

ASSESSMENT

12 June 2024



Send Your Feedback

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Bank of Communications Financial Leasing

Second Party Opinion – Sustainable Finance Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned SQS2 sustainability quality score (Very good) to Bank of Communications Financial Leasing's (BoCom Leasing) Sustainable Finance Framework dated June 2024. BoCom Leasing has established its use-of-proceeds framework with the aim of financing projects across eight eligible green categories and three eligible social categories. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (including the June 2022 Appendix 1), Social Bond Principles (SBP) 2023, Sustainability Bond Guidelines 2021, and the Loan Market Association, the Asia Pacific Loan Market Association and Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles 2023 and Social Loan Principles 2023. The framework demonstrates a significant contribution to sustainability.

Sustainability quality score

SQS2



Alignment with principles USE OF PROCEEDS

Overall alignment



FACTORS



Contribution to sustainability

Overall contribution



Expected impact Relevance and magnitude

ADJUSTMENTS

ESG risk management	No adjustment
Coherence	No adjustment

POINT-IN-TIME ASSESSMENT

Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of BoCom Leasing's Sustainable Finance Framework, including the framework's alignment with the ICMA's GBP 2021 (including the June 2022 Appendix 1), SBP 2023, Sustainability Bond Guidelines 2021, and the LMA/APLMA/LSTA's Green Loan Principles 2023 and Social Loan Principles 2023. Under this framework, BoCom Leasing plans to finance and/or refinance projects across eight green categories and three social categories, as outlined in Appendix 2 of this report.

Our assessment is based on the last updated version of BoCom Leasing's Sustainable Finance Framework dated June 2024, and our opinion reflects our point-in-time assessment¹ of the details contained in this version of the framework, as well as other public and non-public information provided by the issuer.

We produced this SPO based on our [Framework to Provide Second Party Opinions on Sustainable Debt](#), published in October 2022.

Issuer Profile

Bank of Communications Financial Leasing (BoCom Leasing) is a wholly owned subsidiary of Bank of Communications Co., Ltd. (BoCom) and is one of the largest companies in aircraft and shipping leasing in China. Established in 2007, BoCom Leasing is headquartered in Shanghai. The company has also set up business units in Beijing; Hong Kong SAR, China; Ireland; and Germany. The company has a wholly owned aircraft and shipping leasing subsidiary in the Shanghai Free-Trade Zone. The company has a large number of special-purpose vehicles (SPVs) in Shanghai, Tianjin, Hong Kong, Singapore and Ireland.

Strengths

- » Clearly defined environmental and social objectives and benefits in line with the United Nations' (UN) Sustainable Development Goals
- » Clearly defined and transparent project evaluation and selection process
- » Short period of proceeds allocation, which is less than 24 months
- » Proceed management in line with market practice, which allows for the proper allocation to the eligible projects

Challenges

- » Some of the green and social categories are broadly defined
- » No commitment to disclose the calculation methodology and assumptions used to report on the environmental and social impact
- » No commitment to an independent external verification of the allocation and impact of the use of proceeds until full allocation and in case of significant changes

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Alignment with principles

BoCom Leasing's Sustainable Finance Framework is aligned with the four core components of the ICMA's GBP 2021 (including the June 2022 Appendix 1), SBP 2023 and the LMA/APLMA/LSTA's Green Loan Principles 2023 and Social Loan Principles 2023.

- | | | |
|--------------------------------|--|--|
| ✓ Green Bond Principles (GBP) | ✓ Social Bond Principles (SBP) | ✓ Green Loan Principles (GLP) |
| ✓ Social Loan Principles (SLP) | ○ Sustainability-Linked Bond Principles (SLBP) | ○ Sustainability Linked Loan Principles (SLLP) |

Use of proceeds



Clarity of the eligible categories – **ALIGNED**

BoCom Leasing has clearly communicated the nature of the expenditures, which is mainly capital expenditure for the acquisition of leasing projects. The eligibility criteria for the project category is clearly defined, although the criteria for certain environmental and social categories are defined broadly. The company identified the location of eligible projects to be in Mainland China and Hong Kong SAR. The exclusion criteria are clearly defined for all the categories.

Clarity of the objectives – **BEST PRACTICES**

The company has clearly outlined the objectives associated with the eligible categories. These eligible categories are relevant to the objectives to which it aims to contribute. The company has referenced the United Nation's (UN) Sustainable Development Goals (SDGs) in articulating the objectives of the eligible categories. Also, the objectives are coherent with these recognized international standards.

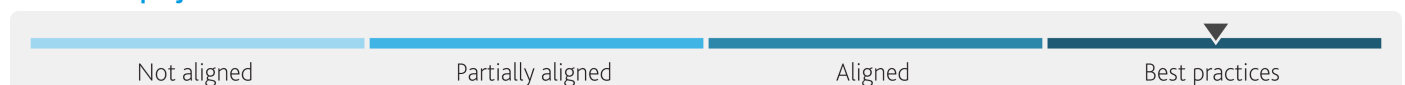
Clarity of the expected benefits – **ALIGNED**

The company has identified clear expected environmental and social benefits for the eligible category with reference to SDG targets. The benefits are measurable, and the company will report on these quantitative benefits in its annual reporting. The company has committed to a maximum look-back period of two years for refinanced projects. However, the company has not committed to transparently communicate the estimated share of refinancing before each issuance.

