ESG Workshop of Board of Directors of China Construction Bank Held in Beijing

On April 20, the Board of Directors of China Construction Bank (“CCB”) held an ESG workshop. Mr. Graeme Wheeler, Chairman of the Related Party Transaction, Social Responsibility and Consumer Protection Committee (“the Committee”) under the Board of Directors, presided over the workshop, where executive directors, non-executive directors, independent directors, CCB executives and senior management members attended the meeting. Experts from the World Bank, Beijing Rongzhi Corporate Social Responsibility Institute, PwC and EY were also invited to the workshop. They held in-depth exchanges on the ESG development trend at home and abroad, essential connotation of ESG, requirements and regulatory dynamics regarding ESG information disclosure, advanced experience of international peers and suggestions for ESG management.

Experts at the workshop maintained that ESG management needs to be oriented for social value, adhere to cultural value and connotation, and take pursuit of economic value as the core. Financial institutions must strike a balance among economy, ecology and social responsibility, pay attention to stakeholders’ concerns, and respond to challenges and risks arising from changes in the environment and society. Particularly, climate change has aroused growing attention at the international community. Last September, General Secretary Xi Jinping announced China’s objectives of reaching the peak of its carbon emissions peak and carbon neutrality, for which specific plans have been made in the "14th Five-Year Plan". This will cause profound impact on economic and social development. Under such background, CCB should formulate its own "carbon neutrality" timetable and energy conservation and carbon emission reduction plans as soon as possible, vigorously develop green finance, support green and low-carbon development of its customers, and establish an ESG investment mechanism. Meanwhile, CCB should integrate ESG management into its "three major strategies", formulate mid-and-long term plans for sustainable financial development, and gradually include the ESG risk management mechanism in its risk management system.

The experts pointed out that key factors in delivering a good performance in ESG: First, those charged with governance should have the foresight in terms of ESG, formulate related strategies, and supervise implementation of such strategies. Second, management should attach great importance to ESG, make effective decisions, and promote implementation. Third, personnel with abundant experience, adequate resources and a strong supporting system are necessary. To this end, the experts offered the following suggestions to CCB: First, CCB should systematically streamline the relationship between ESG and current strategy advancement and priorities and refine responsibilities and tasks of each department. Second, a series of training courses should be developed to improve staff's capabilities of ESG management. Third, communication and cooperation in terms of ESG should be strengthened to build an ecosystem for sustainable growth. Fourth, the Bank should proactively learn from domestic and overseas peers on best practice and experience, implement regulatory requirements, continuously improve information disclosure, and form a sound mechanism for interaction and communication with the market and investors.

Directors held a positive attitude towards the work progress made by CCB. In recent years, CCB has made great achievements in pushing ahead with its "three major strategies", strengthening ESG management and combining economic benefits with responsibility as a major bank. Meanwhile, it continued to enhance communications and exchanges with professional organizations and consulting agencies, proactively benchmarked itself against the authoritative international ESG rating system and learned practice from its peers at home and abroad, effectively improving its ESG information disclosure. CCB's ESG rating has been upgraded to A by MSCI, representing a leading level among banking institutions. Directors believed that ESG management involves a wide range of issues, including banking strategies, operation management, risk control and information disclosure, and will face precious opportunities and great challenges in future. They reckoned that CCB should make the following efforts: First, while bolstering top-level design, CCB should value management practice, motivate staff and integrate ESG philosophy into operation and management from aspects of strategic planning, risk management and the underlying supporting system, and boost implementation of New Finance strategy and high-quality sustainable development. Second, CCB should pay attention to the integration of ESG into risk management, study and adjust risk assessment approaches, accurately identify ESG risks and keep them under control. Third, CCB should coordinate the indicator systems for ESG disclosure and internal management, form a mechanism for regular reporting to those charged with governance, comply with related regulatory guidelines at home and abroad, and keep improving disclosure capabilities. Next, the Board of Directors will highly value ESG management, continue to strengthen guidance and supervision of ESG tasks through the Committee, and facilitate CCB in improving its ESG management.

More than 20 Head Office departments, including the Board of Directors Office, Asset & Liability Management Department, Human Resources Department, Risk Management Department and Credit Management Department, also attended the workshop.