三峡国际
China Three Gorges International Corporation

China Three Gorges International Limited
Green Financing Framework
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Contents

1. Company Overview

China Three Gorges International Limited ("CTGI", or the "Company") was incorporated in 2011, as a key subsidiary of China Three Gorges Corporation ("CTG") for its international business. CTG is the largest hydropower developer and operator in the world and one of the largest clean energy enterprises in China. Focusing on the clean energy sector, CTGI operates business in fields such as hydropower, onshore wind power, offshore wind power and solar power generation.

Over the years, CTGI has grown into a multinational clean energy group that shares a vision of being a trusted partner in delivering sustainable energy solutions for better life. The Company has extensively participated in global clean energy cooperation through greenfield development, equity mergers and acquisitions, and other means.

As of December 31, 2024, CTGI is present in 5 continents and 15 markets through 5 regional subsidiaries, namely China Three Gorges South Asia Investment Limited ("CSAIL"), China Three Gorges (Europe) S.A.("CTG Europe"), China Three Gorges Brasil Energia S.A.,("CTG Brasil"), China Three Gorges Latam Holding S.a.r.l ("CTG LatAm") and Asia-Africa Green Energy Investment Limited ("CTG Asia-Africa").

As of December 31, 2024, the Company's total assets reached USD 17.07 billion, with a total installed capacity of 19.77 GW, including 11.63 GW consolidated installed capacity and 8.13 GW attributable installed capacity[1]. The Company has 90 controllable power stations worldwide, including 15 hydropower stations, 29 wind farms, and 46 PV stations.

As of December 31, 2024, CTGI's total installed capacity of 19.77GW generating 35.74TWh of clean electricity. CTGI's carbon intensity is amongst the lowest amongst its peers at 0.36 tCO_2e/GWh, or around 0.1% of the 2024 global average CO_2 intensity from power generation[2]. In 2024, the Company has formally joined the United Nation Global Compact as a signatory, committing itself to further advancement in ESG practices.

CTGI has received extensive external recognition for its sustainability strategy and achievements, including being listed on the Impact Enterprise List by Fortune China, designated as "International Sustainable Development Pioneer" by Phoenix TV, awarded "Corporate Governance Pioneer" on the KPMG ESG 50 List, enrolled as the best cases in 5th Global Poverty Reduction Case Call by World Bank and FAO etc., and being named an "Annual Carbon Peaking and Carbon Neutrality Pioneer" by NetEase Finance.

[1] Consolidated installed capacity refers to 100 per cent. of the installed capacity of all our consolidated assets. Attributable installed capacity refers to the installed capacity of our equity method stakes multiplied by our percentage of ownership

[2] Relative to the global intensity of electricity generation of 445 tCO_2e/GWh in 2024, as per IEA (https://www.iea.org/reports/electricity-2025/emissions)

2. Sustainability Strategy

2.1 Vision and strategy

CTGI sets the vision "to be a globally renowned clean energy group", underpinned by the core values of sustainability, professionalism, innovation and respect.

- Sustainability: Commit to long term, measurable sustainable growth; focus on implementing ESG best practices in business
- Professionalism: Be determined and persistent; uphold high standards of integrity, legal and regulatory compliance; and strengthen internal controls and data quality for ESG disclosures across the group
- Innovation: Promote scientific and technical research and development across hydropower, wind, solar and storage; pursue digital solutions that improve grid integration, reliability and efficiency
- Respect: Recognize the value of diversity; encourage open communication across all levels; support safe working conditions and an inclusive work environment

Rooted in the corporate mission of "Providing clean energy for the world", CTGI has developed the ESG Strategy Guideline 2025-2030, which encompasses short-term (2027) and medium-term (2030) ESG goals addressing 4 dimensions: Financial, Environmental, Social, and Governance ("F+ESG").

Strategic Goals for 2030

- **Advancing the Steady Growth of Green Businesses**
- **Fostering an Efficient and Prosperous Organizational Ecosystem**
- **Pursuing Value Co-creation through Excellence Feedback**

Key Indicators for 2027

- **Financial –** Investing in clean energy to drive the energy transition
- **Governance –** Effective corporate governance and oversight measures
- **Social –** Collaboration with stakeholders to drive societal development
- **Environmental –** Protecting ecosystems and minimizing negative impacts

2.2 Practice and initiatives

Governance: Sustainable corporate governance

To effectively implement the sustainable development concepts and integrate related goals into CTGI's business practices, we have developed and refined our ESG governance structure and operational mechanisms, aiming to continually enhance our ESG management capabilities and achieve our long-term sustainability goals.