Best practices identified

- » Objectives set are defined, relevant and coherent for all project categories
- » Relevant benefits are defined for all project categories
- » Benefits are measurable and quantified for most projects, either ex-ante with clear baselines or with a commitment to do so in future reporting
- » Commitment to transparently communicate the associated lookback period(s) where feasible

Process for project evaluation and selection



Transparency and quality of process for defining eligible projects – **BEST PRACTICES**

The company's decision-making process for the selection and evaluation of projects is structured and outlined in its framework. BoCom Leasing has established a dedicated sustainable finance working group (The Working Group) to review all the proposed green and social assets and evaluate their eligibility with reference to the criteria set in the Sustainable Finance Framework. The Working Group is comprised of representatives from various departments which are also member departments of the company's Green Finance

Development Committee. The Working Group is responsible for ongoing monitoring of compliance of the selected projects with eligibility and exclusion criteria throughout the life of the sustainable finance instruments. It will review annually the allocation of proceeds to the eligible green and social asset(s), determine if any necessary changes are needed and facilitate continued reporting. The process of evaluation, selection and monitoring are also documented and traceable.

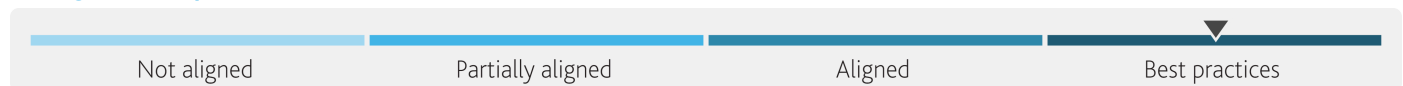
Environmental and social risk mitigation process – BEST PRACTICES

The company has established a customer ESG performance evaluation system on its leasing portfolio with reference to the national requirements and standards in different industries to better monitor, identify and manage environmental and social risks of its lessees. BoCom Leasing also implements "one-vote veto" system in due diligence phase to ensure minimum ESG standards are met. BoCom Leasing will consider adding ESG-related terms and conditions to the leasing facility agreements to the lessees in sectors that are more exposed to environmental and social risks.

Best practices identified

- » The roles and responsibilities for project evaluation and selection are clearly defined and include relevant expertise
- » There is evidence of continuity in the selection and evaluation process through the life of the financial instrument(s), including compliance verification and procedures to undertake mitigating actions when needed
- » The process for project evaluation and selection is traceable
- » Material environmental and social risks for most project categories are identified
- » Presence of corrective measures to address environmental and social risks across projects
- » ESG controversies are monitored

Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

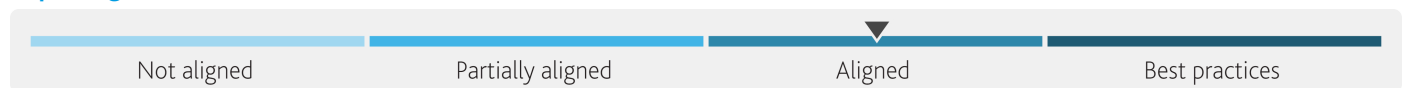
The company has defined a clear process for the management and allocation of proceeds in its publicly available framework. The proceeds will be deposited in the company's general funding accounts and earmarked for allocation to eligible projects, which will be tracked through a dedicated register. The company will at least annually update the balance of funds to match the allocation to eligible projects. The company intends to fully allocate the net proceeds of each Sustainable Finance Instrument (SFI) within 24 months from the date of issuance.

Management of unallocated proceeds – BEST PRACTICES

The unallocated proceeds will be managed in accordance with the BoCom Leasing's liquidity management policy, and they can be invested in financial instruments such as green bonds, short-term money market instruments or held as cash and cash equivalents. The company is committed that temporary placements will not include GHG-intensive or controversial activities. In the event that a project becomes ineligible, the company will replace that project with new eligible projects.

Best practices identified

- » Broad disclosure of a clearly articulated and comprehensive management of proceeds policy to external stakeholders; bondholders or lenders at a minimum
- » Short allocation period, for example typically less than 24 months
- » Disclosure on temporary placement and presence of exclusion criteria toward environmentally or socially harmful activities
- » Commitment to reallocate proceeds to projects that are compliant with the framework

Reporting**Transparency of reporting – ALIGNED**

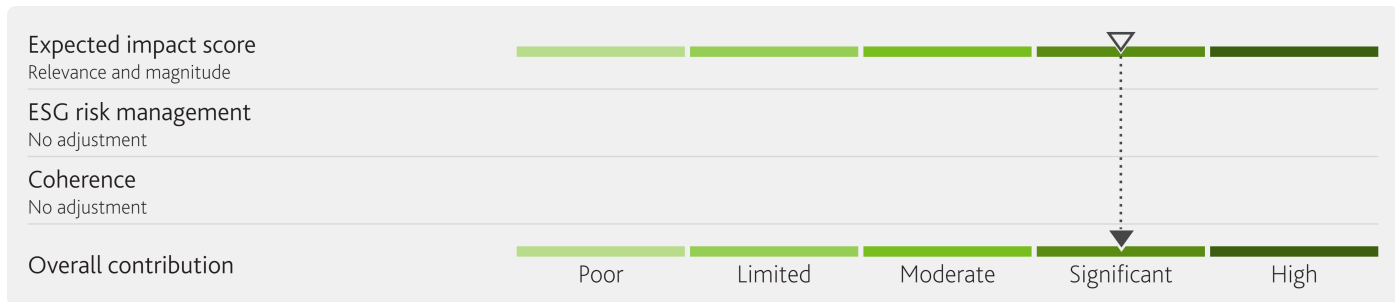
BoCom Leasing will report on the use of proceeds and the E&S impacts of SFIs issued under its framework annually or in case of material developments. Reporting will be conducted until full allocation. The company has identified environmental and social reporting indicators for the eligible categories and has clearly disclosed these indicators in its framework. Reporting will cover the amount of proceeds allocated by eligible project category and geographical distribution, share of financing and refinancing, case study selected from Eligible Green and/or Social Projects and amount of unallocated proceeds and its temporary treatment. However, there is no commitment to disclose reporting methodology and calculation assumptions and have an independent verification of its proceeds allocation and the impact assessment of the environmental and social benefits.

