



Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
No. 1 East Chang An Avenue
Dong Cheng District
Beijing, China 100738

安永华明会计师事务所（特殊普通合伙）
中国北京市东城区东长安街1号
东方广场安永大楼16层
邮政编码：100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

Independent Limited Assurance Report to the Directors of Bank of China Limited

Assurance conclusion

Based on Ernst & Young's ("EY") limited assurance procedures, as described in this report as of 31 December 2016, EY understands that Bank of China Limited ("BoC") has established mechanisms in the use of the proceeds, project evaluation and selection, management of proceeds, and information disclosure and reporting in order to keep accordance with *the Green Bond Principles, 2016*. Nothing has come to EY's attention that causes EY to believe that there are any errors that the use of proceeds, project evaluation and selection, management of proceeds, and information disclosure and reporting in relation to BoC's management during July 2016 Offshore Green Bond duration is not in accordance with *the Green Bond Principles, 2016*, from the issuance to 31 December 2016.

Scope

EY has performed a limited assurance engagement in relation to BoC's management during its July 2016 Offshore Green Bond duration in order to provide an opinion as to whether the subject matter detailed below meets, in all material aspects, the criteria as presented below as of 31 December 2016.

Subject Matter

The subject matter for EY's assurance includes the implementation of policies and procedures laid out in *Bank of China Limited Green Bond Management Statement* (the "Management Statement") in relation to BoC's management during Green Bond duration as it relates to:

- Implementation of policies and procedures in relation to use and management of proceeds;
- Implementation of policies and procedures in relation to project

evaluation and selection, and the eligibility of invested projects;

- The environmental benefits of invested projects;
- Implementation of policies and procedures in relation to information disclosure and reporting.

Criteria

The criteria for EY's procedures (the "criteria") are:

- *The Green Bond Principles, 2016* published by the Executive Committee of the Green Bond Principles, with the International Capital Market Association ("ICMA") serving as Secretariat.

Assurance Approach

EY's assurance approach was conducted in accordance with the International Standard on Assurance Engagements 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000").

Management Responsibility

The management of BoC (“Management”) is responsible for:

- Preparation, presentation and implementation of the use of proceeds as described in the Management Statement in accordance with *the Green Bond Principles, 2016*;
- Preparation, presentation and implementation of the policies and internal controls (comprising use of proceeds, project evaluation and selection, management of proceeds, and information disclosure and reporting) as described in the Management Statement in accordance with *the Green Bond Principles, 2016*; and
- Establishing appropriate risk management and internal controls in relation to the preparation, presentation and implementation of the Management Statement so that it is free from material misstatement, whether due to fraud or error.

Assurance Practitioner’s Responsibility

EY’s responsibility is to express a limited assurance conclusion as to whether the subject matter is presented in accordance with the criteria, in all material aspects. EY’s assurance engagement has been planned and performed in accordance with ISAE3000.

EY’s Approach

EY’s assurance procedures performed included, but were not limited to:

- Assessing the implementation of policies and procedures established by BoC in relation to BoC’s management during its July 2016 Offshore Green Bond duration;
- Interviewing selected business unit personnel to understand the implementation of policies and procedures in relation to BoC’s management during its July 2016 Offshore Green Bond duration;
- Reviewing the implementation of policies and procedures in relation to project evaluation and selection during its July 2016 Offshore Green Bond duration;
- Reviewing the implementation of policies and procedures in relation to proceeds management during its July 2016 Offshore Green Bond duration;
- Reviewing the implementation of policies and procedures in relation to information disclosure and reporting during its July 2016 Offshore Green Bond duration;
- Reviewing the project documents and confirming the eligibility of invested projects;
- Reviewing the environmental benefits of invested projects;
- Checking the accuracy of calculations performed; and
- Obtaining and reviewing evidence to support key assumptions and other data.

Assurance Findings

Use of Proceeds

EY's procedures performed included reviewing the Management Statement, the Annual Report on Bank of China's July 2016 Offshore Green Bond, and the ledger, conducting interviews with Treasury Division and Corporate Finance Division of BoC, and accessing the implementation of policies and procedures in relation to the use and management of proceeds according to *Green Bond Principles, 2016* and the Management Statement.

Based upon the above procedures, EY understands that BoC has implemented policies and procedures in relation to the use of proceeds as follows:

All the proceeds of the Green Bonds had been allocated in the following categories:

- Renewable energy: wind power plants and solar power plants.
- Pollution prevention and control: waste water treatment projects; and
- Clean transportation: urban rail projects.

Subject to the work performed, nothing has come to EY's attention that causes EY to believe that there are any errors that the use of proceeds is not in accordance with *the Green Bond Principles, 2016* and the Management Statement.

Project Evaluation and Selection

EY's procedures performed included reviewing the BoC's internal regulations for its Green Bonds, conducting interviews with Treasury Division, Corporate Finance Division, accessing the implementation of policies and procedures in relation to project

evaluation and selection, and reviewing projects documents and environmental benefits according to *the Green Bond Principles, 2016* and the Management Statement.

EY conformed to the international assurance standards and conducted assurance on 13 projects (20,224.46 million in RMB) to which the proceeds had been allocated. The 13 projects covered three categories, namely pollution prevention and control (waste water treatment projects), clean transportation (urban rail projects) and renewable energy (solar power plants and wind power plants).

Subject to the work performed, nothing has come to EY's attention that causes EY to believe that there are any errors that the project evaluation and selection is not in accordance with *the Green Bond Principles, 2016* and the Management Statement.

