

Jiangsu Zijin Rural Commercial Bank Co., Ltd.

PRB Report 2023

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main client segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of clients and clients served.

Response

Jiangsu Zijin Rural Commercial Bank Co., Ltd. (hereinafter referred to as the Company, the Bank or Zijin Bank) was established in March 2011 and is headquartered in Nanjing, Jiangsu Province. Focusing on the economic integration of Nanjing, Zhenjiang and Yangzhou and the development planning of Nanjing Metropolitan Circle, the Company actively integrates into the new situation of high-quality local development, achieves better resonance with the local economy, and creates more development benefits for local residents. The Company has always been adhering to the work orientation of supporting agriculture, rural areas, and small and micro businesses, supporting small and micro businesses, and supporting the development of real economy, continuously expanding service channels and improving service coverage. With the advantage of 135 business outlets and 393 inclusive financial service outlets¹ widely distributed in the Nanjing-Zhenjiang-Yangzhou region, the Company has gradually built up a comprehensive and in-depth network of financial services for agriculture, rural areas and small and micro businesses. By the end of December 2023, the total assets of the Company were 247.664 billion yuan, an increase of 22.942 billion yuan or 10.21% compared with the beginning of the year. The balance of deposits was 196.774 billion yuan, an increase of 20.862 billion yuan or 11.86% over the beginning of the year. The loan balance was 177.222 billion yuan, an increase of 16.926 billion yuan or 10.56% over the beginning of the year.

Links and references

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In terms of company business, the Company persists in serving the real economy, adheres to the principle of “becoming smaller and more decentralized”, relies on the grid upgrading action in the three regions, and organically combines the “Party building + finance” model of client acquisition and the concerted action with ministries, commissions, offices and bureaus to increase the number of accounts and expand the coverage in the process of transformation and development. By the end of December 2023, the balance of agriculture-related loans and loans to small and micro enterprises was 109.254 billion yuan, an increase of 15.312 billion yuan over the beginning of the year, accounting for 61.59% and an increase of 3.03 percentage points over the beginning of the year. The balance of loans to inclusive small and micro enterprises of the Company was 32.577 billion yuan, an increase of 4.187 billion yuan over the beginning of the year, with an increase rate of 14.75%, higher than the average growth rate of loans of the entire bank; The number of our inclusive small and micro enterprise loan accounts was 27,664, an increase of 6,851 compared to the beginning of the year; This year, the average interest rate of newly issued inclusive small and micro loans was 5.12%, down by 33 BPs compared with last year.

In terms of retail business, we actively promote the transformation of large retail, focus on strengthening client operation, revitalize the entire bank’s capital, and achieve internal circulation of clients and business by deeply cultivating clients to increase assets and revenue, with our client base continuously enhanced. By the end of December 2023, the Company had issued 1.055 million three-generation social security cards, becoming the first financial institution in Nanjing that issued more than one million social security cards.

In terms of savings deposits, we focus on core deposits, and establish a mechanism for stabilizing and increasing savings deposits. As of December 31, the balance of our savings deposits was 111.74 billion yuan, an increase of 16.39 billion yuan over the beginning of the year. In terms of wealth products, we focus on the business philosophy of “client-centered”, implement the product marketing and hierarchical and classified operation of clients, and constantly promote the promotion of client assets. We focus on product innovation, ensure the supply of wealth products, and constantly enrich the supply of private bank’s exclusive products, wealth management, fund, precious metal, insurance and other products to meet the diversified needs of clients.

In terms of credit card business, we closely align with clients’ daily consumption needs, actively enrich consumption scenarios, carry out a number of credit card marketing activities, such as preferential travel, special movie ticket discount, ETC pass

discount, afternoon tea reduction, etc., covering the mainstream consumption scenarios such as catering, supermarket, festival and travel, and build the brand of credit card normal marketing activities.

In terms of online loans, we actively build product brands. In 2023, with our consumer loan interest rates following the market, we continued to adjust interest rate discount activities to consolidate the foundation of high-quality clients and create a flagship product brand for Zijin e-loans; Focusing on clients, we deeply tapped the potential of social security clients, adhered to “becoming smaller, micro and decentralized”, and responded to the call to serve new citizens’ clients. With the issuance of third-generation social security cards as the starting point, we expanded external data sources through connection with the social security data of Nanjing, continuously iterated and improved risk control models, and provided consumer credit services for new citizens’ client groups including sellers and couriers; We deepened local development, expanded channels, actively expanded online clients, added Zijin e-loan product application entrance to “My Nanjing” and “My Yangzhou” platforms, provided local clients with online consumption financial services of full-process closed loop, continued to be smaller and more decentralized, realized differentiated competition, and constantly improved operation quality and efficiency.

