

# China Minsheng Banking Corp., Ltd. Hong Kong Branch

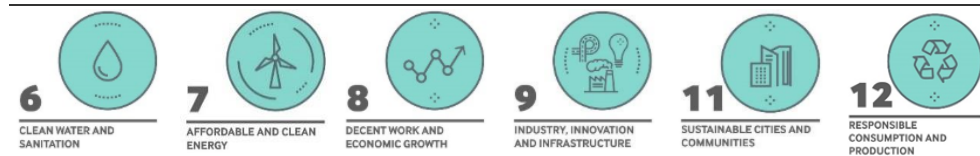
## Second-Party Opinion – Sustainable Finance Framework

China Minsheng Banking Corp., Ltd. Hong Kong Branch (CMBCHK) is a branch of China Minsheng Banking Corp., Ltd. (CMBC), serving as CMBC's offshore investment and financing platform for global financial services to overseas customers. The use of proceeds (UoP) categories include renewable energy, energy efficiency, green buildings and employment generation etc. Transactions under the framework are aligned with the core pillars of the sustainable finance principles.



Pillar	Alignment	Key Drivers
Use of Proceeds	Good	<ul style="list-style-type: none"> <li>CMBCHK's green UoP categories describe projects with clear environmental benefits that contribute to climate change mitigation, pollution prevention and circular economy objectives.</li> <li>The eligible social projects positively contribute to the UN Sustainable Development Goals (SDGs) by supporting employment generation for socially vulnerable groups.</li> </ul>
Use of Proceeds – Other Information	Excellent	<ul style="list-style-type: none"> <li>The framework has a clear exclusion list for activities with environmentally and socially harmful impacts.</li> <li>CMBCHK has committed to allocating a majority of proceeds to new projects.</li> </ul>
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> <li>The framework clearly defines a multi-layered process that involves members from various departments and with segregated project proposal and approval responsibilities.</li> </ul>
Management of Proceeds	Good	<ul style="list-style-type: none"> <li>CMBCHK will track proceeds through a register and will replace ineligible projects through regular monitoring.</li> <li>Unallocated proceeds will be temporarily held in cash or cash equivalent instruments, in line with standard market practice.</li> </ul>
Reporting and Transparency	Excellent	<ul style="list-style-type: none"> <li>Annual allocation and impact reports will be available for each instrument at least until full allocation.</li> <li>CMBCHK will engage external reviewers annually for allocation verification. Sustainable Fitch views the inclusion of impact data verification as the best practice.</li> </ul>

### Relevant UN Sustainable Development Goals



Framework Type	Sustainability
Alignment	<ul style="list-style-type: none"> <li>✓ Green Bond Principles 2025 (ICMA)</li> <li>✓ Social Bond Principles 2025 (ICMA)</li> <li>✓ Sustainability Bond Guidelines 2021 (ICMA)</li> <li>✓ Green Loan Principles 2025 (LMA/LSTA/APLMA)</li> <li>✓ Social Loan Principles 2025 (LMA/LSTA/APLMA)</li> </ul>
Date assigned	19 September 2025
See Appendix B for definitions.	

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## Use of Proceeds Summary – ICMA Categories

<b>Green</b>	Renewable energy Energy efficiency Green buildings Sustainable water and wastewater management Pollution prevention and control Clean transportation
<b>Social</b>	Employment generation

Source: CMBCHK sustainable finance framework (September 2025)

## Framework Highlights

We consider transactions under this sustainable finance framework to be aligned with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines, as well as the LMA, LSTA and APLMA Green Loan Principles (GLP) and Social Loan Principles (SLP; collectively known as the sustainable finance principles). The framework includes the relevant pillars from the principles, including information on the UoP, process for project evaluation and selection, management of proceeds, and reporting.

Proceeds from transactions under the framework can be allocated to six green UoP categories of renewable energy, energy efficiency, green buildings, sustainable water and wastewater management, pollution prevention and control, and clean transportation; and one social UoP category of employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.

All UoP categories describe projects that have the potential to contribute to positive environmental and social impacts. The UoP categories are aligned with the project categories recommended by the sustainable finance principles.

The ICMA recommends that eligible projects are clearly described in the legal documentation. We only reviewed the sustainable finance framework for this Second-Party Opinion and did not review any legal documents or marketing materials; however, the framework provides a description of the eligible projects.

The framework sets out a clearly defined list of excluded activities that includes environmentally and socially harmful and controversial activities, and activities that are deemed illegal under national laws.

The framework's green UoP categories describe activities that are at least partially aligned with international sustainable finance taxonomies. We deem the eligible activities listed in the renewable energy and clean transportation categories to be fully aligned with the requirements outlined in the EU taxonomy substantial contribution criteria (SCC). We view these activities to have a clear contribution to climate change mitigation by increasing renewable energy production and reducing GHG emissions.

The social UoP category describes activities that support employment generation. The social activities are targeted at micro-, small- and medium-sized enterprises (MSMEs), as defined by local jurisdictions, and at socially vulnerable groups, including women, unemployed young people, and disabled, rural or low-income individuals.

