

2020 CHINA CONSTRUCTION BANK
GREEN, SOCIAL AND SUSTAINABILITY BOND
ANNUAL REPORT



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Since 2018, China Construction Bank Corporation (hereinafter referred to as “CCB” or the “Bank”) issued 4 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 (hereinafter referred to as “GSS”) Bond 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 2020.



1. Green, Social and Sustainability Bonds Issued by the End of 2020

Bonds	Hong Kong Branch 2018 Sustainability Bond	Luxembourg Branch 2018 Green Bond	Hong Kong Branch 2019 Green Bond
ISIN	XS1880301228	XS1877506367	XS2066780466
Issue Date	17/9/2018	17/9/2018	15/10/2019
Maturity (year)	3	3	3
Size	USD 1,000,000,000	EUR 500,000,000	USD 1,000,000,000
External review	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

Bonds	Luxembourg Branch 2019 Green Bond	Hong Kong Branch 2020 Green Bond	
ISIN	XS2066776274	XS2208843503	XS2208844493
Issue Date	15/10/2019	28/7/2020	28/7/2020
Maturity (year)	3	3	5
Size	EUR 500,000,000	USD 500,000,000	USD 700,000,000

External review	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP
CBI certification	Obtained the Climate Bond Certification on 11 October 2019	Obtained the Climate Bond Certification on 21 July 2020



2. Framework

2.1 Use of Proceeds

The net proceeds of GSS bonds will be earmarked for the financing and/or refinancing of the following eligible assets or projects.

- The net proceeds from green bonds will be allocated to Green Eligible Categories
- The net proceeds from social bonds will be allocated to Social Eligible Categories
- The net proceeds from sustainability bonds will be allocated to Green Eligible Categories and Social Eligible Categories

Eligible Green Projects

✓ Renewable energy	<ul style="list-style-type: none"> • Production and transmission of renewable energy <ul style="list-style-type: none"> - Examples include wind power, solar photovoltaic power, solar thermal utilization, hydropower, biomass energy, renewable energy promotion projects and other renewable energy utilization (the utilization of geothermal energy, ocean energy, air source heat energy and other renewable energy sources) • Infrastructure construction related to renewable energy, such as land development, construction of transport networks and base stations
✓ Energy efficiency	<ul style="list-style-type: none"> • Energy saving and emission reduction <ul style="list-style-type: none"> - Examples include industrial energy conservation, energy management centres, urban-rural infrastructure construction with energy saving and emission reduction, reduction of pollutants - Examples include smart grids, energy internet, distributed energy infrastructure

<p>✓ <i>Pollution prevention and control</i></p>	<ul style="list-style-type: none"> • Pollution prevention and environmental restoration projects <ul style="list-style-type: none"> - Examples include industrial solid waste and waste gas (liquid) recycle and resource utilization, recycling and reprocessing of renewable resources, recycling of biomass resources, soil remediation and decontamination of hazardous sewage
<p>✓ <i>Clean transportation</i></p>	<ul style="list-style-type: none"> • Rolling stocks and public transport vehicles <ul style="list-style-type: none"> - Purchase and maintenance of rolling stocks for express railway, metro, light railway and urban railway which use only electricity - Purchase of public transport vehicles such as bus and trams which use only electricity • Public rail infrastructure <ul style="list-style-type: none"> - Construction and maintenance of tracks - Modernisation, maintenance and upgrades to electric line networks • Associated rail infrastructures <ul style="list-style-type: none"> - Modernisation, maintenance and upgrade of communication systems, signal systems, ventilation and drainage systems - Upgrades of lighting systems, such as installing LED lightings • Public transport system's operation site, BTR systems, construction and maintenance of public transport network
<p>✓ <i>Sustainable water and wastewater management</i></p>	<ul style="list-style-type: none"> • Water saving and the use of unconventional water, such as industrial water-saving technology transformation, agriculture and animal husbandry water-saving irrigation project, seawater desalination • Construction and maintenance of sustainable clean water and/or drinking water infrastructure, such as the construction and maintenance of urban water networks • Sewage treatment and recycling
<p>✓ <i>Green buildings</i></p>	<ul style="list-style-type: none"> • New construction and major renovation of old or new buildings that have or will receive a certification of either: <ul style="list-style-type: none"> - Chinese Green Building Evaluation Label - 2 Star or above

