KEY PERFORAMNCE INDICATORS FOR IMPLEMENTING GREEN CREDIT

Part I Qualitative Performance Indicators

			Evaluation Result			
			Meet	Barely Meet	Fail to Meet	N/A
Chapter 2 Organization and Management						
Responsibilities of the Board of Directors	**Article 7** The board of directors or supervisory board of a banking institution is responsible for developing green credit development strategy, approving the green credit objectives developed by and the green credit report submitted by senior management, and monitoring and assessing the implementation of green credit development strategy.					
	Objective: Ensure the effective setup of green credit strategy and objectives **Core Indicators:**					
	2.7.1	The board of directors approves the strategy to support green, low-carbon and recycling economy, to strengthen environmental and social risk management, and to improve institution's environmental and social performance.				
	2.7.2	The board of directors approves annual and medium-to-long term objectives of implementing green credit strategy.				
	Objective: Ensure the effective monitoring and implementing of green credit strategy **Core Indicators:**					
	2.7.3	The board of directors shall, based on its due responsibility, monitor the implementation of green credit strategy and ensure that its requirements and objectives are met.				
		(1) The board of directors shall, based on the approved green credit strategy and goals, make requirements and responsibility to the management team for the reporting.				
		(2) The board of directors shall appoint an ad hoc committee to monitor the implementation of the green credit strategy and the achievment of its goals.				
		(3) The board of directors should be equipped at least one member with expertise in green credit.				

		(4) The audit committee of the board of directors shall invite third-party auditing firms or commission bank's internal auditing department to conduct a specific auditing for environmental and social risks management to some typical projects selected by sample.				
		(5) The salary committee of the board of directors shall strengthen monitoring to make sure that the implementation of the green credit be appropriately reflected in the overall performance evaluation of the senior management and other related employees.				
Responsibilities of the Senior Management Team	**Article 8** The senior management of a banking institution shall, pursuant to the resolutions of the board of directors or supervisory board, develop the green credit objectives, have in place relevant mechanisms and processes, define clearly the roles and responsibilities, conduct internal checks and appraisal, annually provide report to the board of directors or supervisory board on the development of green credit, and timely submit relevant reports to competent supervisory authorities.					
	Objective: Ensure the effective setup of senior management mechanism necessary for implementing green credit strategy **Core Indicators:**					
	2.8.1	The senior management shall develop the strategy to support green, low-carbon and recycling economy, to strengthen environmental and social risk management, and to improve institution's environmental and social performance.				
	2.8.2	The senior management shall set annual as well as medium-and-long term goals of implementing green credit strategy. The goals should be itemized and implemented by geographical and functional business units.				
	2.8.3	The senior management shall approve the polices and procedures of implementing green credit strategy.				
	2.8.4	The senior management shall well define the responsibilities of geographical and functional business units for implementing green credit strategy.				
	2.8.5	The senior management shall conduct internal control and performance appraisal relevant to the key objectives of green credit strategy.				
	2.8.6	The senior management shall report to the board of directors periodically (at least once each year) the implementation of green credit strategy.				

	Article 9 The senior management of a banking institution shall assign a senior officer and a department and configure them with necessary resources to organize and manage green credit activities. Where necessary, a cross-departmental green credit committee can be set up to coordinate relevant activities.					
Dedicated Green Credit Team	**Objective: Ensure dedicated officer and department to implement green credit strategy and configure with necessary resources** **Core Indicators:**					
	2.9.1	The senior management shall assign a senior officer or a department to lead the implementation of green credit strategy.				
	2.9.2	The senior management shall configure necessary resources to ensure the implementation of green credit strategy.				
	Optional Indicator(s)					
	2.9.3	A cross-departmental green credit committee can be set up to coordinate relevant activities.				
Chapter 3 Policy, System and Capacity Building						
	Article 10 Banking institutions shall, as per national environmental protection laws and regulations, industrial policies, sector entry policies, and other applicable regulations, establish and constantly improve the policies, systems and processes for environmental and social risk management and identify the directions and priority areas for green credit support. As for industries falling within the national "restricted" category and industries associated with major environmental and social risks, they shall customize credit granting guidelines, adopt differentiated and dynamic credit granting policies, and implement the risk exposure management system.					
Policy Development	**Objective: Develop concrete polices to support green, low-carbon and recycling economy, to strengthen environmental and social risk management, and to improve institution's environmental and social performance** **Core Indicators:**					
	3.10.1	The banking institutions shall formulate relevant policies on the directions and priority areas for green credit support				

