

**Ping An Group**  
**Ping An Bank on Coal Lending Statement**

Ping An Bank's lending statement for coal-fired power generation industry

The purpose of managing coal-fired power assets for Ping An is to manage transition risks related to climate change and actively fulfill our responsibility as a financial company supporting and guiding the development of the real economy.

Ping An has worked with Tsinghua University to conduct impairment tests for coal-fired power assets, which showed that Ping An's credit asset risks are much smaller than that of its invested assets.

Therefore, in terms of risk management, Ping An has formulated, in the first place, its management and exit policies for investments and will announce a timetable for exiting from credit assets where there is a confirmation of explicit policy guidance in China, which is in line with the company's development.

That said, Ping An has long taken measures to manage the credit assets in the coal-fired power generation industry, including

- 1) setting stringent lending criteria for the coal-fired power generation industry, in terms of installed capacity, coal consumption per unit of electricity, and local restrictions;

Adopt list-based management for coal-fired power generation industry. The list is a proprietary list. Companies that have made to the list, according to our own strict criteria, are all high-quality coal corporate clients with high capacity and scale, advanced equipment, low energy consumption, and well-regulate production process.

- 2) Adopting rigorous quota management for coal-fired power generation industry.

Ping An Bank has started to control the quota for the overall coal industry in 2016 and the overall coal-fired power generation industry in 2018. Under this management, we have considered support for quality clients as a priority while phasing out risky clients with non-compliant production and lagging performance in environmental protection, thus pushing for structural adjustments of our clients in the coal mining industry and coal-fired power generation industry.

- 3) Structurally, we have integrated the relevant explicit green finance requirements in our basic policies for lending business by adopting stringent management measures for industries with high carbon emissions such as coal mining and coal-fired power generation in accordance with "the Manual for Green Finance Business-related Risk".

We have been actively fulfilling our responsibility as a financial company of guiding the real economy. That said, it should be noted that China has large coal resources, but scarce oil and natural gas, which determines the important role of coal and thermal power in China's energy mix over the long term.

Chinese authorities have suggested not to adopt “one-size-fits-all” approach to achieving carbon-neutrality targets to ensure energy security for the support of economic development and social stability.

Ping An will be an active supporter of China’s targets to peak its CO2 emissions by 2030 and achieve carbon neutrality by 2060 by reducing loans for industries with high carbon emissions, while stepping up support for green industries such as clean energy, energy efficiency and environmental protection.

Finally, following Chinese president Xi Jinping recent declaration at the UN’s 76th General Assembly that “China will not build new coal-fired power projects abroad”, Ping An Bank will follow this requirement regarding our overseas projects going forward.