

ChinaBond China Green Bond Index
ChinaBond China Green Bond Select Index
ChinaBond China Climate-aligned Bond Index
Constituents Recognition Methodology

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I. Recognition Criteria

The following four criteria are now used for constituents recognition in ChinaBond Green Bond Index and ChinaBond Green Bond Select Index:

1. *China Green Bond Endorsed Project Catalog (2015 Edition)* issued by the People's Bank of China
2. *Green Bond Issuance Guidelines* issued by the National Development and Reform Commission
3. *Green Bond Principles (2015)* released by the International Capital Market Association
4. *Climate Bonds Standards* released by the Climate Bonds Initiative

II. Recognition Procedures

Bonds officially labeled as green are collectively included in the Index. Unlabeled bonds are identified and classified following these procedures:

(I) ChinaBond China Green Bond Index

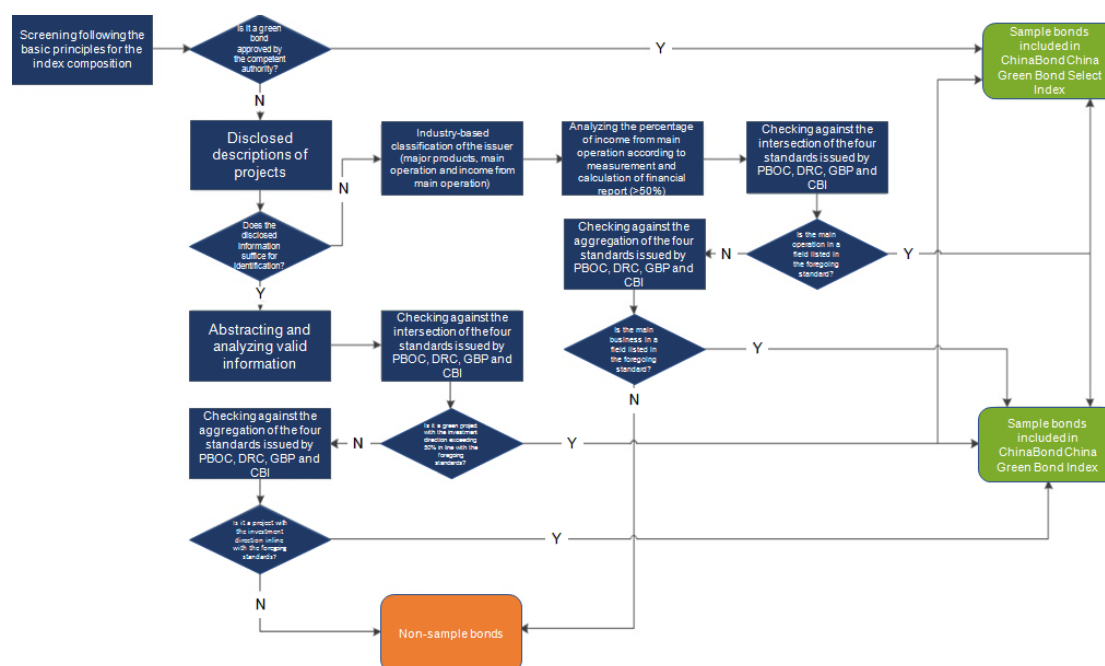
Use of proceeds of the bonds shall be in line with at least one of four green bond standards. Meanwhile, at least 50% of the proceeds should be used in green projects. In the case of insufficient information of uses of proceeds, the industries in which the issuers operate, main business scope, major products and revenues from main business shall be considered as references for the purpose of identification. If an issuer's main business is in a green industry, and revenues from its main business account for at least 50% of its total revenues, the bond shall be included in this index.

(II) ChinaBond China Green Bond Select Index

Use of proceeds of bonds shall be in line with four green bond standards. Meanwhile, at least 50% of the proceeds should be used in green projects. In the case of insufficient information of uses of proceeds, the industries in which the issuers operate, main business scope, major products and revenues from main business shall be considered as references for the purpose of identification. If an issuer's main business is in a green industry, and revenues from its main business account for at least 50% of its total revenues, the bond shall be included in this index.

The procedures for identifying and classifying bonds to be included in the two indices are shown in Figure 1.

Figure1: Procedures for identifying and classifying bonds to be included in the two indices



(III) ChinaBond China Climate-Aligned Bond Index

The selection shall be based mainly on the Climate Bonds Standards by the Climate Bonds Initiative, with reference made to China Green Bond Endorsed Project Catalog (2015 Edition) by the People's Bank of China.

If all proceeds are invested in projects, the investment of constituents in ChinaBond China Climate-Aligned Bond Index shall be in line with the foregoing principles for green bonds. Meanwhile all proceeds should be invested in climate-aligned green projects, or, the investment in climate-aligned green projects should account for 100% of the proceeds.

In the case not all proceeds are invested in projects and proceeds reused to repay loan or make up for the operating capital, the main operations, major products and income from main operations shall be the reference. If an issuer's income from main operations in green industries and climate-aligned industries accounts for at least 95%, the bond is identified as a climate-aligned bond. If part of the fund is used to repay loan or make up for the operating capital and the rest is invested in projects, and the issuer's income from main operations in green industries and climate-aligned industries accounts for at least 95% and investment in projects are in green industries and climate-aligned industries, the bond shall be identified as a constituent. The procedures for identifying and classifying bonds to be included in ChinaBond

China Climate-Aligned Bond Index are shown in Figure 2.

Figure2: Procedures for identifying and classifying bonds to be included in ChinaBond China Climate-Aligned Bond Index