3.10.2	The banking institutions shall formulate relevant policies on the environmental and social risk management, including process and operation procedure.				
3.10.3	As for industries falling within the national "restricted" category, associated with major environmental and social risks, and having been granted significant lending amount, the banking institutions shall customize credit-granting guidelines (please refer to Appendix I for the industries recommended to develop customized guidelines), adopt differentiated and dynamic credit granting policies, and implement the risk exposure management system.				
3.10.4	The banking institutions shall formulate relevant policies on fulfilling corporate environmental-and-social responsibilities and on improving institution's environmental and social performance.				
Article 11 Banking institutions shall develop client environmental and social risk assessment criteria, dynamically assess and classify client environmental and social risks, and consider the results as important basis for credit rating, access, management and exit. They shall adopt differentiated risks management measures concerning loan investigation, review and inspection, loan pricing and economic capital allocation. Banking institutions shall prepare a list of clients currently faced with major environmental and social risks, and require these clients to take risk mitigation actions, including developing and having in place major risk action plans, establishing sufficient, effective stakeholder communication mechanisms, and finding a third party to share such risks.					
Objective: Differentiated management based on the category of clients' environmental and social risks **Core Indicators:**					
3.11.1	The banking institutions shall define the contents of environmental and social risks of clients concerned and formulate the (benchmarking) standard of environmental and social risk appraisal to the clients.				
3.11.2	The banking institutions shall develop categorization standard and classify the clients according to their environmental and social risks:				

Categorized Management		**Category A:** Clients whose construction, production, and business activities may dramatically change the environment status quo and bring irreversibly adverse environmental and social results. The clients, who run the development and operation of the following projects, shall be categorize as A in principle: Nuclear power station; large-scale hydropower station and water resources projects; resource extractive projects; large-scale infrastructure projects in environmental and social sensitive area; large-scale infrastructure projects in minority nationality residence; large-scale industrial projects in the neighborhood of populous residence or water supply sources. **Category B:** Clients whose construction, production, and business activities have adverse environmental and social risks but largely reversible through mitigation measures. The clients, who run the development and operation of the following projects, shall be categorize as B in principle: Petroleum refining, coking and nuclear fuel processing; chemical material and product manufacturing; ferrous metal smelting and rolling processing; non-ferrous metal smelting and rolling processing; nonmetallic mineral products; thermal power generation, heat power generation and supply, gas generation and supply; large-scale infrastructure and building; long-distance transportation (including pipeline transport), intra-city and inter-city rail-transit. **Category C:** Clients whose construction, production, and business activities have little environmental and social risks. (Please refer to Appendix II for the industrial sector classification)	

3.11.3	The bank shall conduct dynamic evaluation to the clients in Category A and B of their progress towards controlling environmental and social risks. The assessment result should be served as important criteria in making related decisions of credit grading as well as credit access, management and withdrawal. Based on the result, the bank shall adopt differentiated risk management measure in "due diligence before loan-granting, risk assessment during loan-granting and risk management examination after loan-granting", loan pricing and economic capital allocation.				
	Please refer to Appendix III for the methods of implementing dynamic assessment to clients in Category A and B of their progress towards controlling environmental and social risks.				
3.11.4	The bank shall better manage risks by preparing such a watch list of clients who are faced with significant environmental and social risks as:				
	(1) the clients classified as Category A in terms of environmental and social risks and those in Category B but lacking risk mitigation measures;				
	(2) the enterprises which are confirmed by relevant national and provincial authorities as severely violating related laws and regulations in environmental protection and safety production;				
	(3) the enterprises which are confirmed by relevant national authorities as requiring closely monitoring and supervision in energy conservation, water saving, emission reduction, environmental protection and safety production.				
	(4) Other clients which are identified by the banking institution as requiring closely monitoring and supervision in environmental and social risk management.				
3.11.5	To the clients in the watch list, the bank shall take risk mitigation measures to address the environmental and social risks specific to the clients, including developing and implementing action plan in response to significant risks, establishing sufficient and effective stakeholder communication mechanism, seeking for environmental and social risk sharing facility by the third-party.				

	Article 12 Banking institutions shall create a mechanism that encourages green credit innovation. banking institutions shall promote innovation in green credit business process, products and services under the premises of effective control of risks and sound commercial viability.					
	Objective: Encourage green credit innovation **Core Indicators:**					
Green Finance Innovaiton	3.12.1	The banking institutions shall provide support for the development of green credit products and services, which should enjoy high priority through effective mechanism, such as reasonably allocating economic capital and credit resources.				
	3.12.2	The banking institutions shall streamline internal work flow so that a "green" channel is established to facilitate the R&D, review & approval, and promotion of green credit products and financial services.				
	3.12.3	The banking institutions shall actively develop financial products and services related to green, low carbon and recycling economy.				
	3.12.4	In align with relevant regulatory directives, the bank shall actively develop green credit products and financial services to support "rural area, agriculture and peasants" and small and mini- enterprises.				
	3.12.5	The banking institutions shall actively develop e-banking and other emerging banking services.				
	Article 13 Banking institutions shall improve E&S performances of its own operations, put in place relevant systems, emphasize green credit awareness raising, standardize business conducts, promote green office and improve resources efficiency.					
	Objective:Improve environmental and social performance of its own operations **Core Indicators:**					
	3.13.1	Enhance green credit concept education and promote green action involved by all staff:				
		(1) Integrating green credit concept into the institution's core value;				
		(2) Developing and implementing the institution's social volunteer action plan and encourage staff to actively participate in environmental and social activities organized by the institution or other social organizations.				

