

China Construction Bank Support the Launch of the China Green Bond Principles

The *China Green Bond Principles* was launched in Beijing on July 29, 2022. Hosted by the Green Bond Standards Committee with the support of the National Association of Financial Market Institutional Investors, China Construction Bank (“CCB” or “the Bank”), and other agencies, the ceremony was attended by the representatives from the People’s Bank of China (“PBOC”), China Securities Regulatory Commission (“CSRC”), the International Capital Market Association (“ICMA”), etc. Mr. Cui Yong, Party Committee Member of CCB, delivered a speech at the event.

The *China Green Bond Principles* (hereinafter referred to as “the Principles”) is a unified issuance standard for China’s green bond market released by the Green Bond Standards Committee with the consent of the PBOC and the CSRC. The Principles covers a variety of green bonds such as green financial bonds, green debt financing instruments, and green corporate bonds, aimed at facilitating the standardization of green finance and putting in place a complete set of green bond standards unified across China and aligned with international ones. The release of the Principles will strongly propel China’s green bond market into a new stage of normative, standardized, and global development, which not only represents a milestone in the internationalization process of China’s green finance, but also begins a new chapter of China’s green bond market for high-quality development.

The launch of the Principles brings the following three benefits. First, **being rule-based is theoretically possible**. Green projects usually have multi-level and diverse financing demands, which requires different financial products and services. Considering the characteristics of green projects in terms of maturity and risk profile as well as the specific stages of development of related enterprises, the Principles has explored innovating various types of green financial products, further standardized the financing process, and become China’s first green bond issuance management framework. **Second, being rule-based is guaranteed in practice**. The Principles would ensure market plays the basic role

in asset allocation, strengthen corporate information disclosure, enhance green financing transparency, develop green rating systems and green assessment & certification systems in a normative manner, and boost the confidence of investors in green bonds, all of which are conducive to intensifying investor protection, making market players self-motivated towards green and low-carbon transformation and creative in contracting green funds with the quality and efficiency further assured. **Third, inclusiveness matters.** The Principles has included the catalogs available in China and those set out in the Common Ground Taxonomy, a document of China and the EU countries. As the world's first green principles framework that combines local and international standards, it would further enhance China's international voice on green finance, laying a good foundation for the open and integrated development of the green bond market.

In recent years, CCB has been active in practicing new finance and incorporating the concepts of prioritizing the ecology and attaining green, sustainable development into the Group's strategies. As a **member** of the Green Bond Standards Committee, the Bank has been deeply involved in the formulation of the Principles and carried out a series of in-depth practices in the green bond market, taking into account its rich experience in underwriting and issuing green bonds over many years. Being a **green bond issuer**, it has kept rolling out innovative green financing models and put them into trial operation ahead of other peers. Since 2018, CCB has issued China's first green and sustainability bonds, ESG-themed bonds, green credit asset securitization, and other types of green bonds abroad. China's first sustainability-linked financial bond issued in May 2022 set a good example for financial innovation to serve the development of green economy. As a **green bond underwriter**, CCB has continued to expand the depth and scope and improve the functions of the green bond market. Since the introduction of the "30.60 goal" (the goal of peaking carbon emissions before 2030 and achieving carbon neutrality by 2060), the Bank has underwritten the first batch of carbon-neutral bonds, sustainability-linked bonds, blue bonds, and other innovative bond types to diversify the portfolio of financing instruments in favor of low-carbon transition and to underpin the development of green industries. In May 2021, the CCB-Wind Green ESG Bond Issuance Index and Yield Curve made its debut worldwide, to improve the price discovery mechanism for green bonds and advocate tracking the long-term value of green investment among market players.

Green and low-carbon development is an irresistible trend all over the world, and green economy has become a vantage point for a country to succeed in global industrial competition. In the future, CCB will further innovate models of green investment and financing, continue to construct China's green bond market as a pioneer, leverage its expertise in the field of innovative green bond products, and set the bar high for green, low-carbon financing activities in the market, thus doing its part to the low-carbon transition of customers.