



China Construction Bank

Green, Social, Sustainability and Sustainability-Linked (“GSSS”) Bond Framework

July 2024

1. Introduction of China Construction Bank and its Sustainable Development Strategy

China Construction Bank Corporation (“the Bank”, “CCB”), headquartered in Beijing, is a leading large-scale commercial bank in China. Its predecessor, People's Construction Bank of China, was established in October 1954. It was listed on Hong Kong Stock Exchange in October 2005 (stock code: 939) and the Shanghai Stock Exchange in September 2007 (stock code: 601939). The Bank provides customers with comprehensive financial services, including corporate finance business, personal finance business and treasury and asset management business. The Bank has subsidiaries in various sectors, including fund management, financial leasing, trust, insurance, futures, pension and investment banking. The Bank also has nearly 200 overseas entities covering 31 countries and regions.

With the vision of “striving to become a world-leading sustainable development bank”, the Bank implements the new development concept in a complete and accurate manner, unswervingly follows the path of financial development with Chinese characteristics, pushes forward the New Finance Initiative, and fully integrates environmental, social, and governance (ESG) elements into strategic decision-making and operating management. The Bank continues to improve the long-term mechanism for green development, expands the coverage of financial services, serves the society and people's well-being, and promotes high-quality and sustainable economic and social development.

2. Framework Overview

The GSSS Bond Framework of China Construction Bank (the “Framework”) provides guidelines for all domestic and overseas branches and subsidiaries of China Construction Bank (the “Bank”) to issue GSSS bonds, i.e. green bonds (including blue bonds), social bonds, sustainability bonds and sustainability-linked bonds, for the financing or refinancing of eligible assets/projects, so as to fulfil CCB's strategies of corporate social responsibility to serve the public, promote livelihoods, and become a low-carbon and environmental friendly bank for sustainable development.

3. Green, Social and Sustainability (“GSS”) Bonds

The issuance of green bonds, social bonds and sustainability bonds under this Framework will be in alignment with the Green Bond Principles¹, the Social Bond Principles² and the Sustainability Bond Guidelines³ published by the International Capital Market Association (ICMA) respectively. The issuance of blue bonds will be in alignment with Bonds to Finance the Sustainable Blue Economy⁴ published by The International Capital Market Association (ICMA) together with the International Finance Corporation (IFC) – a member of the World Bank Group, United Nations Global Compact (UN Global Compact), United Nations Environment Programme Finance Initiative (UNEP FI), and the Asian Development Bank (ADB). Green projects located in Mainland China are in alignment with the Green Bond Endorsed Project Catalogue⁵ issued by the Green Finance Committee of the People’s Bank of China (PBoC) and other industrial criteria issued by relevant authorities. For each Green, Social and Sustainability bond, the following key principles will be adopted:

- Use of Proceeds
- Project Evaluation and Selection
- Management of Proceeds, and
- Reporting

3.1 Use of Proceeds

The net proceeds from Green, Social and Sustainability (“GSS”) bonds issued under this Framework 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 as defined in 3.1.1.
- The net proceeds from social bonds will be allocated to Social Eligible Categories as defined in 3.1.2
- The net proceeds from sustainability bonds will be allocated to Green Eligible Categories and Social Eligible Categories as defined in 3.1.1 and 3.1.2 respectively

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

² <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>


³ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>



⁴ <https://www.icmagroup.org/News/news-in-brief/new-guidance-on-blue-themed-bonds-to-help-unlock-finance-for-a-sustainable-ocean-economy>

⁵ <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4236341/index.html>



Specific themes, including but not limited to blue, could be added to bond transactions based on eligible green projects and eligible social projects as defined in 3.1.1 and 3.1.2 as appropriate. The net proceeds from blue bonds will be allocated to blue categorised Green Eligible Categories as defined in 3.1.1.