	3.13.2	The banking institutions shall develop relevant policies and establish corresponding mechanism to standardize business behavior and consciously safeguard consumers' interest.				
	3.13.3	The banking institutions shall develop plan and strengthen communication and interaction with community where the institution is located to promote community development				
	3.13.4	The banking institutions shall promote green office and raise the level of intensive management through:				
		(1) Establishing internal environmental footprint management program, benchmarking the consumption of electricity, water, paper & gasoline and setting quantified saving target;				
Self Performance		(2) Recycling the waste, such as waste paper, waste battery, waste lighting utensil, and waste furniture;				
		(3) Using video conference, conference call and other electronic office system to replace unnecessary business travel;				
		(4) Strictly leading an economy working style, reducing hospitality and other business-related expenditure and prohibiting business-related wasting;				
		(5) Promoting green procurement;				
		(6) Paying attention to the public building energy conservation with energy efficiency meeting the national advanced standards.				
	3.13.5	The banking institutions shall care about employee's ask and safeguard their legal right and interest:				
		(1) Establishing an employee recruitment system highlighting "transparency, fairness, and equity", prohibiting bias in any aspect;				
		(2) Paying attention to employee's demand for career development and other reasonable claim and establish appropriate employee support scheme;				
		(3) Giving priority of the career development opportunities to the female, the minority and the disability who have the same qualification as others;				
		(4) Developing and implementing behavior norm for the management personnel to create a respected working environment.				

3.13.6	The banking institutions shall implement social responsibility, providing appropriate positions for the disability.				
Article 14 Banking institutions shall strengthen green credit capacity building, establish and improve green credit labeling and statistics system, improve relevant credit management systems, enhance green credit training, develop and employ related professionals. Where necessary, they can hire an eligible, independent third party to assess environmental and social risks or acquire related professional services by means of outsourcing.					
Objective:Build and strengthen the capacity of the institutions to implement green credit **Core Indicators:**					
3.14.1	The banking institutions shall strengthen green credit capacity building and take the green credit knowledge and expertise requirements into account of the new professional and managerial positions.				
3.14.2	The banking institutions shall establish labeling system to identify clients' environmental and social risk category, which shall be integrated into banking institutions' credit management system, IT system and client statistics system.				
3.14.3	According to the regulatory requirements, the banking institutions shall establish and conduct green credit statistics system.				
3.14.4	The banking institutions shall strengthen staff capacity building, develop green credit training programs, cultivate and recruit relevant professionals, through:				
	(1) Considering and cultivating multi-disciplinary education and working background and experience of the staff so that the technical, economic and social knowledge for promoting energy-saving and environmental protection can be effectively supplemented among staff;				
	(2)Enhancing the circulation, communication and sharing of knowledge and information on environmental and social responsibilities, through the ways of developing internal website and interactive platform, organizing on-site lectures and video training, etc.				

Capacity Building		(3) Integrating green-credit related courses into employee’s orientation and on-job training program.				
		(4) Providing green credit training courses to newly appointed member of the board of directors, the board of supervisory and the senior management team;				
		(5) Collecting and summarizing green credit cases for study and discussion, as a way to make green credit training more focused and effective;				
		(6) Cultivating and hiring relevant professionals according to the development priority of institutions’ green credit strategy.				
	3.14.5	The bank shall enhance team buildup to form collective actions working on green credit:				
		(1) Establishing environmental and social risk management team to lead the environmental and social risk management of the institution and equipping for the functional departments or business units with dedicated (for large-scale institutions) or adjunct (for small-and-medium institutions) staff for environmental and social risk management;				
		(2) Establishing a cross-departmental team responsible for the research, development and promotion of green credit products, consisting of members from relevant departments of research & development, corporate banking, risk management and credit management.				
		(3) Establishing a cross-department team responsible for improving the institution's own environmental and social performance, consisting of members from relevant departments of public relations, risk management, corporate banking and credit management.				
	3.14.6	Where necessary, the bank shall assess the environmental and social risks of the clients in the following categories, through commissioning to qualified and independent third-party or other effective outsourcing services:				
		(1) Clients in Category A in terms of environmental and social risks;				
		(2) Clients in Category B but the banking institutions lack sufficient information or make no confident judgment to their environmental and social risks;				

		(3) Other clients the banking institutions expect high environmental and social risks.				
Chapter 4 Process Management						
	Article 15 Banking institutions shall strengthen due diligence in credit granting. The scope of due diligence on environmental and social risks shall be defined according to characteristics of the sector and region in which the client and its project is located, so as to ensure the due diligence is complete, thorough and detailed. Where necessary, the banking institutions can seek for support from en eligible, independent third party and competent authorities.					
	Objective: Strengthen due diligence on environmental and social risk to banking institution's clients and their projects. **Core Indicators:**					
	4.15.1	The banking institutions shall define relevant system and procedure to make sure that environmental and social risk assessment be integrated, as an important part, into the process of due diligence before making credit-granting decision.				
	4.15.2	The banking institutions shall ensure that employees conducting due diligence are equipped with required knowledge and expertise of environmental and social risks. They can, with the support from experts if necessary, make appropriate judgment on the extent of the environmental and social risks of the firms and projects to be granted credit.				
	4.15.3	The banking institutions shall define the scope of due diligence on environmental and social risks according to characteristics of the sector and region in which the client and its project is located:				
		(1) Labor and working condition;				
		(2) Explosive and chemical management;				
		(3) Pollution prevention and control;				
Due Diligence		(4) Community health, safety and security;				
		(5) Land acquisition and involuntary resettlement;				
		(6) Biodiversity conservation and sustainable management of living natural resources				
		(7) Indigenous peoples				
		(8) Cultural heritage				

