

World's First Climate-Aligned Bond Index

ChinaBond China Climate-Aligned Bond Index: Identifying a broad range of fixed income investments supporting low carbon and climate resilient infrastructure

The Index Eligibility

This index has been developed to help investors seeking an exposure to green investments in China.

The index identifies a broad list of bonds that are supporting low carbon and climate resilient projects as defined by the Climate Bonds Taxonomy and the China Green Bond Endorsed Project Catalogue.

These projects are aligned with international investor expectations of 'green'. These go beyond the increasingly well-known labelled 'green bonds' to

identify regular corporate bonds where proceeds are being directed to green projects but the proceeds are not labelled as such.

The Climate-Aligned Bond Index aims to demonstrate to investors locally and internationally the extent of green fixed income investment opportunities beyond the labelled green bond market.

Quick Facts about the Index

Number of Constituents:
210

Largest issuer:
China Railways Corporation

Index Size: RMB 1.3 trillion

Average Time to Maturity:
7.14 years

Average Coupon Rate: 4.88%

Base Date: 31st December 2009

The Index by Sector

The ChinaBond China Climate-Aligned Bond Index is made up of 210 bonds amounting to RMB1.3 trillion. Bonds are primarily concentrated in the Transport sector which makes up 91% of issuance while Energy makes up 1%.

Transport*

Construction, maintenance and refinancing of national rail, urban rail and metro systems.

Energy

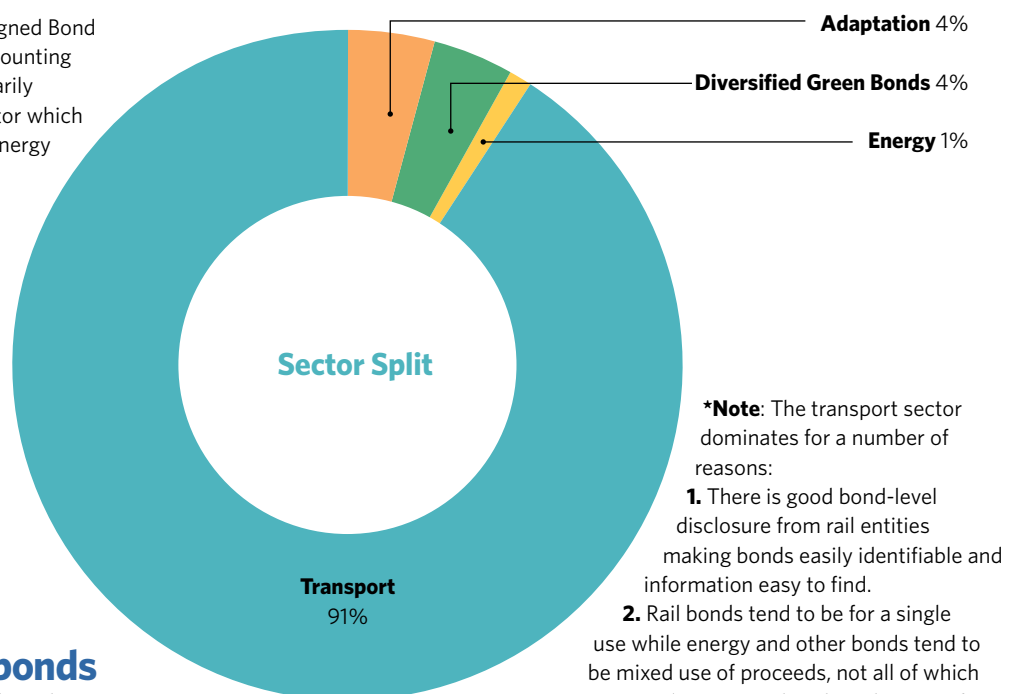
Facilities construction and equipment manufacturing for solar and wind power.

