

Appendix I

Description on China Construction Bank Luxembourg Branch's 2018 Green Bond

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

Use and Management of Proceeds

In accordance with the Framework, China Construction Bank Luxembourg Branch (the "Bank") has defined the responsibility on the use and management of proceeds. The proceeds are to be applied to new and/or existing eligible green projects. The Bank has established a green bond proceeds management and monitoring mechanism to ensure that the flow of funds can be traced, monitored and matched with the projects.

The proceeds of China Construction Bank Luxembourg Branch's 2018 Green Bond 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 for Green Bond. The register will contain the following information, including:

- 1) Type of Funding Transaction-- issuer/borrower entity, transaction date, tranche(s) information, principal amount of proceeds, repayment or amortization profile, maturity date, and interest or coupon (and in the case of bonds, the International Securities Identification Number (ISIN)).
- 2) Allocation of Use of Proceeds
 - Name and description of Eligible Projects to which the proceeds of green bonds 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 issuance proceeds which are not yet allocated to Eligible Green Projects will be held in accordance with the Bank's normal liquidity management policy.

Activities and lending to industry which involves the below sectors will be excluded:

- Sectors 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 sectors: 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 which is suitable for food source
- 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

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* and the *Climate Bonds Standards (V2.1)*. The Bank nominated 5 projects, with total value of RMB 9,357.76 million, approximated USD 1,368.09 million¹. Nominated projects list is attached to the report. Nominated projects belong to categories of renewable energy, pollution prevention and control and clean transportation. Examples of expected environmental benefits are as follows:

- A railway project located in Southern China. The total length of the railway is 344km, and the expecting capacity of this line is 11.8 million tons of freight per year and 16 million passengers per year in primary stage. The Bank's loan accounted for approximately 20.66% of the total project investment, which is expected to reduce CO₂ by 52,384 tons/year respectively.
- A wind power project located in Northwestern China. The design capacity of this project is 200 MW and the electricity generation is about 488,000 MWh annually. The Bank's loan accounted for approximately 44.88% of the total project investment, which will result in the CO₂ emission reduction about 172,695 tons/year.
- A sewage treatment renovation project located in Central China. The treatment capacity of the sewage treatment renovation project is 200,000 m³/day. The Bank's loan accounted for approximately 36.83% of the total project investment, which is expected to directly reduce COD by 13,441 tons/year and NH₃-N by 1,075 tons/year.

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 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

¹ The exchange rate is calculated as 6.84, the same below.

prioritizes the support in the fields of clean energy, clean transportation, energy-saving and emission-reduction, 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, and increases financial tilt. The bottom line of the bank for establishing credit relationship is to meet the requirement of energy-saving and emission-reduction, energy consumption and pollution discharge standard. For customers who violate environmental laws and regulations. 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 an annual green bond report (the “Green Bond Report”) on the Bank’s official website, which will provide information on the allocation of the proceeds and the environmental and impacts of the eligible projects. The annual Green Bond Report for the previous year shall be disclosed before April 30 of each year. The following contents will be disclosed in the annual Green Bond Report:

- 1) The aggregate amount allocated to various Eligible Projects
- 2) The remaining balance of funds which have not yet been allocated and type of temporary investment
- 3) Examples of Eligible Projects (subject to confidentiality disclosures)
- 4) The expected environmental impacts, respectively, of the eligible projects to which the Green Bond proceeds have been allocated.

China Construction Bank Luxembourg Branch

10 September 2018



20
10
10
10

Eligible Green Projects List

No.	Region	Project	Category	Loan Amount (RMB million)	Loan Amount (USD million)
1	Southern China	Railway Project	Clean transportation	5,599.00	818.57
2	Southwestern China	Wind Power Project	Renewable energy	1,444.76	211.22
3	Eastern China	Offshore Wind Power Project	Renewable energy	947.00	138.45
4	Northwestern China	Wind Power Project	Renewable energy	783.00	114.47
5	Central China	Sewage Treatment Plant	Pollution prevention and control	584.00	85.38
Total Loan Amount				9,357.76	1,368.09

Eligible Green Project Categories

Category	Number of Projects	Location	Loan Amount (RMB million)	Loan Amount (USD million)
Clean transportation	1	Southern China	5,599.00	818.57
Renewable energy	3	Southwestern & Eastern & Northwestern China	3,174.76	464.14
Pollution prevention and control	1	Central China	584.00	85.38
Total Loan Amount			9,357.76	1,368.09