3.1.1 Green Eligible Categories




Green Bond Principles Categories	Sustainable Development Goals Categories	Eligibility Criteria
Renewable Energy		<ul style="list-style-type: none"> ● Production and transmission of renewable energy <ul style="list-style-type: none"> - Examples include wind power, photovoltaic power, solar thermal utilization, hydropower(run-of-river hydropower and no artificial reservoir; or life-cycle GHG emissions threshold < 100gCO₂e/kWh or power density of electricity generation facilities > 5 W/m²), biomass energy, renewable energy promotion projects and the utilizations of other renewable energy (the utilizations of geothermal energy with life cycle GHG emissions below 100g CO₂e/kWh), 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 <p><u>Blue criteria</u></p> <ul style="list-style-type: none"> ● Projects that increase contribution of marine and offshore renewable energy to energy mix and renewable energy


Green Bond Principles Categories	Sustainable Development Goals Categories	Eligibility Criteria
		<p>projects while safeguarding the marine environment</p> <ul style="list-style-type: none"> - Offshore wind (both fixed and floating installations) - Wave - Tidal - Floating solar - Ocean thermal energy conversion
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 infrastructure¹
Pollution Prevention and Control and Waste Management		<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><u>Blue criteria</u></p>

¹ Means the construction and operation of distributed energy infrastructure like district energy stations (including natural gas district energy stations), distributed photovoltaic power generation system, and energy management systems like distributed energy access and peak-balancing system, distributed electricity trading platform


Green Bond Principles Categories	Sustainable Development Goals Categories	Eligibility Criteria
		<ul style="list-style-type: none"> • Projects that prevent, control, and reduce waste from entering the coastal and marine environments <ul style="list-style-type: none"> - Resource efficiency and circular economy (waste prevention and reduction) - Solid waste management projects within 50km of the coast or a river that drains to the ocean - Non-point source pollution management: projects must be within 200km of the coast or within 50km of rivers (and their tributaries) that flow to the ocean
Clean Transportation	 	<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 electric buses and trolleys ● 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"> - Maintenance and upgrade of communication systems, signal systems, ventilation and drainage systems - Upgrades of lighting systems, such as installing LED lightings










Green Bond Principles Categories	Sustainable Development Goals Categories	Eligibility Criteria
		<ul style="list-style-type: none"> ● Maintenance of public transport system's operation sites, BRT systems, and waterway regulation, etc. <p><u>Blue criteria</u></p> <ul style="list-style-type: none"> ● Projects that increase environmental performance and sustainability of port functions and infrastructure ● Projects that involve increasing environmental performance and sustainability of maritime transportation.
Sustainable Water and Wastewater Management	 	<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, etc. ● Construction and maintenance of sustainable clean water and/or drinking water infrastructure, such as the construction and maintenance of urban water networks, etc. ● Sewage treatment and recycling, comprehensive treatment of river basin, water pollution treatment and decontamination of hazardous waste water, etc. ● Flood control and disaster contingency works, including flood basin works, construction of embankments for major rivers and river channel treatment, etc. <p><u>Blue criteria</u></p> <ul style="list-style-type: none"> ● Projects that prevent, control, and reduce waste from entering the coastal and marine environments

Green Bond Principles Categories	Sustainable Development Goals Categories	Eligibility Criteria
		<ul style="list-style-type: none"> - Wastewater management projects within 100km of the coast
Green Buildings		<ul style="list-style-type: none"> ● Energy-efficient modification of new/existing buildings that meet the following criteria: <ul style="list-style-type: none"> - Chinese Green Building Evaluation Label - 2 Star or above - 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 and Land Use		<ul style="list-style-type: none"> ● Ecological protection, ecological restoration, vegetation protection, certified ecological agriculture, husbandry and fishery, sustainable forestry development, etc. <p><u>Blue criteria</u></p> <ul style="list-style-type: none"> ● Development of blue economy, i.e. certified sustainable fishery management programme, population reconstruction and ecological value chain improvement, etc.
Terrestrial and Aquatic Biodiversity Conservation		<p><u>Blue criteria</u></p> <ul style="list-style-type: none"> ● Environmental protection, treatment and restoration in relation to the sea, coastlines and coastal areas, such as reservoir renovation, reserve construction, vegetation restoration and shoreline erosion prevention facilities, etc. in coastal areas