Source: Sustainable Fitch, CMBCHK sustainable finance framework (September 2025)

## Entity Highlights

CMBCHK is part of CMBC, which was established in 1996 as China's first national joint-stock commercial bank primarily initiated by non-state-owned enterprises. CMBC has been listed on the Shanghai Stock Exchange since 2000 and on the Hong Kong Stock Exchange since 2009. It has been designated a national systemically important bank by the Chinese government since 2021.

CMBC's business activities are divided into corporate banking (51.3% of 2024 operating income), retail banking (41.2%), and other operations (7.5%) that include financial markets, wealth management and private banking.

CMBC primarily operates in mainland China, with overseas branches such as CMBCHK, which was established in 2012. CMBCHK serves as CMBC's offshore investment and financing platform to provide global financial market services to overseas customers. CMBCHK adheres to CMBC's approach to ESG risk management and lending practices.

As of end-2024, CMBC reported customer loans and advances that totalled around CNY4,450.5 billion, with corporate loans making up 60.2% and personal loans at 39.8%. Most of the CNY2,679.9 billion in corporate loans were extended to the leasing and commercial services sector (20.4% of total corporate loans and advances), manufacturing (19.0%), real estate (12.4%), and wholesale and retail (11.0%). A small share (2.4%) of its corporate loans was directed to the mining sector.

The majority of the CMBC's personal loans portfolio is loans to micro and small enterprises (36.3% of total personal loans and advances), residential mortgages (31.6%), and credit card loans (27.0%).

CMBC is a signatory to the UN Principles for Responsible Banking, and it integrates ESG risks into its risk management system to identify and manage ESG risks in its lending activities. For example, it uses an internal ESG compliance checklist during both lending and post-lending management. CMBC also excludes financing for energy projects with significant ESG risks, such as substandard environmental impact assessments, excessive pollutant discharge, inadequate ecological protection or resettlement, and improper hazardous waste disposal.

Regarding sustainable financing, CMBC's green loan credit portfolio totalled CNY323.5 billion as of 2024, up 22.4% from 2023, accounting for 7.3% of the total loan and advance portfolio, with CMBCHK contributing HKD20.1 billion (around CNY18.9 billion) in green and sustainability-linked loans as of end-2024.

CMBC also engages in socially oriented lending, focusing on enhancing access to financial services for MSMEs. It has invested around CNY4.6 billion in the "Cross-Border E-Finance" programme, providing export discounting and automatic credit services for financial derivatives to meet the diverse cross-border financial needs of foreign trade MSMEs, serving a total of 1,407 foreign trade enterprises as of 2024.

As a listed company on the Hong Kong Exchange, CMBC provides ESG reporting at the bank level, with the CMBCHK data reported in aggregate. The reporting is not yet fully aligned with international standards such as the Global Reporting Initiative or the International Sustainability Standards Board.

CMBCHK prepares a separate report that is aligned with the Task Force on Climate-related Financial Disclosures (TCFD), offering additional details on governance, strategy, risk management and metrics, including carbon footprint data at the branch level.

CMBC has a high-level strategy to support China's national targets of peaking CO<sub>2</sub> emissions before 2030 and achieving carbon neutrality before 2060, as well as reducing water use and waste generation.

CMBC has reported its operational GHG emissions since 2017, including both Scopes 1 and 2 emissions. It also discloses additional environmental metrics, such as water consumption and waste generation, in compliance with the Stock Exchange of Hong Kong Limited listing rules.

CMBC does not currently have quantitative targets to reduce its operational environmental footprint. It also does not yet disclose its Scope 3 financed emissions, which typically constitute a substantial portion of a financial institution's emissions profile and would provide a more comprehensive view of its environmental footprint and green financing effectiveness.

CMBCHK is an important issuer of CMBC's offshore sustainable bonds in Hong Kong. As of end-2024, the branch has made two green bond issuances, with one still outstanding. The net proceeds of CNH5.0 billion were used to finance projects in renewable energy, green buildings, energy efficiency, and sustainable water and wastewater management.

Source: Sustainable Fitch, CMBCHK TCFD report, CMBC ESG report, CMBC annual report



