

Appendix I

Description on Bank of China London Branch's

2021 Sustainability Re-Linked Bond

Bank of China Limited (the "Bank") plans to issue Sustainability Re-Linked Bond ("SRLB") and the Bank has established the *Bank of China Limited Sustainability Re-Linked Bond Management Statement* (the "Management Statement"). The SRLB refers to bonds of which the use of proceeds is to finance and/or refinance the Bank's eligible Sustainability Linked Loans ("SLLs"). The Bank will issue SRLB (A) in alignment with relinking mechanism as defined in the Management Statement, (B) with reference to the four core components of relevant International Capital Market Association ("ICMA") principles, (C) referring to the five core components of *Sustainability Linked Loan Principles 2021*.

A. Relinking Mechanism

The Base Coupon Rate will be set when the SRLB is issued. And then the coupon is adjusted through the relinking mechanism. The relinking mechanism is the relationship between the SRLB's Coupon Adjustments and the changes of the underlying SLL's margin rate. The SRLB coupon is the sum of: (A) the Base Coupon Rate and (B) the SRLB Coupon Adjustment, which is relinked to the SLL's Sustainability Performance Targets ("SPTs") as set out in the Management Statement.

B. Reference to the Four Core Components of the ICMA

I. Use of Proceeds

The net proceeds of the SRLB will be used to finance or refinance the Eligible SLL Portfolio.

The Bank shall refer to the five core components of *Sustainability Linked Loan Principles 2021* which include: Selection of Key Performance Indicators (KPIs), Calibration of SPTs, Loan Characteristics, Reporting and Verification.

The Bank shall exclude the following categories ("Explicitly Excluded Categories"):

- Fossil fuels related industries, including coal industry;
- Industries related to biofuels, biogas or biomass which utilize food crops as sources;
- Nuclear power related industries;
- Mining and quarrying related industries;
- Luxury services or goods related industries, such as clubhouse operation;
- Alcoholic beverages related industries;
- Gambling and predatory lending enterprises related industries;
- Tobacco and tobacco-related products related industries;
- Weapons and ammunitions related industries.

II. Sustainability Linked Loans Evaluation and Selection

1. Preliminary Screening

Prior to the issuance of the Sustainability Re-Linked Bonds, the Bank's domestic and overseas branches shall conduct a preliminary screening to form a list of nominated eligible SLLs, with reference to the criteria and standards defined in the "Use of Proceeds" section. The nominated SLL portfolio will be submitted to the Bank's Headquarters for further review.

2. Review and Approval

The Bank's Headquarters shall review each of the nominated SLLs and form the Eligible SLL Portfolio as the underlying assets for each SRLB issuance. The Headquarter shall then submit the Eligible SLL Portfolio to an independent third party agency for assessment before the issuance to verify whether such SRLB is aligned with this Management Statement.

3. Update and Maintenance

The Bank's Headquarters shall conduct annual internal review on the Eligible SLL Portfolio to determine if any SLLs need to be replaced or added (for example, in the case of a SLL is repaid early, etc.).

If such changes to the Eligible SLL Portfolio is needed, the Headquarters shall start an update process, including reviewing the newly nominated SLL submitted from domestic and overseas branches to add to the Eligible SLL Portfolio or to replace the SLL(s) that have become ineligible or been repaid and to update the Eligible SLL Portfolio.

An independent third party agency shall be appointed to perform the verification of the Eligible SLL Portfolio (including the replacement of underlying SLLs) and SRLB Coupon Adjustment etc.

III. Management of Proceeds

The Bank will allocate the proceeds of the SRLB to the eligible SLLs across various domestic and overseas markets through the Bank's global network. The Bank has established an effective mechanism to manage the proceeds, ensuring that the proceeds raised from SRLB will be allotted to the eligible SLLs.

The Bank shall record the sources and uses of proceeds in a separate ledger management system to ensure that the proceeds of the SRLB are properly managed and used. The ledger system shall contain information including but not limited to: transaction information (such as issue size, coupon rate, number of SLLs, issue date, maturity date etc.) and the Eligible SLL Portfolio information (such as SLL's names, borrower description, SLL's category, SLL's KPIs and SPTs, disbursement date, repayment date, exchange rate, margin adjustment of the SLL etc.). The Bank will review and update the ledger annually. Any proceeds allocated to the SLL

Unallocated proceeds shall not be invested in greenhouse gas intensive, highly polluting, energy intensive projects nor projects with negative social impacts (including but not limited to activities related to the sectors listed in “Explicitly Excluded Categories”). The unallocated proceeds could be temporarily invested in Green 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 SLLs.

The Bank is committed to ensuring the transparency of information disclosure. The following content will be disclosed annually in the “SRLB Annual Report” before the Coupon Reset Date on the Bank’s official website (<http://www.boc.cn/en/inhhvestor/ir10/>), as the SRLB remain outstanding:

- After the SRLB reaches its maturity, the Bank will disclose the annual report on Eligible SLL Portfolio of the final bond year within 120 days after the maturity date.

After the SRLB reaches its maturity, the External Verifier will issue a verification report on the Eligible SLL Portfolio of the final bond year within 120 days after the maturity date.

The Bank has evaluated and selected the eligible SLL Portfolio, with an approximated total value of USD **546.26** million. Nominated eligible SLL Portfolio may evolve over time. The following is detailed information of the Eligible SLL Portfolio.



Eligible SLL Portfolio

No.	Borrower's Location	Borrower's Sector	Selection of KPIs	Loan Characteristics (Margin Adjustment)	Reporting and Verification	Loan Amount (USD Million)
1	US, UK	Travel Industry	CO ₂ Emissions Rate	Cap: 2.5bp Floor: -2.5bp	<p>Borrowers should, at least once per annum, provide the Bank with up-to-date information sufficient to allow the Bank to monitor the performance of the SPTs.</p> <p>Qualified third party should be engaged in order to verify the annual SPTs performance and issue/verify a certificate.</p>	186.30
2	US	Fund Management Industry	ESG performance score	Cap: 5bp Floor: -5bp		136.90
3	Hong Kong	Trade Industry	KPI 1. Company's ESG management score. KPI 2. The increase in the percentage of a certain food volume traded by the borrower traceable to the specific farm. KPI 3. The increase in the percentage of a certain food volume traded by the borrower with social and environmental assessments out of the total traded volume traceable to the specific farm.	Cap: 0bp Floor: -5bp (5bp discount)		125.80
4	UK	Manufacturing Industry	GHG Emissions Level	Cap: 2.5bp Floor: -2.5bp		53.48
5	Singapore	Storage Industry	ESG Score	Cap: 0bp Floor: -5bp (5bp discount)		43.78
Total						546.26

Note: Subject to confidentiality restrictions, the information about SPT is not disclosed in the report.