Best practices identified

- » Reporting covers material developments and issues related to the projects or assets
- » Reporting on allocation of proceeds and benefits
- » Exhaustive allocation reporting – balance or % of unallocated funds, types of temporary investments (e.g. cash or cash equivalent) and share of financing vs refinancing
- » Clear and relevant indicators to report on the expected environmental/social impact of all the projects, where feasible, or eligible categories

Contribution to sustainability

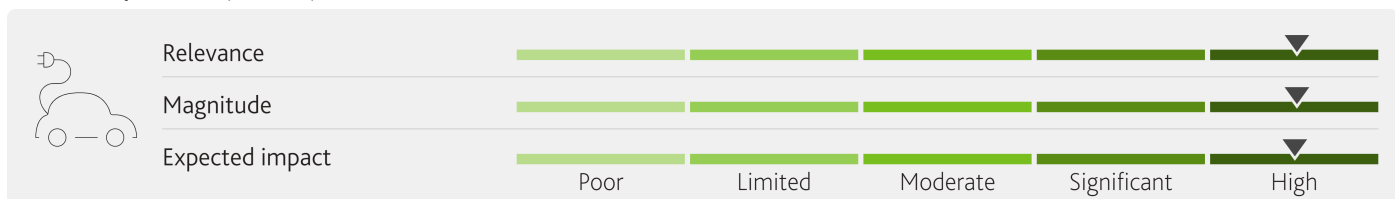
The framework demonstrates a significant overall contribution to sustainability.



Expected impact

The expected impact of the eligible projects on environmental and social objectives is considered significant. We expect higher proportion of the proceeds from forthcoming issuances to be allocated towards clean transportation (general) and renewable energy, based on the information provided by the issuer. Besides, given BoCom Leasing's large exposure to aviation and shipping sector, we also assign higher weightage in clean transportation (aviation) and clean transportation (shipping) as compared to the other eligible categories in our assessment of the overall Framework's contribution to sustainability. A detailed assessment by eligible category is provided below.

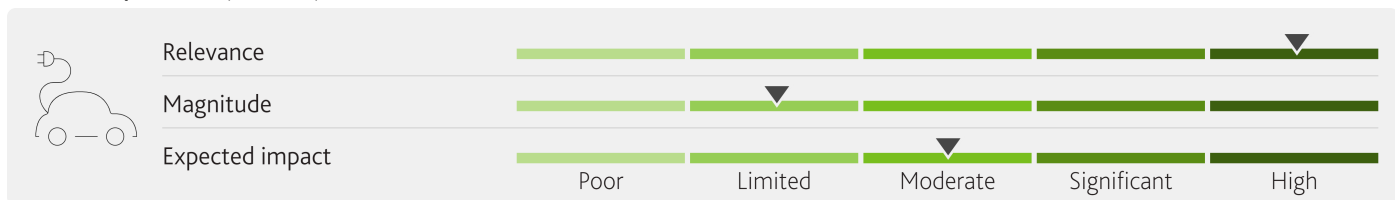
Clean Transportation (General)



The relevance of this category is high as the financed projects are highly relevant for China since the transportation sector contributes around 10% of the nation's overall carbon emissions. In response to this issue, the Chinese government has included decarbonization of the transportation sector as one of the priorities in the 14th Five-Year Plan, which outlines the national strategy for the development of clean and green transportation and emphasises the importance of green transportation infrastructure and modes of green transportation including electric vehicle (EV) and electrical rail and transit². It is also highly relevant to the company as the transportation sector accounts for more than half of its lease receivables.

The magnitude of this category is high as the financed projects are expected to contribute significantly to China's transition toward clean transportation. Transportation assets with zero direct GHG emissions are considered best-in-class technologies and are unlikely to have significant lock-in effects. BoCom leasing has communicated to us that the transportation systems, infrastructure, and components to be financed will be solely dedicated to the zero direct emissions transportation assets, and transportation of fossil fuel is also excluded. The company has also confirmed that transportation infrastructure will be mostly EV charging stations. As the current energy mix in China is still heavily reliant on fossil fuels, the short-term positive impact of electric vehicles on GHG emissions reduction will be moderate. However, as the decarbonization of the grid progresses, electrified transportation modes will have a greater positive impact on the environment.

Clean Transportation (Aviation)

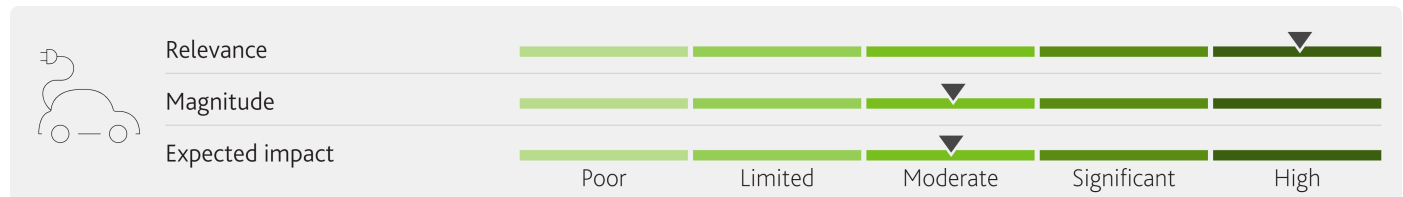


The relevance of this category is high. The aviation sector is one of the key contributors to climate change as the sector accounted for 2% of global CO₂ emissions in 2022³. The International Air Transport Association (IATA) and the Air Transport Action Group (ATAG) have committed to Net Zero by 2050, and Sustainable Aviation Fuel (SAF) is considered one of the important decarbonization

options of the sector. In the local context, the Chinese government has established a goal to promote advanced liquid biofuels and SAF in substitution for traditional fuel oils⁴. Meanwhile, the Civil Aviation Administration of China has also set targets to increase SAF consumption to over 20,000 tonnes in 2025, and to 50,000 tonnes during the 14th Five-Year plan period (2021-2025)⁵. This category is also considered highly relevant to the company, given that its aviation leasing segment represents around 28% of the total leased assets.