CTGI adopts a multi-level and multi-dimensional system to promote sustainable governance, which involves:

- Board of directors (Governance level): The Board of Directors serves as the highest authority, overseeing the review, decision-making, and supervision of all ESG issues. The ESG and Related-party Transaction Committee has been established to review significant ESG issues, monitoring and evaluating the Company's ESG framework, identifying related risks and opportunities, and making recommendations to the Board

- ESG Executive Committee (Management level): The ESG Executive Committee is led by the President and Vice Presidents. Members include Heads of all business units and regional subsidiaries. It is tasked with overseeing, supervising, and directing the Company's key ESG matters

- ESG Working Office (Implementation level): Responsible for enhancing ESG framework and practice through system optimization, mechanism construction, information collection, disclosure & approval, rating index improvement, and project execution, etc.

In 2024, CTGI conducted a materiality assessment and identified 16 priority ESG topics. The process involves engagement with internal and external stakeholders, including shareholders, employees, local communities, government agencies, and NGOs.

To support implementation, CTGI has issued detailed internal guidelines such as *Guidelines for ESG Due Diligence for Overseas Equity Acquisitions in Clean Energy Sector*, the *ESG Implementation Framework for International New Energy Greenfield Projects*, the *Corporate Social Responsibility Policy*, etc. Under an overarching approach featuring "coordinated planning, specialized management, classified implementation, and professional operation", CTGI adheres to PDCA cycle (plan-do-check-act) to strengthen CSR project management across subsidiaries.

CTGI maintains a compliance management system that organizationally extends from the Board to business departments. It is guided by its *Compliance Management Policy*, the *Administrative Measures for Compliance Review and Advisory*, the *Administrative Measures for Compliance of Business Partners*, the *Administrative Measures for Compliance with Export Controls and Economic Sanctions*, the *Sanctions, Anti-Money Laundering, and Anti-Bribery Policy*, etc. Stressing on risk prevention and control, CTGI conducts effective risk screening and has developed business-specific plans to address compliance risks. It continues to enhance its fundamental capabilities and organization to ensure compliance with local laws and enable stable development. In 2024, CTGI developed the *Guidelines for the Construction of Internal Control Compliance Systems in Regional Subsidiaries* to guide regional subsidiaries in implementing the internal control compliance management, as well as the *Integrity Risk Management Manual (Version 2024)* to assist regional subsidiaries in identifying 116 integrity risk points across 18 categories.

Environmental: Committed energy transition plan and environmental protection

CTGI recognizes the urgency of climate change and the global momentum toward decarbonization. The global energy transition presents significant strategic opportunities for CTGI, whose investments are focused on hydropower, solar power, and onshore and offshore wind power. CTGI is uniquely positioned to contribute to energy transition, energy security and energy reliability wherever it operates. Its decarbonization and climate initiatives include:

- **Targets:** achieve carbon neutrality in operations by 2040, with an interim target to achieve a 42% reduction in Scope 1 & 2 GHG emissions by 2032 (vs 2022 as the baseline year).

- **Progress:** By end of 2024, CTGI owned 90 power stations worldwide with annual generation of 35.7 TWh, all from renewable sources. of which 100% was green. Headquarters operations achieved 100% green power use in 2024. CTGI has carried out green power procurement and significantly reduced operational carbon emissions using green power.

CTGI aligns its operating processes with global standards and best practices, designed to promote sustainability and minimize environmental impact

- **Environmental management:** In 2024, CTGI further implemented the concepts of environmental governance and sustainability, underpinned by a comprehensive Environmental Management System, certified according to ISO 14001 for selected entities. The Company revised its Environmental Protection Policy to align with global best practices and established an environmental management infrastructure at both its headquarters and regional offices. In 2024, CTGI invested USD 5.44 million[3] in technologies and initiatives to mitigate environmental impacts to enhance the ecological environment protection.