In terms of channel construction, firstly, we promoted the construction of scenario banks. Centering on the local life circle, we carried out convenient services such as haircut, knife sharpening, home appliance maintenance and free clinic, and carried out 753 activities in total throughout the year, which was widely praised by the society; Around the scenarios of smart canteens, smart campuses and trade union welfare, etc., we expanded the client groups in batches, and created “smart” series service scenarios. We had established 226 smart canteens, 10 smart campus cooperative schools and 74 trade union welfare cooperative enterprises. Secondly, we continued to optimize the platform functions of “Bank-Enterprise e+”, “Cash Management Platform”, “Yinyitong” and “Yingxiaotong”, so as to improve the client service experience. Thirdly, we successfully launched the online inclusive business promotion platform to promote more intelligent and intensive retail financial services. Fourthly, we built our own Zijin live broadcasting platform, with a total of 31 live broadcasts and 57 cooperative enterprises, covering nearly 300,000 people.

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies

for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

The Company comprehensively promotes its sustainable development by fully implementing the ESG concept, and actively responding to the call of the government to support the development of circular economy with green credit and promote industrial structure adjustment, transformation and upgrading. We support green and low-carbon development and promote harmonious coexistence between humans and nature from such perspectives as corporate governance, policy systems, product innovation, financial technology, internal control management and capacity building.

In terms of strategy, the Company continues to guide, encourage and actively explore various ways to fulfill environmental and social responsibilities and has established a long-term mechanism for sustainable development. The Company deeply understands the social and environmental responsibilities of commercial banks, elevates ESG to a strategic level, and formulates corresponding strategic development goals.

In terms of architecture, the Company combines ESG management with development strategy, establishes a sustainable development architecture system at the level of Board of Directors-Senior Management-Business Department-Branch/Sub-branch, continuously strengthens the strategic leadership role of ESG, and continuously improves the effectiveness of the Company's ESG management.

In terms of risk, the Company incorporates the risks that might arise from the environment into the strategic arrangement of the ESG system and establishes a comprehensive risk management system for ESG.

In terms of stakeholder communication, we actively expand channels of communication with stakeholders in various aspects of daily business services, fully listen to their opinions and feedback, and continuously improve the effectiveness of communication with stakeholders by establishing a normalized communication mechanism and using digital communication technology.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☐ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: 《可持续发展报告标准（GRI Standards）》、《金融机构环境信息披露指南》 *GRI Standards, Guidelines for Financial Institutions Environmental Information Disclosure*

☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

☐ None of the above

Response

By promoting the concept of green operation and management, we actively build a "green finance" model with Zijin characteristics. We broaden our green client base by focusing on product innovation, create a green model by focusing

Links and references

on low-carbon operation, and enhance its green momentum by focusing on mode optimization. By focusing on our three major priorities: strengthening the main business of credit loans, amplifying financial radiation, and practicing social responsibility, with the help of financial technology, we try to upgrade our business process, product innovation, risk control, and basic management. We strive to accumulate our development momentum and give full play to the leading role of the concept of sustainable development for our business development.

In terms of corporate governance, we have set up an effective, responsible and transparent corporate governance structure, and have realized our regular and stable operation. In addition, we always organize training on corruption fighting and integrity promotion, so as to eliminate corruption and bribery in any form. We offer education to investors, crack down on illegal securities trading and develop other activities to protect investors, so as to safeguard the legitimate rights and interests of investors.

In terms of environmental responsibility, we have always been paying attention to the field of green finance and supporting the development of the industry of green environmental protection. We have incorporated energy conservation and emission reduction into our daily operations. We have been calling on our employees to save energy, reduce energy consumption, and reduce the environmental carbon footprint.