Environmental Benefits of Financed Projects

EY's procedures performed included reviewing the Annual Report on Bank of China's July 2016 Offshore Green Bond according to *the Green Bond Principles, 2016* and the Management Statement. The environmental benefits from BoC's July 2016 Offshore Green Bond are summarized as: reducing CO₂ emission of 684,696 tons / year, reducing COD by 1,343 tons / year and NH₃-N 90 tons / year.

EY randomly selected 1 project from each category where BoC allocated its July 2016 Offshore Green Bond for field investigation. The details of the field investigation of the 3 projects are as follow:

Project I: A Wind Power generation project: The Project is a concession project with a generation capacity of 300MW, located in

the east of Inner Mongolia Autonomous Region of China. It is learnt from the on-site investigation that the Project has already been put into operation and the total installed capacity of this project is 300MW (1500kW*200 units) with the annual generating hours of more than 1,900 hours in 2016 and the grid-connect volume of 660,050.60MWh. Equivalently, the Project could save standard coal of 0.21 million tons, and reduce CO₂ emission of 0.63 million tons.

Project II: A Water Treatment Project: The Project is located in eastern China, consisting of the expansion of a Urban Sewage Treatment Plant together with the laying of supporting pipeline (the “Urban Sewage Treatment Project”) and the Rural Sewage Treatment Project. EY carried out an on-site investigation and learnt that so far the Urban Sewage Treatment Plant and Rural Sewage Project have both been completed. The treatment capacity of the Urban Sewage Treatment Project in 2016 is 12.72 million tons. The direct reduction of pollutants are as follows: COD: 1,945 tons / year, NH₃-N: 130 tons / year.

Project III: An urban rail project: The Project is located in northern China, with an overall length of 47.3 km. EY carried out an on-site investigation and learnt that the subway line has 36 stations of which 35 stations are underground and 1 elevated station above the ground. Functionally, 14 stations are transfer stations. It is estimated that the maximum volume of one-way passenger section flow during peak hours would be 23,000 persons at the initial operating stage, 32,000 persons in the short-term and 38,000 persons in the long term, respectively. The annual volume of the passenger flow is 191.4574 million persons, which reduces CO₂ emissions of 82,204 tons per year. The

subway line is expected to alleviate the heavy traffic in Central Beijing, and to speed up the transportation of urban passengers.

Subject to the work performed, nothing has come to EY’s attention that causes EY to believe that there are any errors that the project evaluation and selection is not in accordance with *the Green Bond Principles, 2016* and the Management Statement.

Management of Proceeds

EY’s procedures performed included reviewing the Management Statement, the Annual Report on Bank of China’s July 2016 Offshore Green Bond, and the ledger, conducting interviews with Treasury Division and Corporate Finance Division of BoC, and accessing the implementation of policies and procedures in relation to the management of proceeds according to *the Green Bond Principles, 2016* and the Management Statement.

Based upon the above procedures, EY understands that BoC has implemented the mechanism according to the Management Statement to manage the proceeds in the following aspects:

In terms of management of proceeds, BoC has employed a separate ledger to register the source of capital and use of proceeds. The ledger has been updated and maintained on a quarterly basis to make sure that all of the proceeds can be traced and invested in green projects.

In terms of the allocation of funds, prior to releasing loans to projects, BoC has evaluated, screened and reviewed projects according to the BoC’s internal regulations for its Green Bonds. After release of the loan, allocation of proceeds has been reviewed by BoC on a regular basis in order to make sure that all proceeds had been invested in green

projects in accordance with the eligibility criteria set out in the BoC's internal regulations for its Green Bonds.

As of December 31, 2016, there are no remaining unallocated proceeds in the balance.

Subject to the work performed, nothing has come to EY's attention that causes EY to believe that there were any errors that the use and management of proceeds is not in accordance with *the Green Bond Principles, 2016* and the Management Statement.

Information Disclosure and Reporting

EY's procedures performed included reviewing the Annual Report on Bank of China's July 2016 Offshore Green Bond, conducting interviews with Treasury Division, Corporate Finance Division, accessing the implementation of policies and procedures in relation to information disclosure according to *the Green Bond Principles, 2016* and the Management Statement.

Based upon the above procedures, EY understands that BoC has published the Annual Report on Bank of China's July 2016 Offshore Green Bond on its official website (<http://www.boc.cn/en/investor/ir10/>). BoC has engaged a third party to issue an attestation report in relation to the allocation of proceeds

Subject to the work performed, nothing has come to EY's attention that causes EY to believe that there are any errors that the information disclosure and reporting is not in accordance with *the Green Bond Principles, 2016* and the Management Statement.

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. 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 ISAE 3000 and *Green Bond Principles, 2016* is subjective and will be interpreted differently by different stakeholder groups.

Process conducted in the limited assurance, and the scope of this process will be less than that of reasonable assurance. EY's assurance work and report will not express an opinion on the effectiveness and performance of BoC's management system and procedure.

EY's assurance was limited to the BoC's July 2016 Offshore Green Bond issuance, and did not include statutory financial statements. EY's assurance is limited to policies and procedures in place as of 31 December 2016.

Use of Report

EY's responsibility in performing EY's assurance activities is to the directors of BoC only and in accordance with the terms of reference for this engagement as agreed with them. EY do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. No statement is made as to whether the criteria are appropriate for any third party purpose.

EY's Independence and Assurance Team

The firm and all professional personnel involved in this engagement have met the independence requirements of mainland China or International professional ethical requirements. EY's team has required competencies and experience for this assurance engagement.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP

April 27 2017