Adaptation

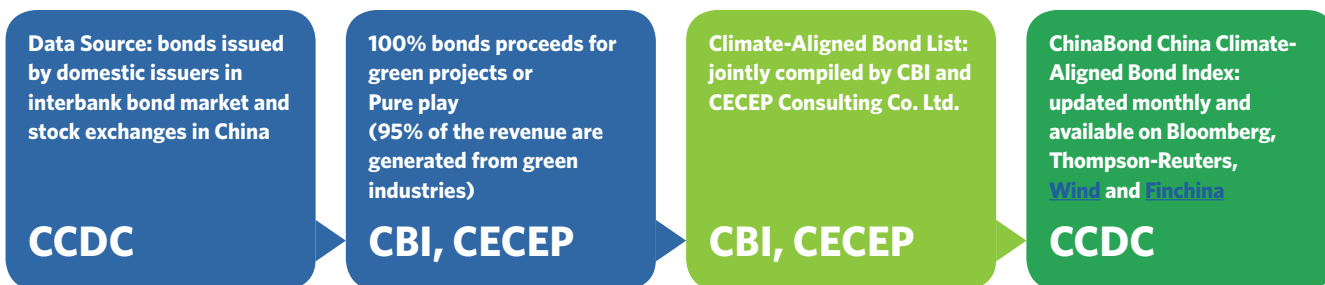
Water efficiency, recycling and climate resilient infrastructure including flood control.

Diversified green bonds

Labelled green bonds issued by banks with proceeds directed to a range of projects eligible under the China Green Bond Endorsed Project Catalogue including in the sectors above.



Research Process



The ChinaBond China Climate-Aligned Bond Index is a collaboration between [China Central Depository & Clearing Co. Ltd.](#), China Energy Conservation and Environmental Protection Consulting Co. Ltd ([CECEP](#)) and the Climate Bonds Initiative (CBI).

The research process was undertaken by CBI and CECEP to identify bonds that are in line with the Climate Bonds Taxonomy and the China Green Bond Endorsed Project Catalogue.

During the research process, CBI and CECEP surveyed bonds listed on the China interbank bond market and stock exchanges to analyse whether 100% of the proceeds are aligned with the Climate Bonds Taxonomy and the China Green Bond Endorsed Project Catalogue. Bonds with proceeds being directed to general corporate purposes or refinancing are only included if the company is a pure play (i.e. 95% revenue generated from green industries).

Following the research performed by CECEP and CBI, CCDC undertook the index construction in line with CCDC index rules and procedures.

Issuer examples

Energy: China Datang Corporation Renewable Power Co. Ltd.


Transport: China Railways Corporation

Adaptation - Water recycling and climate resilient infrastructure: Nanjing Public Facility Holding Group Co.,Ltd.

Diversified green bond: Shanghai Pudong Development Bank

The index will be updated monthly where new bonds will be included and, as criteria become more detailed, existing bonds may drop out.


Exclusions



Hydropower: For this iteration of the index we excluded all bonds with proceeds going to hydropower projects due to issues of reservoir emissions and other social and environmental impacts. There may be scope to include these in the future but more research will be required.

Fossil fuels: All bonds with project linked to fossil fuels were excluded – this includes some labelled green bonds supporting clean coal. While clean coal is permissible under the China Green Bond Endorsed Project Catalogue, it is not in line with international investor expectations of green and therefore not included in the index.

Coal rail lines: We did additional research to find any bonds financing rail lines that are exclusively used for transporting coal. These bonds were excluded.



About CBI

The Climate Bonds Initiative (CBI), founded in 2009, is the only organization in the world dedicated to mobilizing the \$100 trillion bond market for climate change solutions. CBI is an investor-focused international not-for-profit that promotes investment in projects and assets necessary for a rapid transition to a low-carbon and climate resilient economy.



About CCDC

China Central Depository & Clearing Co. Ltd. (CCDC) is the first central securities depository (CSD) approved by the State Council in China. It is a state-owned financial institution, which bears the national wills and represents market demands. CCDC is part of China's financial market infrastructure and is characterised by neutrality, independence and public interest.



About CECEP

CECEP Consulting Co. Ltd. is a wholly owned subsidiary of China Energy Conservation and Environmental Protection Group specializing in environmental protection planning, consulting, monitoring and evaluation. As a comprehensive advisory services provider CECEP is engaged in energy saving policy research and planning for Government, major international environmental protection as well as project engineering and consulting.