This category exhibits a limited magnitude primarily because the limited visibility of the financed SAF raises concerns over environmental and social externalities. The lack of visibility on the exact types of feedstocks and production process to be adopted makes it challenging for us to assess whether the biomass used for SAF production will be sourced sustainably and produced in a way that does not pose negative environmental and social impacts such as deforestation and potential land use competition.

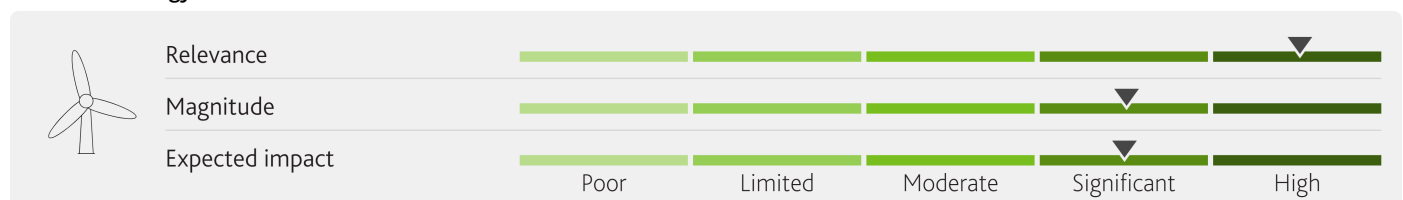
Clean Transportation (Shipping)



The relevance of this category is high. As the international shipping sector accounts for about 2% of global emissions and would require a 15% reduction in emissions from 2022 to 2030 under a net zero by 2050 scenario⁶, improvement of the energy efficiency of vessels and adoption of low-carbon fuels are crucial for the sector to support the decarbonisation journey. In China, the government has also highlighted the importance of using clean energy for vessels in its 14th Five-Year plan for a modern comprehensive transportation system. As the shipping leasing segment represents one-third of the total leased assets, this category is considered highly relevant to the company.

The magnitude of this category is moderate. The company has provided the threshold for the “methanol-enabled dual-fuel container vessels or dual-fuel methanol retrofits” and “efficiency improvement of existing container vessels” sub-categories, which are aligned with EU Taxonomy, but potential negative lock-in concerns and externalities remain. For example, a lack of visibility on whether the dual-fuel engines will operate 100% on alternative fuels. In addition, in the project category regarding bio-methanol and e-methanol, the company has also provided the GHG emission reduction threshold following EU Renewable Energy Directive (2018/2001) and EU Taxonomy's requirement for hydrogen-based synthetic fuels, but the company has only confirmed that bio-methanol is derived from waste biomass from forestry and agriculture, without explicitly excluding woody biomass, which is part of the criteria as state by CBI standard. The lack of visibility on whether the local water availability will be taken into account in e-methanol production is also another concern.

Renewable Energy



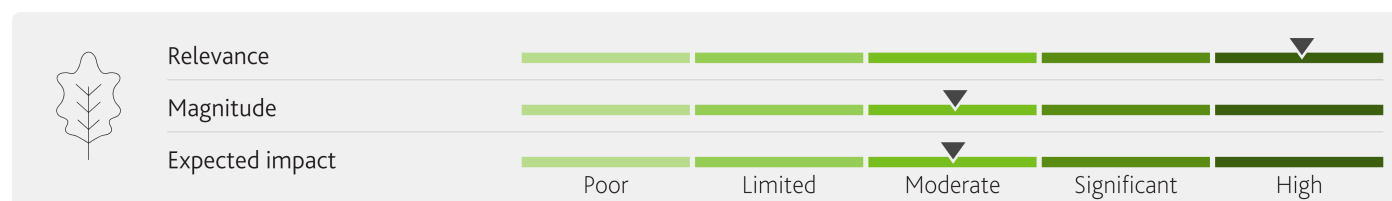
The relevance of this category is high. The eligible projects will be located in China and renewable energy plays an essential role in China's clean energy transition. Although still around 63% of China's electricity was generated by fossil fuels in 2021⁷, China has been progressively increasing the share of non-fossil fuels in its electricity generation. The financed projects under this category will also contribute to country's efforts to achieve carbon neutrality by 2060. We also see high relevance to the issuer, given financial institutions play a crucial role in channeling funds towards green activities to facilitate climate action and aid the decarbonization efforts of various industries.

The magnitude of this category is significant because the financed projects are likely to generate long-term environmental impacts without negative lock-in effects by replacing fossil fuels with clean energy sources. However, it is challenging to assess the full extent of

the category's contribution to sustainability, due to limited visibility into the expected proceeds allocation among the different types of renewable energy.

For instance, although the technologies and thresholds on hydro power are compliant with relevant EU Taxonomy criteria, the eligibility criteria do not constitute best available technology because of the more stringent criteria available in the market, such as the Climate Bonds Initiative (CBI) criteria. Although BoCom Leasing has confirmed that all projects will undergo environmental and social due diligence, there are concerns over significant inherent environmental and social externalities associated with large hydropower projects.