	<ul style="list-style-type: none"> - U.S. Leadership in Energy and Environmental Design (LEED) – Silver or above - Building Research Establishment Environmental Assessment Method (BREEAM) – Very Good or above - Other equivalent international standards
✓ Environmentally sustainable management of living natural resources	<ul style="list-style-type: none"> • Natural ecological protection, ecological restoration, ecological agriculture and animal husbandry, sustainable forestry development, disaster emergency prevention and control (Including flood storage area construction projects and major river management)

Eligible Social Projects

✓ Employment generation	<p>Loans relating to Inclusive Finance:</p> <ul style="list-style-type: none"> • Enterprises <ul style="list-style-type: none"> - 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 • Individuals <ul style="list-style-type: none"> - Operation loans for business owned by individuals - Operation loans for SMEs - Operation loans for farmers - Entrepreneurship guarantee (for laid-off workers) loans - Consumption loans to registered poverty-stricken populations - Poverty alleviation loans - Loans to Agriculture, Rural Areas and Farmers
✓ Affordable basic infrastructure	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Education infrastructure construction - Medical infrastructure construction - Career training loan

Exclusion

<p>✓ Projects which involve below activities will be excluded</p>	<ul style="list-style-type: none"> • Sectors which are prohibited by laws and regulation in China, such as child labour, gambling industry, adult entertainment and corporations which are in association with 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 fuel-related assets • Nuclear fuels • Weapon and ammunition • 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:

<p>✓ Preliminary Screening</p>	<p>The Bank established a “GSS 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”.</p>
<p>✓ Establishing Project List</p>	<p>The marked projects will form an Eligible Projects List. The GSSWG is responsible for the bookkeeping and tracking of eligible projects and for ensuring all information is true and accurate in the process.</p>
<p>✓ Update and Maintenance</p>	<p>The GSSWG reviews the allocation of funds raised by GSS bonds annually to ensure appropriate allocation to Eligible Green and Social Projects, and to assist with the preparation for disclosures in annual reports.</p>

2.3 Management of Proceeds

<p>✓ Management of Separate Register</p>	<p>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.</p>
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✓ 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 undertakes not to invest unallocated proceeds in sectors set out in Exclusions
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2.4 Reporting

CCB 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 and/or social impacts.

2.5 External Review

CCB 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 2020, the total net proceeds of CNY **30.18** billion raised by GSS bonds were fully allocated to eligible green and social projects.

✓ Total net proceeds raised	equivalent CNY 30.18 billion
✓ Allocated amount	equivalent CNY 30.18 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
15	Clean transportation	23,526.36	77.95%

Number of Projects	Category	Allocated Amount (CNY million)	Proportion
16	Renewable energy	4,138.90	13.71%
1	Sustainable water and wastewater management	544.00	1.80%
279	Employment generation	674.69	2.24%
248	Affordable basic infrastructure	597.42	1.98%
270	Access to essential services	698.91	2.32%

3.3 Location Breakdown

Number of Projects	Location	Allocated Amount (CNY million)	Proportion
67	Northeast China	168.77	0.56%
206	Northern China	4,395.99	14.57%
255	Eastern China	3,301.79	10.94%
157	Central China	4,950.55	16.40%
105	Southern China	8,937.09	29.61%
33	Northwest China	81.93	0.27%
6	Western China	8,344.16	27.65%



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 1,011,849 tons, including 943,773 tons for renewable energy projects ¹ and 68,076 tons for clean transportation projects ²
✓	reduce COD of 4,715 tons, NH ₃ -N of 614 tons for sustainable water and wastewater management projects ³
✓	provide CNY 674.69 million to 279 micro, small and medium-sized enterprises
✓	provide CNY 597.42 million to 248 basic infrastructure related projects
✓	provide CNY 698.91 million to 270 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 2020, 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	4,865.96	1	71.17%
Employment generation	674.69	279	9.87%
Affordable basic infrastructure	597.42	248	8.74%
Access to essential services	698.91	270	10.22%
Total	6,836.98	798	100.00%

