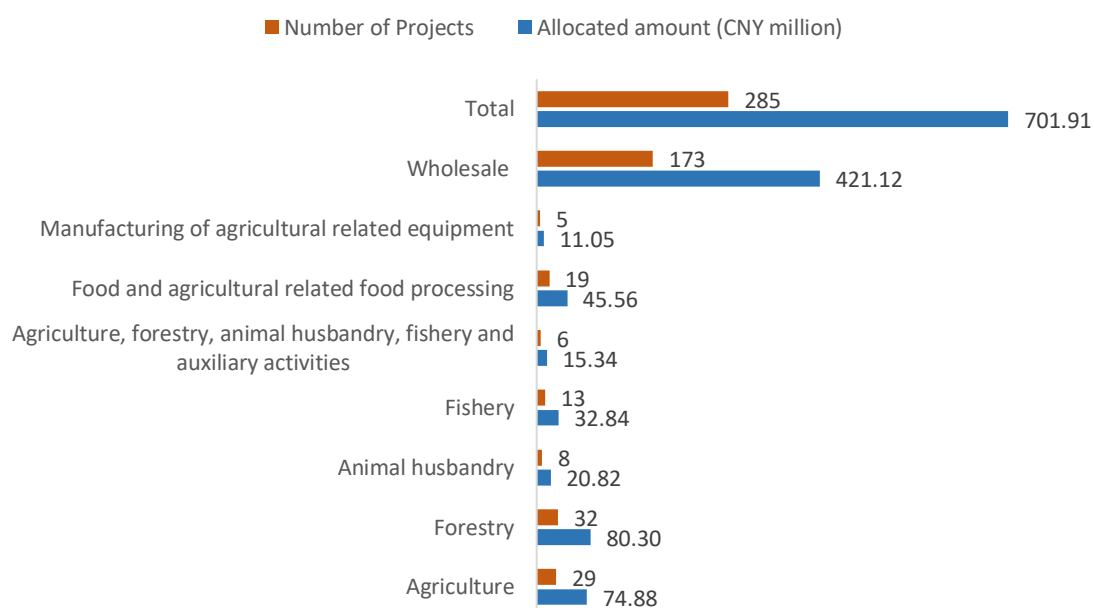
Table I-4 Environmental Impact

Category	Environmental Impact
Clean transportation	GHG emissions reduced (CO ₂ tons)
	18,582

Table I-5 Social Impact

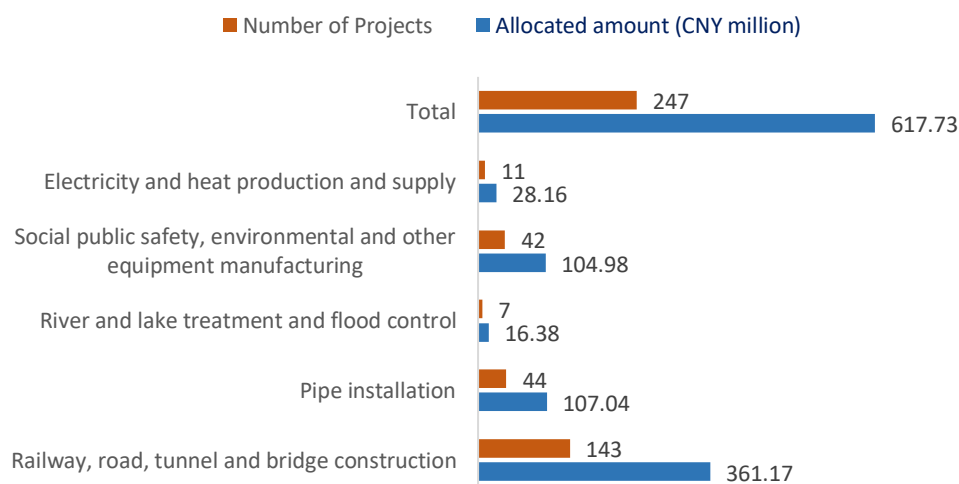
✓ **Employment generation**

The mainly social impact of the nominated projects is employment generation through providing micro-credit services to micro, small and medium-sized enterprises in China:



