

Appendix I

Bank of China Limited Description on Bank of China's 2020 Blue Bonds

In accordance with the *Green Bond Principles 2018* published by International Capital Market Association, Bank of China Limited (the "Bank") established the Bank of China Sustainability Series Bonds Internal Management Regulation (the "Regulation") and the Bank of China Limited Sustainability Series Bonds Management Statement (the "Management Statement"), which defined the use and management of proceeds, project evaluation and selection, as well as information disclosure and reporting.

Use and Management of Proceeds

In accordance with the Regulation and the Management Statement, the Bank defined the responsibility of Treasury on the use and management of proceeds. The Bank will employ a separate Ledger to manage the transfer, allocation and payback of proceeds. The Ledger will be updated and maintained on a quarterly basis to make sure all of the proceeds can be traced and invested in eligible projects.

The Bank will allocate the proceeds to the nominated eligible projects within 24 months of issuance of the bond. As long as Bank of China's 2020 Blue Bonds are outstanding, the unallocated proceeds could be temporarily invested in green bonds issued by non-financial institutions in domestic or international markets, and money market instruments with good credit rating and market liquidity, or kept in cash until they are allocated to eligible projects. However, they are not allowed to invest in greenhouse gas intensive, highly polluting nor energy intensive projects.

Project Evaluation and Selection

In accordance with the Regulation and the Management Statement, the Bank defined the responsibility of Treasury, Corporate Finance Department and Credit Management Department and other relevant departments on project evaluation and selection, making sure that the selection of eligible projects meets the eligibility criteria as specified in the Management Statement.

Besides, the eligible projects selected shall meet requirements of the sustainable blue economy. A sustainable blue economy is a marine-based economy seeking to promote economic growth and preserve marine ecological environment, while ensuring the sustainable use of marine resources.

Human economic activities keep threatening and worsening marine ecological environment through unsustainable exploitation of marine resources, destruction of coastlines and coastal ecology, marine pollution, and adverse impacts arising from climate change. In order to facilitate the restoration of marine ecological environment, the efficient use of resources, and the development of marine industry, categories of eligible projects endorsed under Bank of China's 2020 Blue Bonds include:

- Renewable energy, including but not limited to offshore wind power projects, which promotes the development of marine renewable energy;
- Sustainable water and wastewater management, including but not limited to marine related integrated sewage treatment projects in coastal cities, which reduces the discharge of untreated sewage to the seas and coastal areas.

The Bank has established a list of eligible projects, with an approximated total value of RMB 7,129.89 million. The expected overall environmental benefits of eligible projects will include an incremental sewage treatment capacity of 6,176,161 m³/day and an increase of 2,987MW installed capacity for offshore wind power project. Nominated projects list may evolve over time. The following is detailed information of the eligible project.

Nominated Projects List

No.	Region	Project	Eligible Project Categories	Loan Amount (RMB million)
1	Southern China	Marine related sewage treatment project	Sustainable water and wastewater management	542.13
2	Southern China	Marine related sewage treatment project	Sustainable water and wastewater management	263.75
3	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	162.00
4	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	48.00
5	Southern China	Marine related sewage treatment project	Sustainable water and wastewater management	199.29
6	Southern China	Marine related sewage treatment project	Sustainable water and wastewater management	288.23
7	Southern China	Marine related sewage treatment project	Sustainable water and wastewater management	1,020.77

