

# **“Second-party Opinion” on Bocom Leasing Management Hong Kong Company Limited Green Bond 2024**

**by Hong Kong Quality Assurance Agency (HKQAA)**

Prepared by:

*Celine Chen*

Celine Chen

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## Introduction

Bocom Leasing Management Hong Kong Company Limited (hereinafter referred to as “Bocom Leasing HK”), the issuer of the green bond, is a wholly owned subsidiary of Bank of Communications Financial Leasing Co., Ltd. (hereinafter referred to as “BoCom Leasing” or the “Company”). BoCom Leasing has developed a Bank of Communications Financial Leasing Co., Ltd. Sustainable Finance Framework (“SFF”) in which subject matters, including Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting are described. With respect to this green bond issuance, BoCom Leasing has defined additional eligibility criteria for the Clean Transportation (General) and Renewable Energy categories in the internal Potential Green Asset Pool document (“Additional Eligibility Criteria”), in order to stay alignment with *Common Ground Taxonomy Instruction Report*<sup>1</sup>(the “CGT”) published by The International Platform on Sustainable Finance (the “IPSF”) for this green bond issuance.

BoCom Leasing HK has engaged Hong Kong Quality Assurance Agency (HKQAA) to provide a second party opinion on its green bond. As part of this engagement, HKQAA requested and reviewed a broad set of documentation in order to understand the relationship between the bond and the Company’s overall sustainability strategy. As the green bond aims to allocate proceeds only to Clean Transportation (General) and Renewable Energy categories of SFF, this report will only focus on the above mentioned two categories for the Use of Proceeds section. Through this engagement, elements of BoCom Leasing’s SFF and Additional Eligibility Criteria were clarified to ensure an alignment with the core components of The Green Bond Principles 2021<sup>2</sup> (“GBP”) and Common Ground Taxonomy.

This document contains HKQAA’s opinion on Bocom Leasing HK’s green bond, it should be read in conjunction with the SFF.

## Overview of BoCom Leasing

BoCom Leasing, is a wholly-owned subsidiary of Bank of Communications (hereinafter referred to as “BoCom”) founded in December 2007. BoCom Leasing is mainly engaged in financial leasing and operating leasing business in key industries and fields such as aviation, shipping, transportation infrastructure, public utilities, energy and electricity, and machinery and equipment. According to the Company website<sup>3</sup>, by the end of December 2023, the Company's total assets exceeded RMB 400 billion, with the leasing asset size nearing RMB 360 billion.

As stated in BoCom Leasing’s ESG Report 2023<sup>4</sup>, the Company supports the United Nations’ Sustainable Development Goals<sup>5</sup> (“SDGs”) and continuously explores the integration of SDGs into its business development strategy to promote sustainable development. BoCom established the Green

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<sup>1</sup> The International Platform on Sustainable Finance, *Common Ground Taxonomy Instruction Report*, [https://finance.ec.europa.eu/system/files/2022-06/220603-international-platform-sustainable-finance-common-ground-taxonomy-instruction-report\\_en.pdf](https://finance.ec.europa.eu/system/files/2022-06/220603-international-platform-sustainable-finance-common-ground-taxonomy-instruction-report_en.pdf)

<sup>2</sup> International Capital Market Association, *The Green Bond Principles, June 2021 (with June 2022 Appendix 1)*.

<sup>3</sup> Bank of Communications Financial Leasing Co., Ltd., <https://www.bocommleasing.com/>

<sup>4</sup> Bank of Communications Financial Leasing Co., Ltd., *Environmental, Social and Governance Report 2023*.

<sup>5</sup> United Nations, Department of Economic and Social Affairs Sustainable Development, *The 17 Goals*, <https://sdgs.un.org/goals>

Finance Development Committee in 2021 and formulated the Action Plan of Bank of Communications for Carbon Peak and Carbon Neutrality Goals in 2022 to clarify BoCom's green finance milestones and 16 specific actionable items with a defined timeline and road map toward the development of green finance. BoCom Leasing adopts a sustainability strategy in line with BoCom. BoCom Leasing adheres the concept of green development into the core values of the Company, with the advantage of the combination of industrial and financial characteristics of leasing business, to provide innovative green financial products and services. The concept of green development is under practice to increase. The Board of BoCom Leasing has formulated development strategies such as *Action Program for Promoting Green Financial Development and Serving the Double Carbon Goal (2023)* to support for green low-carbon and circular economy at the strategic level. BoCom Leasing also formulated or updated a no. of internal policy and guidelines<sup>6</sup> in 2023 to enhance green finance development and environmental and social risk management.