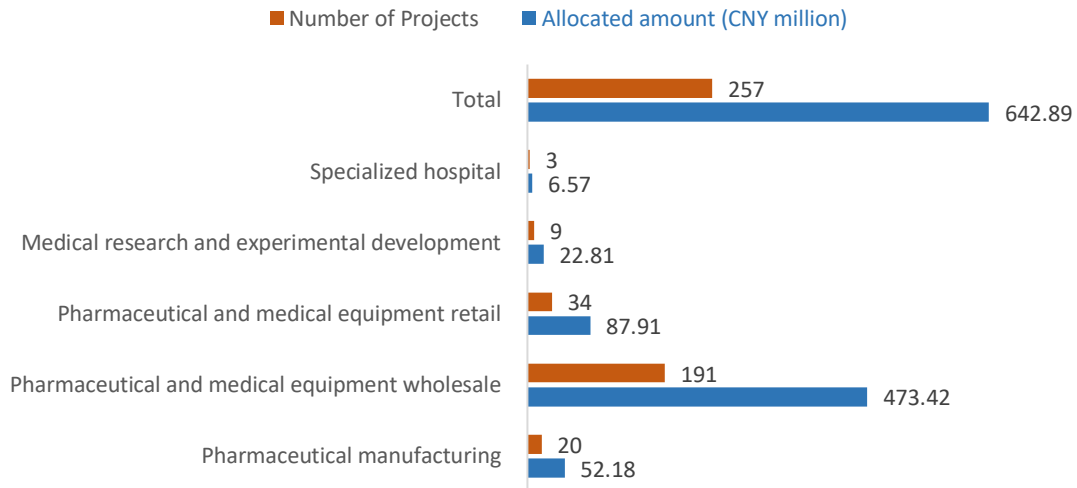
✓ **Affordable basic infrastructure**

The mainly social impact of the nominated projects is to provide credit services to basic infrastructure related projects.



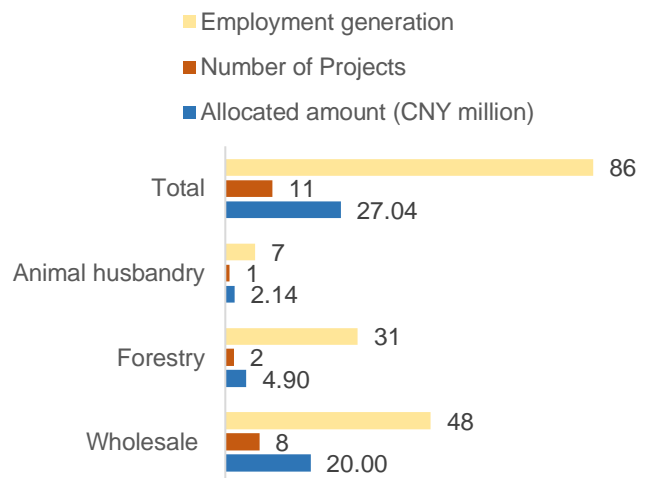
✓ **Access to essential services**

The mainly social impact of the nominated projects is to provide credit services to health related projects:



Example (employment generation)

As of 31 December 2019, for example, the proceeds of this bond provide CNY 27.04 million to 11 micro, small and medium-sized enterprises in Anhui Province in China, created 86 jobs opportunities.





Appendix II: Luxembourg Branch's 2018 Green Bond

On 17 September 2018 CCB Luxembourg Branch issued green Bond. As of 31 December 2019, all net proceeds of this bond have been utilized to fund 1 electrified railway project, 1 offshore wind power project and 1 sewage treatment project.

Table II-1 Detailed Information

ISIN Code	Maturity (year)	Coupon Type	Amount (EUR million)	Net Amount (EUR million)	FX Rate	Net CNY Equivalent Amount (CNY million)
XS1877506367	3	Floating	500	499.48	8.0434	4,017.51

Table II-2 Proceeds Allocation in Terms of Category

Category	Allocated Amount (CNY million)	Number of Projects	Proportion
Clean transportation	3,115.51	1	77.55%
Renewable energy	317.00	1	7.89%
Sustainable water and wastewater management	585.00	1	14.56%
Total	4,017.51	3	100.00%