- **Project standards:** Environmental protection is applied across all project stages, including due diligence, planning, construction and operations. The protection of the natural ecological environment and the preservation of wildlife ensure the diversity, stability and sustainability of local ecological system. The Company has also updated its environmental due diligence framework and policies to evaluate potential environmental risks when assessing investment and development targets.

CTG Brasil, one of the largest CTGI's subsidiaries, exemplifies its approach to sustainability across its portfolio.

- Since 2019, CTG Brasil has achieved carbon neutrality for six consecutive years through efficiency improvements, energy structure optimization and offset projects. It aims to become carbon negative by 2050[4]. Key actions include:
    - Development of a multi-port direct current (DC-DC) converter aimed at integrating renewable energy generation with a green hydrogen plant and an energy storage system[5]
    - Development of an intelligent Climate Information System with algorithms and data to enhance the quality of climate information, aligned with the expansion of the meteorological station network for the hydro, wind, and solar energy sector, supported by AI tools[5]
    - Managing the Ilya Wildlife Conservation Center since 2020 with 298 animals receiving expert care from the dedicated team in 2024
- CTG Brasil has been recognized with the Gold Seal from the Brazilian GHG Protocol Program for six consecutive years, attesting to its excellence and transparency in quantifying, managing, and disclosing greenhouse gas (GHG) emissions

[3] This excludes basic environmental management costs for power station projects

[4] Source: CTG Brasil website, https://www.ctgbr.com.br/en/sustainability/environmental/

[5] Source: CTG Brasil 2024 ESG Report: https://www.ctgbr.com.br/wp-content/uploads/2025/06/CTG_RS2024_ENG.pdf

Social: Deep-rooted in the local community with extensive global clean energy cooperation

Through global acquisitions and greenfield developments, CTGI widely participates in global clean energy cooperation, having built a unique cross-cultural approach to actively promote technology development and exchange in new energy sector. Besides, CTGI projects have created large amount of jobs and tax income to support local economic and social sustainability.

CTGI has further refined its community communication and development mechanisms and revised the Corporate Social Responsibility Policy in 2024, in line with the ESG Strategy Guideline 2025-2030.

In 2024, the Company has carried out 26 Corporate Social Responsibility (CSR) projects, including highly varied initiatives such as establishing harmonious relations with local communities, contributing to the professional development of the population, improving health care and education, applying diversity and gender equality programs, enhancing the percentages of local recruitment of staff and suppliers, and guaranteeing a decent living wage.

CTG LatAm has established a PQRS (Petitions, Complaints, Claims, and Suggestions) system and stationed Community Liaison Officers to systematically categorize, process, and provide follow-up responses to all community submissions, including requests, complaints and suggestions. Additionally, CTG LatAm has established various communication channels, such as email, hotlines, and complaints and suggestions mailboxes, allowing community residents to report issues and share feedback.

The Karot Hydropower Project supplies clean and affordable energy to 5 million local residents, and reduces 2.66 million tons of carbon dioxide emissions. In 2023, company helped to upgrade the 50-year-old hospital in Kahuta town near Karot Hydro. By supporting the construction of an emergency center building and a newborn nursing room, the hospital has become the largest and most fully equipped general hospital in the local community. The monthly capacity has rose from 2,000 to 7,000 patients, greatly improving the medical conditions and benefiting around 565 thousand of local community residents.

In 2024, CTG Brasil invested more than BRL 22 million in social projects, through private social investment and resources directed through tax incentive laws. These initiatives benefited more than 72,000 people in more than 70 municipalities surrounding the assets. With deep heritage of localized operation, CTGI is committed to integrating into local culture from business advisor screening to staff hiring and training, with more than 77% of employees locally hired as of 2024.

3. Green Financing Framework

The Framework sets out how CTGI intends to issue Green Financing Instruments (‘GFIs’) to fund Eligible Green Projects as defined in this Framework which will create environmental benefits and contribute to sustainable developments.

The Framework aligns with market guidelines below, or as may subsequently be amended:

- ICMA Green Bond Principles 2025 (“GBP”)
- LMA, APLMA, and LSTA Green Loan Principles 2025 (“GLP”)

GFIs cover green bonds, in accordance with GBP, green loans, in accordance with GLP, or other debt-like financing.