The SFF has been updated to demonstrate how BoCom Leasing would fund projects that deliver positive environmental impacts and foster sustainable practices with green finance Transactions to support the Company's green and sustainability strategy, especially in priority area such as new energy, low carbon transportation, shipping and aviation.

## Framework Overview and Comment




### 3.1 Use of Proceeds

As described in the SFF, BoCom Leasing committed to allocating an amount equivalent to the net proceeds raised under the SFF exclusively for the financing and/or refinancing, new or existing eligible green project(s) defined under the SFF. While the SFF does not limit the proportion of the proceeds allocated for refinancing, the Company stated that the information concerning the estimated share of refinancing for each green bond issuance will be made available in reporting. The SFF defined that the look-back period for refinancing of expenditure, capital and/or operating, on eligible projects will be no more than 24 months prior to the issuance date.

There are 8 Eligible green project categories defined in the SFF. BoCom Leasing committed that the proceeds raised from this bond will be allocated only to Clean Transportation (General) and Renewable Energy categories. This assessment will thus focus only to these two categories.

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<sup>6</sup> The internal policy and guidelines formulated or updated in 2023 includes "Bocom Financial Leasing Co., Ltd. 2023 Industry (Regional) Investment Strategy", "Bocom Financial Leasing Co., Ltd. Green Finance Development Committee Working Rules", "Bocom Financial Leasing Co., Ltd. 2023 Credit and Risk Policy Outline Implementation Rules", "Bocom Financial Leasing Co., Ltd. Green Finance Implementation Measures", "Bocom Financial Leasing Co., Ltd. Green Finance Action Plan to Promote Dual Carbon Goals (2023)", "Bocom Financial Leasing Co., Ltd. Green Finance Bond Fund Raising Management Measures"

Eligible Green Project Category in SFF	Eligibility Criteria in SFF	Alignment with Green Bond Principles	Alignment with SDG Targets
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"> <li>Offshore and onshore wind</li> <li>Solar</li> <li>Tidal</li> <li>Hydropower (run-of-river hydropower and no artificial reservoir; or life-cycle GHG emissions threshold &lt; 100gCO<sub>2</sub>e/kWh or power density of electricity generation facilities &gt; 5 W/m<sup>2</sup>)</li> </ul> <p>Construction, operation, maintenance and upgrade of facilities and infrastructure for renewable energy generation, including:</p> <ul style="list-style-type: none"> <li>Electricity generating facilities, transmission network and base stations</li> </ul>	Renewable energy	<p><b>SDG 7 Affordable and Clean Energy</b></p>  <p><b>Target 7.2:</b> By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p><b>Target 7.b:</b> By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support</p> <p><b>SDG 13 Take urgent action to combat climate change and its impacts</b></p> 
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	Clean transportation	<p><b>SDG 11 Sustainable Cities and Communities</b></p>  <p><b>Target 11.2:</b> By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.</p>

Under the Clean Transportation (General) and Renewable Energy categories in SFF, BoCom Leasing's Additional Eligibility Criteria applies for this green bond issuance. BoCom Leasing confirmed the types of eligible activities for this green bond issuance includes only the internal category stated in the Additional Eligibility Criteria. The Additional Eligibility Criteria are summarized as below:

BoCom Leasing's SFF	BoCom Leasing's Additional Eligibility Criteria for this issuance
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Eligible Green Project Category	Internal Category in	Applicable category of China-EU Common Ground Taxonomy	Substantial contribution criteria of relevant categories of Common Ground Taxonomy quoted
Renewable Energy	Photovoltaic equipment and components manufacturing	C2.4 Production of solar generators (Scenario 3: China criteria are more stringent)	<p>The China Taxonomy criteria is more detailed/stringent for: PV power generator Manufacture enterprises and projects as specified in the <i>Specifications for the Photovoltaic Manufacture Industry (2021 Edition)</i>.</p> <p>The production of PV cells as specified in the Level 1 requirements in the <i>System of Clean Production Assessment Indexes for the Photovoltaic Cell Industry (2016 Edition)</i></p>
	Solar energy generation	D1.1 Electricity generation using solar photovoltaic technology (Scenario 3: China criteria are more stringent)	<p>The component products selected for solar photovoltaic power generation facilities should meet the following requirements:</p> <p>1) The minimum photoelectric conversion efficiency of polycrystalline silicon cells and monocrystalline silicon cells shall not be less than 19% and 21% respectively;</p> <p>2) The minimum photoelectric conversion efficiency of polycrystalline silicon cell modules and single crystal silicon battery modules shall not be less than 17% and 17.8% respectively;</p> <p>3) The minimum photoelectric conversion efficiency of silicon-based, CIGS, CdTe and other thin-film battery modules shall not be less than 12%, 14% , 14% , 12% ;</p> <p>4) The decay rates of polycrystalline silicon battery modules and monocrystalline silicon battery modules shall not be higher than 2.5% and 3% in the first year, and not higher than 0.7% per year, and not higher than 20% within the period of 25 years; the attenuation rate of thin-film battery module shall not be more than 5% in the first year, no more than 0.4% per year in the following year, no more than 15% within the period of 25 years.</p>
	Wind power generation	D1.3 Electricity generation from wind power (Scenario 1: Areas with clear overlaps)	Activity meets “Construction or operation of electricity generation facilities that produce electricity from wind power”
Clean Transportation (General)	Electric public transportation vehicles	F2.1 Infrastructure enabling low-carbon road transport (Scenario 4: Identifiable overlap)	<p>Scope: EV and hydrogen vehicle infrastructure only</p> <p>Criteria</p> <p>1. The activity complies with one or more of the following criteria:</p> <p>(a) the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO<sub>2</sub> emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS);</p> <p>2. The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>
		H1.1 Construction and operation of public transportation system in urban and rural areas	<p>Scope: passenger public transport</p> <p>The activity complies with one of the following criteria:</p> <p>(a) the trains and passenger coaches have zero direct (tailpipe) CO<sub>2</sub> emissions; (EU, 6.3)</p>

		(Scenario 4: Identifiable overlap)	
	Urban rail transit	H1.1 Construction and operation of public transportation system in urban and rural areas (Scenario 4: Identifiable overlap)	Scope: passenger public transport The activity complies with one of the following criteria: (a) the trains and passenger coaches have zero direct (tailpipe) CO <sub>2</sub> emissions; (EU, 6.3)
		F2.4 Infrastructure for electric rail transport (Scenario 4: Identifiable overlap)	Scope: electrified rail only Criteria: 1. The infrastructure is either: (a) electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control- command and signalling, and trackside control- command and signalling subsystems; (EU, 6.14) (b) new and existing trackside infrastructure and associated subsystems where there is a plan for electrification as regards line tracks, and, to the extent necessary for electric train operations, as regards sidings, or where the infrastructure will be fit for use by zero tailpipe CO <sub>2</sub> emission trains within 10 years from the beginning of the activity: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems; 2. The infrastructure is not dedicated to the transport or storage of fossil fuels. (EU, 6.14)
	Intercity railway passenger transport  &  High-speed rail passenger transport	H1.4 Passenger interurban rail transport (Scenario 2: EU criteria are more stringent)	The activity complies with one of the following criteria: (a) the trains and passenger coaches have zero direct (tailpipe) CO <sub>2</sub> emissions; (b) the trains and passenger coaches have zero direct (tailpipe) CO <sub>2</sub> emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode).
		F2.4 Infrastructure for electric rail transport (Scenario 4: Identifiable overlap)	Scope: electrified rail only Criteria: 1. The infrastructure is either: (a) electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control- command and signalling, and trackside control- command and signalling subsystems; (EU, 6.14) (b) new and existing trackside infrastructure and associated subsystems where there is a plan for electrification as regards line tracks, and, to the extent necessary for electric train operations, as regards sidings, or where the infrastructure will be fit for use by zero tailpipe CO <sub>2</sub> emission trains within 10 years from the beginning of the activity: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems; 2. The infrastructure is not dedicated to the transport or storage of fossil fuels. (EU, 6.14)

The Eligible Project Categories defined in the SFF under review are Clean Transportation (General) and Renewable Energy. BoCom Leasing has clearly outlined the environmental objectives associated with the two categories.