	(9) Supply chain (10) Clients' environmental and social risk assessment and management system				
4.15.4	The banking institutions shall develop and use standardized environmental and social risk due diligence checklist customized for different industrial sectors and for different types. A supplementary checklist is required for uncommon clients.				
4.15.5	The banking institutions shall well compare the environmental and social risk information provided by the clients with that acquired from other resources (such as supervisory authorities, industrial association, credit-rating agencies, regulators, media, and communities) so that the bank can accurately assess client's environment and social risks.				
4.15.6	Based on the comprehensive, in-depth and in-detail assessment of client's environmental and social risks, the banking institutions shall make overall evaluation on the client's willingness, capacity and track-record of its environmental and social risk management and make preliminary classification of client's environmental and social risk category.				
4.15.7	For those clients and projects in which environmental and social risks are difficult to identify for their complexity and severity, the banking institutions can seek for support from an eligible, independent third party and competent authorities.				

Article 16 Banking institutions shall examine the compliance of clients to whom credit will be granted. As for environmental and social performance, compliance checklist and compliance risk checklist shall be developed according to the characteristics of different sectors, so as to ensure compliance, effectiveness and completeness of the documents submitted by the clients, and make sure they have paid enough attention to related risk points, performed effective dynamic control, and satisfied the requirements on substantial compliance.

Objective: Strictly examine the environmental and social risks of clients and their projects to ensure compliance both in documentation and in substanc

Core Indicators:

	4.16.1	The banking institutions shall define relevant system and procedure to integrate environmental and social risks into, as an important part, the compliance examination.				
	4.16.2	The banking institutions shall ensure that employees examining the compliance are equipped with sufficient knowledge and expertise of environmental and social risks. They can, with the support from experts if necessary, make appropriate judgment that projects to be granted credit meet the compliance requirement both in documentation and in substance.				
	4.16.3	As for environmental and social performance, compliance checklist and compliance risk checklist shall be standardized according to the characteristics of different sectors, so as to make sure the clients have paid enough attention and make sufficient explanation to related risk points in their compliance review documents submitted.				
Compliance Examination	4.16.4	According to the characteristics and severity of the environmental and social risks the clients and their project will face, the bank shall require clients to submit compliance examination documents. The bank shall review the documents and ensure that they meet the compliance requirement in formality with authoritativeness, completeness and following related legal procedures. The compliance documents may include but not limit the following contents:				
		(1) Industrial sector policies and market access standards, including the implementation of retaining "high-pollution, high-emission and overcapacity" projects (please refer to Appendix IV for details) and of eliminating outdated industrial capacities.				
		(2) Project examination, approval and filing				
		(3) Preliminary review or approval of land use				
		(4) Environmental impact assessment, including the impacts to the community and communication with impacted communities. The bank shall pay more attention to the authenticity, representativeness, compliance in procedures, and validity of the community involvement.				
		(5) Social stability risk assessment				
		(6) Energy-saving evaluation and energy-saving monitoring results of national and provincial level energy-saving enterprises				

	(7) Safety production and sanitation/health standard implementation				
	(8) Urban planning examination				
	(9) Other important compliance requirements				
4.16.5	The banking institutions shall make necessary and appropriate efforts to make sure that the clients have paid enough attention to related environmental and social risk points and performed effective dynamic control, and satisfied the requirements on substantial compliance. The banking institutions shall ensure that projects granted credit should, in essence, meet the requirements of national industrial policies and follow the technological and economic trend of industrial development. The banking institutions shall make sure that the projects meet the overall requirements of project and planning environmental impact assessment. The bank institutions shall ensure that the technological and economic standard of the project enjoy leading status in China and meet international level.				
Article 17 Banking institutions shall strengthen credit approval management, and define reasonable level of credit granting authority and approval process according to the nature and severity of environmental and social risks faced by the clients. Credits may not be granted to clients whose environmental and social performance fails to meet compliance requirements.					
Objective: Strengthen credit-granting approval management and implement risk-mitigation measure to address clients' environmental and social risks **Core Indicators:**					
4.17.1	The environmental and social risk management team of banking institutions shall conclusively indentify the nature and severity of environmental and social risks faced by the clients, and then classify them into applicable category and manage the risks in a dynamic way.				
4.17.2	To clients classified as Category A or Category B, the environmental and social management team shall prepare a written assessment which can be referred by credit-granting and other related departments. The environmental and social risk assessment shall cover:				
	(1) the potential environmental and social risk points of clients(projects);				

		(2) proposed follow-up measures for clients (or projects) to manage environmental and social risks;				
		(3) A comprehensive evaluation to client/project's environmental and social risk status				
	4.17.3	Based on the clients' environmental and social risk category, the banking institutions shall establish differentiated credit-granting procedure and permission:				
		(1) The banking institutions may go through regular credit-granting procedure for clients classified as Category C in terms of environmental and social risks.				
		(2) The banking institutions shall suspend credit-granting procedure for those clients classified as Category A or B and with a negative assessment given by environmental and social risk management team.				
Credit Approval		(3) For Category B clients with a positive assessment given by the environmental and social risks management team, the credit granted for medium-and-long term projects, such as project financing, fixed-asset loan, shall be approved by at least branch-level and above.				
		(4) For Category A clients with a positive assessment given by the environmental and social risk management team, the credit granted for medium-and-long term projects, such as project financing, fixed-asset loan, shall be approved by headquarters who enjoy the highest credit-granting limit.				
	4.17.4	The credit applications for supporting green, low-carbon and recycling economies enjoy priority for approval under the same conditions with other projects.				
	Optional Indictors:					
	4.17.5	For Category A or B clients and their projects to which the banking institutions set to grant credit, the following risk-mitigation measures are recommended to be adopted:				
		(1) Require clients to raise the capital ratio;				
		(2) Require clients to issue medium-and-long term corporate bond (enterprise bond);				

		(3) Require clients to add technology-improvement projects and investment-transformation scheme related to energy-saving, environmental protection and safety production.				
		(4) Require to control effectively project’s assets, cash flow and operation rights.				
		(5) Require projects to be covered by construction-in-process insurance and insurances offsetting environmental and social risks, such as engineering liability insurance, environmental liability insurance, product liability insurance. At the appropriate time, the lender(s) shall be the beneficiary enjoying highest priority in insurance compensation.				
		(6) Require clients to purchase personal-injury and medical insurances for employees who are vulnerable to potential safety and health damages.				
		(7) Strengthen management and diversify risks through syndicated loan.				
		(8) Adopt other risk-mitigation measures.				
Contract Management	**Article 18** Banking institutions shall, by improving contract clauses, urge their clients to strengthen environmental and social risk management. As for clients involving major environmental and social risks, the contract shall provide for clauses that require them to submit environmental and social risk report, state and avow that they will strengthen environmental and social risk management, and promise that they are willing to be supervised by the lender; the contract shall also provide for clauses concerning the remedies banking institutions can resort to in the event of default on environmental and social risks made by the clients.					
	Objective: Leverage binding contract clauses to urge clients to strengthen environmental and social risk management. **Core Indictors:**					
	4.18.1	In credit-granting contracts with clients of Category A or Category B, a separate article is required to urge clients to strengthen environmental and social risk management.				
	4.18.2	In addition to credit-granting contract, a supplementary contract concerning strengthening environmental and social risk management is required for Category A clients.				

		A template of contract concerning environmental and social risk management is provided in Appendix V for your reference.				
Disbursement Management	**Article 19** Banking institutions shall enhance credit funds disbursement management and regard how well clients have managed environmental and social risks as important basis for credit funds appropriation. As for projects to which credit is granted, all stages, including design, preparation, construction, completion, operation and shutdown shall be subjected to environmental and social risk assessment. Where major risks or hazards are identified, credit funds appropriation can be suspended or even terminated.					
	Objective: Leverage credit funds disbursement management to urge clients to strengthen environmental and social risk management **Core Indicator:**					
	4.19.1	The banking institutions shall regard how well clients have managed environmental and social risks as important basis for credit funds appropriation.				
	4.19.2	Credit funds appropriation can be suspended or even terminated where major risks or hazards are identified.				
	4.19.3	The banking institutions shall attach importance to and enhance credit funds disbursement management of project construction. They shall develop system and procedure of project fund disbursement and management so as to ensure that the following requirements can be implemented:				
		(1) The banking institutions shall not disburse fund in advance to support startup preparation and construction, if the projects fail to get approval of required assessments in terms of environmental impact, safety production and vocation health. (2) Where the design, construction and operation of the facilities for environmental protection, safety production, and vocation health fail to run simultaneously with the project, the banking institutions shall suspend the fund disbursement for main project construction, until such simultaneity is met. (3) The banking institutions shall not disburse operation fund to a project that is ready to be put into production, if it fails to get approval of assessment of environmental impact, safety production and vocation health for the completion of the project.				

