

Energy-Related Credit Policy of China Minsheng Bank

The energy-related credit policy is one of the important elements of the Company's credit policies. Every year, the Company improves and updates the credit policy for the energy sector according to the latest situation both at home and abroad and the orientation of national policies.

I. Background for the Policy

Energy is an important material foundation for economic and social development and a principal source of carbon emissions. In the *Action Plan for Carbon Dioxide Peaking Before 2030*, the State Council puts forward the following measures: Firstly, measures will be taken to cut carbon emissions in a safe manner, and vigorously promote substitution of renewable sources of energy under the premise of guaranteed energy safety. Secondly, measures will be taken to accelerate the development of a clean, low-carbon, safe and efficient energy system, including substitution, transformation and upgrading of coal consumption, vigorous development of new energy, development of hydropower according to local conditions, development of nuclear power through active, safe and orderly approaches, rational regulation of oil and gas consumption, and acceleration of the development of new electric power systems.

II. Scope of the Policy

The energy-related credit policy formulated by the Company covers the hydropower industry (including power generation of hydropower stations and pumped storage power stations), the nuclear power generation industry (including nuclear power equipment manufacturing and design industries), thermal power generation, wind power, solar power, power grids (including power grid companies engaged in

transmission, distribution, sales, construction and maintenance of power grids), petroleum (including petroleum extraction and manufacturing of refined petroleum product), natural gas (including LNG processing industry, LNG/CNG filling stations), coal (including bituminite and anthracite mining and washing, lignite mining and washing, other coal mining and selection and coal trade) and coking industry as defined in the *Industrial Classification for National Economic Activities (GB/T 4754-2017)* issued by the National Bureau of Statistics.

III. Overall Credit Strategy

The Company has formulated the differentiated energy-related credit polity, which clearly defines the overall strategies, access standards and key risk control points in combination with the national supporting tools for carbon emission reduction and the national policy guidance on re-lending to support clean and efficient use of coal. The Company actively supports clean energy, prefers to support the financing needs of leading and advanced enterprises in the traditional energy industry in energy conservation, carbon reduction, industrial upgrading, equal or reduced capacity replacement, mergers and reorganizations, etc., while accelerating exit from inefficient and outdated enterprises and production capacity.

IV. Prevention and Control of ESG Risks

The Company clearly stated that it shall not approve projects involving environmental, social and governance risks, such as failure to meet standards for environmental impact assessment and discharge of pollutants, failure in implementing ecological protection and relocation of residents, inadequate disposal of hazardous waste, etc. For example, for hydropower projects, the Company requires that resident relocation and ecological conservation programs must be in place, and shall not be located in restricted areas. For thermal power projects, the Company requires to prevent the risk of rising environmental protection costs and the risk of rapidly developing new energy

technologies replacing traditional thermal power. For coal projects, the Company requires to prevent the risk of periodic overcapacity. For coking projects, the Company requires to prevent environmental protection risks such as substandard environmental protection indicators and lack of the pollution discharge permit.