Renewable Energy category aim to contribute to the environmental objective of climate change mitigation. The eligible activities under the category is considered as contributing to SDG 7 Affordable and Clean Energy Target 7.2 and 7.b. Based on the potential green asset list, BoCom Leasing intends to fund the investments and expenditure including Photovoltaic equipment and components manufacturing, solar and wind energy generation. Based on its eligibility criteria specified in SFF and Additional Eligibility Criteria, assessment team considered the category is in alignment with the Renewable Energy category of GBP and the substantial contribution criteria of C2.4 Production Of Solar Generators, D1.1 Electricity Generation Using Solar Photovoltaic Technology category of CGT.

Clean Transportation (General) category aims to contribute to the environmental objective of climate change mitigation and pollution prevention & control. The eligible activities under the category are considered as contributing to SDG 11 Sustainable Cities and Communities, Target 11.2. Based on the potential green asset list, BoCom Leasing intends to fund the construction and operation of electrified railway including urban rail transit, intercity railway passenger transport, high-speed rail passenger transport and purchase of electric public transportation vehicles for this green bond issuance. The Category's eligible activities include electric and rail transportation and CGT substantial contribution criteria of zero direct CO<sub>2</sub> emission has been included as the eligibility criteria. Based on its eligibility criteria specified in SFF and Additional Eligibility Criteria, assessment team considered the category is in alignment with the Clean Transportation category of GBP and the substantial contribution criteria of H1.1 Construction and Operation Of Public Transportation System In Urban And Rural Areas; H1.4 Passenger Interurban Rail Transport and F2.4 Infrastructure For Electric Rail Transport categories of CGT.

The Eligible Project Category is consistent with BoCom Leasing's green financial development strategy to promote development in new energy and low carbon transportation sector. Based on the SFF and Additional Eligibility Criteria in a whole, the Company's use of proceeds mechanism with regards to Clean Transportation (General) and Renewable Energy categories intended for this green bond issuance is considered to be in alignment with this component of GBP and CGT.

### **3.2 Project Evaluation and Selection Process**

Various business departments propose potential eligible green projects according to Eligible Project Categories described in the SFF. With respect to this issuance, the Company confirms the Additional Eligibility Criteria also applies for the project evaluation and selection process. When selecting Eligible Projects, BoCom Leasing would evaluate their feasibility, and their underlying environmental and social risks for all projects through performing pre-lease due diligence investigation and ongoing client ESG risk monitoring. The ESG risk evaluation criteria includes if client has any significant violation of environmental (climate), production safety and related regulation. If any significant ESG



risk disclosure was found during investigation or project assessment, the project will be flagged in the internal system. According to the BoCom Leasing's ESG Report 2023, the Company has established internal regulations to support the environmental and social risk management. The relevant regulations are *Green Financial Strategy of Bank of Communications Financial Leasing Co., Ltd.*, *Credit and Risk Policy implementation Framework Regulations 2023 for Bank of Communications Financial Leasing Co., Ltd.* The "one-vote veto" system for green credit is implemented to strengthen the management of environmental and social risks.

BoCom Leasing has set up a Sustainable Finance Working Group ("SFWG") that composed of representatives from various departments, including Financial Market Department, Finance and Accounting Department, Business Appraisal Department, Legal and Compliance Department and Research and Development Department to review and select eligible green project(s) proposed by the business department according to the criteria specified in the SFF and Additional Eligibility Criteria for this green bond issuance before the launch of the green bond. The projects confirmed to be eligible are listed in the Potential Green Asset Pool (regarded as the Eligible Green Project List), with information including first lease placement date, project's name, eligible green category and applicable category of CGT (citing the Substantial Contribution criteria of related category at the same time).