No.	Region	Project	Eligible Project Categories	Loan Amount (RMB million)
8	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	100.00
9	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	120.00
10	Southern China	Marine related sewage treatment project	Sustainable water and wastewater management	134.00
11	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	585.00
12	Northern China	Marine related sewage treatment project	Sustainable water and wastewater management	187.41
13	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	120.00
14	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	128.00
15	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	131.70
16	Eastern China	Marine related sewage treatment project	Sustainable water and wastewater management	124.00
17	Southern China	Offshore wind power project	Renewable energy	457.27
18	Eastern China	Offshore wind power project	Renewable energy	246.03
19	Southern China	Offshore wind power project	Renewable energy	495.77
20	Eastern China	Offshore wind power project	Renewable energy	124.18
21	Southern China	Offshore wind power project	Renewable energy	127.65
22	Southern China	Offshore wind power project	Renewable energy	336.59
23	Eastern China	Offshore wind power project	Renewable energy	264.00
24	United Kingdom	Offshore wind power project	Renewable energy	438.12
25	France	Offshore wind power project	Renewable energy	486.00
Total Loan Amount (RMB million)				7,129.89

Category	Loan Amount (RMB million)	Number of Projects	Loan Proportion
Sustainable water and wastewater management	4,154.28	16	58.27%
Renewable energy	2,975.61	9	41.73%
Total	7,129.89	25	100%

Region	Loan Amount (RMB million)	Number of Projects	Loan Proportion
Eastern China	2,152.91	12	30.20%
Northern China	187.41	1	2.63%
Southern China	3,865.45	10	54.21%
United Kingdom	438.12	1	6.14%
France	486.00	1	6.82%
Total	7,129.89	25	100%

Adjacent Waters	East China Sea	North Sea	South China Sea	Yellow Sea	English Channel	Total
Number of Projects	11	1	10	2	1	25

Examples of the expected environmental benefits are as follows:

- An offshore wind power project located in South China Sea. The project, with total capacity of 302.5 MW, consists of 55 wind turbines with per capacity of 5,500 kW and electricity generation of about 716,811 MWh annually, which will result in the CO₂ emissions reduction about 494,170 tons/year. The Bank's loan accounted for approximately 8.08% of the total project investment, which will result in the CO₂ emission reduction about 39,926 tons/year.
- A sewage treatment project located in coastal city of Eastern China. The project consists of 128.71 km and 173.44 km of a new-built and a renovated sewage pipeline system respectively, with a total treatment capacity of 200,000 m³/day. The direct reduction of

pollutants of the sewage treatment project are as follows: COD 39,420 tons/year, BOD₅ 9,490 tons/year, SS 16,060; NH₃-N 6,935 tons/year, TP 146 tons/year.

The world's oceans, seas and coastal areas are the largest ecosystems on the planet and a precious part of our natural heritage. They are also vital to the livelihoods and food security of billions of people around the world, and to the economic prosperity of most countries. Therefore, the Bank actively looks into ways for structuring a multi-level, wide coverage and sustainable financial service model, and developing financial business for blue economy. To safeguard the marine ecological environment and the sustainable development of blue economy, the Bank also facilitates coastal protection and restoration, strengthens and integrates marine environmental management, promotes conservation of marine resources, and supports clean energy development.

Information Disclosure and Reporting

In terms of the management of the proceeds, in accordance with the Regulation and the Management Statement, the Bank defined the responsibility of Treasury, Corporate Finance Department and Credit Management Department on the disclosure and reporting. Prior to the issuance, the Bank engaged a qualified independent third party to conduct pre-issuance assurance in accordance with the *Green Bond Principles 2018* so as to make sure that all proceeds are to be invested in eligible projects, the management of proceeds is in accordance with related requirements, and the environmental benefits of those projects meet the expectations of investors.

So long as Bank of China's 2020 Blue Bonds are outstanding, the Bank will make and keep readily available up-to-date information on the use of proceeds and the environmental performance of the eligible projects within 120 days after the end of each fiscal year on the official website (<http://www.boc.cn/en/investor/ir10/>). The following contents will be disclosed annually:

1. A brief description of the eligible projects to which proceeds are allocated, and the amount and percentage allocated to each category;
2. An attestation report issued by a specialized certification body assuring allocation of proceeds;
3. The expected environmental impacts of the eligible projects to which the proceeds have been allocated. The Bank will adopt quantitative performance measures of certain categories, where feasible, and disclose them on an aggregated portfolio basis.

