

Bank of China Singapore Branch

Type of Engagement: Green Bond Post-Issuance Review

Date: May 25, 2022

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Introduction

In April 2022, Bank of China Singapore Branch (“BoC Singapore Branch”, or the “Bank”) issued a Green Bond under the Bank of China Limited Sustainability Series Bonds Management Statement¹ (the “Management Statement”) to finance and refinance “Eligible Green Investments” in the areas of Green Buildings, Clean Transportation and Sustainable Water and Wastewater Management in Singapore and China. Sustainalytics considers that such investments may enable BoC Singapore Branch to promote sustainable management of water, clean transportation infrastructure and environmental sustainability in the real estate sector.

BoC Singapore Branch engaged Sustainalytics to review the alignment of the projects funded through the Green Bond with the Management Statement and provide an assessment as to whether the projects funded through the issued Green Bond met the Use of Proceeds, Project Evaluation and Selection, Management of Proceeds criteria and Reporting commitments outlined in the Management Statement. According to BoC Singapore Branch’s request, Sustainalytics has also determined that the projects and assets funded as of 18, May 2022 and the Bank’s management practices aligns to the four core components of the ICMA Green Bond Principles (GBP).²

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded from the Green Bond based on whether the projects and assets:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Management Statement; and
2. Complied with the Project Evaluation and Selection and the Management of Proceeds commitments outlined in the Management Statement
3. Reported on the allocation of proceeds outlined in the Management Statement.

Table 1 lists the Use of Proceeds, Eligibility Criteria and associated projects. According to BoC Singapore Branch’s request, Sustainalytics has also determined that the use of proceeds funded under the 2022 April Green Bond and the Bank’s management practices for project evaluation and selection, management of proceeds and reporting aligns to the four core components of the GBP.

Table 1: Use of Proceeds and Eligibility Criteria

Use of Proceeds	Eligibility Criteria	Projects
Green Buildings	Finance and refinance the construction and acquisition of green buildings which meet regional, national, or international standards or certifications.	<ul style="list-style-type: none"> • Green building project: BCA Platinum • Green building project: HKGBC Platinum (BEAM) • Green building project: BCA Award 2019 Gold • Green building project: HKGBC Platinum (BEAM Plus)

¹ Bank of China Limited, “Sustainability Series Bonds Management Statement”, at: <https://pic.bankofchina.com/bocappd/report/202204/P020220421336160017462.pdf>

² Sustainalytics’ review is limited to the single issuance and does not apply to future issuances under the Management Statement.

Clean Transportation	Electric, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions	<ul style="list-style-type: none"> City Metro Line: Metro projects like the electric train with zero emission.
Sustainable Water and Wastewater Management	Sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation.	<ul style="list-style-type: none"> Municipal Sewage Pipe Network and Treatment Facility: Construction of waste treatments facilities like sewer network and related facilities

Issuing Entity's Responsibility

BoC is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects and amounts allocated.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of BoC Singapore Branch's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from BoC Singapore Branch employees and review of documentation to confirm the conformance with the BoC Sustainability Series Bonds Management Statement.

Sustainalytics has relied on the information and the facts presented by BoC Singapore Branch with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by BoC Singapore Branch.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed eligible projects, funded through proceeds of BoC Singapore Branch's Green Bond, are not in conformance with the Use of Proceeds outlined in the BoC Sustainability Series Bonds Management Statement. BoC has disclosed to Sustainalytics that, of the proceeds of the USD 500 million Green Bond, USD 438.9 million have been allocated as of May 25, 2022.

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the 2022 Green Loan to determine if projects aligned with the Use of Proceeds Criteria outlined in the Management Statement and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria. ⁴	None
Project Selection, and Management of Proceeds Criteria	Verification of the projects funded by the 2022 Green Bond to determine if the commitments under processes for project selection and management of proceeds were consistent with the Management Statement.	BoC's processes for project selection and management of proceeds for the 2022 issuance are consistent with the commitments described in the Management Statement.	None
Reporting Criteria	Verification of the projects funded by the Green Bond to determine if impact and allocation of projects was reported in line with the reporting criteria outlined in the Management Statement and above in Table 1.	BOC Singapore Branch reported on the allocation of proceeds and is committed to report on the Eligible Green Investments' environmental or social benefits per Use of Proceeds criteria.	None

⁴ Sustainalytics has not assessed the Management Statement on its alignment with the Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines prior to the issuance of the Green Bond.

Appendices

Appendix 1: Allocation Reporting by Eligibility Criteria

Use of Proceeds Category	Project Name and Information	Project Location	Loan Amount (USD million)	Loan Proportion
Green Buildings	Green building project: BCA Platinum	Singapore	46.58	35.3%
	Green building project: HKGBC Platinum (BEAM)	Hong Kong, China	12.76	
	Green building project: BCA Award 2019 Gold	Singapore	55.98	
	Green building project: HKGBC Platinum (BEAM Plus)	Hong Kong, China	61.10 ⁵	
Clean Transportation	City Metro Line: Metro projects will use 0 emission vehicle like the electric train	China	219.14	43.8%
	City Metro Line: Qingdao and Changchun city metro projects that will electric trains	China	51.84	
Sustainable water and wastewater management	Municipal Sewage Pipe Network and Treatment Facility: Construction of waste treatments facilities like sewer network and related facilities for Jinan East Station Area sewage treatment plant	China	52.60	10.5%
Total Proceeds Raised			500	
Total Proceeds Allocated			438.9	
Total Unallocated Amount			61.10	

⁵ Pending allocation

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