Aligned with the above Principles, CTGI’s Framework is presented through the four core components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

3.1 Use of Proceeds

The net proceeds raised from GFIs or an amount equal to these net proceeds will be exclusively used to finance and/or refinance in whole or in part, one or more new or existing Eligible Green Projects include assets, investments, capital expenditure and operational expenditure associated with the Eligibility Criteria outlined below. Refinancing of Eligible Green Projects will have a look-back period of no longer than 36 months from the time of issuance. CTGI commits to fully allocating the net proceeds of each GFI on a best effort basis within 24 months of issuance.

Eligible Green Project Category	Eligibility Criteria	Environmental Objective	UN SDG Alignment
Renewable Energy	Expenditures related to the construction, development, acquisition, maintenance, and operation of renewable energy projects including solar, wind, hydropower (run-of-river hydropower and no artificial reservoir, or power density above 10 W/m^2 or life cycle emissions below 50g CO_2e/kWh), and the production and storage of green hydrogen (where production is carried out via electrolysis using onsite renewable solar or wind energy only, with an emissions threshold of 3.0kg CO_2e/kg of hydrogen produced); the production of parts and equipment	Climate change mitigation	7 AFFORDABLE AND CLEAN ENERGY • Targets 7.2 • Targets 7.a

	as well as the construction of transmission networks and base stations which facilitates the adoption of renewable energy		
Biodiversity Conservation	Investment in the conservation, protection and management activities to prevent loss or degradation of terrestrial and aquatic biodiversity: Conservation activities to prevent habitat loss and degradation • Funding for comprehensive ecological surveys and assessments to establish baseline conditions and inform conservation strategies • Investment in the development and implementation of biodiversity conservation plans, including relocation and restoration efforts • Development of biodiversity monitoring systems to evaluate and enhance conservation outcome Protection measures to avoid, remedy or mitigate the adverse effects of activities, such as forest restoration, fish rescue activities • Support for afforestation and reforestation projects to restore natural habitats and enhance carbon sequestration • Application of innovative technologies to manage invasive species and protect aquatic ecosystems	Natural resource conservation	• Target 6.6 • Target 14.2 • Target 15.1 • Target 15.5

Exclusion List:

The following sectors will be excluded from Eligible Green Project categories:

- Activities that violate national laws and regulations, international conventions and agreements, or are subject to international bans and sanctions
- All fossil fuel-related assets and activities, including clean coal projects and rail projects carrying fossil fuels
- Biomass/biofuel which is sourced from high conservation areas, whole trees, food or feed crops
- Nuclear energy and nuclear related assets

3.2 Process for project evaluation and selection

The Eligible Green Projects are identified and selected via a process that involves participants from various departments who forms a Green Financing Working Group. The Working Group will be led by the Finance and Asset Management Department and be composed of representatives from the below departments as well as the external experts in green finance area:

- Finance and Asset Management Department
- Strategy and Investment Department
- ESG Working Office
- Greenfield Development Center
- Power Operation and Management Center
- New Business Development and Research Center

The Finance and Asset Management Department will solicit opinions from various business departments and conduct preliminary selection of projects according to the Eligibility Criteria of the Framework, by considering different factors including but not limited to sector, geography, asset type, outstanding amount, potential environmental and/or social impacts of the projects. The Working Group will then set up meetings to assess the background, business model, potential environmental and/or social impacts and risks of the projects and form an Eligible Project List. Such shortlisted Eligible Green Projects will be presented to the Board of Directors for approval.

After the Eligible Green Projects are approved, the Working Group will also ensure that the projects will meets the requirements of applicable Principles, and other applicable laws, policies, and regulations. During the planning stage of those Eligible Green Projects, environmental and social impact assessments will be conducted by external experts or relevant internal departments. The identification and management of environmental and social risks will be covered by the environmental and social impact assessments, and controls and mitigation measures will be made to minimize the environmental and social risks. During the implementation stage, mitigation measures of the negative environmental and social impact are strictly followed and monitored. CTGI also has a robust internal control and policy framework to ensure that environmental and social risks encountered in the course of the project operation are mitigated.

