

# **Mining-Related Credit Policy of China Minsheng Bank**

The mining-related credit policy is one of the important elements of the Company's credit policies. Every year, the Company improves and updates the mining-related credit policy 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 maintain cutting carbon emissions in a safe manner by vigorously promoting substitution of renewable energy under the premise that energy security is ensured, and to accelerate the development of a clean, low-carbon, safe and efficient energy system. Secondly, measures will be taken to promote innovation of green and low-carbon technologies and digital transformation of traditional industries, including mining. Thirdly, measures will be taken to curb the irrational expansion of industries of high energy consumption and high emissions ("two-high"), implement equal or reduced capacity replacement, and to raise access standards for energy consumption of "two-high" projects.

## **II. Scope of the Policy**

The mining-related credit policy formulated by the Company covers the industries of mining and washing of bituminite, anthracite and lignite, other coals and ferrous metals, as well as mining and smelting of other non-ferrous metals, 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 mining-related credit policy, which defines the differentiated credit granting strategies, access standards and key risk control points. The policy puts more focus on adjusting the existing customer structure, strengthening the classification management of customers and implementing differentiated policies according to customer qualifications, and supports the financing needs of leading enterprises in technological transformation, new projects and mergers and acquisitions. These preferred enterprises are all with good locations, strong cost competitiveness, steady financial positions, outstanding resource endowment and good performance in indicators such as mining recovery rate, concentration recovery rate and comprehensive utilization rate. The policy helps to speed up the recovery and disposal of existing problem customers, and take the initiative to exit projects involving middle and low-end mining enterprises with heavy environmental protection loads and poor competitiveness.

### **IV. Prevention and Control of ESG Risks**

The Company requires that the projects to be engaged shall complete the compliance procedures in terms of project establishment, environmental protection, pollution discharge, safety, and land use. Mining and washing enterprises must obtain core licenses such as mining licenses, resource reserve verification reports, mine manager safety qualification licenses, and certificate for the use of civil explosive materials. The Company shall not provide credit support to those included in the list of enterprises for eliminating outdated production capacity by the Ministry of Industry and Information Technology.