## Use of Proceeds – Eligible Projects

## Alignment: Good

### Company Material

### Sustainable Fitch's View

#### Renewable energy

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|---|---|
| <ul style="list-style-type: none"> <li>• This UoP includes projects related to the generation, dedicated transmission and storage of energy from the following renewable sources (including maintenance and upgrade of such infrastructure and manufacture of dedicated components for renewable energy):             <ul style="list-style-type: none"> <li>– solar (PV and concentrated solar power with a minimum 85% of power generation derived from solar sources);</li> <li>– wind energy (onshore and offshore);</li> <li>– hydropower, including run-of-river and pumped storage equipment, with either a power density above 10W/sqm or GHG emissions below 50gCO<sub>2</sub>e/kWh;</li> <li>– green hydrogen from electrolysis powered by 100% renewable energy, including wind and solar or with a life-cycle GHG emissions intensity lower than 3tCO<sub>2</sub>e/tH<sub>2</sub>; and</li> <li>– transmission and distribution projects located on a system for which at least 67% of its added generation capacity over a rolling five-year period fall below the low-carbon power threshold of 100gCO<sub>2</sub>e/kWh measured on a life-cycle basis that aim to connect renewable energy sources or reduce GHG emissions.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• We expect the renewable energy projects to be aligned with the renewable energy category of the ICMA GBP and the LMA, LSTA and APLMA GLP.</li> <li>• Investments in renewable energy contribute to SDG 7 (affordable and clean energy), as coal is the main source of electricity generation and the share of renewable energy accounts for about 30% of the global electricity mix, according to the International Energy Agency (IEA).</li> <li>• Wind, solar and hydro energy are widely recognised as key solutions for reducing GHG emissions and advancing global efforts to mitigate climate change. By harnessing renewable resources, these technologies contribute to decarbonising the power sector and supporting the transition towards a sustainable energy future.</li> <li>• The construction, maintenance and upgrade of wind energy and solar projects, as well as the associated infrastructure, are derogated from the SCC under the EU taxonomy and we consider them to make a substantial contribution to climate change mitigation.</li> <li>• The eligibility criteria for concentrated solar power systems align with the Climate Bonds Initiative taxonomy criteria. However, we view the 15% provision for deriving energy from non-solar sources as potentially reducing the contribution to climate change mitigation, as the backup power could be generated from fossil fuels or other energy sources that are not green.</li> <li>• Hydropower is crucial for the world's energy transition due to its substantial potential for sustainable energy generation. It accounted for 15% of the global electricity grid in 2022, according to the IEA.</li> <li>• The eligibility criteria for hydro projects stipulate specific requirements that cover the power density and life-cycle GHG emissions, and include restrictions on artificial reservoirs, which help to mitigate some of the environmental risks associated with hydroelectric power. This UoP aligns with the EU taxonomy SCC because all the hydro projects will be run-of-river hydroelectric systems, and our understanding is they do not have artificial reservoirs.</li> <li>• Green hydrogen refers to hydrogen produced from the electrolysis of water using electricity from renewable energy sources. This method of hydrogen production has the greatest environmental benefits compared to other forms of hydrogen production that still involve fossil fuels.</li> <li>• Hydrogen produced using renewable energy can still have life-cycle emissions from being transported, so the EU taxonomy SCC require a 73.4% GHG emissions saving compared to a fossil fuel benchmark of 94gCO<sub>2</sub>e/MJ, which is equivalent to 3tCO<sub>2</sub>e/tH<sub>2</sub>.</li> <li>• The framework's eligibility criteria specify that hydrogen should be sourced from wind or solar energy. Based on the low life-cycle emissions intensity of solar and wind energy, as well as industry estimates of between 50kWh and 55kWh of electricity being needed to produce 1kg of hydrogen, we expect hydrogen produced using wind or solar energy will be able to meet the EU taxonomy's requirement for life-cycle emissions below 3tCO<sub>2</sub>e/tH<sub>2</sub>.</li> <li>• However, if electrolysis is conducted using other renewable energy sources that have wide life-cycle emissions intensity variations, such as geothermal, hydropower and sustainable biomass facilities, the 3tCO<sub>2</sub>e/tH<sub>2</sub> threshold may not be met.</li> </ul> |
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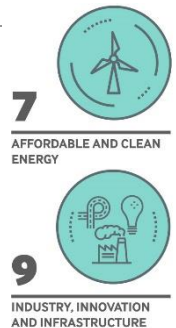




- Electricity transmission and distribution is a vital part of energy infrastructure, which plays a significant role in climate change mitigation by integrating and balancing the flow of intermittent generation of renewable energy, and by meeting the additional demand from electrification during the clean energy transition.
- The EU taxonomy requires that the transmission and distribution system has either an average system grid emissions factor that is below the generation threshold of 100gCO<sub>2</sub>e/kWh measured on a life-cycle basis over a rolling five-year period, or more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100gCO<sub>2</sub>e/kWh measured on a life-cycle basis over a rolling five-year period.
- The eligibility criteria in the framework align with the EU taxonomy SCC.

#### Energy efficiency

- This UoP includes projects related to:
  - improved efficiency in the delivery of bulk energy services, including smart grids, energy storage systems that manage the intermittency of renewables, and district heating or cooling distribution systems that result in 30% energy savings;
  - development and implementation of products or technologies that reduce the energy consumption by 30% or more of the underlying assets, projects, appliances, products or systems, such as improved lighting, improved chillers, passive broadband or reduced power usage in manufacturing operations; and
  - development and manufacture of energy-efficiency technologies, including LED lights and smart grid meters.
- We expect the energy efficient projects to be aligned with the energy efficiency category of the ICMA GBP and the LMA, LSTA and APLMA GLP.
- Investments in energy-efficiency projects contribute to SDGs 7 and 9 (industry, innovation and infrastructure), as they reduce energy consumption, supporting reductions in the resulting GHG emissions.
- This UoP extends over a broad scope of energy-efficiency improvement projects with an aim to decrease the environmental footprint of certain appliances, products and systems. We view it positively that CMBCHK has defined clear eligibility criteria and minimum performance thresholds to ensure material energy-efficiency gains.
- Smart grids feature advanced metering infrastructure that enables real-time energy data monitoring. This capability allows utility providers to optimise energy distribution and minimise waste, thereby enhancing overall energy efficiency of electricity grids.
- In addition, smart grids facilitate the integration of distributed energy resources by allowing individual users to contribute their excess renewable energy back to the grid. Such a feature promotes decentralised energy production and has the potential to reshape the energy landscape, supporting the transition to a low-carbon economy.
- We deem the installation of smart grids meters as aligned with the EU taxonomy. However, we consider the construction of smart grids as an enabling technology, not a direct contributor to carbon emissions reduction. The effectiveness of these grids in reducing carbon emissions largely depends on how the end users use the technology.
- We understand from CMBCHK that the renewable energy storage system projects refer to battery energy storage systems. We positively consider that such projects can store excess electricity during periods of high generation for later use, enabling the increased integration of renewable energy.
- The construction and operation of batteries storage facilities for renewable energy generation are automatically aligned with the EU taxonomy.
- We understand from CMBCHK that the district heating or cooling distribution systems' energy-efficiency projects will potentially include technologies such as control and energy management systems, as well as the Internet of Things.
- We consider these measures positively, as they help to run the heating or cooling network at the lowest safe temperatures and pressures, keep the flows balanced, and spot leaks early. These measures reduce the amount of water or air that needs to be moved and the amount of heat that is