Green Bond Principles Categories	Sustainable Development Goals Categories	Eligibility Criteria
		<ul style="list-style-type: none"> ● Marine biodiversity protection, such as fisheries enhancement and release of eggs, larvae or adults of aquatic animals into the ocean to restore or increase population, improve and optimise the aquatic biological community structure, construct and operate aquafarm ● Projects must be within the marine environment or within 100 km of the coast
Climate Change Adaptation		<ul style="list-style-type: none"> ● Projects that increase the resilience of ecosystems, including communities, climate observation and early warning systems, systems and infrastructure for anticipated wind speeds, heavy rains and increased temperature <p><u>Blue criteria</u></p> <ul style="list-style-type: none"> ● Projects within 50 km of the coast or within the marine environment that support ecological and community resilience and adaptation to climate change including water resilient infrastructure and bridges to address higher levels of flooding

3.1.2 Social Eligible Categories

Social Bond Principles Categories	Sustainable Development Goals Categories	Eligibility Criteria
Employment Generation through the Potential Effect		<p>Loans relating to Inclusive Finance (refer to Appendix I):</p> <ul style="list-style-type: none"> ● Enterprises

Social Bond Principles Categories	Sustainable Development Goals Categories	Eligibility Criteria
of SME Financing and Microfinance	   	<ul style="list-style-type: none"> - SMEs are defined by China's National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Commerce, and National Bureau of Statistics (refer to Appendix II) • 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, etc.
Affordable Basic Infrastructure	  	<ul style="list-style-type: none"> • Indemnificatory housing programme such as public rental housing (refer to Appendix III) • Basic rural living facilities, such as rural biogas, development of power grids in rural area, rural garbage collection and treatment, etc.
Access to Essential Services (Including Health, Education, Career Training, and Health care)	 	<ul style="list-style-type: none"> • Education infrastructure construction • Medical infrastructure construction • Career training loan

CCB will identify the relevant target population(s) of the Social Projects, and that the definition of the target population may vary depending on the local contexts and that, in some cases, such target population(s) may also be served by addressing the general public. Examples of target populations include, but not limited to, those that are:

- Living below the poverty line
- Undereducated
- People with disabilities
- Underserved, owing to a lack of quality access to essential goods and services
- Unemployed and/or workers affected by climate transition
- Women
- Aging populations
- Vulnerable youth
- Other vulnerable groups as defined by national government or local authorities

3.2 Exclusions

The following sectors will be excluded from Green and Social 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

3.3 Project Evaluation and Selection

Green Credit and Inclusive Finance

In terms of green credit, CCB formulated its green credit development strategy in 2016 and then established a Green Credit Committee, which is responsible for setting green credit development plans, formulating rules and policies, and the research, discussion and coordination of related business development.

In terms of Inclusive Finance, CCB established an Inclusive Financial Development Committee in 2017, which is responsible for setting inclusive finance development plans, formulating rules and policies, and the research, discussion and coordination of related business development. In 2018, an Inclusive Financial Strategy Promotion Leading Group was further established for the top-level design, overall layout, coordination, planning, promotion and supervision of CCB's Inclusive Finance strategy.

