

## Appendix I

### Description on Bank of China Limited, London Branch's 2025 Sustainability Bond

Bank of China Limited, London Branch plans to issue a 2025 Sustainability Bond denominated in GBP and RMB (the “**2025 Sustainability Bond**”). Bank of China Limited (the “**Bank**”) has established the *Bank of China Limited Sustainability Series Bonds Management Statement* (the “**Management Statement**”). The Management Statement has been prepared to demonstrate Bank of China Limited, London Branch will issue a sustainability bond (the “**2025 Sustainability Bond**”) in accordance with the *Sustainability Bond Guidelines 2021* and will be aligned with the four core components of both the *Green Bond Principles 2025* and the *Social Bond Principles 2025*, all published by the International Capital Market Association (the “**Criteria**”).

#### Use of Proceeds

The net proceeds of the 2025 Sustainability Bond will be allocated to certain projects that comply with the criteria set out in the *Sustainability Bond Guidelines 2021* (“**Eligible Projects**”).

In any case, the Eligible Projects shall excluded any projects in following categories (each an “**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; or
- Weapons and ammunitions related projects.

#### Process for Project Evaluation and Selection

##### 1. Preliminary Screening

Based on the project compliance documents and referring to criteria and standards of Eligible Project categories defined in the Management Statement, Bank of China's domestic and overseas branches shall conduct a preliminary screening of eligible projects, to form the list of nominated projects and submit those to the Bank's headquarters for further review.

## 2. Review and Approval

Bank of China's headquarters shall review each of the nominated projects, and then submit them to several professional third-party agencies for independent assessment. Approval may be granted to those nominated projects that have been certified as within the Criteria by the professional third-party agencies. Those approved projects will then form an eligible project list (the "**Eligible Project List**").

## 3. Update and Maintenance

Bank of China's headquarters shall review the Eligible Project List on a regular basis and determine if any changes are necessary – such as, a project becoming ineligible due to amortization, prepayment, sale or any other reason. If such changes are necessary, the Bank's headquarters shall organise its domestic and overseas branches to nominate new projects and approve them to replace projects that have become ineligible.

## **Management of Proceeds**

### 1. Planning for Use of Proceeds

Prior to the issuance of the 2025 Sustainability Bond, the Bank shall develop the preliminary Eligible Project List as per "Project Evaluation and Selection" section to ensure that the proceeds from 2025 Sustainability Bond will be allocated to Eligible Projects in a timely manner.

### 2. Management of Separate Ledger

The Bank shall record the source and allocation of any proceeds in a separate ledger management system to ensure that all the net proceeds of the 2025 Sustainability Bond are properly segregated, managed and used. The ledger system shall contain information including but not limited to:

- Transaction information (issue amount, coupon rate, issue date and maturity date, etc.)
- Proceeds allocation information (project name, borrower description, project category, balance, release date, repayment date, exchange rate, interest rate of the loan, etc.)

The Bank will review and update the ledger. Any proceeds allocated to a project that may have amortised, been prepaid, sold or otherwise become ineligible shall be reallocated to newly nominated and approved projects.

### 3. Use of Unallocated Proceeds

Unallocated proceeds will not be invested in any greenhouse gas intensive, highly polluting or energy intensive projects nor any project that may have a negative social impact including, but not limited to, any Explicitly Excluded Project.

Unallocated proceeds may be temporarily invested in other sustainability bonds issued by non-financial institutions in domestic and international capital markets, in money market instruments with good credit ratings and market liquidity or kept as cash until they are allocated to an Eligible Project.

## Reporting

The Bank shall make disclosure in relation to the allocation of the proceeds and the environmental and/or social impacts of the funded Eligible Projects on an annual basis on its official website so long as the 2025 Sustainability Bond remains outstanding. The following shall be disclosed:

- An annual report on the 2025 Sustainability Bond which shall include, but not limited to, the following proceeds allocation and environmental and/or social impact information:
  - ✓ a brief description of the Eligible Projects to which the proceeds were allocated, and a breakdown setting out in terms of amount and the percentage allocated to each of the categories;
  - ✓ the unallocated proceeds and how they are invested temporarily;
  - ✓ appropriate case information of the selected Eligible Projects; and
  - ✓ the environmental and/or social benefits of each category of the Eligible Projects where the proceeds were allocated.
- An assurance report for the annual report issued by a qualified third party
- An assurance report for the use of proceeds issued by a qualified third party

## Eligible Project List

The Bank has established a list of Eligible Projects, with an approximated total value of GBP 437.45 million. The nominated projects list may evolve over time. The following is detailed information of the Eligible Projects:

### Eligible Project List

NO.	Region	Project	Eligible Project Categories	Loan Amount (GBP million)
1	U.K.	Waste reduction project	Pollution prevention and control	179.30
2	U.K.	Electric power project	Affordable basic infrastructure	115.40
3	Belgium	Wind power project	Renewable energy	52.22
4	U.K.	Waste recycling and energy project	Renewable energy	50.00
5	Brazil	Solar power project	Renewable energy	40.53
<b>Total Loan Amount (GBP million)</b>				<b>437.45</b>

The following sets forth certain information on several Eligible Projects:

- A waste reduction project located in the United Kingdom. The project aims to build infrastructure for the transportation and storage of carbon dioxide to reduce carbon pollution, which will reduction of CO<sub>2</sub> emission over its lifetime.
- An electric power project located in the United Kingdom. The project will be one of the UK's largest single sources of renewable energy expected to power the equivalent of more than 1 million homes with electricity, ensuring the security and stability of power supply.

Bank of China Limited, London Branch