The Working Group will meet at least once a year and monitor the Eligible Green Projects in each reporting period. It is also responsible for:

- The exclusion and replacement of projects which no longer fulfil the eligibility criteria or are associated with environmental and/or social risks
- Updating this Framework to take into consideration changes in corporate strategy, technology and market developments

3.3 Management of Proceeds

CTGI commits to allocate, an amount equal to the net proceeds over time to finance and/or refinance the Eligible Green Projects, which are selected according to the Eligibility Criteria, and using the evaluation and selection process outlined above.

The net proceeds from each GFI will be managed by Finance and Asset Management Department and an amount equal to these net proceeds will be deposited in bank accounts and be used for the Eligible Green Projects. The Finance and Asset Management Department will be in charge of transferring the proceeds to the Eligible Green Projects and recording for accounting purposes. An internal management account register will be set up to keep track of the use of proceeds for each GFI.

The internal management account register will contain the following information:

(1) Type of the funding transaction
- Key information includes issuer/borrower entity, transaction date, tranche(s) information, the principal amount of proceeds, repayment or amortization profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number)

(2) Allocation of Use of Proceeds
- Name and description of Eligible Green Projects to which the proceeds of the GFI have been allocated in accordance with the Framework
- Amount and date of GFI proceeds allocated to each Eligible Green Project
- The outstanding balance of unallocated proceeds is yet to be earmarked for Eligible Green Projects
- Other relevant information

CTGI will monitor the net proceeds of all outstanding GFIs, which includes appropriately tracking the proceeds and adjusting the balance of net proceeds to match allocations to Eligible Green Projects. Any balance of issuance proceeds that are not yet allocated to Eligible Green Projects will be held for short-term cash deposits or invested in money market instruments with good market liquidity. CTGI will disclose to investors the types of temporary placement they use for unallocated proceeds. CTGI commits not to invest unallocated proceeds to any high pollution activities or any projects in the Exclusion List.

During the life of the GFIs issued, if the designated Eligible Green Projects cease to fulfil the Eligibility Criteria, the net proceeds or an amount equal to these net proceeds will be re-allocated to replacement Eligible Green Projects that comply with the Eligibility Criteria, as soon as reasonably practicable. CTGI strives to maintain an amount of Eligible Green Projects at least equal to the total net proceeds of all GFIs outstanding.

3.4 Reporting

CTGI will provide information on the allocation of the net proceeds, or equivalent amount, of each GFI on an annual basis until all the net proceeds or an amount equal to these net proceeds have been allocated, and in the event of any material changes. CTGI will also provide information on the environmental benefits of the Eligible Green Projects in its ESG Report on an annual basis until the relevant maturity date.

Allocation Reporting should contain the following information:
- Details of each GFI that is outstanding
- Aggregate amount of proceeds from each GFI that has been allocated to Eligible Green Projects
- List of Eligible Green Projects by category with descriptions and allocation amount subject to confidentiality
- Balance of unallocated proceeds from each GFI and its temporary treatment
- Share of financing vs. refinancing

CTGI will provide **Impact Reporting** on the expected/actual environmental impacts resulting from Eligible Green Projects potentially with the following impact indicators subject to the data availability, in accordance with the Harmonized Framework for Impact Reporting issued by ICMA. Calculation methodologies and key assumptions will be disclosed. In addition, the Company will disclose in the Impact Reporting in time if there is any material issue or controversy related to the Eligible Green Projects. Example Impact Indicators include:

Eligible Green Project Category	**Impact Indicators**
Renewable Energy	• Renewable energy capacity installed (in MW) • Annual GHG emissions reduced/avoided (in tonnes of CO_2 equivalent)
Biodiversity Conservation	• Number and/or capacity of nurseries created under the project in terms of seedlings • Maintenance/safeguarding/increase of natural landscape area (including forest) in km2 and in % for increase

4. External Review

CTGI has engaged Moody's Ratings to provide Second Party Opinion ('SPO') on its Green Financing Framework. The SPO, together with the Framework will be available on CTGI's website: https://www.ctgi.cn/ctgi/new/esg_news_and_reports/esg_new/index.html.

CTGI will obtain external verification for the annual allocation and impact report from its external auditors or from an independent third party until maturity of the outstanding GFIs.