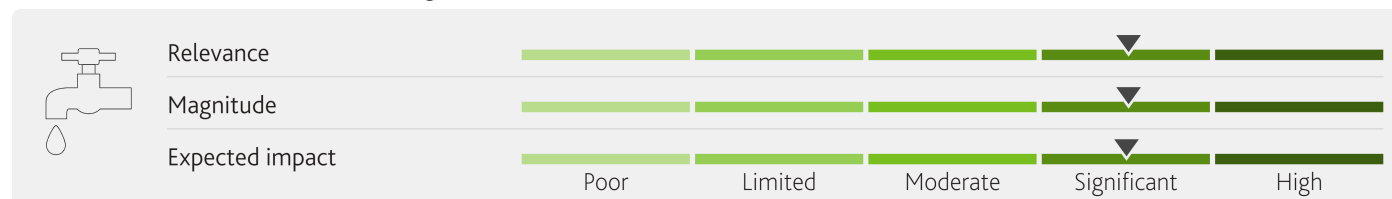
Pollution Prevention and Control



Projects to be financed in this category are considered highly relevant because financing pollution prevention and control projects across China addresses a highly important issue for the country. With China's rapid urbanization and economic growth over the past few decades, the substantial increase in solid waste generation has become a significant concern for many Chinese cities. Mismanaged waste could lead to various environmental and social challenges, including air, soil and water pollution, as well as climate change. The circular economy is also a national priority as the Development Plan for the Circular Economy is part of China's 14th Five-Year Plan.

The moderate magnitude considers the limited visibility on the expected impact from the eligible projects, since the eligible criteria is broadly defined without specific project criteria and details. This is partially mitigated by the fact that the projects under this category will strictly adhere to all relevant national, provincial, and local regulations. The issuer also commits not to invest in waste-to-energy and incineration projects. Besides, projects involving treatment of hazardous waste will be excluded.

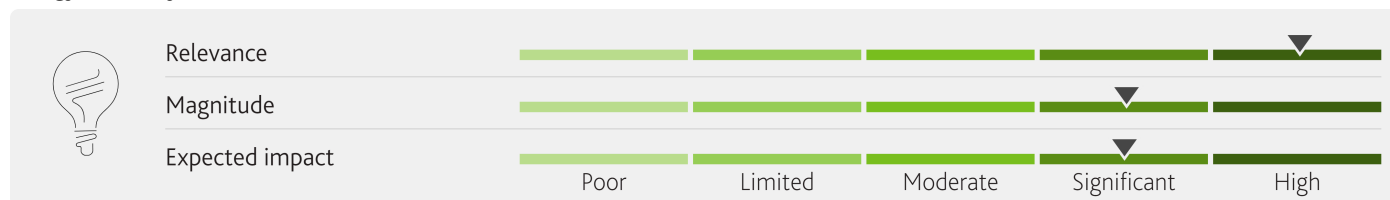
Sustainable Water and Wastewater Management



The relevance of this project category is considered significant. China's challenges in relation to water resources could be categorized as water scarcity, uneven distribution both spatially and temporally, and poor water quality. The water stress in the country is significant, as reflected by Moody's score. The surface and ground water may be polluted from the discharge of industrial wastewater and domestic sewage and the use of agricultural hazardous pesticides and manure. Besides, the uneven distribution of water resources and populations in the country also exaggerates water scarcity problems. The significant relevance also considers BoCom Leasing's relatively small exposure to water projects, as compared to the transportation sector.

Investments in this category are considered to have a significant magnitude, as we expect the financed projects will generate a long-term positive impact on the stated environmental objective with limited lock-in effects. The thresholds in this category are in line with internationally recognized standards. That said, the lack of project details and other thresholds makes it challenging to assess whether there are additional measures in place for specific project types if necessary to better control the potential externalities of the eligible projects.

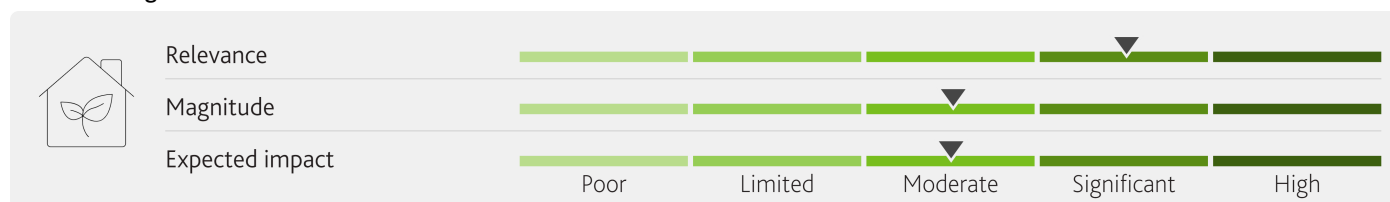
Energy Efficiency



The relevance of this category is high because improving energy efficiency is essential to reduce energy demand to reduce GHG emissions and support the decarbonization of the Chinese economy. Given that China is the country with the highest consumption of coal and the most substantial import of crude oil, the promotion of energy savings and enhancement of energy efficiency becomes critically important. China's 14th Five-Year Plan also highlights the national strategies for a transition towards improved energy efficiency.

The magnitude is considered significant. We expect the eligible projects can generate positive long-term effects on reduced GHG emissions with limited lock-in effects since energy efficiency improvements that lead to lock-in of fossil fuel technologies will be excluded. The 30% reduction target in energy consumption is also in line with the requirement in EU taxonomy. However, there is limited transparency regarding the specific project types and sectors eligible for financing, which limits the visibility of the contribution to the environmental objective.