	<p>lost or gained in pipes or ducts to cut energy use, and also make it easier to connect renewable and waste-heat sources.</p> <ul style="list-style-type: none"> <li>Such projects are automatically aligned with the EU taxonomy.</li> </ul>	
<b>Green buildings</b>		
<ul style="list-style-type: none"> <li>This UoP includes projects related to the acquisition, development, construction and refurbishment of new or existing commercial or residential buildings, which have received, or are expected to receive based on their design, construction and operational plans, certification according to third-party verified green building standards, such as: <ul style="list-style-type: none"> <li>China Green Building Evaluation Standard Two-Star or above;</li> <li>US LEED Gold or above;</li> <li>BEAM Plus Gold or above;</li> <li>BREEAM Excellent or above; or</li> <li>BCA Green Mark Gold Plus or above.</li> </ul> </li> <li>For building stock already in operation and specifically aiming for re-certification (Green Mark In-Operation), Green Mark Gold will be the minimum requirement.</li> </ul>	<ul style="list-style-type: none"> <li>We expect the investments in green building projects to be aligned with the green buildings category of the ICMA GBP and the LMA, LSTA and APLMA GLP.</li> <li>The investments contribute to SDGs 7, 9 and 11 (sustainable cities and communities), as they improve energy and resource efficiency in the real estate industry, which the IEA reported accounted for 40% of global emissions in 2022.</li> <li>We consider the green buildings to support climate change mitigation, as green building certifications such as LEED and BREEAM require buildings to fulfil environmental criteria in areas such as energy performance, water use and waste management.</li> <li>The certifications used as eligibility criteria are not necessarily comparable to the criteria in other international taxonomies, such as the EU taxonomy and the Climate Bonds Initiative taxonomy, which set requirements for buildings in line with the transition to a climate-neutral economy by 2050.</li> </ul>	<div> <div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> </div> <div> <div>9</div> <div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> </div> <div> <div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div> </div>
<b>Sustainable water and wastewater management</b>		
<ul style="list-style-type: none"> <li>This UoP includes financing of projects related to the construction, operation, maintenance or upgrades of water collection, treatment, transportation, recycling technologies and related infrastructure, including: <ul style="list-style-type: none"> <li>water or rainwater collection pipes and facilities;</li> <li>water and wastewater treatment plants, including sewage and sludge treatment facilities and reuse of treated wastewater as cooling water or irrigation water;</li> <li>sewer systems and pumping stations; and</li> <li>urban drainage systems and other forms of flood mitigation.</li> </ul> </li> <li>Refurbishment or upgrade of wastewater treatment facilities must reduce the net average energy consumption of the related asset by 20%.</li> <li>For water supply and wastewater related facilities and infrastructures, the net average energy consumption for abstraction and treatment will not exceed 0.5kWh per cubic metre of produced water supply or water treated.</li> </ul>	<ul style="list-style-type: none"> <li>We expect this UoP to align with the sustainable water and wastewater management category of the ICMA GBP and the LMA, LSTA and APLMA GLP.</li> <li>We expect the projects related to infrastructure for clean or drinking water, wastewater treatment and urban drainage systems to support SDG 6 (clean water and sanitation) by improving water quality, addressing water security needs.</li> <li>According to the UN's SDG Report 2024, 2.2 billion people lacked access to safely managed water in 2022, and the World Bank projects a 40% gap between global water demand and supply by 2030, highlighting the urgent need for investments in water infrastructure.</li> <li>We expect water collection and treatment facilities to help to secure a stable and clean water supply and conserve water resources, especially in areas with limited natural water sources to address these challenges.</li> <li>Inadequate treatment of wastewater and industrial effluents can contaminate nearby water sources, leading to water scarcity and biodiversity loss.</li> <li>We expect wastewater treatment or water recycling facilities to contribute to sustainable water use and conserving water resources, while also reducing pollution and supporting ecosystem resilience.</li> <li>For water treatment assets, the 0.5kWh per cubic metre cap curbs energy and carbon per unit of water delivered. The standard is technology-neutral, but encourages utilities to pursue available efficiency measures, such as high-efficiency pumps, pressure management, leak reduction and smart process control, which lower electricity demand and upstream air pollutants from power generation.</li> <li>For wastewater treatment assets, requiring at least a 20% reduction in net average energy use for refurbishment or upgrades and an intensity no higher than 0.5kWh per cubic metre of treated water sets a transparent and outcome-based benchmark for performance. It also encourages the use of efficiency measures such as optimised aeration, high-efficiency blowers, advanced controls and</li> </ul>	<div> <div>6</div> <div>CLEAN WATER AND SANITATION</div> </div>



