



Bank of Communications Financial
Leasing Co., Ltd.

Sustainable Finance Framework

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Introduction

About BoCom Leasing

Founded in December 2007, the Bank of Communications Financial Leasing Co., Ltd. (hereinafter referred to as “BoCom Leasing” or the “Company”) is one of the first five financial leasing companies approved by the State Council and is the wholly-owned subsidiary of Bank of Communications, with a registered capital of RMB 20 billion.

As the extension of financial brands and services of "A century of BoCom", BoCom Leasing, relying on the advantages of the Group's platform, adhering to the development strategies of "focusing on professionalization, internationalization, differentiation, and specialization", based on a new stage of development, and committed to new ideas of development, actively fulfill its responsibilities as a state-owned financial enterprise, firmly serves the real economy, and gives full play to original features of leasing. Its business scope covers key industries and fields such as aviation, shipping, transportation infrastructure, public utilities, energy and electricity, and machinery and equipment, so as to fully serve the new development pattern taking the domestic great cycle as the main body and where the domestic and international dual cycles support each other.

As the first financial leasing company approved to set up a professional subsidiary in Shanghai Pilot Free Trade Zone, the Company successively achieved several "first order" businesses and innovation achievements, such as the first aircraft financial lease business, the first aircraft operating lease business, the first ship operating lease business, the first aircraft asset transfer transaction, and the first overseas loan business of non-bank financial institutions.

In 2023, as a pioneer in the financial sector, BoCom Leasing has kept pace with the times and committed to high-quality development, forging a unique path in the evolution of China's financial landscape while celebrating its 16th year of renewed efforts. During this period, our registered capital increased to RMB 20 billion, establishing us as an industry leader. Our total assets exceeded RMB 400 billion, with the balance of leasing assets nearing RMB 360 billion. While maintaining our position as the world's largest financial shipowner, our aviation leasing assets surpassed RMB 100 billion. Furthermore, we garnered a total of 36 awards, including the "Best Financial Leasing Company of the Year" in the Gold Medal Award of Chinese Financial Institutions granted by the Financial Times, consistently highlighting our exemplary role in the industry and reinforcing our operational strength, market influence, and brand image. The Company continues to expand brand awareness and influence, holding key positions such as a director of the fifth session of the Financial Leasing Committee of the China Banking Association (CBA) and a director of the Joint Meeting of Financial Leasing Institutions in Shanghai under the Shanghai Banking Association.

Sustainability at BoCom Leasing

BoCom Leasing has continuously taken strides towards improving the sustainability of its business. Group wide corporate and ESG governance ensures that BoCom Leasing, as a subsidiary of Bank of Communications, complies with the Group's sustainable development strategies.

BoCom Leasing has established a robust governance structure, and strict risk management and control processes, allowing for operational transparency and accountability at the highest levels of the organization. To further integrate sustainability into its businesses, employee incentive schemes have been implemented to encourage leasing solutions that deliver positive environmental and social impacts. This strengthens sustainability governance and aims to align BoCom Leasing's operations with environmental and societal objectives.

The company's contributions towards a green finance include:

- **Supporting the World's Largest "Green Hydrogen+" Coal-to-olefins Project:** In April 2023, BoCom Leasing actively implemented the dual-carbon strategy by taking advantage of the synergistic benefits of bank-leasing collaboration and the distinctive model of financing through lessor's ownership and purchase of assets. In Inner Mongolia, the Company launched a 3-million-tonne "green hydrogen+" coal-to-olefin project under a direct leasing arrangement for equipment. This is the world's only large-scale project that utilizes green hydrogen to replace fossil fuels in the production of high-end chemical products, thereby effectively easing the supply constraints of ethylene and driving sustainable economic development in the Inner Mongolia region.
- **Innovative "Youneng Lease" 1+N Business Model:** The Company focuses on the specialized sector of commercial and industrial distributed PV systems. In 2023, we introduced the specialized green product, "Youneng Lease: Commercial and Industrial PV Station Financing 1+N". This product introduces an innovative mode of comprehensive partnership with principal partners to provide financial leasing services to the end owners of the stations, thereby promoting the development of clean energy. These principal partners range from professional power station investors to stakeholders within the PV supply chain, such as EPC contractors and platform operators. In addition to promoting leasing projects for commercial and industrial distributed PV stations to the Company, these key partners also enhance the Company's creditworthiness, share operational data from the stations, and collaborate in managing the assets of the stations. This model allows the Company to effectively diversify and manage business risks while developing extensive customer acquisition channels; it also enables our principal partners to achieve their commercial goals and accelerate their business cycles. In 2023, we successfully executed a pilot launch of the "Youneng Lease" product, established appropriate business management policies, and developed a comprehensive business system platform. By the end of 2023, we have reached cooperation intentions regarding the "Youneng Lease" product with