Table I-3 Proceeds Allocation in Terms of Location

Location	Allocated Amount (CNY million)	Number of Projects	Proportion
Northeast China	168.77	67	2.47%
Northern China	474.09	191	6.93%
Eastern China	599.79	251	8.77%
Central China	381.82	153	5.59%
Southern China	5,130.58	103	75.04%
Northwest China	81.93	33	1.20%
Total	6,836.98	798	100.00%

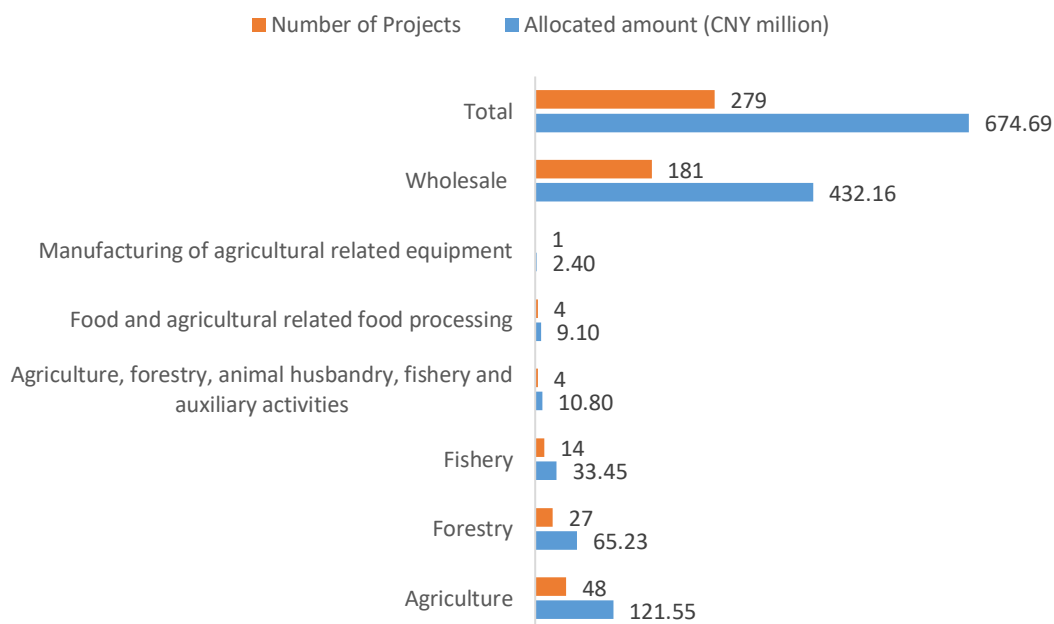
Table I-4 Environmental Impact

Category	Environmental Impact
Clean transportation	GHG emissions reduced (CO ₂ tons)
	13,853

