O-Bank Guidelines for Exclusion and Management of Coal and Unconventional Oil and Gas Related Industries

Revised and approved by the President on March 25, 2025

Article 1: Basis for Formulation and Purpose

To support sustainable development and achieve the Paris Agreement's goal of limiting the global average temperature rise to 1.5°C, these Exclusion and Management Guidelines have been developed for loan and investment projects involving certain coal and unconventional oil and gas industries. In alignment with the Global Coal Exit List (GCEL) and the Global Oil & Gas Exit List (GOGEL), compiled by the international NGO Urgewald, the guidelines aim to prevent the allocation of funds to industries that pose significant climate risks.

Article 2: Coverage

These Guidelines cover corporate loan (including corporate finance and project-finance) and banking book investment portfolios across global operational locations of the Bank (including all active and passive investments).

Article 3: Scope of Control

1. Coal Companies

   Defined as entities listed in the Global Coal Exit List (GCEL) by the international NGO Urgewald, including:

   (1) Coal Mining: Surface (open-pit) and underground coal mining, where more than 5% of revenue is generated from thermal coal mining.

   (2) Coal Power: Energy production through coal combustion, including electricity and steam, where more than 40% of electrical power is generated from thermal coal.

   (3) Coal Infrastructure: Infrastructure used for processing or transporting coal, such as coal processing plants, railways for coal transportation, terminals,

pipelines, etc., where more than 5% of revenue is generated from coal infrastructure.

2. Unconventional Oil and Gas Companies

   Defined as entities listed in the Global Oil & Gas Exit List (GOGEL) by the international NGO Urgewald, including:

   (1) Tar Sands: Entities where more than 5% of revenue comes from extraction, processing, or manufacturing of tar sands.

   (2) Shale Oil and Gas: Entities where more than 5% of revenue comes from extraction, processing, or manufacturing of shale oil and gas.

   (3) Arctic Oil & Gas: Entities where more than 5% of revenue comes from extraction, processing, or manufacturing of Arctic oil and gas.

   (4) Non-conventional LNG: Entities where more than 5% of revenue comes from extraction, processing, or manufacturing of non-conventional liquefied natural gas.

   (5) Ultra-deep-water Oil & Gas: Entities where more than 5% of revenue comes from extraction, processing, or manufacturing of ultra-deep-water oil and gas.

   (6) Tight Sands Gas: Entities where more than 5% of revenue comes from extraction, processing, or manufacturing of tight sands gas.

   (7) Fracked Oil and Gas: Entities where more than 5% of revenue comes from extraction, processing, or manufacturing of fracked oil and gas.

   (8) Methane Gas : Entities where more than 5% of revenue comes from extraction, processing, or manufacturing of methane gas.

Article 4: Control Policies

1. Corporate Finance: The Bank commits to ceasing financing of coal and unconventional oil and gas companies defined in Article 3.
2. Project Finance: The Bank commits to ceasing financing of coal and unconventional oil and gas companies defined in Article 3.

3. Equity and Bond Investments: The Bank commits ceasing investment in the coal and unconventional oil and gas companies defined in Article 3.

Article 5: Phase-out Commitment

1. Corporate Finance: The Bank commits to fully divest from the coal and unconventional oil and gas companies defined in Article 3 by 2030.
2. Project Finance: The Bank commits to fully divest from the coal and unconventional oil and gas companies defined in Article 3 by 2030.
3. Equity and Bond Investments: The Bank commits to fully divest from the coal and unconventional oil and gas companies defined in Article 3 by 2030.

To ensure achievement of the above phase-out commitments by 2030, the Bank will regularly monitor the investment and loan balances of relevant companies to ensure compliance with these exclusion guidelines on coal and unconventional oil and gas industries.

Article 6: Engagement Policy

For entities controlled under these Guidelines, active engagement should follow the principles and methods outlined in the Bank's " Engagement Guidelines for Sustainable Investing and Financing," and encourage them to achieve net-zero by 2050. For entities that fail to actively plan for net-zero transformation by 2050, the Bank will continue to engage with them, or consider divestment if necessary.

Article 7: Miscellaneous

All matters on which these Guidelines are silent shall be dealt with in accordance with applicable laws, rules, and O-Bank's " Guidelines for Promoting Sustainability of Corporate Loans," " Financial Transactions Handbook," " Equity Transactions Handbook," and " Engagement Guidelines for Sustainable Investing and Financing " and other applicable requirements.