

Raw Materials-Related Credit Policy of China Minsheng Bank

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

I. Background for the Policy

The industrial domain is one of the main sources of carbon emissions, greatly influencing China's efforts in achieving overall carbon peaking. In the *Action Plan for Carbon Dioxide Peaking Before 2030*, the State Council puts forward the following measures: Firstly, measures will be taken to optimize the scale and layout of production capacity of the chemical industry that uses coal or petroleum as raw materials, strengthen the elimination of outdated production capacity, and effectively resolve contradictions arising from structural overcapacity. Secondly, measures will be taken to strictly control access to projects and new production capacity of oil refining and traditional coal-based chemical industries, guide enterprises to change energy use models, adjust the structure of raw materials, promote the transition to lighter raw materials of petrochemical industry, and encourage enterprises to upgrade facilities for energy saving purpose, and promote the cascading use of energy and recycling of materials. Thirdly, measures will be taken to manage projects with high energy consumption and high emissions based on lists, handle them based on classification and monitor them dynamically.

II. Scope of the Policy

The raw materials-related credit policy formulated by the Company covers relevant industry chains involving production of PVC, caustic soda and urea using coal or

petroleum as raw materials, manufacturing of plastics and synthetic resin, nitrogen fertilizer, organic chemical raw materials, etc., as defined in the *Industrial Classification for National Economic Activities (GB/T 4754-2017)* issued by the State Statistics Bureau.

III. Overall Credit Strategy

The Company has formulated raw materials-related credit policy, which clearly defines the differentiated credit granting strategies, access standards and key risk control points. The Company, with more emphasis on adjusting customer and regional structures, aims to gradually reduce and exit projects involving enterprises with high cost and outdated technology, support good enterprises with refining-petrochemical integration and advantages in scale and industry chains, and to control the total number of enterprises.

IV. Prevention and Control of ESG Risks

The Company addresses the prevention of production overcapacity risk and environment protection and pollution discharge risk of projects involving chemical industries using coal or petroleum as raw materials, and shall not grant new credit to enterprises with substandard environmental protection or high energy consumption costs.