

## Social Bond / Social Bond Programme Information Template

**Issuer name: Bank of China Macau Branch**

**Date of completion or of latest update: 26 February 2020**

### SBP component 1: Use of proceeds

Please describe alignment with this SBP component:

As to Bank of China Macau Branch's 2020 Social Bonds, the net proceeds will be allocated to the Eligible Social Projects in the following subset of categories as described in *Bank of China Limited Sustainability Series Bonds Management Statement* (the "Management Statement"):

- Employment generation (including through the potential effect of small and medium enterprise (SME) financing and microfinance. For the definition of SME, refer to local relevant standard).

In any case, eligible projects exclude the following categories:

- Operation of gambling enterprises and predatory lending enterprises;
- Fossil fuel dedicated assets;
- Mining and quarrying;
- Luxury services or goods related, such as club membership operation;
- Alcoholic drinks related;
- Tobacco and related products related;
- Biofuels which utilize food-based biomass sources;
- Nuclear fuels related;
- Weapons and ammunitions related.

Please provide related online information if available:

### SBP component 2: Process for project evaluation & selection

Please describe alignment with this SBP component:

BOC will follow the procedures below to evaluate and select the Eligible Social Projects:

#### 1. Preliminary Screening

Domestic and overseas branches of Bank of China (BOC) shall conduct a preliminary screening of potential projects in accordance with the criteria and standards set out in BOC's internal regulations and the Eligible Project categories as described in the "Use of Proceeds" section in this Statement, and form a list of nominated projects which will be submitted to the Headquarter for review.

#### 2. Review and Approval

The Headquarters shall review each of the nominated projects for approval as Eligible Social Projects. The approved projects will form an Eligible Social Project list (“the Eligible Social Project List”).

**3. Update and Maintenance**

The Headquarters shall review the Eligible Social Project List on a quarterly basis and determine if any changes are necessary (for example, if a project has amortized, been prepaid, sold or otherwise become ineligible). The Headquarters shall organize domestic and overseas branches to nominate new projects, and approve the eligible ones to replace projects that have amortized, been prepaid, sold or otherwise become ineligible.

Please provide related online information if available:

### SBP component 3: Management of proceeds

Please describe alignment with this SBP component:

Due to its global network, BOC will allocate the net proceeds of the Social Bonds to Eligible Social Projects across various domestic and overseas markets. BOC has established an effective mechanism to manage the proceeds, ensuring that the proceeds from the Social Bonds will be used to fund the Eligible Social Projects.

**1. Planning for Use of Proceeds**

Prior to the issuance of Social Bonds, BOC shall evaluate the recent and pipeline capital spending and develop a preliminary Eligible Social Project List in accordance with the procedures as described in the Project Evaluation and Selection section in this Statement to ensure that the Social Bonds proceeds can be allocated to Eligible Social Projects in a timely manner.

**2. Management of Separate Ledger**

BOC shall record the source and allocation of proceeds in a separate ledger to ensure that all the net proceeds of the Social Bonds are used to fund Eligible Social Projects. The ledger shall contain detailed information of the capital source (including the issue amount, the coupon rate, the issue date and the maturity date of the Social Bonds) and the capital allocation (including the project name, the borrower description, the project category, the balance, the release date, the repayment date, and the interest rate of the loan). BOC will review and update the ledger on a quarterly basis. Any proceeds allocated to the projects that have amortized, been prepaid, sold or otherwise become ineligible shall be reallocated to newly nominated and approved Social Projects.

**3. Use of Unallocated Proceeds**

The unallocated proceeds could be temporarily invested in social 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 Social Projects.

Please provide related online information if available:

### SBP component 4: Reporting

Please describe alignment with this SBP component:

As long as the Bank of China Macau Branch's 2020 Social Bonds are outstanding, BOC will make and keep readily available up-to-date information on the allocation of the proceeds and the Social performance of the funded Eligible Social Projects on an annual basis on its official website (<http://www.boc.cn/en/investor/ir10/>). BOC intends to maintain the transparency of information disclosure following the best practices recommended by SBP 2018. The following contents will be disclosed annually:

1. A brief description of the Eligible Social Projects to which the Social Bonds proceeds were allocated, and the amount and percentage allocated to each of the categories;
2. An attestation report issued by a specialized certification body assuring allocation of proceeds; and
3. The expected Social impacts report of the Eligible Social Projects to which the Social Bonds proceeds have been allocated will be based on the financing share of the projects.

Please provide related online information if available:

### **SBP recommendation: External review**

Please describe the alignment with this recommendation:

Prior to its Social Bonds issuance, BOC has engaged Ernst & Young ("EY") to perform limited assurance procedures to confirm the alignment of its Social Bonds with SBP 2018. As long as Bank of China Macau Branch's 2020 Social Bonds are outstanding, the use of proceeds and project social impact disclosed annually will be verified by EY.

Please provide related online information if available:  
<http://www.boc.cn/en/investor/ir10/>

### **Additional information**

Please provide any further information you may deem appropriate: