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Attestation Report on Pre-issuance of Bank of China Macau Branch's 2019 Green Bond

To the Directors of Bank of China Limited

We have been engaged by Bank of China Limited (the "Bank") to examine the assertions in the accompanying the *Description on Bank of China Macau Branch's 2019 Green Bond* (the "Description"), and expressed a limited assurance opinion on the Description.

Criteria

The Description is prepared in accordance with the *Green Bond Principles 2018* published by International Capital Market Association, the *Climate Bonds Standard (V2.1)* published by the Climate Bonds Initiative and Climate Bonds Sector Criteria.

Management's Responsibility

The management of the Bank (the "Management") is responsible for:

- Preparation of the Description in accordance with the *Green Bond Principles 2018* and the *Climate Bonds Standard (V2.1)*, and to ensure the fair presentation, accuracy, completeness and validity of the information contained in the Description;
- Preparation, presentation and implementation of internal controls in relation to project evaluation and selection, use and management of proceeds, and information disclosure and reporting in accordance with the *Bank of China Sustainability Series Bonds Internal Management Regulation* and *Bank of China Limited Sustainability Series Bonds Management Statement* and to meet the criteria as set out in the *Green Bond Principles 2018* and the *Climate Bonds Standard (V2.1)*.

Assurance Practitioner's Responsibility

We conducted our limited assurance engagement in accordance with *International Standard on Assurance Engagements 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000") issued by the International Auditing and Assurance Standards Board.

Our responsibility is to express an independent limited assurance conclusion as to whether anything has come to our attention to cause us to believe that the Description, in all material

respects, does not meet the Criteria.

Our Procedures

Our assurance procedures performed included, but were not limited to:

- Assessing policies and procedures established by the Bank related to the issuance of the Bank of China Macau Branch's 2019 Green Bond;
- Interviewing selected business unit personnel to understand the key issues in relation to the Bank's policies and procedures;
- Reviewing the Bank's policies and procedures in relation to the use and management of proceeds for the Bank of China Macau Branch's 2019 Green Bond;
- Reviewing the Bank's policies and procedures in relation to how Management evaluated and selected appropriate project(s) for the Bank of China Macau Branch's 2019 Green Bond;
- Reviewing the Bank's policies and procedures in relation to how Management compiled information and disclosed appropriately in the relevant documentation for the Bank of China Macau Branch's 2019 Green Bond; and
- Reviewing eligibility of all the nominated projects for inclusion in the Bank of China Macau Branch's 2019 Green Bond.

Assurance Conclusion

Based on our procedures performed, as described in this report as of 30 September 2019, nothing has come to our attention that causes us to believe that the assertions in the Description on the use and management of proceeds, project evaluation and selection and information disclosure and reporting of the bond issuance process of the Bank of China Macau Branch's 2019 Green Bond are concerned, in all material respects, does not meet the criteria as set out in the *Green Bond Principles 2018* and the *Climate Bonds Standard (V2.1)*'s pre-issuance requirement.

Limitations

There are inherent limitations in performing assurance, for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to Description are subjective and will be interpreted differently by different stakeholder groups.

Our work is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Accordingly, we do not express an audit opinion.

Our assurance work and report will not express an opinion on the effective and performance of the Bank's management system and procedure.

Our assurance was limited to the Bank of China Macau Branch's 2019 Green Bond issuance, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 30 September 2019, ahead of the issuance of the Bank of China Macau Branch's 2019 Green Bond.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of the Bank only and in accordance with terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the Bank of China Macau Branch's 2019 Green Bond issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence, Quality Control and Assurance Team

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1* issued by the International Auditing and Assurance Standards Board. Our team has required competencies and experience for this assurance engagement.