numerous prominent investors and EPC contractors in the commercial and industrial PV station sector in China, with a cumulative amount of several billion yuan.

- **Enhancing Deployment of Eco-friendly Ships Amidst Green Transformation:** In May 2023, the Company successfully delivered two 190,000-tonne dual-fuel ships. Equipped with LNG dual-fuel engines, each ship can reduce CO2 emissions by nearly 20%, sulfur oxides and particulate matter emissions by 100%, and nitrogen oxide emissions by approximately 90%, compared to similar market counterparts. These ships conform to the latest NOx Tier III limits and EEDI III standards, representing the latest generation of eco-friendly vessels on the market, poised to significantly bolster the sustainable, green, and low-carbon growth of the shipping industry in the future.
- **BoCom Leasing Successfully Delivered the World's Largest Multi-purpose Pulp Ship "Green Santos":** On December 22, 2023, BoCom Leasing delivered the first custom-made 77,000-tonne multi-purpose pulp ship at the shipyard. The ship, named "Green Santos," is currently the largest of its kind in the world and epitomizes the latest green shipping technology. This landmark delivery underscores BoCom Leasing's dedication to implementing Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, aligning with the strategic directives of the Central Financial Work Conference to boost the efficiency of shipping finance services.
- **BoCom Leasing Successfully Delivered the First Sustainable Fuel-powered Aircraft for Sichuan Airlines:** On April 3, 2023, at the Airbus Completion and Delivery Center (C&DC) in Tianjin, BoCom Leasing successfully handed over the first Airbus A320neo aircraft powered by sustainable fuel to Sichuan Airlines. This Airbus A320neo is a cutting-edge narrow-body aircraft, procured directly from Airbus by BoCom Leasing and leased to Sichuan Airlines through a project entity established in the China (Tianjin) Pilot FTZ (Dongjiang Free Trade Port Zone) according to an operating leasing arrangement. At the time of delivery, it was fueled with sustainable bio-aviation fuel, which will assist Sichuan Airlines in enhancing operational efficiency and reducing fuel consumption in the future.
- **Successful Issuance of our First Green Financial Bond:** On November 9, 2023, BoCom Leasing successfully issued its first RMB-denominated green financial bond in the national interbank bond market. The bond achieved the lowest RMB bond issuance rate in our history and the lowest industry-wide in 2023. The issuance drew a diverse group of investors, including banks, brokerage firms, and insurance companies, with total subscriptions exceeding RMB 6 billion. This bond represents the largest green financial bond issued by a non-banking financial institution in 2023, with the proceeds earmarked for investment in green assets such as clean energy, energy efficiency improvements, and urban rail transit.
- **Fostering the Growth of the Green and Low-carbon Sector through a Syndicated Loan:** In March 2023, BoCom Leasing and HSBC China successfully organized a 35-

month, USD-denominated green syndicated loan that adheres to international green loan principles, aimed at supporting its green and sustainable projects. This loan represents a first in China's financial leasing industry, as it is structured under a sustainable financing framework certified by Vigeo Eiris, a leading global ESG assessment firm. It conforms to the green loan principles set forth in February 2021 by the Loan Market Association, the Asia Pacific Loan Market Association, and the Loan Syndications and Trading Association for an onshore US dollar green syndicated loan.

