

Strengthen environmental risk management throughout the credit process

Formulate the *Measures of China CITIC Bank on the Management for the Classification of Environmental and Social Risks* to assess credit customers in terms of energy consumption, pollution, land, health, safety, resettlement, ecological protection and climate change, formulate strict assessment standards, and strengthen the whole-process management of environmental risk.

Pre-credit investigation:

Due diligence for environmental and social risk of customers should be included into the pre-credit investigation process. According to the industry and regional characteristics of customers and their projects, the investigation contents of their environmental and social risk, including but not limited to pollution prevention and control, labor and working conditions, and the customer's environmental and social risk assessment and management system, should be clarified.

Review and approval:

The environmental and social risks of customers should be taken as an important part of the review and approval process. The environmental and social risks that should be addressed in the review and approval process should include but not be limited to compliance with industrial policies, project approval, approval and filing status, and environmental impact assessment and approval. Reviewers should provide clear review opinions on the environmental and social risks of customers, and those who do not comply with the relevant regulations on customer access, environmental and social risk management shall not enter the approval process.

Credit audit:

The management status of customers for environmental and social risks should be used as an important basis for credit audit. If significant risk hazards are found in the credit audit, credit can be suspended or terminated.



Post-credit management:

The targeted post-loan management measures should be developed and implemented for customers with potential significant environmental and social risks to inspect the implementation of customers' environmental and social risk management systems and risk response plans. The environmental and social risks of credit customers should be included into the risk warning mechanism, and relevant risk disposal measures should be timely taken when major environmental and social risk events occur.