	sludge-to-energy recovery, which lower GHG emissions and enable greater water reuse.	
<b>Pollution prevention and control</b>		
<ul style="list-style-type: none"> <li>This UoP includes projects related to the design, construction, operation and maintenance of facilities, systems or equipment for waste management and recycling, with the aim of reuse and recovery of secondary raw materials and to minimise the amount of waste going to landfills, including: <ul style="list-style-type: none"> <li>waste collection, storage and transfer (including waste management vehicles);</li> <li>waste sorting, separation and material recovery; and</li> <li>recycling of end-of-life batteries.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We expect this UoP to be aligned with the pollution prevention and control category of the ICMA GBP, and the LMA, LSTA and APLMA GLP.</li> <li>We expect the financing of waste management projects and infrastructure to encourage the proper collection, segregation, recycling and reuse of waste, thereby contributing to the transition to a circular economy. This supports SDGs 11 and 12 (responsible consumption and production).</li> <li>CMBCHK's financing activities span the waste management value chain from waste collection, transfer and sorting, through to material recovery.</li> <li>We view positively the waste collection and sorting projects, which can increase diversion from landfill, reduce contamination of recyclables, improve recycling yields and lower environmental impacts from improper disposal.</li> <li>We also view positively the end-of-life battery material recovery project, which recovers critical minerals such as lithium, cobalt and nickel; reduces hazardous waste; supports secondary raw material supply; and lowers the life-cycle emissions relative to primary extraction.</li> </ul>	 <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES  <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION
<b>Clean transportation</b>		
<ul style="list-style-type: none"> <li>This UoP finances projects related to the acquisition, operation and maintenance of fully electrified new energy vehicles for passenger, public rail and freight transport.</li> <li>The eligible projects include investments in the construction, maintenance and renovation of dedicated charging infrastructure for electric vehicles.</li> <li>This UoP will also finance projects related to the investment, construction, development and operation of fully electrified rail transit facilities and the expansion, maintenance and upgrade of infrastructure that improves service levels or extends asset lifespan with preserved carrying capacity.</li> <li>The projects include the manufacture, purchase and maintenance of electrified rolling stock (including locomotives, wagons, coaches and all other attachments propelled through such electrified rolling stock, as well as associated equipment), and the construction of related rail transport infrastructure (networks and lines), including lines, tracks and tunnels.</li> <li>The eligible projects also include those related to the construction of infrastructure that directly supports low-carbon transport (as defined in projects above), such as: <ul style="list-style-type: none"> <li>ground preparation;</li> <li>stations;</li> <li>signalling equipment; and</li> <li>network interfaces, including passenger access, ancillary passenger services, facilities required for the safe, clean and efficient operation of the network, utilities and other enabling infrastructure.</li> </ul> </li> <li>The project related to the manufacture of rechargeable batteries, battery packs and accumulators (and their respective components, such as battery active materials, battery cells, casings and electronic components), and the recycling of end-of-life batteries, including from secondary raw materials, must result in substantial GHG emissions reductions in transport, stationary and off-grid energy storage, and other industrial applications.</li> <li>Infrastructure projects financed under this UoP cannot be related to the transport of fossil fuels.</li> </ul>	<ul style="list-style-type: none"> <li>We expect this UoP to be aligned with the clean transportation category of the ICMA GBP and the LMA, LSTA and APLMA GLP.</li> <li>We view investments in zero-emissions vehicles and infrastructure to support SDG 11, as they lead to decarbonisation in the transport sector and contribute to air quality improvements.</li> <li>The financing of fully electrified vehicles and related infrastructure and batteries projects has a clear and direct contribution to climate change mitigation. These projects are also directly aligned with international taxonomies' criteria, such as the EU taxonomy SCC.</li> <li>Investments in fully electrified vehicles for public, rail and freight transport contribute significantly to climate change mitigation by eliminating GHG emissions and decreasing reliance on fossil fuels, accelerating the transition to a low-carbon transport system that contributes significantly to global CO<sub>2</sub> emissions reduction.</li> <li>We view the development of batteries and charging infrastructure to directly enable and encourage the use of electric vehicles. We also deem the criteria for eligible projects as aligned with the EU taxonomy SCC.</li> <li>We positively view that the eligibility criteria exclude projects that are dedicated to the transport of fossil fuels, as this exclusion prevents the financing of projects with potentially harmful environmental outcomes.</li> <li>Projects related to public transport, including passenger rail related projects, reduce the number of vehicles on roads and have a lower carbon intensity per passenger than single-occupancy vehicles. All passenger rail projects are fully electrified, in line with the criteria of international taxonomies.</li> </ul>	 <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES



**Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises**

<ul style="list-style-type: none"> <li>• This UoP covers financing and refinancing provided to MSMEs as defined by local jurisdictions, and the provision of support measures to MSMEs, including offering extensions of payment periods and exemptions of facility fees in the case of natural disasters.</li> <li>• This UoP will also finance projects that support partnerships or projects that provide training or employment of socially vulnerable groups, including women, unemployed youth, disabled individuals, rural communities and low-income individuals.</li> </ul>	<ul style="list-style-type: none"> <li>• We consider this UoP to be aligned with the access to employment generation category of the ICMA SBP and the LMA, LSTA and APLMA SLP.</li> <li>• We view financing MSMEs to promote employment opportunities and inclusive growth, contributing to SDG 8.</li> <li>• CMBCHK has communicated that it intends to finance MSMEs globally, including in Hong Kong, mainland China, Southeast Asia and South Korea.</li> <li>• MSMEs account for a significant portion of APAC's economy and are a driving force behind Asia's economy. In mainland China alone, MSMEs accounted for over 98% of all businesses and contributed to 60% of the country's GDP. Therefore, we expect the financing directed at this economic segment to significantly contribute to economic productivity and job creation.</li> <li>• MSMEs tend to face challenges in obtaining formal financing due to their size and private nature, which may lead to higher perceived credit risks by potential lenders.</li> <li>• For microenterprises in particular, there are specific risks related to financial literacy and affordability of loans for the borrowers.</li> <li>• CMBCHK demonstrates client protection practices in its operations, including a board-level customer rights committee. It maintains ethical debt collection practices that include ensuring the collectors are trained and systemically monitored, and has established clear policies that prohibit harassment or intimidation. CMBCHK also abides by applicable Chinese laws and regulations on customer protections, and delivers financial education programmes.</li> <li>• We view these measures positively. Having independent impact assessments on the resulting social impacts of its financing of microenterprises would provide further assurance and transparency on the social outcomes of this financing activity.</li> <li>• We view the eligible training programmes for socially vulnerable groups to improve employability for marginalised communities, contributing to local economic resilience and social inclusion by addressing a systemic barrier to formal employment and workforce participation.</li> </ul>
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Source: CMBCHK sustainable finance framework (September 2025)

Source: Sustainable Fitch





## Use of Proceeds – Other Information

### Company Material

- CMBCHK expects each issuance under the framework to be fully allocated within two years from the date of issuance.
- CMBCHK will allocate an amount equivalent to the net proceeds of the sustainable financing instruments issued under the framework to:
  - finance or refinance projects that meet the eligibility criteria outlined in the framework; or
  - finance general corporate loans to pure player companies, which are defined as companies that derive 90% of their revenue from activities aligned with the eligibility criteria outlined in the framework.
- Bonds issued under the framework may take the form of public transactions or private placements, in bearer or registered formats, and may take the form of senior unsecured or subordinated issuances.
- The framework defines a lookback period of three years for refinanced projects. CMBCHK will disclose the expected share of financing versus refinancing for any sustainable financing instrument.
- The framework includes a list of excluded activities that include:
  - environmentally and socially harmful and controversial activities listed in the International Finance Corporation Exclusion List;
  - activities considered illegal under host country laws or international conventions and agreements, or subject to international bans; and
  - activities related to weaponry, alcohol (excluding beer and wine), tobacco, gambling, or the production or trade in fossil fuels, and activities involving forced or child labour.

Source: CMBCHK sustainable finance framework (September 2025)

## Alignment: Excellent

### Sustainable Fitch's View

- CMBCHK has disclosed its lookback period for refinancing projects in line with sustainable finance principles. The specified lookback period of 36 months is in line with standard market practice, though we deem a shorter lookback period to enhance the additionality of its sustainable financing instruments.
- The sustainable finance principles recommend issuers provide an estimate of the shares of financed and refinanced projects. We understand from CMBCHK that it intends to commit around 60% of proceeds to new financing and the remainder to refinancing, and to disclose the actual share in its post-issuance reporting.
- We positively view that the majority of proceeds are intended for new financing as this creates a higher level of additionality in terms of creating positive environmental and social benefits.
- We view the exclusion list to be well defined and to be in line with best practice. The list provides assurance to investors that the proceeds will not be allocated to environmentally or socially harmful projects.

Source: Sustainable Fitch

## Evaluation and Selection

### Company Material

- CMBCHK's sustainable finance working group (SFWG) will be responsible for governing and implementing the initiatives set out in the framework.
- The SFWG is comprised of certain bank management personnel, including but not limited to:
  - risk management department;
  - asset and liability and financial management department;
  - corporate business management department;
  - credit department;
  - financial markets department;
  - legal and compliance department;
  - general administration department; and
  - human resources department.
- The SFWG will do the following.
  - Meet at least twice each year, with meetings endeavoured to be distributed evenly throughout the year.
  - Ratify eligible projects, which are initially proposed by business lines. Business lines are responsible for ensuring all proposed projects to have independent external review reports in place.
    - ◆ The risk management department will serve as the secretariat of the SFWG to conduct preliminary evaluation and selection of the proposed projects and submit them to the SFWG for final approval and form a pool of eligible projects. Prior to the issuance of sustainable financing instruments, the financing team will work with the SFWG to finally confirm the selected eligible projects based on the section 2.1 and the exclusion list of the framework.
  - Ensure that all eligible projects have been assessed in line with CMBCHK's ESG risk management system and internal sustainable finance recognition standards.