Ernst & Young Hua Ming LLP

Beijing, China

30 September 2019

Appendix I

Bank of China Limited **Description on Bank of China Macau Branch's 2019 Green Bond**

In accordance with the *Green Bond Principles 2018* published by International Capital Market Association and *Climate Bonds Standard (V2.1)* published by Climate Bonds Initiative, 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 that 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. So long as Bank of China Macau Branch's 2019 Green Bond is outstanding, the unallocated proceeds could be temporarily invested in green bonds issued by non-financial institutions in domestic or international markets, and in 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 on project evaluation and selection, making sure that the selection of eligible projects is in accordance with national policies and requirements and international standards and practices. Besides, in accordance with the Regulation and the Management Statement, the eligible projects selected shall meet the specific industry and technology standards under the *Climate Bonds Standard (V2.1)*. The Bank nominated 18 projects, with an approximated total value of RMB 14,059.60 million. Nominated projects list with detailed information is attached after the report. Nominated categories include the renewable energy and clean transportation. Examples of the expected environmental benefits are as follows:

- A metro project located in Northern China: The total length of the metro is 21.975km with 15 stations. The expecting capacity of this line is 0.416 million passengers/ day in the prime stage, 1.087 million passengers/ day in middle stage and 1.227 million passengers/ day in the long term. This line, in different stage, is expected to reduce CO₂ by 65,194 tons/ year, 170,351 tons/ year and 192,291 tons/ year respectively. The Bank's loan to this project accounted for approximately 16.01% of the total project investment, which is expected to reduce CO₂ by 10,437 tons/ year in the prime stage.
- An Integrated energy project located in Northwest China: The project consists of wind power project with capacity of 400 MW and electricity generation of about 802,400 MWh annually, photovoltaic power project with capacity of 200 MW and electricity generation of about 321,600 MWh annually. The project results in the CO₂ emissions reduction about 862,558 tons/ year. The Bank's loan to this project accounted for approximately 30.60% of the total project investment, which is expected to reduce CO₂ by 263,912 tons/ year.

The Bank has emphasized the improvement of the green credit system, strengthened environmental risk management; Promoted the market-oriented operation of the green projects, raised and guided social capital to invest in the field of ecological and environmental protection; Increased support for clean energy, energy conservation and environmental protection. Deepening the consensus with all stakeholders on environmental protection actions and addressing climate challenges, by optimizing the capital allocation and innovative investment and financing models, assisting carbon emissions reduction, and maintaining ecological security. In addition, the Bank will further improve the green credit management and the green credit policy system, actively support green, low-carbon and circular economy development projects, such as renewable energy, industrial transformation, energy saving, environmental protection, in order to promote energy saving and emissions reduction, and the comprehensive environmental governance.

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* and *Climate Bonds Standard (V2.1)* 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 and social impacts of those projects meet the expectations of investors.

So long as Bank of China Macau Branch's 2019 Green Bond is 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.



Nominated Projects List

No.	Project	Category	Region	Loan Amount (RMB million)
1	Metro Project	Clean transportation	Eastern China	266.00
2	Metro Project	Clean transportation	Eastern China	2,614.00
3	Metro Project	Clean transportation	Eastern China	701.00
4	Intercity Rail Project	Clean transportation	Mid-south China	167.02
5	Intercity Rail Project	Clean transportation	Mid-south China	2,347.26
6	Metro Project	Clean transportation	Mid-south China	537.79
7	Metro Project	Clean transportation	Mid-south China	404.11
8	Metro Project	Clean transportation	Mid-south China	500.00
9	Metro Project	Clean transportation	Northern China	2,500.00
10	Railway Project	Clean transportation	Northern China	259.50
11	Railway Project	Clean transportation	Northern China	627.42
12	Intercity Rail Project	Clean transportation	Northern China	461.32
13	Wind power project	Renewable energy	Northern China	106.00
14	Wind power project	Renewable energy	Northern China	165.70
15	Wind power project	Renewable energy	Northern China	99.36
16	Wind power project	Renewable energy	Northern China	88.60
17	Wind power project	Renewable energy	Northern China	261.25
18	Integrated energy project	Renewable energy	Northwest China	1,953.27
Total Loan Amount (RMB million)				14,059.60

Nominated Categories

Category	Number of Projects	Location of Projects	Loan Amount (RMB million)
Renewable energy	6	Northern China/ Northwest China	2,674.18
Clean transportation	12	Eastern China/ Mid-south China/ Northern China	11,385.42
Total Loan Amount (RMB million)			14,059.60