The company's commitments towards society include:

- **Safeguarding Customer Rights and Interests through Premium Service:** The Company steadfastly adheres to a customer-centric service philosophy and rigorously enforces regulations including the Management Measures of the Banking and Insurance Institutions for Consumer Complaint Handling, Management Measures of Banking and Insurance Institutions for the Protection of Consumer Rights and Interests, and the Notice of the Financial Consumer Protection Bureau of the People's Bank of China on Issuing the 2023 Financial Knowledge Publicity and Promotion Plan. Internally, we boost employee awareness and skills in consumer rights protection; externally, we uphold consumers' right to education, maintain effective channels for financial consumer consultation and complaints, and safeguard the legitimate rights and interests of financial consumers. In 2023, the Company received no consumer complaints.
- **Cultivating a People-Centric Environment:** BoCom Leasing leverages the century-old financial expertise and talent legacy of BoCom, consistently advocating for a people-first and responsibility-driven approach. We regard human capital as our most crucial asset, prioritizing the professional development of employees, fostering mutual growth, and providing a supportive work environment with competitive compensation to enhance employee well-being. The Company organizes annual training programs across five key areas: talent quality, account manager skills, risk management, and professional competencies. These programs enhance our employees' financial proficiency, offering sustained support for the Company's strategic transformation and the development of our workforce and talent. In 2023, as part of an initiative to empower the Company's "second entrepreneurship" and ongoing transformation, we developed key educational materials and promoted a combination of online and offline training. This approach resulted in a series of unique, company-specific case studies. In 2023, 100% of employees participated in our training programs.
- **Jointly Building a Sustainable Supply Chain:** The Company complies with legislation such as the Procurement Law of the People's Republic of China and the Tendering and Bidding Law of the People's Republic of China. We have also established the BOCOM Leasing's Supplier Management Measures to regulate supplier conduct throughout the entire process. Before procurement, the Company calls for bids in line with the principles of openness, transparency and fairness. During procurement, we conduct evaluations of suppliers' situation on safety and labor management, aiming to identify and control

all environmental and social risks associated with the suppliers. Additionally, we advocate procurement transparency and require clear definition and separation of duties among procurement management, procurement execution, and supplier management roles to prevent commercial bribery in centralized purchasing activities. Throughout the reporting period, we discovered no violations concerning business ethics, labor standards, or safety management among our suppliers.

- **Giving Back to the Community:** BoCom Leasing consistently integrates social welfare into its development strategy. The Company actively participates in volunteer activities and undertakes social welfare programs. By leveraging both internal and external resources, we aim to foster a community where social governance is a responsibility of all, a duty shared by all, and beneficial for all. In 2023, BoCom Leasing capitalized on the distinct strengths of its leasing operations, focusing on modern livestock farming, apiculture, household PV systems, and the procurement and marketing of agricultural products, with the aim of assisting farmers through financial services. The Company actively engaged partners in its agricultural support programs, working together to promote green development in rural areas and enhance agricultural productivity and farmers' incomes, thus continuously advancing rural revitalization. BoCom Leasing upholds the belief that "Everyone Can Contribute to Public Welfare." In the spirit of selfless dedication exemplified by Lei Feng, we've actively engaged in a range of public welfare undertakings, earnestly fulfilling our corporate social responsibility with meaningful actions.

For more details and the latest information about sustainability at BoCom Leasing, please view the Company's ESG report¹.

¹ [BoCom Leasing 2023 ESG Report](#)

United Nations Sustainable Development Goals (“SDGs”)

The United Nations Sustainable Development Goals (“Sustainable Development Goals” or “SDGs”) were long-term development goals formulated by the United Nations to foster sustainable transformation, solving social, economic and environmental problems by 2030 in a comprehensive approach.



Sustainable Financing Instruments launched by BoCom Leasing will contribute to the following SDGs:

- SDG 3: Good Health and Well-Being
- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action

Sustainable Finance Framework

With reference to BoCom Leasing’s sustainable development strategy, the BoCom Leasing Sustainable Finance Framework (“Framework”) defines a set of guiding principles for BoCom Leasing to finance or refinance, in whole or in part, eligible green and/or social projects via the launch of bond(s) or loan(s) (collectively as “Sustainable Finance Instruments” or “SFIs”).

Under the Framework, BoCom Leasing can launch SFIs in the following formats:

- Green - funds raised are exclusively allocated to Eligible Green Projects;
- Social - funds raised are exclusively allocated to Eligible Social Projects; and
- Sustainability - funds raised are exclusively allocated to a combination of both Eligible Green and Social Projects.

For avoidance of doubt, SFIs issued under this Framework will be aligned with the following Principles and its subsequent update(s) (if any) respectively (collectively as “Sustainable Finance Principles”), depending on the type of SFIs being raised:

- Published by the International Capital Market Association (“ICMA”), Green Bond Principles (“GBP”) 2021 (with June 2022 Appendix 1)²; Social Bond Principles (“SBPs”) ³ 2023; and Sustainability Bond Guidelines (“SBG”) 2021⁴; and/or
- Jointly published by the Loan Market Association (“LMA”), the Asia Pacific Loan Market Association (“APLMA”) and the Loan Syndications and Trading Association (“LSTA”), Green Loan Principles (“GLP”) ⁵ 2023 and Social Loan Principles (“SLP”) ⁶ 2023; and/or
- Onshore Green Bonds aligned with the China Green Bond Principles and the Green Bond Endorsed Projects Catalogue (2021 Edition)⁷; and/or
- Onshore Green Loans aligned with the Green Industry Guidance Catalogue (2019 Edition)⁸

For all Sustainable Finance Instruments launched under the Framework, BoCom Leasing is committed to align with key the following pillars as set out in this Framework:

- 1) Use of Proceeds
- 2) Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

² ICMA Green Bond Principles, June 2021 (with June 2022 Appendix 1), <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ ICMA Social Bond Principles, June 2023, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

⁴ ICMA Sustainability Bond Guidelines, June 2021, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

⁵ LMA Green Loan Principles, February 2023, <https://www.lsta.org/content/green-loan-principles/>

⁶ LMA Social Loan Principles, February 2023, <https://www.lsta.org/content/social-loan-principles-slp/>

⁷ Green Bond Endorsed Projects Catalogue, 2021, <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4342400/2021091617180089879.pdf>



⁸ Green Industry Guidance Catalogue, 2019, <http://fgw.nmg.gov.cn/ywqz/jndt/202101/P020210126320290199325.pdf>

1. Use of Proceeds

The net proceeds raised under this Framework will be used to finance and/or refinance in whole or in part, expenditure on projects under relevant Sustainable Finance Principles that are consistent with the eligibility criteria set out below, and that meet relevant national requirements.


Financing and/or refinancing of Eligible Green and/or Social Project(s) will be subject to a lookback period of 24 months.

1) Eligible Projects

Eligible Green Categories	Eligibility Criteria	Contribution to Environmental Objectives and SDGs
Clean Transportation (General)	Investments and expenditure in zero direct emission transportation assets, systems, infrastructure, components ⁹ and financing services, including but not limited to subways, mass rapid transit and urban light rail for public transport and electric vehicles ¹⁰	Climate Change Mitigation and Pollution Prevention & Control 
Clean Transportation (Aviation)	Procurement of Sustainable Aviation Fuel (SAF) or investments in projects/companies aiming at increasing available SAF	Climate Change Mitigation and Pollution Prevention & Control 
Clean Transportation (Shipping)	Investments related to methanol-enabled dual-fuel container vessels or dual-fuel methanol retrofits: <ul style="list-style-type: none"> ▪ EEDI value 20% below IMO 	Climate Change Mitigation and Pollution Prevention & Control

⁹ Investments linked to road construction or manufacturing of components for ineligible transport assets are excluded.