## Alignment: Excellent

### Sustainable Fitch's View

- We consider the project evaluation and selection process described in the framework to be clearly defined, in line with the requirements of the sustainable finance principles.
- CMBCHK indicated during our engagement that the selection process involves multiple departments, including risk management, corporate business management and credit, to address various aspects during the sustainable finance instrument life cycle, such as due diligence, project review and approval, fund disbursement, and post-loan management.
- However, there is limited information regarding the sustainability expertise of the personnel involved.
- CMBCHK has outlined a multi-layered process where the frontline business departments propose projects for preliminary review by the risk management department. The risk management department submits the screened projects to the SFWG for final approval, which works with the finance department to confirm final projects. We view CMBCHK's segregation of project proposal and approval responsibilities as the best practice to strengthen the accountability in the selection and evaluation process.



## Evaluation and Selection

**Alignment: Excellent**

### Company Material

### Sustainable Fitch's View

- Undertake regular monitoring of the asset pool to ensure the eligibility of projects with the criteria set out in the framework, while replacing any ineligible sustainable projects with new eligible projects.
- Facilitate regular reporting on any sustainable issuance in alignment with CMBCHK's reporting commitments.
- Manage any future updates to this framework.
- Ensure that the approval of eligible projects follows the bank's existing loan approval processes.

Source: CMBCHK sustainable finance framework (September 2025)

Source: Sustainable Fitch

## Management of Proceeds

**Alignment: Good**

### Company Material

### Sustainable Fitch's View

- The proceeds will be deposited in CMBCHK's general funding accounts and earmarked for allocation by the asset and liability and financial management department towards the eligible projects using the sustainable finance register.
- The sustainable finance register will contain the following information:
  - sustainable financing instrument details, such as pricing date, maturity date, principal amount of proceeds, coupon and ISIN;
  - allocation of proceeds;
  - the eligible projects list, including for each eligible project, the eligible projects category, project description, project location, total loan amount, the bank's loan amount, amount disbursed and settled currency; and
  - amount of unallocated proceeds.
- Any proceeds temporarily unallocated will be invested according to the bank's standard liquidity policy in cash or cash equivalents. For avoidance of doubt, unallocated proceeds would not be invested in any of the sectors or activities included in the exclusion criteria, or in any highly polluting, high-carbon emissions or resource-intensive projects.

Source: CMBCHK sustainable finance framework (September 2025)

- We consider the management of proceeds described in the framework to be aligned with the sustainable finance principles.
- CMBCHK will virtually segregate and track proceeds from the sustainable finance instruments raised under this framework by earmarking them in a sustainable finance register. This is in line with common market practice, though we view definite segregation, such as a special-purpose vehicle or a separate bank account, as the market best practice to prevent commingling with general funds.
- Temporarily unallocated proceeds will be invested in cash or cash equivalents according to CMBCHK's liquidity policy. CMBCHK's commitment to apply the exclusion policy to unallocated proceeds provides additional assurance that proceeds will not be used towards environmentally and socially harmful activities.
- We view the management of unallocated proceeds as in line with typical market practice. Best practice would be to invest unallocated proceeds solely in instruments that align with CMBCHK's sustainable finance framework.
- CMBCHK has a monitoring process in place where projects that become ineligible or controversial will be removed and replaced with eligible projects.
- As we understand from CMBCHK, during the life cycle of the sustainable finance instruments, relevant materials, including periodic disclosure reports and third-party review reports, must be submitted to the risk management department, which conducts annual reviews of the underlying projects.
- If the eligibility criteria are not met, the risk management department will initiate and report a unified adjustment and exit process to the management committee. In the event of identification of controversy, the relevant project will be removed.
- We view these monitoring and substitution procedures as safeguarding the use of all funds in line with the framework's sustainability objectives.

Source: Sustainable Fitch

## Reporting and Transparency

**Alignment: Excellent**

### Company Material

### Sustainable Fitch's View

- On an annual basis, CMBCHK will publish an allocation report and an impact report on its eligible projects. This reporting will be updated annually until full allocation of the net proceeds from any sustainable financing instrument issued, or until the sustainable financing instrument is no longer outstanding.
- The allocation reporting will include the following information:
  - list of eligible projects;
  - the amount of proceeds allocated to each eligible project category;

- We view CMBCHK's commitment to report minimally until full allocation as in line with the requirements of the sustainable finance principles. CMBCHK has confirmed that it will refresh the reporting in the case of any material changes.
- CMBCHK has confirmed that allocation and impact reporting will be available at the UoP category level for each sustainable finance instrument issued, and that the allocation reporting will include the amount of unallocated proceeds at the instrument level. CMBCHK has



