

Bank of China Limited

Sustainability Series Bonds¹ Management Statement

Bank of China Limited (“BOC” or “the Bank”) is responsible for the preparation and fair presentation of this Sustainability Series Bonds Management Statement (the “Statement”).

Purpose

This Statement has been prepared to demonstrate how BOC will issue Sustainability Series Bonds in alignment with the *Sustainability Bond Guidelines, 2021(SBG, 2021)*, *Green Bond Principles 2021(GBP, 2021)* and *Social Bond Principles 2023(SBP, 2023)* to fund new and existing projects and businesses with environmental and/or social benefits.

Assertions from the Management

For each Sustainability Series Bonds, it will issue as per this Statement, BOC’s management asserts that it will, (A) disclose the intended Eligible Project categories in the “Use of Proceeds” section of the Sustainability Series Bonds’ documentation, (B) establish a thorough internal process for Project Evaluation and Selection, (C) establish an appropriate tracking process for the Management of Proceeds, and (D) annually perform and

¹ Sustainability Series Bonds is a general term including Green Bond, Social Bond and Sustainability Bond.

keep readily available up-to-date report on the use of proceeds and the environmental and/or social performance of the Projects, as per the recommendations of (*SBG, 2021*), (*GBP,2021*) and (*SBP, 2023*).

I. Use of Proceeds

All the net proceeds of the Sustainability Series Bonds will be allocated to the Eligible Projects including other related and supporting expenditures such as R&D. For those eligible Social Projects (include but not limited to: Affordable basic infrastructure, Access to essential services, Affordable housing, and Employment generation), the relevant target populations mentioned in *SBP(2023)* will be considered.

The Eligible Projects include but not limited to:

- Renewable energy (including the production and transmission of renewable energy, and the manufacturing of renewable energy appliances and products; renewable energy includes solar energy, onshore and offshore wind energy and biomass energy);
- Energy efficiency (such as newly built and refurbished of energy-saving buildings, energy-saving retrofit of heating system, refrigeration system, lighting equipment and hot water supply system);
- Pollution prevention and control (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy, and clean-coal related will be excluded);
- Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm

- inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally-sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes);
- Terrestrial and aquatic biodiversity conservation (including the protection of mountain, plain, coastal, marine and watershed environments);
 - Clean transportation (such as electric, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions);
 - Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation);
 - Green buildings which meet regional, national or internationally recognised standards or certifications;
 - Affordable basic infrastructure (including clean drinking water, sewers, sanitation, transport);
 - Access to essential services (including health, education and vocational training, healthcare);
 - Affordable housing (including low-rent housing, affordable housing and policy tenancy housing, applicants should meet the requirement of local policies to apply for the housing mentioned above); and
 - Employment generation (including through the potential effect of small and medium enterprise (SME) financing and microfinance. For the definition of SME, refer to local relevant standard.)

In any case, Eligible Projects exclude the following categories (“Explicitly Excluded Projects”):

- Fossil fuel dedicated assets;
- Biofuels, biogas or biomass which utilize food crops as sources;
- Nuclear related projects;
- Mining and quarrying related projects;
- Luxury services or goods related, such as clubhouse operation;
- Alcoholic beverages related projects;
- Gambling and predatory lending enterprises related projects;
- Tobacco and tobacco-related products related projects;
- Weapons and ammunitions related projects.

II. Project Evaluation and Selection

BOC shall follow the procedures below to evaluate and select the Eligible Projects:

1. Preliminary Screening

Based on the project compliance documents (such as feasibility study report and approval, environmental impact assessment report and approval), and referring to criteria and standards of Eligible Project categories defined in the “Use of Proceeds” section, BOC’s domestic and overseas branches shall conduct preliminary screening of eligible projects, to form the list of nominated projects and submit to the Headquarters for further review.

2. Review and Approval

BOC’s Headquarters shall review each of the nominated projects, and then submit to professional third party agencies for independent assessment.

Approval will be granted to nominated projects certified by the professional third party agencies. The approved projects will form the Eligible Project List.

3. Update and Maintenance

BOC's Headquarters shall review the Eligible Project List on a regular basis and determine if any changes are necessary (for example, if a project has become ineligible due to amortization, prepayment, sale or other reasons). If such changes are necessary, the Headquarters shall organize domestic and overseas branches to nominate new projects, and approve the eligible ones to replace projects that have become ineligible due to amortization, prepayment, sale or other reasons.

III. Management of Proceeds

BOC will allocate the net proceeds of the Sustainability Series Bonds to the Eligible Projects across various domestic and overseas markets via BOC's global network. BOC has established an effective mechanism to manage the proceeds, ensuring that the proceeds from the Sustainability Series Bond will be used to fund the Eligible Projects.

1. Planning for Use of Proceeds

Prior to the issuance of Sustainability Series Bonds, BOC shall develop the preliminary Eligible Project List as per "Project Evaluation and Selection" section in the Statement to ensure that the proceeds from Sustainability Series Bonds can be allocated to Eligible Projects in a timely manner.

2. Management of Separate Ledger

BOC shall record the source and allocation of proceeds in a separate ledger management system to ensure that all the net proceeds of the Sustainability

Series Bonds are properly managed and used. The ledger system shall contain information including but not limited to: transaction information (issue amount, coupon rate, issue date, maturity date, etc.) and the proceeds allocation information (project name, borrower description, project category, balance, release date, repayment date, exchange rate, interest rate of the loan, etc.). BOC will review and update the ledger, any proceeds allocated to the projects that have amortized, been prepaid, sold or otherwise become ineligible shall be reallocated to newly nominated and approved Projects.

3. Use of Unallocated Proceeds

Unallocated proceeds shall not be invested in greenhouse gas (GHG) intensive, highly polluting, energy intensive projects nor projects with negative social impacts (including but not limited to “Explicitly Excluded Projects”). The unallocated proceeds could be temporarily invested in Sustainability Series Bonds issued by non-financial institutions in domestic or international capital markets, and in money market instruments with good credit ratings and market liquidity, or kept in cash until they are allocated to Eligible Projects.

IV. Reporting

BOC will make disclosure in relation to the allocation of the proceeds and the environmental and/or social impacts of the funded Eligible Projects referring to the Harmonized Framework for Impact Reporting for Green Bonds / Social Bonds (June 2023) on an annual basis on its official website (<http://www.boc.cn/en/investor/ir10/>). BOC is committed to maintain the transparency of information disclosure following the best practices recommended by (*SBG, 2021*), (*GBP, 2021*) and (*SBP, 2023*). The following contents will be disclosed annually:

1. Annual report of the Sustainability Series Bonds, where the content includes but not limited to the following proceeds allocation and environmental and/or social impacts information:
 - A brief description of the Eligible Projects to which the Sustainability Series Bonds proceeds were allocated, and the breakdown in terms of amount and percentage allocated to each of the categories
 - The unallocated proceeds and how they are invested temporarily
 - Appropriate case information of the selected Eligible Projects
 - The environmental and/or social benefits of each category of the Eligible Projects where the proceeds were allocated
2. An attestation report for the annual report issued by a qualified third party
3. An attestation report for the use of proceeds issued by a qualified third party



