

UNOFFICIAL TRANSLATION (OFFICIAL CHINESE GUIDELINES BELOW)

China Export and Import Bank (China EXIM Bank)

Issuance Notice of the “Guidelines for Environmental and Social Impact Assessments of the China Export and Import Bank’s (China EXIM Bank) Loan Projects”

Guidelines for Environmental and Social Impact Assessments of the China Export and Import Bank’s (China EXIM Bank) Loan Projects
General Principles

Article 1. In order to implement the national strategies for sustainable development, promote economic, social and environmental development, and effectively control credit risks, the Guidelines were developed according to the "People's Republic of China’s Environmental Impact Assessment (EIA) Act," "People's Republic of China’s Environmental Protection Law", "Environmental Management for Construction Project Ordinance" and other relevant state laws and regulations, and with reference to the relevant regulations and procedures for the environmental and social assessments of international financial organizations.

Article 2. These Guidelines apply to the loan procedure of China EXIM Bank.

Article 3. The China EXIM Bank’s loan projects are classified as domestic or offshore projects, according to the area in which the projects are implemented. Domestic projects mean that the projects are implemented inside China with China EXIM Bank’s loan support. Offshore projects refer to the projects that are implemented outside China with China EXIM Bank’s loan support.

Article 4. When China EXIM Bank reviews its loan projects, not only economic benefits, but also social benefits and environmental demands are considered.

Article 5. Environmental assessment refers to the systematic analysis and evaluation of the environmental impacts and its related impacts on human health and safety due to the implementation of the projects. It then proposes policies and measures to reduce the impact. The scope of the impact assessment includes air, water, soil, waste, natural environment and other factors.

Article 6. Social impact refers to the systematic analysis and assessment of the impact on socio-economic, natural resources and social environment caused by project implementation, and proposes policies and measures to reduce that impact. The scope of evaluation includes labor and terms of employment, social security and health, land acquisition and migrants’ protection, etc.

Chapter One: Domestic Project Evaluation

Article 7. The conditions for domestic projects should follow the government policy of Energy Conservation, Pollution Reduction and adjustment of industrial structure, control and restrain the loan commitment for industries with high-level pollution, high-level energy consumption and

surplus production capacity, and eliminate financial support for inefficient production and technological projects.

Article 8. China EXIM Bank encourages clean production, especially for the creation of a circular economy, environmental protection and energy-saving pollution-preventing technological projects.

In accordance with the National Development and Reform Commission (NDRC)'s "Catalogue of Guidelines for the Adjustment of the Industrial Structure", China EXIM Bank will increase the commitment for investment projects encouraged by the Government. The investment projects that are classified as "restricted by the government" will face differential treatment. "Incremental stock projects" in the restricted list will not be provided with credit support, while "stock projects" in the restricted list, if the state allows enterprises to adjust in a certain period of time, will be given the necessary credit support. If projects are not included in both lists of restriction or elimination, factors of resource conservation and environmental protection should be fully considered when providing credit support in accordance with the principle of credit.

Article 9. When domestic non-building projects undergo the loan review mainly the borrower's environmental compliance and status of resource and energy conservation should be reviewed. The borrowers who exceed emissions and energy consumption standards and do not meet the requirements of environmental protection and energy conservation in principle will not experience the addition of new credit lines, and its existing credit will be gradually withdrawn. The energy consumption and pollutant emissions standards refer to the industry standards and norms set by relevant state departments.

Article 10. Domestic construction projects shall undergo not only environmental protection and energy consumption reviews, but also an environmental impact review, according to the approval advice from the EIA that are conducted by the departments in charge of environmental protection. China EXIM Bank has the right to request that borrowers hand in the EIA report, EIA form and EIA registration form under the regulation of environmental protection departments. The projects that do not gain the approval from the environmental protection department will not get credit support from China EXIM Bank.

The specific approval procedures of the environmental protection departments can refer to the "construction project EIA document classification and approval regulation" (the State Environmental Protection Administration (SEPA) Order Year 2004 No. 15) and "construction project EIA approval procedure regulation" (the SEPA Order Year 2005 No. 29).

Article 11. China EXIM Bank, if necessary, shall take environmental and social responsibilities into account in the loan contract to monitor and restrain the behaviour of borrowers.

Chapter Two: Offshore Project Evaluation

Article 12. Offshore project assessments should abide by the following principles:

- (1) An EIA should be done during the pre-loan and loan-period review, in order to monitor the environmental impacts during post-loan management.

- (2) The host country's environmental policies and standards are the basis for evaluation. Offshore projects of the host country should abide by the requirements of their laws and regulations and obtain corresponding environmental permits. When the host country does not have a complete environmental protection mechanism or lacks environmental and social impact assessment policy and standards, we should refer to our country's standards or international practices.
- (3) Respect the local people's rights to land and resources, and properly handle the resettlement problems.
- (4) For the projects that have serious negative impacts on the local environment, we should openly consult the public in accordance with the host country's requirements.

Article 13. China EXIM Bank follows these procedures of environmental and social assessment for offshore projects:

- (1) The borrowers or project owners hand in the approval document and environmental and social impact assessment report issued by the authorities of the host country.
- (2) China EXIM Bank reviews the loan application documents submitted by the borrower and hires independent experts when necessary.
- (3) China EXIM Bank negotiates with the project owners or the borrowers to amend the construction project proposal, based on the environmental and social assessments.

Article 14. China EXIM Bank, if necessary, can require the inclusion of environmental and social responsibilities in the loan contract, in order to monitor and restrain the behaviour of borrowers.

Chapter Three: Loan Management and Supervision

Article 15. China EXIM Bank shall inspect and monitor the project's construction and operation, based on the results of environmental and social impact assessments.

Article 16. For projects under construction, the borrowers or project owners should regularly report to the China EXIM Bank the actual impacts on the environment and society brought by project construction, and the status of implementation measures in eliminating and controlling these impacts.

China EXIM Bank shall inspect the post-loan management of the projects including environmental and social impacts.

Article 17. On the completion of projects, the borrowers or project owners of the construction projects should hand in the environmental acceptance documents for the completion of projects, which should follow "the environmental acceptance on the completion of the construction project management measures" (the SEPA Order Year 2001 No. 13); the borrowers or project owners of the offshore construction projects should hand in the environmental acceptance documents for completion of projects to the China EXIM Bank. The documents should meet the requirements of the host country's regulations.

Article 18. For construction projects during the operation phase, China EXIM Bank should conduct tracking management and post-evaluation work. The monitoring of project's environmental and social impact should combine with the post-loan management of the loan projects, and the post-loan inspection report should include environmental and social impact content.

Article 19. For projects under construction or are operating that cause serious environmental and social problems, China EXIM Bank has the right to require the borrowers or project owners to take timely measures to eliminate these impacts. If they fail to eliminate the impacts of the projects, the China EXIM Bank has the right to stop disbursing the loans and demand an early payback of the loan, in accordance with contract.

Supplementary Provisions

Article 20. These Guidelines were developed, interpreted and revised by the China EXIM Bank.

Article 21. These Guidelines shall come into force upon its issuance.

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