¹⁰ Internal combustion engine and hybrid vehicles are excluded

	<p>requirements¹¹ and can plug in at berth; or</p> <ul style="list-style-type: none"> ▪ Energy Efficiency Existing Ship Index (EEXI) value equivalent to reducing the EEDI reference line by at least 10% below the EEXI IMO requirements¹² and a yearly average GHG intensity¹³ that does not exceed EU Taxonomy limits¹⁴ <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)¹⁵; 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%¹⁶; or ▪ E-methanol from biogenic CO2 and hydrogen from electrolysis of water using renewable electricity that meet the minimum reductions of 70%¹⁷ 	
Renewable Energy	Investments and expenditure including Generation, transmission, production of components and equipment that facilitates the adoption of renewable energy, including:	Climate Change Mitigation

¹¹ Marine Environment Protection Committee (MEPC) 75, 16-20 November (virtual session (imo.org))

¹² EEXI and CII - ship carbon intensity and rating system (imo.org)







¹³ GHG intensity of the energy used on-board by a ship is verified by an independent third party and calculated as the amount of GHG emissions per unit of energy according to the methodology and default values specified in a Regulation of the European Parliament and of the Council on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC

¹⁴ EU Taxonomy limits are defined in the Substantial Contribution Criteria for Climate Change Mitigation of activity 6.10 point (f)





¹⁵ As demonstrated by computational fluid dynamics (CFD), tank tests or similar engineering calculations


¹⁶ Waste biomass from forestry and agriculture. Minimum GHG reductions as per Article 29(10) of the EU Renewable Energy Directive (2018/2001)

¹⁷ As per as per Article 25(2) of the EU Renewable Energy Directive (2018/2001)


	<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 	 
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. ¹⁸	<p>Pollution Prevention & Control</p>  
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 	<p>Pollution Prevention & Control</p>  

¹⁸ Projects involving treatment of hazardous waste are excluded.

	<p>energy consumption of ≤ 0.5 kWh per cubic meter produced water supply</p> <ul style="list-style-type: none"> Leakage level: Infrastructure Leakage Level (“ILI”) ≤ 1.5 	
Energy Efficiency	<p>Investments and expenditure in projects or technologies that reduce energy consumption by at least 30% of the related assets, technologies, products or systems:</p> <ul style="list-style-type: none"> Examples includes modification of motor control systems, centralized district heating/cooling systems, smart grids and improved chillers.¹⁹ 	<p>Climate Change Mitigation</p>  
Green Building	<p>Green buildings that have or expected to receive regional, national, or international certifications. Examples include:</p> <ul style="list-style-type: none"> 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 	<p>Climate Change Mitigation and Natural Resources Conservation</p> 

Eligible Social Categories	Eligibility Criteria	Contribution to SDGs
Access to Essential Services (Public Healthcare)	<p>Investment and expenditure to provide affordable public healthcare services that bring social benefits to general public, including:</p> <ul style="list-style-type: none"> 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 	

¹⁹ Energy efficiency improvements that lead to lock-in of fossil fuel technologies are excluded.

	<p>provision of emergency medical response and disease control services</p> <ul style="list-style-type: none"> ▪ Drug development and medical device testing and investment covered by public health insurance schemes or public budget <p><u>Target Population</u></p> <ul style="list-style-type: none"> ▪ General public in less developed areas in Mainland China 	
Affordable Basic Infrastructure	<p>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 network²⁰.</p> <p><u>Target Population</u></p> <ul style="list-style-type: none"> ▪ General public in less developed areas in Mainland China 	 
Indirect Employment Generation through the Provision of Loans to Micro and Small Enterprises	<p>Provision of inclusive financing to micro and small enterprises</p> <p><u>Target Population</u></p> <ul style="list-style-type: none"> ▪ Micro and small enterprises²¹ 	

²⁰ Long-distance water transfer projects and bottled water production facilities are excluded.

²¹ "Micro and Small Enterprises" refer to the definition of micro and small enterprises as defined by the China National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Commerce and the National Bureau of Statistics, for details, please refer to: https://www.gov.cn/zwqk/2011-07/04/content_1898747.htm

2) Exclusions Criteria

Projects in eligible categories shall at least reach the threshold of relevant official green standards of environmental impacts recognized in the local jurisdictions. In case of no official standards locally recognized, corresponding international standards shall apply.