Table II-3 Proceeds Allocation in Terms of Location

Location	Allocated Amount (CNY million)	Number of Projects	Proportion
Southern China	3,115.51	1	77.55%
Eastern China	317.00	1	7.89%
Central China	585.00	1	14.56%
Total	4,017.51	3	100.00%

Table II-4 Environmental Impact

Category	Environmental Impact	
Clean transportation	GHG emissions reduced (CO ₂ tons)	
	6,884	
Renewable energy	GHG emissions reduced (CO ₂ tons)	
	28,278	
Sustainable water and wastewater management	COD prevention(tons)	NH ₃ -N prevention(tons)
	2,994	499

Example (sustainable water and wastewater management – sewage treatment project)

The sewage treatment project is located in Central China. So far, the project is in operation. The sewage treatment capacity of the project is 30.19 million tons annually. The Branch's loan accounted for approximately 36.89% of the total project investment, which reduced COD by 2,994 tons/year and NH₃-N by 499 tons/year.





Appendix III: Hong Kong Branch's 2019 Green Bond

On 15 October 2019 CCB Hong Kong Branch issued green Bond. As of 31 December 2019, all net proceeds of this bond have been utilized to fund 2 electrified railway projects, 4 metro projects, 1 rail transit project and 1 tram project.

Table III-1 Detailed Information

ISIN Code	Maturity (year)	Coupon Type	Amount (USD million)	Net Amount (USD million)	FX Rate	Net CNY Equivalent Amount (CNY million)
XS2066780466	3	Floating	1,000	999.00	7.0668	7,059.73

Table III-2 Proceeds Allocation in Terms of Category

Category	Allocated Amount (CNY million)	Number of Projects	Proportion
Clean transportation	7,059.73	8	100.00%
Total	7,059.73	8	100.00%

Table III-3 Proceeds Allocation in Terms of Location

Location	Allocated Amount (CNY million)	Number of Projects	Proportion
Central China	4,470.23	4	63.32%
Southern China	84.00	1	1.19%
Eastern China	2,505.50	3	35.49%
Total	7,059.73	8	100.00%

Table III-4 Environmental Impact

Category	Environmental Impact
Clean transportation	GHG emissions reduced (CO ₂ tons)
	36,133

Example (clean transportation – metro project)

The metro project is located in Eastern China. The total length of the metro in operation is 30.5km with 24 stations, and the actual capacity of this line is 158.20 million passengers/year annually. This line is expected to reduce CO₂ by 119,651 tons/year. The Bank's loan to this project accounted for approximately 9.52% of the total project investment, which is expected to reduce CO₂ by 11,395 tons/year.





Appendix IV: Luxembourg Branch's 2019 Green Bond

On 15 October 2019 CCB Luxembourg Branch issued green Bond. As of 31 December 2019, all net proceeds of this bond have been utilized to fund 15 wind power projects.

Table IV-1 Detailed Information

ISIN Code	Maturity (year)	Coupon Type	Amount (EUR million)	Net Amount (EUR million)	FX Rate	Net CNY Equivalent Amount (CNY million)
XS2066776274	3	Fixed	500	497.69	7.8802	3,921.90

Table IV-2 Proceeds Allocation in Terms of Category

Category	Allocated Amount (CNY million)	Number of Projects	Proportion
Renewable energy	3,921.90	15	100.00%
Total	3,921.90	15	100.00%

Table IV-3 Proceeds Allocation in Terms of Location

Location	Allocated Amount (CNY million)	Number of Projects	Proportion
Inner Mongolia Autonomous Region in Northern China	1,702.03	7	43.40%
Hebei Province in Northern China	2,219.87	8	56.60%
Total	3,921.90	15	100.00%

Table IV-4 Environmental Impact

Category	Environmental Impact
Renewable energy	GHG emissions reduced (CO ₂ tons)
	774,304

Example (renewable energy – wind power project)

The wind power project is located in Inner Mongolia Autonomous Region of Northern China. So far, this project has already been put into operation. The project, with total capacity of 201 MW, consists of 134 wind turbines with per capacity of 1,500 kW and electricity generation of about 409,410 MWh annually, which will result in the CO₂ emissions reduction about 344,109 tons/year. The Bank's loan accounted for approximately 19.34% of the total project investment, which will result in the CO₂ emission reduction about 66,561 tons/year.