## Reporting and Transparency

## Alignment: Excellent

### Company Material

- when possible, descriptions of the eligible projects financed, such as project locations and amount allocated;
- share of financing versus refinancing;
- select examples of projects financed; and
- amount of unallocated proceeds.
- CMBCHK will provide reporting on the environmental and social benefits of the eligible projects. Subject to data availability and confidentiality, impact reporting may cover an indicative list of impact reporting metrics, and where available, taking reference from the relevant indicators suggested in the ICMA Handbook – Harmonised Framework for Impact Reporting. In addition, calculation methodologies and key assumptions will be disclosed.
- The indicative list of impact metrics includes the following metrics.
  - For renewable energy: capacity of renewable energy plants, annual renewable energy generation, and annual GHG emissions reduced or avoided.
  - For energy efficiency: annual energy savings.
  - For green buildings: type of scheme, certification level and energy efficiency gains.
  - For sustainable water and wastewater management: annual reduction in water use; and annual amount of wastewater treated, reused or avoided before and after the project.
  - For pollution prevention and control: waste treated, reduced or avoided; and annual GHG emissions reduced or avoided.
  - For clean transportation: number and type of clean transportation infrastructure financed, and annual GHG emissions reduced or avoided.
  - For employment generation: number of MSMEs and individuals benefitted, and amount of financial support to MSMEs.
- CMBCHK intends to engage a third-party reviewer to provide an annual assessment on the alignment of the allocation of funds with the framework's criteria.

Source: CMBC sustainable finance framework (September 2025)

### Sustainable Fitch's View

- also confirmed that information disclosures will be made publicly available on its website at least for bond issuances.
- We consider CMBCHK's reporting granularity as in line with common market practice. The best practice would be to provide project-level reporting for all issuances to the extent possible, as it provides the highest degree of transparency and granularity to investors.
  - CMBCHK has set out a list of indicative impact metrics that may be included in the impact report, subject to data availability and confidentiality. These metrics are specific and measurable, in line with the ICMA Handbook – Harmonised Framework for Impact Reporting.
  - We consider it positive from an ESG perspective that CMBCHK has committed to external verification on allocation of proceeds. We deem the inclusion of technical verification of impact data in the scope of external review would provide further assurance on the data reported.

Source: Sustainable Fitch



## Relevant UN Sustainable Development Goals

- **6.3:** By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.



- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.



- **8.3:** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.



- **9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
- **9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- **11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.



- **12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



Source: Sustainable Fitch, UN



## Appendix A: Principles and Guidelines

<b>Type of Instrument: Sustainability</b>	
<b>Four Pillars</b>	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes
<b>Independent External Review Provider</b>	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.
<b>1) Use of Proceeds (UoP)</b>	
<b>UoP as per Green Bond Principles (GBP)</b>	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	Yes
Sustainable water and wastewater management	Yes
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.
<b>UoP as per Social Bond Principles (SBP)</b>	
Affordable basic infrastructure	No
Access to essential services	No
Affordable housing	No
Employment generation (through SME financing and microfinancing)	Yes
Food security	No
Socioeconomic advancement and empowerment	No
Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	n.a.
<b>Target Populations</b>	
Living below the poverty line	No
Excluded and/or marginalised populations and/or communities	No
People with disabilities	Yes
Migrants and/or displaced persons	No
Undereducated	No
Under-served, owing to a lack of quality access to essential goods and services	No
Unemployed and/or workers affected by climate transition	Yes
Women and/or sexual and gender minorities	Yes
Aging populations and vulnerable youth	No
Other vulnerable groups, including as a result of natural disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity	No





## Type of Instrument: Sustainability

Others	MSMEs defined by local jurisdictions, and socially vulnerable groups (rural or low-income individuals).
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## 2) Project Evaluation and Selection

<b>Evaluation and Selection</b>	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability instrument proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

## Evaluation and Selection, Responsibility and Accountability

Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

## 3) Management of Proceeds

<b>Tracking of Proceeds</b>	
Sustainability instrument proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

## Additional Disclosure

Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

## 4) Reporting

<b>UoP Reporting</b>	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual instrument(s)	Yes
Other	n.a.

## UoP Reporting/Information Reported

Allocated amounts	Yes
Sustainability instrument-financed share of total investment	No
Other	n.a.

## UoP Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.



## Type of Instrument: Sustainability

### Impact Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual instrument(s)	Yes
Other	n.a.

### Impact Reporting/Information Reported (exp. ex-post)

GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	Yes
Other ESG indicators	Capacity of renewable energy plants; annual renewable energy generation; type of green building scheme, certification level; annual amount of wastewater treated, reused or avoided before and after the project; waste treated, reduced or avoided; number and type of clean transportation infrastructure financed; and amount of financial support to MSMEs.

### Impact Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.

### Means of Disclosure

Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	n.a.

Note: n.a. – not applicable.

Source: Sustainable Fitch, ICMA, LMA, LSTA, APLMA

## Appendix B: Definitions

Term	Definition
<b>Debt types</b>	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
<b>Standards</b>	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards <a href="#">created by the EU</a> to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EC Platform on Sustainable Finance

## Appendix C: Second-Party Opinion Methodology

### Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer's green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, "alignment" should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

### Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (eg the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

### Scale and Definitions

ESG Framework	
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch



## SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

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