

Review Report on Annual Report on Bank of China Sydney Branch's 2023 Sustainability-Linked Loan Bond

Bank of China Limited, Sydney Branch
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This Report aims to review the *Annual Report on Bank of China Sydney Branch's 2023 Sustainability-Linked Loan Bond* ("the Annual Report") for the period from 16th November 2023 to 15th November 2024, which was issued under the *Bank of China Sustainability-Linked Loan Funding Framework* (as of October 2023) ("the Framework"). We performed the procedures enumerated below, which were agreed upon by Bank of China Limited Sydney Branch (the "Bank"), on the four pillars of the Framework: Use of Proceeds, Evaluation and Selection of Eligible Sustainability-Linked Loans, Management of Proceeds and Reporting".

The Bank is responsible for identifying the four pillars included in the accompanying information provided to us. DNV makes no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

- Conducted interviews with key personnel to understand the Bank's management system;
- Checked the Bank's policies and procedures related to the four pillars;
- Assessed the documentary evidence provided by the Bank, including but not limited to the Framework, Annual Report, Ledger, Loan Documents, Pre-issuance External Review Report, Sustainability Performance Targets ("SPTs") Compliance Certification, etc.;
- Reviewed published materials and websites.

Ref.	Criteria	Framework Requirement	Procedures and Findings
1	Use of Proceeds	<p>An amount equal to the net proceeds of the Bond will be used to finance and/or refinance a pool of sustainability-linked loan(s) (“Eligible Sustainability-Linked Loan(s)” or “Eligible SLL(s)”). Eligible SLL(s) are a subset of sustainability-linked loans financed by the Financing Entity/Entities (“FE(s)”) of BOC for each SLLF financing. FE(s) of BOC will allocate the net proceeds of the Bond to the whole or a part of Eligible SLL(s).</p> <p>Eligible SLL(s) under this framework will</p> <ul style="list-style-type: none"> • be aligned with the <i>Sustainability-Linked Loan Principles</i>. • At least one of their Key Performance Indicators (“KPIs”) and corresponding SPT’s positive contribution to at least one of the Impact Objectives outlined in the Framework • Their KPIs and corresponding SPTs that are considered “material” and “ambitious” as assessed by an external verifier <p>Exclusion sectors:</p> <ul style="list-style-type: none"> • Luxury sectors • Weapon • Alcohol • Tobacco • Fossil fuel • Nuclear 	<p>We obtained the Eligible SLL(s) list as the end of reporting period, the Pre-issuance external review report and other related documents. There were no newly added SLL(s) and all Eligible SLL(s) were assessed by an external verifier, concluding compliance with the <i>Sustainability-Linked Loan Principles</i>, with their KPIs and corresponding SPTs being material and ambitious, contributing to at least one of the Impact Objectives.</p> <p>We also reviewed the published materials and websites of all the three borrowers, and there are no borrowers on the exclusion list.</p> <p>No exceptions were found as a result of this procedure.</p>
2	Evaluation and Selection of Eligible Sustainability-Linked Loans	<p>The Bank will complete the following process when selecting and evaluating financing that qualifies as Eligible SLL(s):</p> <ul style="list-style-type: none"> • Preliminary Screening • Review and Endorsement Approval • External Review <p>BOC has already established internal guidelines for conducting business and assessing client's ESG risk as well as ESG performance. At loan level, the guidelines require business departments to conduct pre-loan investigation, loan review and post-loan inspection.</p>	<p>We interviewed with key personnel to understand the Eligible SLL(s) evaluation and selection process. The steps of the decision-making process were performed.</p> <p>No exceptions were found as a result of this procedure.</p>