In recent years, we have accelerated the innovation of green credit products. According to the development idea of “green investment, green credit granting, green channel and green service”, we have done a good job in green credit service, and have gradually formed a multi-level and multi-variety system of green loan products, focusing on such products as “green loans”, a scheme of industrial chain financing specifically serving the landscaping industry; “green energy-saving loans”, specifically supporting corporate clients in the energy-saving industry; “environmental protection loans”, supporting local enterprises in pollution prevention, ecological protection and restoration, and environmental infrastructure construction; and “Zijin-Su Carbon Finance”, “carbon emission rights” pledge loans, focusing on serving the goals of “carbon peaking and carbon neutrality”. By vigorously promoting the concept of “green operation and management”, we have created a “green finance” model with Zijin characteristics. We have launched an intelligent all-in-one machine with functions of receipt printing, passbook cash deposit and withdrawal, and passbook supplementary registration, have rapidly promoted intelligent hall services, have achieved counter business diversion, and have practiced the concept of “energy conservation and environmental protection”. We try to build the environmental awareness of practicing economy among employees, promote paperless office work, and vigorously boost video conferencing and teleconferencing.

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

Scope of impact analysis: All the financial assets held by the Company are located in the mainland China, and the loans and advances are mainly located in Nanjing City, Zhenjiang City and Yangzhou City under Jiangsu Province. The scope of this impact analysis covers the relevant credit business in the business area of the Company, mainly including leasing and business service industry, wholesale and retail industry, construction industry, water conservancy, environment and public facility management industry, manufacturing industry, real estate industry, transportation, storage and postal industry, information transmission, software and information technology service industry, etc. The impact analysis data accounts for about 58% of the total credit business data of the Company. The businesses not included in this analysis include trade financing, discount and personal loans, accounting for about 42% in total. The data base has not yet met the requirements for impact analysis.

The Company has issued credit policy guidelines, clarifying the strategic promotion of our green credit and increasing support for green economy, low-

Links and references

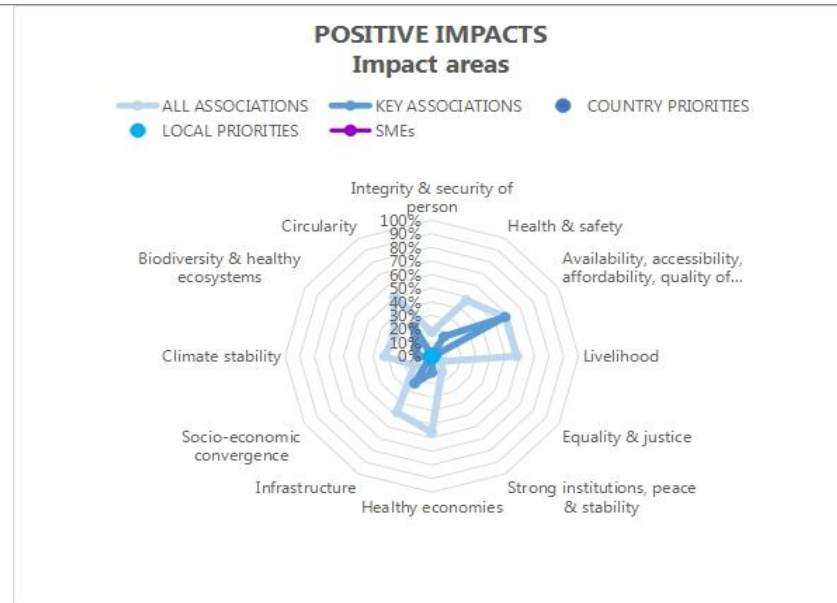
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¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p>carbon economy, and circular economy; On the other hand, the Company encourages innovation in the methods of green credit mortgage guarantee, improves the green credit management system, vigorously develops energy efficiency credit, and develops financing guarantees based on various environmental rights pledges. Therefore, this impact analysis also specifically analyzes the green finance business.</p>	
<p>b) <u>Portfolio composition:</u> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors&industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products&services and by types of clients for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	
<p>Response</p> <p>The impact analysis data accounts for about 58% of the total credit business data of the Company. The investment portfolio of impact analysis data is as follows: the leasing and business service industry accounts for 19.6%, the wholesale and retail industry accounts for 18.7%, the construction industry accounts for 16.2%, the water conservancy, environment and public facility management industry accounts for 14.1%, the manufacturing industry accounts for 8.7%, the real estate industry accounts for 7.4%, the transportation, storage and postal industry accounts for 3.6%, the information transmission, software and information technology service industry accounts for 2.3% and other industries account for 9.4%.</p> <p>Figure 1 Positive Impact of the Bank on 12 Impact Areas (based on UNEP FI impact radar)</p>	<p>Links and references</p> <ol style="list-style-type: none"> 1. Annual Report 2023 2. 14th Five-Year Strategic Plan of Zijin Rural Commercial Bank 3. Three-Year Action Plan for High Quality Development (2023-2025)

³'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.