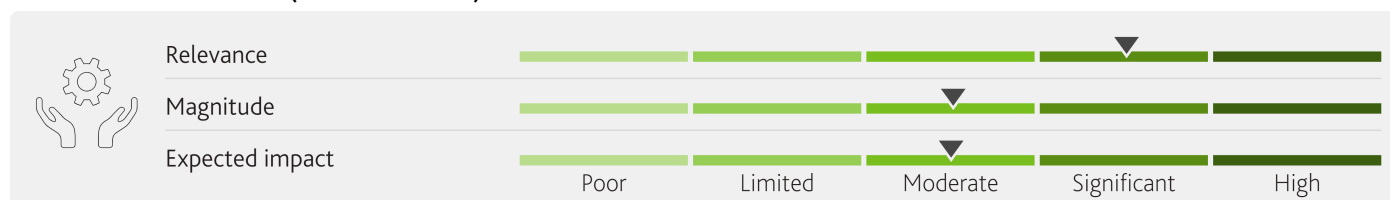
Green Building



The relevance of this project category is considered significant, because financing energy- and resource-efficient buildings in China addresses a highly important issue as the building sector accounts for the largest share of energy consumption and GHG emissions in both the target locations. The IEA reports that the operation of buildings accounted for 30% of the final global energy consumption and 26% of the energy sector's total emissions⁹. Decarbonization of the building sector will play a crucial role in driving down energy consumption and GHG emissions, which will support China's dual carbon targets and Hong Kong's Climate Action Plan 2050. The significant relevance also considers BoCom Leasing's relatively small exposure to property sector, as compared to the transportation sector.

Investments in this category are considered to have a moderate magnitude, mainly because of the absence of energy efficiency thresholds, leading to limited visibility on the impact on the environmental objective. Particularly, buildings with China's Green Building Evaluation Label 2 Star level are considered less promising in terms of energy efficiency improvements than the 3 Star level, which can fulfill CBI's proxy requirement. The moderate magnitude also considers the limited visibility in the expected proceeds allocation among the building activity types, where newly constructed buildings have greater absolute energy consumption, and environmental and social risks associated with the construction process. Hence, new constructions have a lesser positive impact than existing building refurbishment activities.

Access to Essential Services (Public Healthcare)

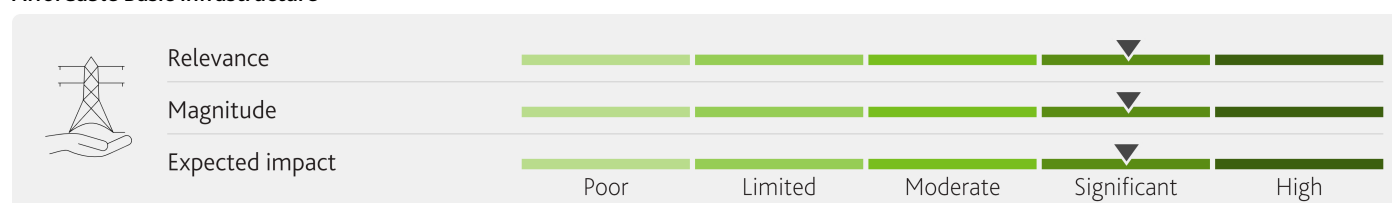


The relevance of this category is considered significant because it addresses one of the most significant social challenges in China and is in line with the national strategy. Although the Chinese government has made significant improvements to health care in the past

decade, the healthcare system has not kept pace with many of the changing needs of China's population. With the increase in life expectancy in China, there is an increase in the burden of chronic diseases and the need for long-term and hospice care — problems the health care system remains underequipped to address. Hospital resources in China are disproportionately distributed and mostly congested in tier 1 and 2 cities. The significant relevance also considers that fact that the eligible category is not the most significant business segment in BoCom Leasing's business portfolio and is tackling a sustainability challenge that is less urgent when comparing to the most pressing issues as identified by the issuer.

The magnitude of this category is moderate. While the provision of public hospitals and health care services is beneficial to the general public in less developed areas in mainland China, the projects may not target the most vulnerable segments of the population that have no or limited access to quality health care, such as rural populations. Besides, although the National Health Insurance Funds can cover a large portion of public health care services, there can still be out-of-pocket medical expenses, particularly for those people associated with specialized treatments and hospitalization, which can still pose a significant financial burden for these vulnerable individuals.

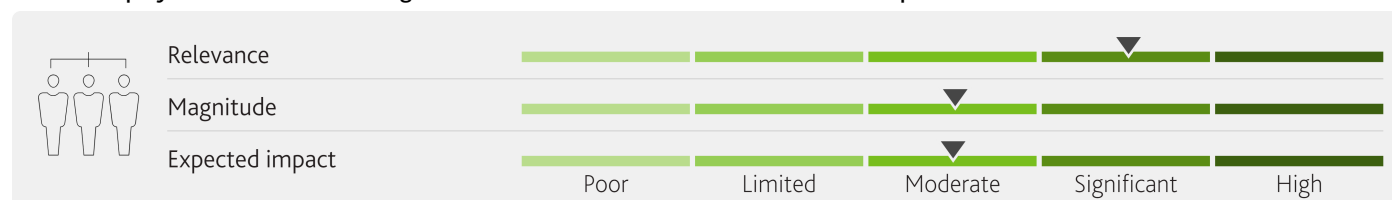
Affordable Basic Infrastructure



This relevance of project category is significant. Poor water quality affects the usability of China's water supply. Rapid industrialization, urbanization, and agricultural development have contributed to severe water pollution in the country. Due to rapid economic growth and urbanization, China's water resources are expected to be under increasing pressure. Particularly, the lack of quality drinking water is an enduring problem for the rural population, especially those living in remote areas, because of the unevenly distributed and potentially polluted water resources in China. However, this eligible category is not the most significant business segment in BoCom Leasing's business portfolio and is tackling a sustainability challenge that is less urgent when comparing to the most pressing issues as identified by the issuer.

