

CCB Refines Credit Policies on Biodiversity Conservation in Support for Building a Harmonious and Beautiful Homeland

According to the latest statistics released by China Construction Bank (hereinafter referred to as “CCB”) recently, as of the end of September, green loans of the Bank surpassed RMB1.6 trillion and its footprints of biodiversity conservation participation could be found across the country.

“In recent years, CCB has proactively shouldered the responsibility as a major bank in environmental protection and attached great importance to environmental governance. It took the initiative to enhance top-level design and adopted a variety of measures such as resolutely refining credit policies, comprehensively using credit instruments, continuously increasing resource input and strengthening assessment and incentives throughout to steer the entire Bank’s focus to biodiversity conservation.” As introduced by the official of CCB, taking into account the outstanding issues of natural ecological governance, the Bank revised industrial credit policies in a timely manner while providing clear and focused support for industrialized application of bio-breeding, basic research on breeding and major breeding projects, and taking biodiversity conservation requirements into full account in formulating industrial policies in agriculture, electric power, forestry, mining, petroleum and natural gas, transportation, materials and construction; it further clarified the criteria in customer selection, guided the entire Bank to comprehensively utilize financial instruments including green credit, green bonds, green leasing and green trust, and extensively mobilized social funds to ramp up support for biodiversity conservation.

Meanwhile, in full consideration of biodiversity conservation factors, CCB kept a close eye on the impact of related projects on biodiversity. By adjusting approval authority, taking biodiversity review as a procedural prerequisite for project evaluation, improving environmental and climate risk management mechanisms, retuning credit policies for high-energy-consumption and high-emission industries, and withdrawing from projects that are not compliant with national industrial plans or environmental policies and enterprises failing to reach targets in environmental protection and work safety, the Bank made further efforts to support continuous improvement of the eco-environment.

Supporting Development of Yunnan into “China’s Most Beautiful Province”

Diqing Tibetan Autonomous Prefecture of Yunnan Province lies at the core area of the “Three Parallel Rivers” World Natural Heritage site that abounds in industrial resources such as hydropower, minerals and tourism. However, it used to be among the deeply impoverished areas in the “Three Regions and Three Prefectures” with distinct conflicts between conservation and development.

58-year-old Tibetan Dujie Qilin lives in Potatso National Park in Diqing Prefecture, where he plants highland barley and grazes yaks, and his Tibetan houses, fields, surrounding snow mountains, meadows, forests and lakes have altogether become a part of the national park landscape. Previously, his seven-member family farmed land and raised cattle, making an annual income of no more than RMB5,000 in maximum. The extensive lifestyles damaged local eco-environment. After Potatso National Park was established and the policy of community support was practiced, Dujie Qilin assumed triple identities: a villager in Luorong Village, Jiantang Town in Shangri-La City, a forest ranger and a “park resident”. “Subsidies for eco-environment, meadows and tourism for a year alone already exceed RMB50,000. This sum of money would be impossible if the eco-environment was not well protected,” he said.

As a must-visit scenic spot for domestic and foreign visitors in Shangri-La, Potatso National Park is developed, run and managed by Diqing Prefecture Tourism Group Co., Ltd. Since its opening in 2006, the park has accumulatively received 12.32 million visitors and achieved a tourism income of RMB2.31 billion. Having established an all-round business cooperation with Diqing Prefecture Tourism Group Co., Ltd. since 2006, CCB has provided a credit line of RMB1.3 billion to this company, of which RMB300 million was a special credit line earmarked for quality improvement and renovation of Potatso National Park, specifically for the construction of wooden plank roads and protective development of the scenic areas. In 2017, through parent-subsidiary linkage, the Bank supported the company for RMB500 million financial leasing, which broke traditional models of credit financing and effectively eased the pressure of corporate financing needs. Besides, CCB facilitated the protective development and construction of the scenic sites in Tiger Leaping Gorge National Park and Meili Snow Mountain National Park.

CCB also offered vigorous support for the protection and digital construction of the Old Town of Lijiang, according to the CCB official. Lijiang Old Town Management Co., Ltd. is mainly responsible for the protection, operation and management of the scenic area of the Old Town of Lijiang. To date, CCB has accumulatively granted this company RMB1.24 billion “loans for small towns with characteristics” to actively support the protection and management of the AAAAA scenic area of the Old Town of Lijiang. Meanwhile, CCB signed a cooperation agreement with the World Cultural Heritage Lijiang Old Town Protection and Management Bureau to build the Old Town of Lijiang into a “digital town”, practice New Finance and explore new ways in expanding the commercial area around the Old Town. Since December 2019, the number of merchants had been expanded to 1,275 in the commercial area of the Old Town. The total transaction volume in the commercial area of the Old Town reached RMB206 million to date.

Enabling Land of Rivers and Lakes to Turn into an autonomic “Breathing” Eco-homeland

In 2015, Changde City in Hunan Province was listed as one of the 16 pilot sponge cities. While this presented Changde City with new opportunities for flood and waterlogging

control and ecological restoration, the issue of funding became a new problem. According to the plan, the sponge city construction of Changde City would involve 110 projects with a total investment of around RMB20 billion. To this end, during the city's application for the sponge city pilot program, CCB set up a special service team at Hunan Branch, deployed efforts to embark on the initiative, studied related policies on sponge cities and relevant development proposals both at home and abroad, established contact with local government at the first moment, repeatedly communicated with the customer to fully understand the preliminary arrangements of the project and customer needs, and assisted the customer to complete the pilot application in high quality. After Changde City was successfully included as a pilot city, CCB further provided the customer with consultation on project financing, and after earnest study and careful comparison of various financing proposals, came up with the innovative model of industrial fund to resolve the funding issue.