Among 54 potential projects on potential green asset list, assessment team has sampled four potential projects for assessing Company's ability to implement the project evaluation and selection process.:

1. Photovoltaic equipment and components manufacturing project;
2. Solar PV energy generation project;
3. Electric public transportation vehicles project;
4. Urban rail transit project.

Relevant project assessment report, compliance assessment report or leasing contract have been provided to support the fulfilment of Additional Eligibility Criteria.

BoCom Leasing commits that the projects listed in the Potential Green Asset Pool have gone through the environmental and social risk evaluation and they have been evaluated as no significant ESG risk in their internal system.

The SFWG will also be responsible for the ongoing monitoring of compliance of the selected projects with eligibility and exclusion criteria throughout the life of the outstanding green bonds and will update the Eligible Green Project List to maintain the eligibility of the Use of Proceeds.

The process for project evaluation and selection has been defined and the process applied to identify and manage potentially material environmental and social risks associated with the eligible projects is described. The Company's process for project evaluation and selection is considered to be in alignment with this component of GBP.

### 3.3 Management of Proceeds

As stated in the SFF, the SFWG will review the allocation of the proceeds to the Eligible Green Project List annually and there will be a formalized action plan to replace the project that no longer meets the relevant eligibility criteria.

The SFF specifies that the proceeds of each green bond will be deposited under the general funding accounts; an amount equals to the net proceeds will be earmarked for allocation to eligible green project(s) and its utilization will be tracked using a Sustainable Finance Register (“Register”). The Register will contain information of the green bond including:

- Transaction details: transaction date, settlement date, maturity date, currency and principal amount of proceeds, interest or coupon and the ISIN number in case of bond transaction; and
- Details of the Register: confirmation of the Eligible Green Project from the SFWG, the name and description of project(s) to which the proceeds have been allocated, the amount of the proceeds to the project(s), the remaining balance of unallocated proceeds, the ratio of financing and re-financing and the estimated environmental impact of the project that the proceed allocated to.

The Register will be managed by the Financial Markets Department with oversight by the SFWG. BoCom Leasing’s commits to monitor the allocation of proceeds and track the net proceeds through its internal accounting system. The Company commits that the allocation of proceed will be reviewed and updated to match allocations to eligible projects during the lifetime or duration of the green bond annually.

As described in the SFF, BoCom Leasing expects to complete allocation of all proceeds from green bond within two years from the date of transaction launch on a best effort basis; pending allocation, unallocated proceeds may be invested in cash or Green Bonds issued by non-financial enterprises, short-term money market instruments with good ratings and market liquidity in the domestic and international markets.

The process for the management and tracking of proceeds allocation towards funded projects is considered to be in alignment with this component of GBP.

### 3.4 Reporting

As stated in the SFF, BoCom Leasing commits to provide information on proceeds allocation and impact associated with the projects to bond investors annually from the issuance date of each green bond until full allocation, and as necessary in the event of material developments. The report will be made publicly available on BoCom Leasing’s website. Allocation reporting will include the allocation amount by eligible projects categories indicating the SDG(s), allocation amount by geographical distribution, proportion between financing and refinancing, the amount of unallocated proceeds and the type of temporary placement or investment. In the case where there is confidentially issue, the Company commits that project information will be provided with project examples, in generic terms

or on an aggregated portfolio basis. The SFF describes relevant environmental reporting indicators for each eligible category (refer to the table below) for the Eligible Project Category for reporting.

Eligible Project Category	Example of Impact Indicators
Clean Transportation (General)	<ul style="list-style-type: none"><li>• No. of passengers per km</li><li>• No. of clean energy vehicles purchased</li><li>• No. of EV charging stations and hydrogen stations built</li><li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub> equivalent)</li></ul>
Renewable Energy	<ul style="list-style-type: none"><li>• Annual renewable energy generation (MWh for electricity) (GJ for other energy)</li><li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub> equivalent)</li></ul>

Based on the above, the reporting arrangement defined in the SFF is considered to be aligned with this component of GBP.