Evaluation and Selection of Green and Social Projects

1. Green and Social Projects are proposed by the business lines and CCB's domestic and overseas branches. For bond issuances with specific themes, the proposed projects will also take into consideration of the theme's requirement.
2. A "GSS Bond Working Group" (the "GSSBWG") has been established and composed of relevant departments of the head office, which includes:
 - Asset and Liability Management Department
 - Credit Management Department
 - Corporate Banking Department
 - Strategic Clients Department
 - Inclusive Finance Department
 - Investment Banking Department
 - Public Relations and Corporate Culture Department
 - Other relevant departments
3. Projects proposed in the first step are reviewed by the GSSBWG in accordance with the GSSS Bond Framework. The specific procedures are: The GSSBWG reviews the preliminary list of Green, Social and/or specific theme Projects proposed by the business lines and domestic branches of CCB. The GSSBWG will select the Eligible Green Projects and Eligible Social 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 CCB, 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 Social Projects provide clear social benefits
- whether the Green Projects and Social Projects comply with the development policy and strategy of CCB
- whether the characteristics of CCB are reflected by the Green Projects and Social 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 or Eligible Social Project.

4. 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.
5. The GSSBWG 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.

3.4 Management of Proceeds

The proceeds of each bond will be deposited in the general funding accounts.

CCB will maintain a register to keep track of the use of proceeds from each bond. The register will contain the following information:

3.4.1 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.

3.4.2 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

Any balance of issuance proceeds which are not yet allocated to Eligible Green and Social Projects will be held in accordance with CCB's normal liquidity management policy. CCB undertakes not to invest unallocated proceeds in sectors set out in 3.2 Exclusions.

3.5 Reporting

CCB will publish reports on the use of proceeds from the issuance of GSS bonds, providing the following information:

3.5.1 Allocation Reporting

CCB will provide the following information for the net proceeds of all GSS bonds during the period:

- The aggregate amount allocated to various Eligible Projects
- The remaining balance of funds which have not yet been allocated and type of temporary investment
- Examples of Eligible Projects (subject to confidentiality disclosures)

3.5.2 Impact Reporting

Where possible, CCB will report on the environmental and social impacts of the Eligible Projects. For specific-theme bonds, CCB will report on the mechanism of the theme bond and the impact of the themed Eligible Projects.

Subject to the nature of Eligible Green and Social Projects and availability of information, CCB aims to provide relevant information including, but not limited to, the following:

Category of Eligible Green and Social Projects	Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> • Net on-grid generation • Tonnes of greenhouse gas emissions reduced
Energy Efficiency	<ul style="list-style-type: none"> • Energy saved based on national standards
Pollution Prevention and Control and Waste Management	<ul style="list-style-type: none"> • Amount of exhaust gas treated, and concentration of sulphur dioxide, nitrogen oxides and dust • Amount of hazardous waste treated annually • Amount of sludge waste treated annually

	<ul style="list-style-type: none"> • Amount of black and odorous water treated, area of mine land reclamation and ecological restoration, contaminated soil treated and restored (in square meters)
Clean Transportation	<ul style="list-style-type: none"> • Number of passengers carried/amount of goods carried • Tonnes of greenhouse gas emissions reduced
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Amount of waste water treated, and concentration of COD and ammonia-nitrogen • Amount of water saved • Amount of desalinated seawater • Amount of city water network built • Length of river regulated and/or area restored
Green Buildings	<ul style="list-style-type: none"> • Type of green building certifications obtained • Number of Green building certification obtained • Amount of energy saved (MW)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Size of afforestation area • Number of flood prevention facilities built • Number of species protected • Amount of each species protected • Size of natural protection area • Number and species of wildlife protected • Type and number of certified sustainable fisheries
Terrestrial and Aquatic Biodiversity Conservation	<ul style="list-style-type: none"> • Area of environmental protection, treatment and restoration in relation to the sea, coastline and coastal area • Number of aquatic animal species restored or increased
Employment Generation through the Potential Effect of SME Financing and Microfinance	<ul style="list-style-type: none"> • Number of companies/individuals benefitted • Number of jobs created • Number, gender and type of disadvantaged community benefitted • Amount of credit distributed
Affordable Housing	<ul style="list-style-type: none"> • Amount of credit distributed • Number of families benefitted

Affordable Basic Infrastructure	<ul style="list-style-type: none"> • Amount of methane collected in rural area • Amount of electricity provided in rural area • Amount of waste collected and treated in rural area
Access to Essential Services (Including Health, Education, Career Training, and Health care)	<ul style="list-style-type: none"> • Number of students benefitted from the student loans • Number of people benefitted from career training • Amount of credit distributed, such as amount of loans for healthcare infrastructure

The GSS Bond Report will be updated annually and made available on CCB's website (www.ccb.com).