In any case, the Eligible Green and/or Social Project(s) shall exclude the following sectors:

- Any industries or activities prohibited by the law of china, for example, child labor, gaming, adult entertainment, and businesses or activities with record of engaging in illegal business activities;
- Any assets or activities related to fossil fuels (e.g. “clean coal” projects, fossil fuel rail transportation projects, etc.);
- Weapons and ammunition;
- Mining and quarrying;
- Production and trade of distilled, refined and mixed alcoholic beverages; and
- Carbon intensive infrastructure, including new-built roads, bridges and airports etc.

2. Project Evaluation and Selection

BoCom Leasing has established a mature governance framework to improve the decision-making mechanism and maintain a high level of governance. Regarding to features of the leasing businesses, it has constructed a comprehensive and uninterrupted management system.

Various business departments can propose Green and/or Social Project(s), and validate the underlying potential green and/or social project(s) based on the Eligible Project Categories described in this Sustainable Finance Framework. When selecting Eligible Projects, BoCom Leasing would evaluate their feasibility, and their underlying environmental and social risks for all projects.

Meanwhile, BoCom Leasing has established a Sustainable Finance Working Group (“SFWG”) is responsible for the management of this Framework and the compliance of all Sustainable Finance Instruments issued under the Framework. The SFWG is composed of the following departments:

- Financial Market Department
- Finance and Accounting Department
- Business Appraisal Department
- Legal and Compliance Department
- Research and Development Department

The SFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams.

Before the launch of any SFIs, the SFWG will review all proposed green and/or social project(s) and evaluate their eligibility with reference to criteria set in this Framework. Green and/or social

project(s) in compliance with the Framework will be flagged as “Eligible Green and/or Social Project(s)” and will form an “Eligible Green and/or Social Project(s) List” (include all “Eligible Green and/or Social Project(s)” approved by the SFWG). This ensures proceeds of SFIs will be allocated into Eligible Green and/or Social Project(s) in a timely manner. Where available, the environmental or social assessments of the projects and their compliance with relevant policy requirements and market standards will be reviewed as part of the assessment process. For refinancing projects, the SFWG will prioritize the most recent eligible assets/projects and technologies.

Annually, the SFWG will review the allocation of the proceeds to the Eligible Green and/or Social Project List and determine if any necessary changes (for example, if a project has amortized, been prepaid, sold or otherwise become ineligible) and facilitate ongoing reporting. The SFWG will decide any necessary update of the Eligible Green and/or Social Project List (such as replacement, deletion, or addition of projects) to maintain the eligibility of the Use of Proceeds. Such monitoring will be done throughout the life of the SFIs.

3. Management of Proceeds

BoCom Leasing has established the Sustainable Finance Register (the “Register”) to record the proceeds allocation of Finance Instruments. The proceeds of Sustainable Finance Instruments will be deposited in BoCom Leasing’s general funding accounts and allocate to Eligible Green and/or Social Projects under different business lines, all proceeds will be “earmarked” until allocation to Eligible Green and/or Social Projects.

The Register will contain, for each Sustainable Finance Instrument launched, information including:

1. Transaction Details:
 - Transaction date, Settlement Date and Maturity Date;
 - Currency and principle amount of proceeds;
 - Interest or coupon; and
 - International Securities Identification Number (ISIN), as applicable.

2. Details of the Sustainable Finance Register:
 - Confirmation from the SFWG that the respective project is considered an Eligible Green and/or Social Project;
 - Summary of Eligible Green and/or Social Projects to which the proceeds of the Finance Instrument have been allocated in accordance to this Framework;
 - Amount of proceeds allocated to each Eligible Green and/or Social Project;
 - The remaining balance of unallocated proceeds;
 - Ratio of financing and re-financing;
 - Estimated environmental impact (and social impacts where relevant), as applicable; and

- Other necessary information, as applicable.