It was understood that under the new model, CCB has transformed from a provider of funds into a supplier of investment and financing service, a lead party and a coordinator of a financial platform, and a matchmaker. "As led by CCB, the industrial fund brought in various types of social funds, creating a diversified and sustainable source of funding channels," said the CCB official.

After the sponge city fund was set up, CCB strengthened the supervision of funds and rationally dispatched funds according to the project schedule to make sure such funds were entirely used in the sponge city construction project. The main part of related project construction involved the renovation of river embankment, extensive cultivation of aquatic biota, dredging of river channels, increase and adjustment of storage capacity, building of underground pipelines and new-type stormwater pumping stations, revamp of drainage outlets and construction of ecological filters. CCB actively worked on the "water essay", striving to make Changde fully spongy and free from waterlogging and floods.

Constructing a Green Great Wall in the Northern Border of Motherland

Major state-owned forest zones in northeast China and Inner Mongolia are concentrated with forestry enterprises and act as the country's key region in biodiversity. The diversified forest, grassland and wetland ecosystems are of great significance in the national ecological conservation strategy.

In order to practice the green development concept, and in accordance with the actual operation status of forest industry groups and external policy requirements, CCB Inner Mongolia Branch actively supported the conservation of natural forest resources and applied for a comprehensive credit line to provide key support for enterprise transformation, covering sectors such as forest management and protection, forest tending and forest tourism. So far, CCB has provided forest industry groups with a credit line of RMB727 million, of which working capital loans were mainly used for forest tending in the "Natural Forest Protection Program" and fixed asset loans in support of development of tourism projects, including the infrastructure construction

project in Dahl Lake National Forest Park and phase one of the tourism infrastructure construction project in Moridaga National Forest Park.

It was learnt that since the “Natural Forest Protection Program” was initiated, with the support of CCB and other financial institutions, Greater Khingan Mountains forest zone in Inner Mongolia has been stepping up efforts in silviculture and forest protection and fulfilled all pertinent tasks related to the natural forest resource protection project. Over the past 20 years, it accumulatively afforested 2.667 million *mu* of land, tended 69.53 million *mu* of forests, replanted and reforested over an area of 1.775 million *mu*, and effectively managed and protected 144.9738 million *mu* of woodland. Meanwhile, the Greater Khingan Mountains forest zone increased its woodland area, living wood growing stock and forest coverage from 6.37 million hectares, 660 million cubic meters and 60.1% at the beginning of the development to the current 8.27 million hectares, 949 million cubic meters and 77.44% respectively, making notable ecological progress. A total of 96,698 redundant workers were resettled.

Turning Tiantangzhai into a Paradise for All Life

Tiantangzhai mountains are located in the southwest of Jinzhai County, Anhui Province, covering an area of 20,600 hectares and a forestry land area of 16,600 hectares. The mountains mark the boundary between Anhui and Hubei provinces and also form the watershed between the Yangtze River and the Huaihe River. The region provides a natural habitat for biodiversity and also draws in increasingly more explorers and tourists. Currently, due to the lack of systematic and comprehensive planning for tourism development, the region not only fails to attain the goal of increasing income for the local people through developing a tourism economy, its primitive ecosystem has been damaged.

Against such a backdrop, CCB innovatively launched on-lending facilities from foreign governments to facilitate the environmental improvement in favor of biodiversity and civilized development of Tiantangzhai. It was learnt that through collaboration with Anhui Provincial Department of Finance, CCB included Tiantangzhai biodiversity development project as a category II on-lending project, and cooperated with Agence Française de Développement (AFD) to offer the Anhui Tiantangzhai Biodiversity Protection and Development Project EUR20 million on-lending facility which was financed by overseas funding for use in forest conservation, regional water environmental improvement and development of a digital monitoring system.

“From collection of customer needs, bank-enterprise-government-overseas institution quadripartite discussions and repeated agreement revision to eventual withdrawal of the on-lending facility, this business took as long as two years.” According to the CCB official, the innovative application of the loan explored a new way for the Bank to tap into the funds of overseas financial institutions to support environmental protection projects in the country. After the project was implemented, Tiantangzhai saw its infrastructure facilities such as transportation, electric power and communication gradually improved. Not only did the natural landscapes of grotesque peaks, galloping waterfalls, immense forests, canyons, cloud and mist, deep pools and clear waters

become more beautiful, the simple, unspoiled folk custom and ecological landscapes also enhanced each other's radiance.

The official pointed out that after years of efforts, CCB was rated A by MSCI for ESG in 2020. Looking ahead, the Bank will pay closer attention to financially supporting ecological conservation with Chinese characteristics, actively participate in, promote and lead the building of eco-friendly banks, innovate in green financial products, serve value realization of ecological products and ecological protection compensation reform, and offer greater support for green, circular and low-carbon economy.