## Conclusion

The assessment team of Hong Kong Quality Assurance Agency has determined that, based on the SFF of BoCom Leasing and Additional Eligibility Criteria in a whole, the use of proceeds mechanism of the green bond with regards to Clean Transportation (General) and Renewable Energy categories are in alignment with Green Bond Principles and Common Ground Taxonomy's substantial contribution criteria. Based on the SFF, the project evaluation and selection, management of proceeds and reporting mechanism is considered as in alignment with Green Bond Principles.

## Appendix 1: Documents reviewed or referenced

No.	Author	Title
1	International Capital Market Association	<i>The Green Bond Principles, June 2021 (with June 2022 Appendix 1).</i>
2	United Nations	Department of Economic and Social Affairs Sustainable Development, <i>The 17 Goals</i> , <a href="https://sdgs.un.org/goals">https://sdgs.un.org/goals</a>
3	IPSF Taxonomy Working Group	<i>Common Ground Taxonomy – Climate Change Mitigation Instruction report, 3 June 2022</i>
4	IPSF Taxonomy Working Group	<i>International Platform Sustainable Finance Common Ground Taxonomy Table Activities, 3 June 2022</i>
5	Bank of Communications Financial Leasing Co., Ltd.	<i>Bank of Communications Financial Leasing Co., Ltd. Sustainable Finance Framework Jun 2024</i> , received on June 6, 2024.
6	Bank of Communications Financial Leasing Co., Ltd.	<i>BoCom Leasing Potential Green Asset Pool Renewable Energy &amp; Clean Transportation</i> , received on Jun 11, 2024.
7	Bank of Communications Financial Leasing Co., Ltd.	<i>Bank of Communications Financial Leasing Co., Ltd. 2023 Annual Social Responsibility (ESG) Report</i>
8	Bank of Communications Financial Leasing Co., Ltd.	<i>Offering Circular - draft extract of Use of Proceeds section</i> , received on Jun 12, 2024.
9	Bank of Communications Financial Leasing Co., Ltd.	<i>Due diligence report on financial leasing project (sampled project 1), Jan 2024</i>
10	Bank of Communications Financial Leasing Co., Ltd.	<i>Environmental impact assessment report (sampled project 1), Dec 2022</i>
11	Bank of Communications Financial Leasing Co., Ltd.	<i>Financial leasing contract (sampled project 2), Mar 2024</i>
12	Bank of Communications Financial Leasing Co., Ltd.	<i>Leasing project review application form (sampled project 3)</i>
13	Bank of Communications Financial Leasing Co., Ltd.	<i>Legal review opinions on leasing projects, Aug 2022 (sampled project 3)</i>
14	Bank of Communications Financial Leasing Co., Ltd.	<i>Leasing project review application form (sampled project 4)</i>
15	Bank of Communications Financial Leasing Co., Ltd.	<i>Due diligence report on financial leasing projects, May 2023 (sampled project 4)</i>

## Appendix 2: About role(s) of review providers as defined by the ICMA

**1. Second Party Opinion:** An institution with environmental/ social/sustainability expertise that is independent from the issuer may provide a Second Party Opinion (either required or recommended pre-issuance as described in the respective Principles). The institution should be independent from the issuer's adviser for its green, social, sustainability and sustainability-linked bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second Party Opinion. Any concerns on the institution's independence should be disclosed to investors.

**2. Verification:** An issuer can (or "needs to" in the case of sustainability-linked bonds post issuance) obtain independent verification against a designated set of criteria, typically pertaining to environmental/social/sustainability or KPI performance and sustainability targets for the SLBs.

**3. Certification:** An issuer can have its green, social, sustainability and sustainability-linked bond or associated green, social, sustainability and sustainability-linked bond framework or Use of Proceeds or Key Performance Indicators (KPIs) and Sustainability Performance targets (SPTs) certified against a recognised external green/ social/sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

**4. Green, Social, Sustainability and Sustainability-Linked Bond Scoring/Rating:** An issuer can have its green, social, sustainability and sustainability-linked bond associated framework or a key feature such as Use of Proceeds, selection of KPIs, calibration of the level of ambitiousness of SPTs, evaluated or assessed by third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology.