The magnitude of this category is considered significant. The drinking water supply facilities to be financed are likely to generate a long-term positive social impact on the country's less developed areas. The drinking water is expected to comply with national drinking water standards. We also expect it will be affordable to the general public given the water tariff is controlled by the government. However, there is limited visibility whether these projects can reach out to the most vulnerable population (i.e. people with insufficient or access to drinking water).

Indirect Employment Generation through the Provision of Loans to Micro and Small Enterprises



The project category has significant relevance, as providing financial support to small and micro enterprises (SME's) underpins Chinese economy and stability of employment, which is also aligned with the national strategy to support the development of medium, small and micro enterprises (MSMEs). In China, MSMEs account for 50% of the national tax revenue, generate more than 60% of GDP, account for more than 70% of technological innovation, create 80% of urban employment. That said, SME financing is not the most significant business segment in BoCom Leasing's business portfolio and is tackling a sustainability challenge that is less urgent when comparing to the most pressing issues as identified by the issuer.

The magnitude of this category is considered moderate. While providing financial support to MSEs will have a significant social benefit in reducing job losses and generating employment, there are uncertainties whether this SME financing can reach to the most vulnerable population with limited visibility on affordability, as BoCom Leasing will also consider business factors in SME financing.

ESG risk management

We have not applied a negative adjustment for ESG risk management to the expected impact score. BoCom Leasing has set up a Green Finance Development Committee led by the CEO with the involvement of key management across different business divisions to identify potential risks and ensure smooth implementation of the company's sustainability strategies in various divisions. The company has also established the customer ESG performance evaluation system to identify and monitor the ESG risk of its lessees with relevant industry national requirement and standards.

Coherence

We have not applied a negative adjustment for coherence to the expected impact score. Projects to be financed are aligned with the company and its parent, BoCom's sustainability strategy to transition to low-carbon operation and support China's dual carbon targets. While the shipping and aircraft sectors are significant contributors to climate change, particularly given the increasing global demand for these activities, decarbonization of these sectors is constrained by the pace of technological advancement. To support the achievement of China's dual carbon targets, the company has enhanced its service capabilities in low-carbon business areas such as energy-saving aircraft and ships, clean energy and green transportation.

Appendix 1 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The eleven categories included in BoCom Leasing's framework are likely to contribute to seven of the United Nations' (UN) Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 3: Good Health and Well-being	<i>Access to Essential Services (Public Healthcare)</i>	3.8: Achieve universal health coverage with access to quality and affordable essential health-care services and medicines for all
GOAL 6: Clean Water and Sanitation	<i>Sustainable Water and Wastewater Management</i>	6.3: Improve water quality by reducing pollution, eliminating dumping and minimizing hazardous chemicals and materials
	<i>Affordable Basic Infrastructure</i>	6.1: Achieve universal and equitable access to safe and affordable drinking water for all
GOAL 7: Affordable and Clean Energy	<i>Renewable Energy</i>	7.2: Increase substantially the share of renewable energy in the global energy mix
	<i>Energy Efficiency</i>	7.3: Double the global rate of improvement in energy efficiency
GOAL 8: Decent Work and Economic Growth	<i>Energy Efficiency</i>	8.4: Improve global resource efficiency and endeavour to decouple economic growth from environmental degradation
	<i>Indirect Employment Generation through the Provision of Loans to Micro and Small Enterprises</i>	8.3: Promote policies that support productivity, job creation, entrepreneurship, innovation, and encourage the growth of SMEs
GOAL 9: Industry, Innovation and Infrastructure	<i>Energy Efficiency</i>	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
	<i>Affordable Basic Infrastructure</i>	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
GOAL 11: Sustainable Cities and Communities	<i>Clean Transportation (General)</i>	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
	<i>Clean Transportation (Aviation)</i>	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
	<i>Clean Transportation (Shipping)</i>	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
	<i>Green Building</i>	11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
	<i>Pollution Prevention and Control</i>	11.6: Reduce the adverse per capita environmental impact of cities, with special attention to air quality and waste management
	<i>Affordable Basic Infrastructure</i>	11.7: Provide universal access to safe and inclusive green and public spaces for all
GOAL 12: Responsible Consumption and Production	<i>Sustainable Water and Wastewater Management</i>	12.4: Achieve environmental management of chemicals and all wastes, and reduce their release to air, water and soil
	<i>Pollution Prevention and Control</i>	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse

The United Nations' SDGs mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the company's Sustainable Finance Framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 2 - Summary of eligible categories in BoCom Leasing's Sustainable Finance Framework