Table I-5 Social Impact

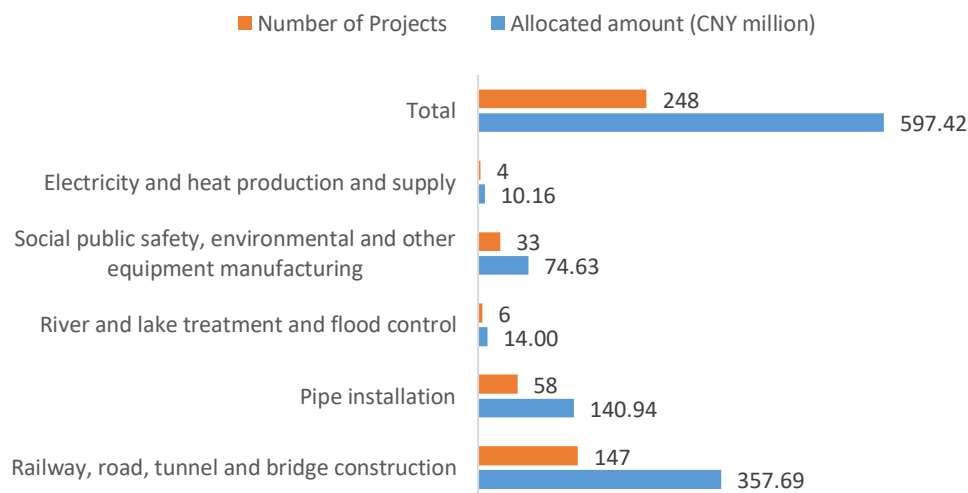
✓ **Employment generation**

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:



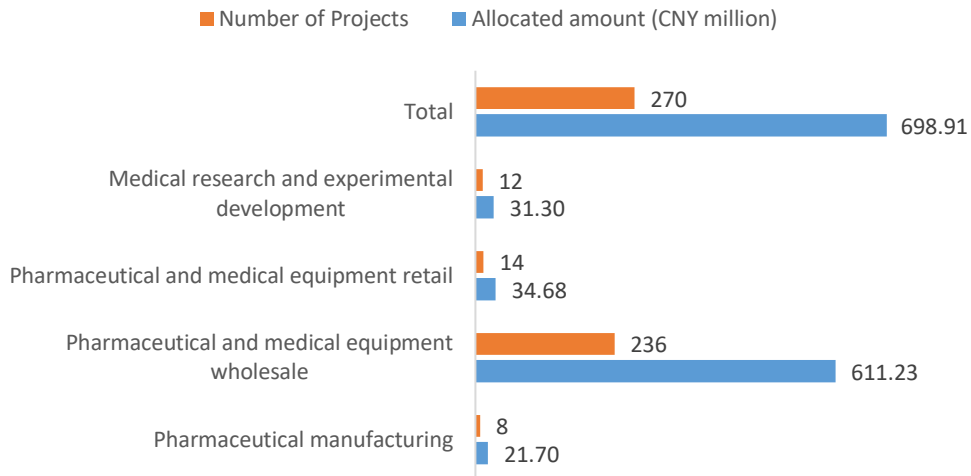
✓ **Affordable basic infrastructure**

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



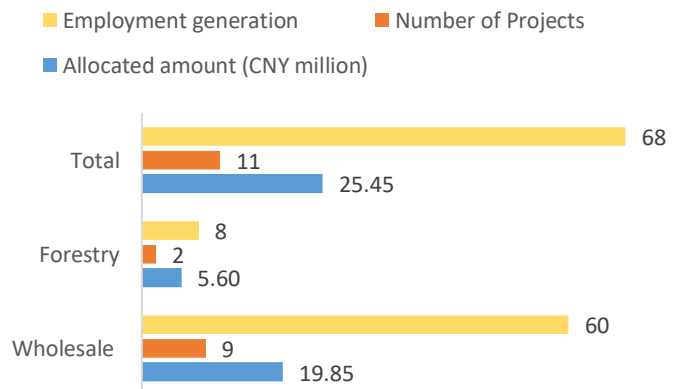
✓ **Access to essential services**

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



Example (employment generation)

As of 31 December 2020, for example, the proceeds of this bond provide CNY 25.45 million to 11 micro, small and medium-sized enterprises in Guangdong Province in China, created 68 jobs opportunities.