The impact analysis results show that the three main areas of positive impact of the Bank are: availability of resources and services, narrowing the economic gap and circular economy. Among them, the most positive impact area is the availability of resources and services.

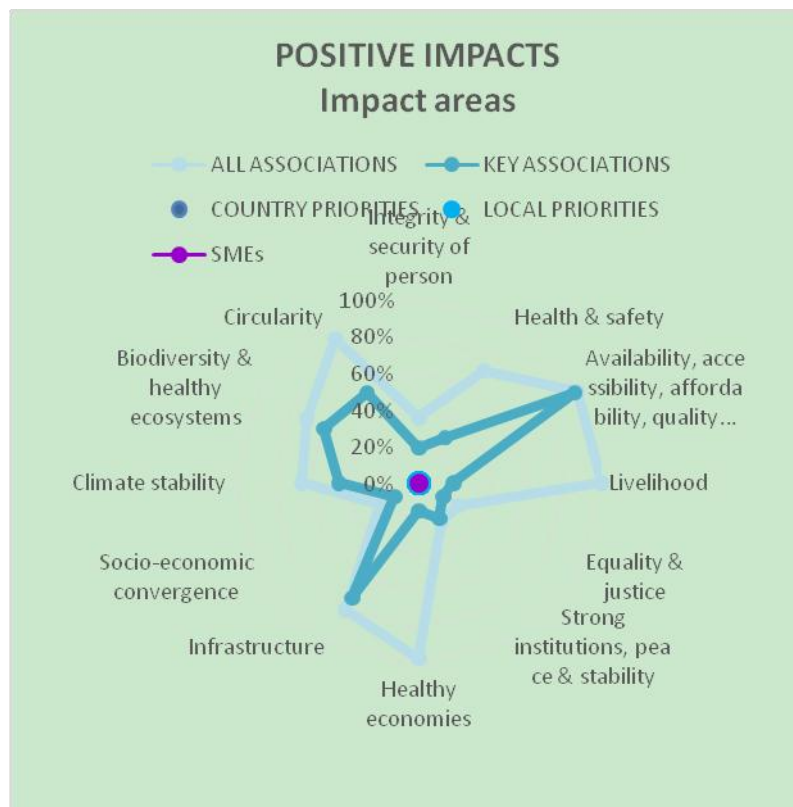
According to the 17 SDGs, the five main areas of positive impact of the Bank are as follows:

Figure 2 Positive Impact of the Bank on 17 SDGs

<p style="text-align: center;">POSITIVE IMPACTS SDGs</p> <p><i>*the dots do not represent a value. They only show if a SDG is a priority in the country/locations (based on data in the Context Module).</i></p>	
<p>SDG3: Good health and well-being, ensuring a healthy lifestyle and promoting the well-being of people of all ages;</p> <p>SDG6: Clean water, clean drinking water and domestic water for all;</p> <p>SDG9: Industrial innovation, building risk-resilient infrastructure, promoting inclusive and sustainable industries and promoting innovation;</p> <p>SDG11: Sustainable communities, building inclusive, safe, resilient and sustainable cities and communities.</p> <p>SDG13: Taking urgent action to address climate change and its impacts.</p>	
<p>Green finance</p> <p>This time, a special impact analysis is conducted on the data of green financial business. By the end of December 2023, the balance of green loans of the Company was 12.246 billion yuan, accounting for 7% of the total credit of the Company.</p> <p>In terms of classification, the balance of energy conservation and environmental protection industry loans was 2.651 billion yuan, accounting for 21.65%; The balance of cleaner production industry loans was 529 million</p>	

yuan, accounting for 4.32%. The balance of clean energy industry loans was 285 million yuan, accounting for 2.33%; The balance of ecological environment industry loans was 2.059 billion yuan, accounting for 16.81%; The balance of green upgrading loans for infrastructure was 6.693 billion yuan, accounting for 54.65%; The balance of green service loans was 29 million yuan, accounting for 0.24%.

Figure 3 Positive Impact of Green Finance Data of the Bank on 12 Impact Areas



The impact analysis results show that the five main areas of positive impact are: availability of resources and services, infrastructure, climate stability, biodiversity and ecosystems, and circular economy.