3.6 External Review

CCB will obtain an external review of all GSS bonds from a third party which has environmental and social benefit review expertise and audit qualification. External review will cover pre-issuance assurance, post-issuance assurance and assurance report of independent accountants on use of proceeds annually. External review results will be available at (www.ccb.com).

4. Sustainability-Linked Bonds

The issuance of sustainability-linked bonds (SLB) under this Framework shall be in line with ICMA's Sustainability-Linked Bond Principles (SLBP), including the following specific requirements:

4.1 Selection of Key Performance Indicators (KPIs)

When issuing each SLB, CCB will define the KPIs which will be selected according to CCB's prevailing sustainable development strategy. CCB endeavours to select Environmental and/or Social KPIs which are included in sustainability reports and/or annual reports and verified externally for three consecutive years

4.2 Calibration of Sustainability Performance Targets (SPTs)

CCB will calibrate the selected SPTs in terms of their consistency with CCB's sustainable development strategy, plans to meet the SPTs, relevant controls, critical factors, and force majeure.

4.3 Bond Characteristics

CCB will describe the variation of the financial and/or structural characteristics to be triggered by the failure to meet the predefined SPT(s) for KPI(s) in the offering documents.

4.4 Reporting

CCB will publish reports on SLBs, which will include the following information:

- Transaction details, including transaction date, (net) amount of proceeds, maturity date, coupon, type of bond, pricing date and the ISIN number
- Up-to-date information on the performance of the selected kpis, including baselines where relevant
- Any information enabling investors to monitor the ambition level of the SPTs

The Sustainability-Linked Bond Report will be updated annually and published on CCB's website (www.ccb.com).

4.5 Verification

CCB will engage an independent third party to independently verify its performance level against each SPT for each KPI, at least once a year since the bond is issued. The relevant report will be published on CCB's website (www.ccb.com).

Appendix I: 《中国人民银行关于对普惠金融实施定向降准的通知》（银发〔2017〕222号） (Notice on Targeted Reserve Ratio Requirement Reduction for Inclusive Finance by People's Bank of China)

<http://www.gov.cn/xinwen/201710/5229404/files/effb6a0517ef4891a92aebfe41b95b8d.pdf>

Appendix II: SME definition by China's Ministry of Industry and Information Technology, National Bureau of Statistics, National Development and Reform Commission, and Ministry of Commerce

http://www.gov.cn/zwgk/2011-07/04/content_1898747.htm

Appendix III: 《公共租赁住房建设与评价标准》 (Construction and Evaluation Criteria for Public Rental Housing)

<https://baike.baidu.com/item/%E5%85%AC%E5%85%B1%E7%A7%9F%E8%B5%81%E4%BD%8F%E6%88%BF%E5%BB%BA%E8%AE%BE%E4%B8%8E%E8%AF%84%E4%BB%B7%E6%A0%87%E5%87%86/20422209>

Appendix IV: United Nation Sustainable Development Goal (SDGs)

In September 2015, world leaders gathered at the UN to adopt 17 Sustainable Development Goals (SDGs) to achieve several extraordinary things by 2030: end poverty, promote prosperity and well-being for all, and protect the planet. The SDGs set a course to achieve these objectives – for people everywhere. The SDGs cover a broad range of social, economic and environmental development issues. These include poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanization, environment and social justice.