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Clean Transportation (General)	Investments and expenditure in zero direct emission transportation assets, systems, infrastructure, components and financing services, including but not limited to subways, mass rapid transit and urban light rail for public transport and electric vehicles.	» Climate Change Mitigation » Pollution Prevention & Control	» No. of passengers per km » No. of clean energy vehicles purchased » No. of EV charging stations and hydrogen stations built » Annual GHG emissions reduced/avoided (tCO2 equivalent)
Clean Transportation (Aviation)	Procurement of Sustainable Aviation Fuel (SAF) or investments in projects/companies aiming at increasing available SAF	» Climate Change Mitigation » Pollution Prevention & Control	» Sustainable Aviation Fuel produced/procured (t) » Annual GHG emissions reduced/avoided (tCO2 equivalent)
Clean Transportation (Shipping)	<p>Investments related to methanol-enabled dual fuel container vessels or dual-fuel methanol retrofits:</p> <ul style="list-style-type: none"> - EEDI value 20% below IMO requirements and can plug in at berth; or - Energy Efficiency Existing Ship Index (EEXI) value equivalent to reducing the EEDI reference line by at least 10% below the EEXI IMO requirements and a yearly average GHG intensity that does not exceed EU Taxonomy limits <p>Investments related to efficiency improvement of existing container vessels as well as the installation of shore power equipment:</p> <ul style="list-style-type: none"> - Reduction of fuel consumption of the vessel by min. 15 % (in grams of fuel per DWT per nautical mile); or - Post retrofitting, the vessel attains an EEXI value min. 10% below the EEXI requirements and can plug-in at berth and has plug-in power technology <p>Eligible expenditures related to the production or purchase of Green Methanol including offtake agreements with Green Methanol producers:</p> <ul style="list-style-type: none"> - Bio-methanol made from waste biomass that meet the minimum GHG reductions of 65%; or - E-methanol from biogenic CO2 and hydrogen from electrolysis of water using renewable electricity that meet the minimum reductions of 70% 	» Climate Change Mitigation » Pollution Prevention & Control	» Number and type of eligible methanol-enabled dual-fuel vessels financed » Green methanol procured (t) » Annual GHG emissions reduced/avoided (tCO2 equivalent)
Renewable Energy	<p>Investments and expenditure including Generation, transmission, production of components and equipment that facilitates the adoption of renewable energy, including:</p> <ul style="list-style-type: none"> - Offshore and onshore wind - Solar - Tidal - Hydropower (run-of-river hydropower and no artificial reservoir; or life-cycle GHG emissions threshold <100gCO2e/kWh or power density of electricity generation facilities > 5 W/m2) <p>Construction, operation, maintenance and upgrade of facilities and infrastructure for renewable energy generation, including:</p> <ul style="list-style-type: none"> - Electricity generating facilities, transmission network and base stations 	» Climate Change Mitigation	» Waste reduced/avoided (tonnes) » Annual GHG emissions reduced/avoided (tCO2 equivalent)
Pollution Prevention and Control	Investments and expenditure for developing and operating infrastructure and equipment for sewage and sludge treatment facilities and emission-efficient waste to energy	» Pollution Prevention & Control	» Waste reduced/avoided (tonnes) » Annual GHG emissions reduced/avoided (tCO2 equivalent)
Sustainable Water and Wastewater Management	<p>Wastewater collection, treatment and recycling technologies and infrastructures, including:</p> <ul style="list-style-type: none"> - Examples include refurbishment or upgrade of wastewater treatment facilities that reduce at least 20% net average energy consumption of the related asset. <p>Technologies and facilities to promote water saving and sustainable water management, with the below threshold</p> <ul style="list-style-type: none"> - Examples include abstraction and treatment of water with net average energy consumption of ≤ 0.5 kWh per cubic meter produced water supply - Leakage level: Infrastructure Leakage Level ("ILI") ≤ 1.5 	» Pollution Prevention & Control	» Annual amount of fresh water conserved » Annual amount of water pollution avoided

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Energy Efficiency	Investments and expenditure in projects or technologies that reduce energy consumption by at least 30% of the related assets, technologies, products or systems: - Examples includes modification of motor control systems, centralized district heating/cooling systems, smart grids and improved chillers.	» Climate Change Mitigation	» Energy savings per year » Annual GHG emissions reduced/avoided (tCO2 equivalent)
Green Building	Green buildings that have or expected to receive regional, national, or international certifications. Examples include: - Chinese Green Building Evaluation Label – 2 Star or above; or - U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or - Hong Kong Green Building Council BEAM Plus Standards – Gold or above	» Climate Change Mitigation » Natural Resources Conservation	» Number and type of certification of green building certifications obtained » Annual GHG emissions reduced/avoided (tCO2 equivalent) » Expected energy savings per year (KWh)
Access to Essential Services (Public Healthcare)	Investment and expenditure to provide affordable public healthcare services that bring social benefits to general public, including: - Construction or expansion of public hospitals for Tier 2 cities (or lower) including Western China regions - Provision of equipment to public hospitals, clinics, health care centers for the provision of free/subsidized health services or infrastructure for the provision of emergency medical response and disease control services - Drug development and medical device testing and investment covered by public health insurance schemes or public budget Target Population: General public in less developed areas in Mainland China	» Access to Essential Services	» Number of new public hospital/ health care centre » Number of increased hospital bed capacity » Number of patients receive healthcare services or medication » Number of research and development projects related to drug development and medical device testing
Affordable Basic Infrastructure	Investments and expenditure in infrastructure to provide clean drinking water for the general public for Tier 2 cities (or lower) including Western China regions. Infrastructure include raw water intake facilities and distribution network Target Population: General public in less developed areas in Mainland China	» Affordable Basic Infrastructure	» Number of beneficiaries with connection to water supply » Number of new/ upgraded affordable basic new infrastructure
Indirect Employment Generation through the Provision of Loans to Micro and Small Enterprises	Provision of inclusive financing to micro and small enterprises Target population: Micro and small enterprises	» Employment Generation	» Number of loans disbursed to qualifying Micro and Small Enterprises » Number of employment opportunities created

Endnotes

- ¹ The point-in-time assessment is applicable only on the date of assignment or update.
- ² [The 14th Five-Year Development Plan for Green Transportation](#), 29 October 2021 (Chinese only)
- ³ [IEA: Aviation](#), accessed on 27 May 2024
- ⁴ [Action Plan for Carbon Dioxide Peaking Before 2030](#), 27 October 2021
- ⁵ [The 14th Five-Year Special Plan for Green Development of Civil Aviation](#), 27 December 2021 (Chinese only)
- ⁶ [IEA: International Shipping](#), accessed on 27 May 2024
- ⁷ [IEA: China - Electricity](#), accessed on 27 May 2024
- ⁸ [IEA: Buildings - Sectorial Overview](#), accessed on 27 May 2024.

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