	Article 20 Banking institutions shall strengthen post-loan management. As for clients involving potential major environmental and social risks, relevant and pertinent post-loan management actions shall be developed and implemented. They shall watch closely the impact of national policies on the clients' operation, step up dynamic analysis, and make timely adjustment to asset risk classification, reserve provisioning and loss write-off. They shall establish and improve internal reporting system and accountability system concerning major environmental and social risks faced by the clients. Where major environmental and social risk event occurs to the client, the banking institution concerned shall timely take relevant risk responses and report to competent supervisory authorities on potential impact of said event on itself.						
	Objective: Take comprehensive measures to enhance post-loan management to clients involving potential major environmental and social risks. **Core Indicators:**						
	4.20.1	For clients classified as Category A in terms of environmental and social risks, the environmental and social risk management team in bank's headquarters shall develop specific post-loan management measure, including but not limited to the following requirements:					
		(1) Require clients to report, at least once every six-month, system of environmental and social risk management and implementation of risk-response scheme.					
		(2) Loaner shall, at least once every six-month, make on-site examination to client's system of environmental and social risk management and implementation of the risk-response scheme.					
		(3) Where necessary, loaner may invite qualified and independent third-party to make examination and evaluation to the client's system of environmental and social risks and implementation of risk-response scheme.					
Post-loan Management	4.20.2	For clients classified as Category B in terms of environmental and social risks, the branches of the banking institutions shall, under the supervision of headquarters' environmental and social risk management team, develop specific post-loan management measures, including but not limited to the following requirements:					

	(1) Require clients to report, at least once every year, system of environmental and social risk management and implementation of risk response scheme.				
	(2) Loaner shall, at least once every year, make on-site examination to client's system of environmental and social risk management and implementation of the risk-response scheme.				
	(3) Where necessary, loaner may invite qualified and independent third-party to make examination and evaluation to the client's system of environmental and social risks and implementation of risk-response scheme.				
4.20.3	Watch closely the impact of national policies on the clients' operation, step up dynamic analysis, and make timely adjustment to asset risk classification, reserve provisioning and loss write-off.				
	(1) To the clients failing to meet the national environmental and social standards, the banking institutions shall take alarm, and downgrade their category in terms of environmental and social risks if said risks are worse off.				
	(2) In sensitivity analysis, the banking institutions shall consider the impacts on the project's cash flow of such factors of levying environmental and resource tax and fees, raising the existing duties, or increasing resource prices.				
	(3) In macroeconomic or industrial sector stress tests, the banking institutions shall integrate into environmental and social risks as an important risk driving forces.				
	(4) The banking institutions shall reserve special provision for high-environmental and high-social risk industries.				
4.20.4	Establish and improve internal reporting system and accountability system for significant environmental and social risks. Where major environmental and social risk event occurs to the client, the banking institution concerned shall timely take relevant risk responses and report to competent supervisory authorities on potential impact of said event on itself.				

	Article 21 Banking institutions shall strengthen the environmental and social risk management for overseas projects to which credit will be granted and make sure project sponsors abide by applicable laws and regulations on environmental protection, land, health, safety, etc. of the country or jurisdiction where the project is located. The banking institutions shall make promise in public that appropriate international practices or international norms will be followed as far as such overseas projects are concerned, so as to ensure alignment with good international practices.					
	Objective: Strengthen the environmental and social risk management for overseas projects to which credit will be granted. **Core Indicators:**					
Overseas Project Management	4.21.1	The banking institutions shall ensure the staff conducting overseas project financing acquire sufficient knowledge of law and regulations in the host countries concerning environmental protection, land, safety and health and gain sufficient experience of the environmental and social risk management in overseas projects. Where necessary, with the experts' support, the bank shall make appropriate judgment to the environmental and social risk management of the projects to be granted credit, and the risk management willingness and capacity of the project initiator.				
	4.21.2	The banking institutions shall implement whole procedure management to the environmental and social risks of projects to be granted credit.				
	4.21.3	The banking institutions shall make promise in public that appropriate international practices or international norms will be followed as far as such overseas projects are concerned, such as:				
		-- Make promise to adopt "Equator Principles";				
		-- Sign and join the "Global Compact" initiated by the United Nations;				
		-- Sign and join the United Nations Environment Programme Finance Initiative (UNEP FI)				
		-- Sign and join the UNEP Statement of Commitment by Financial Institutions on Sustainable Development.				
	4.21.4	The banking institutions shall make in-depth understanding of international best practice of the assessment and control of environmental and social risks for international financing projects and ensure alignment with good international practices in essence.				

	4.21.5	The banking institutions shall hire qualified and independent third-party to make assessment and examination of environmental and social risks to the overseas financing projects which arouse disputes in terms of their said risks.				
Chapter 5 Internal Controls and Information Disclosure						
	Article 22 Banking institutions shall incorporate green credit implementation into the scope of internal compliance examination, and regularly organize and carry out internal auditing on green credit. Where major deficiencies are identified, investigation shall be conducted to determine whom to be held accountable as per applicable regulations.					
	Objective: Strengthen internal control and examination to the green credit implementation **Core Indicators:**					
	5.22.1	The banking institutions shall define the examination scope of internal control to green credit implementation:				
		(1) Support green, low-carbon and recycling economies, strictly retain the lending to "high pollution, high emission and overcapacity" projects (exclude technology transformation and upgrade projects) as well as to outdated industrial capacity.				
		(2) Require clients to strengthen environmental and social risk management so as to strictly control various credit risks				
		(3) Examine institution's environmental and social performance				
	5.22.2	The banking institutions shall enhance the examination of internal control and compliance to manage significant environmental and social risks				
Internal Control		(1) For industries and/or areas which are identified by related environmental protection and safety production authorities as priorities for addressing law and regulation violation, the banking institutions shall conduct specific internal control examination based on the client risk evaluation.				
		(2) For clients and/or projects which are identified by related environmental protection and safety production authorities as existing significant law and regulation violation activities, and to which the banking institutions have extended lending, the banking institutions shall conduct specific internal control examination.				

