

## Appendix I

### Description on Bank of China Limited Panama Branch's 2024 Sustainability Bond

Bank of China Limited Panama Branch plans to issue 2024 Sustainability Bond ("2024 Sustainability Bond"). Bank of China Limited (the "Bank") has established the *Bank of China Limited Sustainability Series Bonds Management Statement* (the "Management Statement"). This Management Statement has been prepared to demonstrate Bank of China Limited Panama Branch will issue sustainability bond in accordance with the *Sustainability Bond Guidelines 2021* published by International Capital Market Association. This 2024 Sustainability Bond is aligned with the four core components of both the *Green Bond Principles 2021* and the *Social Bond Principles 2023* with the former being especially relevant to underlying Green Projects and the latter to underlying Social Projects.

#### Use of Proceeds

All the net proceeds of the Sustainability Bond will be allocated to the Eligible Projects as defined in the *the Sustainability Bond Guidelines 2021*.

In any case, Eligible Projects exclude the following categories ("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;
- 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 preliminary screening of eligible projects, to form the list of nominated projects and submit to the Bank of China's headquarters for further review.

## 2. Review and Approval

Bank of China's headquarters shall review each of the nominated projects, and then submit to professional third-party agencies for independent assessment. Approval will be granted to nominated projects certified by the professional third-party agencies. The approved projects will form 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 change(s) is necessary (for example, if a project has become ineligible due to amortization, prepayment, sale or other reasons). If such change(s) is necessary, Bank of China's headquarters shall organize domestic and overseas branches to nominate new projects and approve the eligible ones to replace projects that have become ineligible due to amortization, prepayment, sale or other reasons.

## **Management of Proceeds**

### 1. Planning for Use of Proceeds

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

### 2. Management of Separate Ledger

The Bank shall record the source and allocation of proceeds in a separate ledger management system to ensure that all the net proceeds of the sustainability bond are properly 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 the projects that have amortized, been prepaid, sold or otherwise become ineligible shall be reallocated to newly nominated and approved projects.

### 3. Use of Unallocated Proceeds

Unallocated proceeds shall not be invested in greenhouse gas (GHG) intensive, highly polluting, energy intensive projects nor projects with negative social impacts (including but not limited to "Explicitly Excluded Projects"). The unallocated proceeds could be temporarily invested in sustainability bond 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 Projects.

## Reporting

The Bank will 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 sustainability bond remains outstanding. The following contents will be disclosed annually:

- Annual report of the sustainability bond, where the content includes but not limited to the following proceeds allocation and environmental and/or social impacts information:
  - ✓ A brief description of the Eligible Projects to which the proceeds were allocated, and the breakdown in terms of amount and percentage allocated to each of the categories
  - ✓ The unallocated proceeds and how they are invested temporarily
  - ✓ Appropriate case information of the selected Eligible Projects
  - ✓ 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 USD 315.91 million. 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 (USD million)
1	Ecuador	Flooding mitigation project	Sustainable water and wastewater management	91.00
2	Ecuador	Road reconstruction project	Affordable basic infrastructure	76.28
3	Chile	Electricity supply project	Affordable basic infrastructure	61.13
4	Ecuador	Road rehabilitation project	Affordable basic infrastructure	23.99
5	Dominican Republic	Solar and wind power project	Renewable energy	13.41
6	Argentina	Solar power project	Renewable energy	12.46
7	Argentina	Wind power project	Renewable energy	9.99
8	Peru	Electricity supply project	Affordable basic infrastructure	7.52
9	Argentina	Wind power project	Renewable energy	5.21
10	Argentina	Wind power project	Renewable energy	5.01
11	Argentina	Wind power project	Renewable energy	5.01
12	Argentina	Wind power project	Renewable energy	4.90
<b>Total Loan Amount (USD million)</b>				<b>315.91</b>

The following set forth certain information of sample eligible projects:

- A flooding mitigation project. The main construction contents: new dikes 354km; newly excavated canal 23km; new 10-hole, 100-metre-wide sluice with 200m<sup>3</sup>/s over water flow; newly built seven-hole overflow weir with a through-water flow of 1500m<sup>3</sup>/s; 1 new 270m overflow weir at the outlet of sand sedimentation tank.
- An electricity supply project. The project accounts for 45% of Chile's national power distribution market share. The project users are mainly residents, with a total of 3.25 million users.
- A wind power project. The project's total capacity is 51.2 MW. The electricity generation of the project is 251,758 MWh annually, which will result in CO<sub>2</sub> emission reduction of about 127,068 t/a.

Bank of China Limited Panama Branch