Appendix II: Luxembourg Branch's 2018 Green Bond

On 17 September 2018 CCB Luxembourg Branch issued green Bond. As of 31 December 2020, 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	3,256.51	1	81.06%
Renewable energy	217.00	1	5.40%
Sustainable water and wastewater management	544.00	1	13.54%
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	3,256.51	1	81.06%
Eastern China	217.00	1	5.40%
Central China	544.00	1	13.54%
Total	4,017.51	3	100.00%

Table II-4 Environmental Impact

Category	Environmental Impact	
Clean transportation	GHG emissions reduced (CO ₂ tons)	
	5,888	
Renewable energy	GHG emissions reduced (CO ₂ tons)	
	19,358	
Sustainable water and wastewater management	COD prevention(tons)	NH ₃ -N prevention(tons)
	4,715	614

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 47.41 million tons annually. The Branch's loan accounted for approximately 34.30% of the total project investment, which reduced COD by 4,715 tons/year and NH₃-N by 614 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 2020, all net proceeds of this bond have been utilized to fund 2 electrified railway projects, 3 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	7	100.00%
Total	7,059.73	7	100.00%

Table III-3 Proceeds Allocation in Terms of Location

Location	Allocated Amount (CNY million)	Number of Projects	Proportion
Central China	4,024.73	3	57.01%
Southern China	550.00	1	7.79%
Eastern China	2,485.00	3	35.20%
Total	7,059.73	7	100.00%

Table III-4 Environmental Impact

Category	Environmental Impact
Clean transportation	GHG emissions reduced (CO ₂ tons)
	41,926

Example (clean transportation – metro project)

The metro project is located in Southern China. The total length of the metro in operation is 7.56km with 7 stations, and the project is under construction, the expected capacity of this line is 199.73 million passengers/year annually. This line is expected to reduce CO₂ by 37,441 tons/year. The Bank's loan to this project accounted for approximately 6.15% of the total project investment, which is expected to reduce CO₂ by 2,303 tons/year.





Appendix IV: Luxembourg Branch's 2019 Green Bond

On 15 October 2019 CCB Luxembourg Branch issued green Bond. As of 31 December 2020, 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	1,515.48	7	38.64%
Hebei Province in Northern China	2,406.42	8	61.36%
Total	3,921.90	15	100.00%

Table IV-4 Environmental Impact

Category	Environmental Impact
Renewable energy	GHG emissions reduced (CO ₂ tons)
	924,415

Example (renewable energy – wind power project)

The wind power project is located in Hebei Province of Northern China. So far, this project has already been put into operation. The project, with total capacity of 200 MW, consists of 100 wind turbines with per capacity of 2,000 kW and electricity generation of about 523,650 MWh annually, which will result in the CO₂ emissions reduction about 440,128 tons/year. The Bank's loan accounted for approximately 51.14% of the total project investment, which will result in the CO₂ emission reduction about 225,060 tons/year.





Appendix V: Hong Kong Branch's 2020 Green Bond

On 28 July 2020 CCB Hong Kong Branch issued green Bond. As of 31 December 2020, all net proceeds of this bond have been utilized to fund 6 metro projects.

Table V-1 Detailed Information

ISIN Code	Maturity (year)	Coupon Type	Amount (USD million)	Net Amount (USD million)	FX Rate	Net CNY Equivalent Amount (CNY million)
XS2208843503	3	Fixed	500	498.15	6.9803	3,477.20
XS2208844493	5	Fixed	700	697.24	6.9803	4,866.96
Total						8,344.16

Table V-2 Proceeds Allocation in Terms of Category

Category	Allocated Amount (CNY million)	Number of Projects	Proportion
Clean transportation	8,344.16	6	100.00%
Total	8,344.16	6	100.00%

Table V-3 Proceeds Allocation in Terms of Location

Location	Allocated Amount (CNY million)	Number of Projects	Proportion
Sichuan Province in Western China	5,514.16	4	66.08%
Yunnan Province in Western China	2,830.00	2	33.92%
Total	8,344.16	6	100.00%

Table V-4 Environmental Impact

Category	Environmental Impact
Clean transportation	GHG emissions reduced (CO ₂ tons)
	6,409

Example (clean transportation – metro project)

The metro project is located in Western China. The total length of the metro in operation is 41.9km with 31 stations, and the actual capacity of this line is 90.79 million passengers/year annually. This line is expected to reduce CO₂ by 24,078 tons/year. The Bank's loan to this project accounted for approximately 7.04% of the total project investment, which is expected to reduce CO₂ by 1,696 tons/year.