Centering on the national key strategies of “carbon peaking and carbon neutrality”, the Company deepens the concept of green credit, strengthens support for green projects, green intelligent manufacturing, green inclusiveness

and green consumption, constantly explores product innovation paths, and continuously enriches the Bank's green financial product system. In 2021, the Company issued the *14th Five-Year Strategic Plan of Zijin Rural Commercial Bank*, which clearly puts forward the development of green finance separately as one of the seven business strategies of the Bank from the top design. In 2023, on the basis of the 14th Five-Year Strategic Plan, the Company formulated the *Three-Year Action Plan for High Quality Development (2023-2025)*, further focusing on the development mode of "two lowers and two higher", that is, the business development mode focusing on lower capital consumption, lower operating cost, higher service efficiency and higher operating efficiency, so as to protect the long-term goal of sustainable development.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

Policies, challenges and opportunities related to sustainable development in the regions where the Company operates its business include:

Related to climate stability:

On August 15, 2005, General Secretary Xi Jinping delivered a speech of "Lucid waters and lush mountains are invaluable assets" in Anji Village, which pointed the way to green development. In 2017, the report of the 19th CPC Congress again emphasized the "development of green finance". General Secretary Xi Jinping announced in his speech at the general debate of the 75th session of the United Nations General Assembly that China will strive to peak its carbon dioxide emissions by 2030 and work towards carbon neutrality by 2060. In 2023, the Central Financial Work Conference was held, which deeply

Links and references

1. *14th Five-Year Strategic Plan of Zijin Rural Commercial Bank*
2. ZYBF [2023] No. 12 Notice on Printing and Distributing the *Credit Policy Guidelines of Zijin Rural Commercial Bank in 2023*

⁴ Global priorities might alternatively be considered for banks with highly decentralized and international portfolios.

analyzed the situation and tasks facing the high-quality development of finance, and deployed five articles of science and technology finance, green finance, inclusive finance, pension finance and digital finance, fully demonstrating the leading concept of sustainable finance.

The China Banking and Insurance Regulatory Commission and the People's Bank of China have issued separate documents on green finance for many times. In February 2012, the China Banking and Insurance Regulatory Commission issued the *Green Credit Guidelines*; In August 2016, seven ministries and commissions including the People's Bank of China issued the *Guiding Opinions on Building a Green Finance System*, which determined the significance and development ideas of building a green finance system; In December 2019, the People's Bank of China issued the *Circular on the Establishment of a Special Statistical System for Green Loans*; In May and June 2021, the People's Bank of China issued the *Catalogue of Green Bond Support Projects* (2021 Edition) and the *Evaluation Scheme for Green Finance of Banking Financial Institutions*. In June 2022, China Banking and Insurance Regulatory Commission formulated the *Guidelines on Green Finance for Banking and Insurance*.

On June 11, 2021, the China Banking Association held the work promotion meeting of "The Banking Industry Implements the Goal of Carbon Peaking and Carbon Neutrality" in Hangzhou, which was attended by the Policy Research Bureau of the China Banking and Insurance Regulatory Commission, the Zhejiang Banking and Insurance Regulatory Bureau, the China Banking Association and specially invited experts. The meeting voted to approve the *2021-2025 Work Plan of the Expert Group of China's Banking Industry to Support the Attainment of the Goal of Carbon Peaking and Carbon Neutrality*, and appointed about 69 experts for the expert working group. At the meeting, Liu Ruixia, the chief expert of the expert working group, delivered a special speech. The meeting showed that the China Banking Association attached great importance to green finance and clarified its work objectives.

In order to thoroughly implement Xi Jinping's thought on ecological civilization and the strategic deployment of the Yangtze River Economic Zone of "focusing on great protection rather than great development", our bank has taken green finance business as a strategic breakthrough to explore special development. On the other hand, around the goal of "Carbon Peaking, carbon neutrality", we deepen the concept of green credit, increase support for green projects, green intelligent manufacturing, green inclusiveness, green consumption and other fields, comprehensively implement relevant national policies, and serve Nanjing's strategic goal of "building a beautiful ancient capital with the people as the centre, and exploring a new path for green and low-carbon development".

Related to the availability of resources and services:

On September 25, 2023, the State Council issued the *Implementation Opinions on Promoting the High-Quality Development of Inclusive Finance*. This opinion defines the guiding ideology, basic principles and main objectives for promoting high-quality development of inclusive finance in the next five years, and puts forward a series of policy measures.