		(3) The banking institutions shall conduct specific internal control examination periodically to projects classified as Category A.				
		(4) The banking institutions shall conduct internal control examination periodically, by sample, to projects classified as Category B.				
	5.22.3	The banking institutions shall integrate the green credit system, procedure and implementation performance into the contents of internal auditing and conduct specific auditing as necessary.				
	5.22.4	For significant problems unearthed by internal control compliance examination or internal auditing, the banking institutions shall take action to require related departments or branches/sub-branches to make correction and improvement. For individuals who are to blame for the deficiencies, the banking institutions shall keep on the file and make them take responsibility and report to the regulator if those are member of senior management.				
Check and Evaluation	**Article 23** Banking institutions shall establish effective green credit appraisal and evaluation system and reward and penalty system, and have in place incentive and disciplinary measures, so as to ensure sustained and effective offering of green credit.					
	Objective: Strengthen green credit appraisal and evaluation **Core Indicators:**					
	5.23.1	The banking institutions shall integrate green credit indicators into the overall performance appraisal and evaluation system and conduct related review periodically to relevant functional and geographical business units, including:				
		(1) Appraisal and evaluation indicators relevant to business function;				
		(2) Appraisal and evaluation indicators relevant to environmental and social risk management;				
		(3) Appraisal and evaluation indicators relevant to institution's own environmental and social performance.				
	5.23.2	The banking institutions shall enhance the application and management of green credit evaluation results and establish reward and penalty system, thus optimizing credit structure, improving the quality of services, and facilitating the transformation of development mode.				

	5.23.3	The banking institutions shall publish within the institution or communicate with specific stakeholders the green credit evaluation indicators and appraisal results.				
	Article 24 Banking institutions shall make public their green credit strategies and policies, and fully disclose development of their green credit business. As for credit involving major environmental and social risks, the banking institutions shall disclose relevant information according to laws and regulations, and be subjected to the oversight by the market and stakeholders. Where necessary, an eligible, independent third party can be hired to assess or audit the activities of banking institutions in performing their environmental and social responsibilities.					
	Objective: Strengthen information disclosure and subject to the oversight by the stakeholders **Core Indicators:**					
	5.24.1	The banking institutions shall publish institution's green credit report/corporate social responsibility (CSR) report/sustainability development report and disclose to stakeholders the information concerned:				
		(1) Institution's ideology, value, vision and goal of its environmental and social performance				
		(2) Institution's strategy and policies on green credit				
Information Disclosure		(3) Institution's progress of supporting green, low-carbon and recycling economies and of strictly retaining "high-pollution, high-emission and overcapacity" projects (excluding technology transformation and upgrading projects) and outdated industrial capacities.				
		(4) The quantified impacts of energy conservation and emission reduction contributed by institution's support to green, low-carbon and recycling economies, such as data of total amount of energy saved, reduced amount of pollutant from CO_2, SO_2, COD (Chemical Oxygen Demand), and nitrogen oxides.				
		(5) A list of clients classified as Category A				
		(6) The progress and activities of institutions to improve its own environmental and social performance				

	5.24.2	The banking institutions shall disclose relevant information of credit-granting progress to projects with significant environmental and social impacts, according to laws and regulations, and subject to the oversight of the market and stakeholders.				
	5.24.3	The banking institutions shall keep communication and interaction with stakeholders through various effective ways so that the banking institutions can improve its environmental and social risk management by accepting suggestions and opinions developed by the stakeholders.				
	5.24.4	The banking shall hire qualified and independent third-party to conduct assessment or auditing to institution's implementation of environmental and social responsibility.				
Chapter 6 Monitoring and Examination						
Self-Assessment	**Article 26 ……** Banking institutions shall, pursuant to the provisions hereof, perform overall green credit evaluation at least once every two years, and submit the self-evaluation report to CBRC.					
	Objective: Ensure the green credit be thoroughly, systematically and persistently carried on **Core Indicators:**					
	6.26.1	The banking institutions shall establish a cross-departmental green credit evaluation team and if necessary, invite external expert to join the task force. The banking institutinos shall perform overall green credit evaluation at least once every two years and submit the self-evaluation report to CBRC.				
	6.26.2	The banking institutions shall, according to the evaluation results and guiding opinions from the regulator, develop rectification and improvement measures to sustainably strengthen the weak link of the green credit implementation and increasingly raise the green credit performance.				