## Appendix 3: Hong Kong Quality Assurance Agency (HKQAA)

### Local Excellence, Global Perspective

Established by Hong Kong Government in 1989, Hong Kong Quality Assurance Agency (HKQAA) is a non-profit public organisation committed to introducing international management standards, promoting good management practices and sustainability in Greater China for decades. As one of the leading conformity assessment organisations in the region, HKQAA not only provides certification, assessment, registration, training and research services to help organisations enhance management performance and competitiveness, but also develops a wide range of good management practices and related criteria to cope with increasingly diversified market demands and the growing need for sustainable development, fostering a better environment and bringing benefits to the community.

### Ample Experience in Fostering Sustainable Economy

In recent years, sustainability has become one of the key forces driving organisations towards a prolonged success. To support and encourage them to walk the talk, HKQAA has developed diverse services and obtained ample experience in the field of social responsibility, environmental protection, sustainability and responsible investment:

- With the initial support of **The Hongkong and Shanghai Banking Corporation Limited (HSBC)**, HKQAA introduced the **CSR Index** to provide quantitative metrics to measure organisations' maturity level in practicing their social responsibilities in 2008;
- HKQAA has been **the only Hong Kong organisation accredited as the Designated Operational Entity (DOE)** by the Executive Board of the Clean Development Mechanism (CDM) under the United Nations Framework Convention on Climate Change (UNFCCC) to deliver CDM validation and verification services since 2011;
- HKQAA has been providing assessment and rating services on companies' sustainability performance for the **Hang Seng Corporate Sustainability Index Series** since 2014;
- Since 2017, our expert has been nominated by the **Innovation and Technology Commission of the HKSAR Government** and the **China National Institute of Standardization** respectively to directly take part in the technical committee of ISO/ TC 207/SC 4 and the working group of **ISO/TC 207/SC 4/ WG 7** to develop **ISO 14030 Green bonds – Environmental performance of nominated projects and assets**;
- Since 2018, HKQAA has been admitted as an **Observer of the Green Bond Principles (GBP) under the International Capital Market Association (ICMA)**;
- Since 2018, HKQAA has become an **approved verifier under the Climate Bonds Standard**.
- Since 2018, the HKQAA expert was nominated by the **Innovation and Technology Commission of the HKSAR Government** to participate in the **ISO Technical Committee, Sustainable Finance (ISO/TC 322)** for the development of sustainable finance related standards.

Contact HKQAA

Website: <http://www.hkqaa.org>

## Appendix 4: Methodologies and Limitation

### Level of Assurance and Methodology

The process applied in this assessment was based on the International Standard on Assurance Engagements 3000 (Revised) – “Assurance Engagement Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (ISAE 3000). Our evidence gathering process was designed to obtain a limited level of assurance as set out in ISAE 3000 for the purpose of devising the assessment.

Our assessment. procedure performed covered reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the framework contents and verifying the selected representative sample of project, data and information. Raw data and supporting evidence of the selected samples were also examined during the assessment process.

### Independence

BoCom Leasing is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Framework. Our assessment activities are independent from BoCom Leasing.

### Limitations

There are inherent limitations in performing assurance as follows. Assurance engagements are based on selective testing of the information and data being examined and it is possible that fraud, error or non-compliance may occur and not be detected. The assurance did not provide assurance on information outside the defined reporting boundary and period. There are additional inherent risks associated with assurance over non-financial information including reporting against 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 is subjective and will be interpreted differently by different stakeholder groups.

The information contained in this document is not intended to provide professional advice, constitute any express or implied advice or recommendation by HKQAA for any investments and should not be relied upon in those regards. Persons intending to use any information obtained from this document are advised to obtain appropriate professional advice. Our assurance was limited to the Framework, and did not include statutory financial statements, financial statements and economic performance. Our assurance is limited to policies and procedures in place as of 7 June 2024.

### Disclaimer

All information contained herein is provided for reference only. Hong Kong Quality Assurance Agency (“HKQAA”) ensures the accuracy and reliability of the above information to the best of its endeavors. However, HKQAA makes no warranty or representation as to the accuracy, completeness or reliability of any of the information contained herein and accepts no liability (whether in tort or contract or otherwise) whatsoever to any person for any damage or loss of any nature arising from or as a result of reliance on any of the contents of this document, or any errors or omissions in its contents and such contents may change from time to time without notice.