

Appendix I

Description on China Construction Bank Corporation Sydney Branch's 2023 Biodiversity Themed Green Bond

China Construction Bank Corporation (the "Bank") has established the *China Construction Bank Green, Social, Sustainability and Sustainability-Linked ("GSSS") Bond Framework* (the "Framework"). In preparing the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of China Construction Bank Corporation Sydney Branch's 2023 Biodiversity Themed Green Bond, the Bank applied the *Green Bond Principles 2021* published by International Capital Market Association (the "Criteria").

Use of Proceeds

All the net proceeds of the Biodiversity Themed Green Bond will be allocated to the Eligible Projects as defined in the *Green Bond Principles 2021*.

The following sectors will be excluded from Green 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

Process for Project Evaluation and Selection

1. Preliminary Screening

The Bank established a "GSS Bond Working Group" ("GSSWG") to review the preliminary list of Green Projects proposed by the business lines and domestic branches of the Bank. The GSSBWG will select the Eligible Green 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 the Bank, 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 Green Projects comply with the development policy and strategy of the Bank
- Whether the characteristics of the Bank are reflected by the Green 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.

2. Establishing Project List

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.

3. Update and Maintenance

The GSSBWG reviews the allocation of funds raised by GSS bonds annually to ensure appropriate allocation to Eligible Green Projects, and to assist with the preparation for disclosures in annual reports.

Management of Proceeds

1. Management of Separate Register

The proceeds of each bond will be deposited in the general funding accounts. The Bank will maintain a register to keep track of the use of proceeds from each bond. The register will contain the following information:

- 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.
- 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

2. Use of 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. The Bank undertakes not to invest unallocated proceeds in sectors set out in Exclusions.

Reporting

The Bank 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 impacts.

Eligible Project List

The Bank has established a list of eligible projects, with an approximated total value of USD 720.45 million. Nominated projects list may evolve over time. The following is detailed information of the eligible project.

Eligible Project List

No.	Region	Project	Eligible Project Categories	Environmental Objectives	Loan Amount (USD million)
1	Eastern China	Flood Control and Ecological River Restoration Project	Terrestrial and aquatic biodiversity conservation	<ul style="list-style-type: none"> • climate change adaptation • natural resource conservation • biodiversity conservation • pollution prevention and control 	32.06
2	Southwest China	Ecological River Regulation Project			57.97
3	Eastern China	Ecological Lake Regulation Project			53.79
4	Central China	Ecological River Regulation Project			59.75
5	Central China	Lake Resources Utilization and Ecological Water Environment Regulation Project			35.00
6	Central China	Ecological River Regulation Project			54.60
7	Central China	Ecological River Rehabilitation Project			35.00
8	Central China	Ecological Water Environment Regulation Project			34.72
9	Southwest China	National Forest Reserve Project	Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> • climate change mitigation • climate change adaptation • natural resource conservation • biodiversity conservation 	56.00
10	Southwest China	National Forest Reserve Project			56.00
11	Northern China	Ecological Forest Governance Project			84.00
12	Northern China	Ecological Reservoir Regulation Project			81.06
13	Eastern China	Bamboo Garden Renovation Project			35.00
14	Eastern China	Ecological Land Restoration Project			45.50
Total					720.45

Category	Loan Amount (USD million)	Number of Projects	Loan Proportion
Terrestrial and aquatic biodiversity conservation	362.89	8	50.37%
Environmentally sustainable management of living natural resources and land use	357.56	6	49.63%
Total	720.45	14	100.00%

The following set forth certain information of sample eligible projects:

- This is an Ecological Forest Governance Project (the “Ecological Forest Governance Project”) located in Northern China. The Ecological Forest Governance Project involves managing 5,798.63 million square meters of ecological forest, including national projects (1,863.41 million square meters), provincial key projects (2,945.35 million square meters), and provincial general projects (989.87 million square meters). The Ecological Forest Governance Project aims to protect tree species while promoting plant and animal growth, enabling the development of organisms in the area and preserving their diversity.
- This is an Ecological River Rehabilitation Project (the “Ecological River Rehabilitation Project”) located in Central China. The Ecological River Rehabilitation Project involves rehabilitating 24.02 kilometers of river and includes sediment dredging of 4,646,400 cubic meters, as well as removal of 450,375 square meters of floating garbage. The Ecological River Rehabilitation Project aims to boost water quality, maintain smooth water flow, improve water and soil conservation, and significantly enhance the richness and diversity of aquatic life.

China Construction Bank Corporation Sydney Branch



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