Ref.	Criteria	Framework Requirement	Procedures and Findings
3	Management of Proceeds	<p>Prior to the issuance of SLLFs, FE(s) of BOC shall develop the preliminary Eligible SLL(s) List as per <i>Evaluation and Selection of Eligible Sustainability-Linked Loans</i> in the Framework to ensure that the proceeds from SLLFs can be allocated to Eligible SLL(s) in a timely manner.</p> <p>Treasury, Global Markets and Asset & Liability Management departments of FE(s) of BOC shall record the source and allocation of proceeds in a separate ledger management system to ensure that all the net proceeds of the SLLFs are properly managed and used. FE(s) of BOC will review and update the ledger on a regular basis (at least annually).</p> <p>Unallocated proceeds shall not be invested in greenhouse gas (GHG) intensive, highly polluting, energy intensive projects nor projects with negative social impacts.</p>	<p>We obtained the Bond Receipt Confirmation and Eligible SLL Ledger as of the end of the reporting period.</p> <p>We recalculated the amount of the bond equated to AUD 459.52 million as detailed in Table I and all the net proceeds were allocated to Eligible SLL(s).</p> <p>The ledger contains information including but not limited to transaction information (issue amount, coupon rate, issue date, maturity date, KPIs and SPTs features of SLL(s), etc.) and the proceeds allocation information.</p> <p>All the Eligible SLL(s) obtained the SPT Compliance Certification provided by external third party for the relevant period. We recorded the SPT achieved status, compared it with the loan document, the Annual Report information and recalculated the Margin Adjustment as detailed in Table II.</p> <p>No exceptions were found as a result of this procedure.</p>
4	Reporting	<p>The Bank will publish an Annual SLLF Report if it has SLLF outstanding. In the Annual Report, the FE(s) of BOC will make disclosure in relation to:</p> <ul style="list-style-type: none"> • The allocation of the proceeds • When feasible, the performance of the respective SLL(s) on an aggregated basis 	<p>We obtained the Annual Report, and the Bank disclosed the information required by the Framework (https://www.boc.cn/au/aboutus/ir10/).</p> <p>No exceptions were found as a result of this procedure.</p>



This Agreed-upon Procedure (“AUP”) engagement was conducted in accordance with DNV’s AUP Protocol (ZEOIT-5-f-P229), given that by the time of Sustainability-Linked Loan Bond issuance, there were no recognized applicable standards. Therefore, as a common practice, we reviewed the Annual Report against the Framework by adopting AUP, within which the four pillars of the Framework are covered.

Had we performed additional procedures, other matters might have come to our attention that would have been reported to the Bank.

This report is intended solely for the information and use of managements of the Bank.

A handwritten signature in black ink, appearing to read "C. K. Wong", written over a horizontal line.

C. K. Wong

DNV Business Assurance Limited

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11th March 2025

ANNEX

Table I Bond Information

ISIN Code	Issue Date	Currency	Maturity (Years)	Coupon Rate	Amount Issued (USD million)	Equivalent Amount (AUD million) ¹
XS2718198463	2023/11/9	USD	3	SOFR+60BP	300.00	459.52

Table II Eligible SLL(s)

No	Sector	Impact Objectives	Selection of KPIs	SPTs	Margin Adjustment	SPT Verification	Allocated amount (AUD million)
SLL 1	Property	Climate Transition	Weighted average NABERS rating in relation to water	Achieved	1.5 bps decrease	Obtained	216.00
			Weighted average NABERS rating in relation to energy base building	Not Achieved	No adjustment ²		
SLL 2	Retailer	Climate Transition and Socioeconomic Advancement	GHG emissions	Achieved	3 bps decrease	Obtained	180.00
			Gender balance	Achieved			
SLL 3	Healthcare	Climate Transition and Socioeconomic Advancement	Mental health first aid	Achieved	2 bps decrease	Obtained	63.52
			Energy intensity	Not Achieved			
			GHG emissions	Achieved			
			Renewable energy	Achieved			
Total							459.52

¹ The exchange rate is based on the announcement of the People's Bank of China's exchange rate on input value date.

² The weighted average NABERS energy rating for SLL1 was 4.9 (within the 4.5–5.0 tier), aligning with the "no adjustment" provision.