The Register will be managed by the Financial Markets with oversight by the SFWG. Pending allocation, net proceeds from the sale of the Sustainable Finance Instrument will be handled in accordance with BoCom Leasing's robust and prudent liquidity management policy, and shall not be invested to any fossil-fuel, highly polluting or energy intensive assets/projects and shall be handled as compliant with the relevant sustainable finance standards of the issuing location, which includes to be temporarily invested in Green Bonds issued by non-financial enterprises, short-term money market instruments with good ratings and market liquidity in the domestic and international markets or as cash, until being fully allocated into Eligible Green and/or Social Projects.

BoCom Leasing expects to achieve fully allocation within 2 years from the date of transaction launch.

Should there be any co-financing of projects, BoCom Leasing will only claim and report the impact proportionate to the company's financing amount.

4. Reporting

BoCom Leasing will disclose post-issuance report annually, or more frequently in case of material developments. This reporting will be updated annually until full allocation of the net proceeds of any Sustainable Finance Instrument issued.

The reporting will provide the following information:

1) Allocation Reporting

- Allocation amount by eligible project category, and clearly indicating the SDG(s) of which such allocation supports
- Allocation amount by geographical distribution
- Proportion between financing and refinancing
- Case study selected from Eligible Green and/or Social Projects, subject to confidentiality
- Amount of unallocated proceeds and its temporary treatment

Besides, BoCom Leasing will confirm that the use of proceeds of Sustainable Finance Instruments are in alignment to the Framework.

2) Impact Reporting

- Where possible and subject to data availability and confidentiality, BoCom Leasing will make best effort to report on environmental and/or social impact of the projects using relevant indicators as suggested in the ICMA Harmonized Framework for Impact Reporting:

Eligible Green Categories	Examples of Impact Indicators
Clean Transportation (General)	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> Sustainable Aviation Fuel produced/procured (t) Annual GHG emissions reduced/avoided (tCO₂ equivalent)
Clean Transportation (Shipping)	<ul style="list-style-type: none"> Number and type of eligible methanol-enabled dual-fuel vessels financed Green methanol procured (t) Annual GHG emissions reduced/avoided (tCO₂ equivalent)
Renewable Energy	<ul style="list-style-type: none"> Annual renewable energy generation (MWh for electricity) (GJ for other energy) Annual GHG emissions reduced/avoided (tCO₂ equivalent)
Pollution Prevention and Control	<ul style="list-style-type: none"> Waste reduced/avoided (tonnes) Annual GHG emissions reduced/avoided (tCO₂ equivalent)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Annual amount of fresh water conserved Annual amount of water pollution avoided
Energy Efficiency	<ul style="list-style-type: none"> Energy savings per year Annual GHG emissions reduced/avoided (tCO₂ equivalent)
Green Building	<ul style="list-style-type: none"> Number and type of certification of green building certifications obtained Annual GHG emissions reduced/avoided (tCO₂ equivalent) Expected energy savings per year (KWh)

Eligible Social Categories	Examples of Impact Indicators
Access to Essential Services (Public Healthcare)	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Number of loans disbursed to qualifying Micro and Small Enterprises Number of employment opportunities created

For Green/Social/Sustainability Bonds, the disclosure will be made publicly available through its corporate website (<https://www.bocomleasing.com>).

For other Sustainable Finance Instruments, the disclosure will be made in proper channels for its relevant stakeholders, in any suitable documentation format, according to the relevant agreement.

5. External Review

BoCom Leasing has engaged Moody's Ratings to provide a Second Party Opinion to assess and confirm that the Framework is in line with relevant ICMA and LMA principles and guidelines. The external review report is published on BoCom Leasing's company website (<https://www.bocomleasing.com>).

6. Amendments to the Framework

The SFWG will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Company and a credible external reviewer. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on our website and will replace this Framework.

Disclaimer

The information and opinions contained in the Bank of Communications Financial Leasing Co., Ltd. Sustainable Finance Framework are provided as at the date of this document and are subject to change without notice. BoCom Leasing does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

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