Part II: Quantified Evaluation Indicators

Unit：RMB 100

Core Indicators	Balance	Changes during the year	Growth year over year	NPL Ratio

I. Support and Limited Loan	1. Credit to proejects and services of environmental protection and emission reduction				
	2. Credit to emerging strategic industries of energy saving & environmental protection, and new energy, new energy automobile				
	3. Total amounts of said two items				
	4. Credit to industries related to "high-pollution, high-emission and overcapacity" (excluding loans to the part of technology transformation)				
	5. Credit to the enterprises related to obsolete industrual capacity				
	6. Credit to the enterprises violating law and regulations on environmental protection				
	7. Credit to the enterprises violating safety production				
		Year-end Number	**Volume at the end of previous year**	**Changes during the year**	**Growth year over year**
	8. Emission Reduction of CO2 Equivalent of every RMB 100 million loan				
		Transaction Amount	**Changes during the year**	**Growth year over year**	**Transaction Numbers (00,000)**
	9. Development of Main e-banking Business				
Optional Indicators:					
		Year-end Number	**Volume at the end of previous year**	**Changes during the year**	**Growth year over year**
II. Institution's	10. Carbon emission (tons) per person of employee generated during business activities				
	11. Average power consumed by employee (kw-h)				
	12. Female members in middle-and-senior management team				

environmental and social performance	13. The disability in the employee				
III. Green Credit Training and Education	14. Hours of green credit training per employee in a year				
	15. Hours of green credit training per new employee in a year				
	16. Hours of green credit training per middle-and-senior manager				
IV. Interaction with the Stakeholders	17. Number of interaction and communiction events of your institutions with media and environmental NGOs				

Appendices:

1、Industrial Sectors Required to Develop Credit Policy;
2、National Economy Code for Projects and Clinets Classifed as Category A & B ;
3、Dynamic Assessment to Clients' Environmental and Social Risk Management;
4、Suggested List of Industriies related to "high-pollution, high-emission and overcapcity";
5、Suggested Contents of Environmental and Social Risk Management Contract

Appendix V: Suggested Contents of Environmental and Social Risk Management Contract

1. Borrower's Statement and Warranties of Environmental and Social Risks. For example:

1.1 Announce and guarantee that borrower's internal documents on environmental and social riks management meet compliance requirements and are well implemented.

1.2 Announce and guarantee that borrower has not been involved in any siginificant lawsuits concerning environmental and social risks.

2. Restricted Clause requiring borrower to be subject to lenders' supervison and strengthen environmental and social risk management. For example:

2.1 Make commitment that behaviors and performance related to the environmental and social risk meet compliance requirements;

2.2 Make commitment that it establish internal management system of enviornmental and social risk and well define the responsiblities, duties, penalty of borrowers' related people.

2.3 Make commitment to establish and improve emergency mechanism and measures in response to the environmental and social risk accidents

2.4 Make commitment to establish dedicated department or appoint dedicated prefessionals to be responsible for environmental and social risk issues;

2.5 Make commitment to cooperate with the lenders or qualified third-party to conduct environment and social risk assessment and examiniation;

2.6 Make commitment to offer appropriate feedback or take other necessary action to the public or other stakeholders who are critically suspicious over borrower's environmental and social risk management;

2.7 Make commitment to urge borrowers to strenghen management to their relevant stakeholders and fend off borrowers' risks generated by stakeholders' environmental and social performance.

2.8 Make commitment that the borrower implment measures to manage other environmental and social risk lender consider necessary.

3. Identify borrower's reporting requirements of the environmental and social risk. For example, borrower shall report to lender relevant information timely and sufficnetly.

3.1 All kinds of permission, review and approval related to the environmental and social risk management during the process of startup, construction, operation and shutdown;

3.2 Borrower's asessment and examination of environmental and social risks conducted by related regulators or other authorized agencies;

3.3 The corresponding construction and operation of environmental infrastructure;

3.4 Pollutant emission and meeting standard;

3.5 The safety and health of the employees;

3.6 The communities' significant claim and protest against the lender;

3.7 Significant environmental and social loss claim requirements;

3.8 Other significnat issues relevant to environmental and social risks

4. Define the violation accidents of managing environmental and social risks, for example:

4.1 The borrowers fail to implement relevant statements, warranty, commitment on environmental and social risk management;

4.2 The borrowers were awarded penalty by relevant government agencies for poor management of environmental and social risks;

4.3 The borrowers were criticized by the public or media for poor management of environmental and social risks;

4.4 Other accidents violating envirnmental and social risk management clause agreed up by the institution and the borrowers, including corssing agreement violation.

5. Stipulate institution's measures taken against borrowers who violate the contract clause(s), for example:

5.1 Revoke commitment already made to grant credit;

5.2 Suspend loan disbursement until the borrowers take remedy measures satisfied institution's requirements;

5.3 Recall loans disbursed before pre-determined time;

5.4 Exercise the right on relevant collaterals when the loans can not been paid back;

5.5 Other penalty measures agreed upon by the institution and the borrowers.