

Biodiversity-Related Credit Policy of China Minsheng Bank

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

I. Background for the Policy

Biodiversity, the overall variety of life on earth and their living environment, is the basis for the survival and development of the society. All aspects of material and cultural life, including clothing, food, housing and transportation, are closely related to biodiversity. The constantly expanding scope of human activities yields greater impact on the ecosystem, and causes faster species extinction. Biodiversity conservation and maintenance of ecosystem stability require joint efforts of the whole society. Banking institutions can support biodiversity restoration and conservation by adjusting financing decisions and investment portfolios.

II. Scope of the Policy

As a participant and supporter of the *15th Conference of the Parties to the United Nations Convention on Biological Diversity*, the Company will fulfill the commitments announced in the *Joint Declaration of China's Banking Financial Institutions to Support Biodiversity Conservation*, and incorporate biodiversity into the *Five-year Plan for the Development of Green Finance*. The Company will step up efforts in forward-looking researches and arrangements, formulate credit policy in relation to biodiversity conservation, explore eco-friendly investment and financing models, and strengthen the effective protection of important ecosystems, biological species and genetic resources. The Company will also innovate secured financing and

sustainable financial products in relation to environmental rights and interests and ecological compensation, facilitate the enrichment of biodiversity and the enhancement of ecological value, and provide comprehensive financial services for biodiversity conservation.

III. Overall Credit Strategy

The Company holds on to the principle of prioritizing conservation and natural restoration based on natural carrying capacity, follows the conventions such as the convention on biological diversity, the convention on wetlands, the convention on international trade in endangered species of wild fauna and flora, etc., and strengthens financial support for activities regarding diversity conservation of gene, species and ecosystem, including integrated conservation and systematic governance of mountains, waters, forests, farmlands, lakes, grasslands and deserts, wildlife conservation, fishery, wetland conservation, nature reserves and in-situ and ex-situ conservation of biodiversity, major projects of biodiversity conservation, conservation and sharing of biological genetic resources, etc.

IV. Prevention and Control of ESG Risks

The Company classifies biodiversity-related risks as key risks and incorporates them into the comprehensive risk management framework. The Company has established a biodiversity risk prevention and control mechanism at industrial, regional and project levels, and gives due consideration to biodiversity conservation factors in the risk management and control of the whole procedure, including credit access. The Company pays close attention to the impacts of relevant projects on biodiversity, carries out identification and evaluation of ecological footprints brought by investment and financing activities, avoids and controls relevant risks caused by biodiversity factors, and takes risk mitigation measures, in order to comprehensively improve biodiversity risk governance and prevention.