In order to fully implement the spirit of the 20th National Congress of the Communist Party of China and the Central Economic Work Conference, and well implement the *2023 Government Work Report* and the relevant work division requirements of the State Council, the General Office of the China Banking and Insurance Regulatory Commission issued the *Notice on Enhancing the Financial Service Quality of Small and Micro Enterprises in 2023*.

The Company adheres to the comprehensive leadership of the Party, the overall work tone of "seeking progress while maintaining stability", the direction of modern commercial banks, and the market positioning of "supporting agriculture, rural areas and farmers, small businesses, and real economy", further prioritize credit resources towards fields related to agriculture, small and micro enterprises, advanced manufacturing, rural revitalization, and other

<p>fields, adhere to the principle of “becoming smaller and more decentralized”, and persist in doubling the number of clients. We give priority to supporting key leading enterprises in the development of the grain industry and agricultural industrialization, and clients such as large grain-growers and breeders, family farms, agricultural cooperatives, and leading agricultural enterprises with good business performance and good credit status. We give priority to supporting enterprises with stable main businesses and management structures, expectable sustainable operations, and advantages in production processes, product markets, and business models. We give priority to individuals with stable income, good credit status, legitimate loan uses, and who are expected to repay principal and interest on time.</p>	
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)5? Please disclose.</p>	
<p>Response</p> <p>Based on the first three elements of the impact analysis, when implementing goal setting strategies, we give priority to the two important impact areas of climate stability and the availability of resources and services.</p>	<p>Links and references</p>
<p>d) For these (min. two prioritized impact areas): <u>Performance measurement:</u> Has your bank identified which sectors & industries as well as types of clients financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	

To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Response

Performance Measurement:

In terms of climate stability and availability of resources and services, the Company identified the sectors and industries with the greatest practical positive impact and the types of clients providing financing.

Climate:

Positive impact areas: The Company gives priority to support energy conservation, environmental protection and environmental governance industries, including water environment management, household waste management, water pollution prevention and control, human settlements improvement actions, and major projects for the protection and restoration of important ecosystems; urban rail transit, clean renewable energy, safe and green electricity, and water supply.

Negative impact areas: The Company restricts the support for industries with outdated production capacity: (1) Industries with outdated production capacity: Industries with outdated production capacity that have been explicitly designated by the State Council for elimination, including thermal power generation, coal, iron-making, steelmaking, coke, ferroalloys, calcium carbide, electrolytic aluminium, copper smelting, lead smelting, cement, flat glass, papermaking, leather making, printing and dyeing, lead batteries, and other industries; The backward production capacity industries identified in the special action of “two reductions, six governances, and three improvements” in Jiangsu Province include non-park chemical industry, volatile organic matter pollution, leather making, textile, electroplating, machinery (low-end and inefficient production capacity, excluding agricultural equipment such as agricultural machinery purchased by farmers with a quota of less than 500,000 yuan), pesticides, and other industries. (2) Industries with overcapacity: Industries with overcapacity defined by the State Council, including steel, cement, electrolytic aluminium, flat glass, ships, etc; (3) Other industries with “low added value, low technological level, high energy consumption, high pollutant emissions, and high work safety risks” and “high energy consumption, high pollution, and resource orientation”.

Availability of resources and services:

Positive impact areas: including strategic emerging industries, advanced manufacturing, modern agriculture, infrastructure industry, catering and accommodation industry, energy conservation, environmental protection and governance industry, education industry, healthcare industry, software and

Links and references

1. ZYBF [2023] No. 12 Notice on Printing and Distributing the *Credit Policy Guidelines of Zijin Rural Commercial Bank in 2023*
2. Annual Report 2023

information technology industry, etc. Priority should be given to areas related to agriculture, small and micro enterprises, advanced manufacturing, and rural revitalization.

The negative impact areas include industries with outdated production capacity and industries with overcapacity.

Performance evaluation: in terms of climate and availability of resources and services, the Company selects relevant indicators of green finance and inclusive finance for performance evaluation.

In terms of green finance: By the end of 2023, the balance of green loans of the Company was 12.246 billion yuan, an increase of 1.338 billion yuan compared with 10.909 billion yuan at the end of 2022, with an increase rate of 12.26%. The growth rate of green loans was higher than the average growth rate of loans across the Bank.

In terms of inclusive finance: By the end of 2023, the balance of inclusive small and micro enterprise loans of the Company was 32.577 billion yuan, an increase of 4.187 billion yuan compared with 28.39 billion yuan at the end of 2022, with an increase rate of 14.75%, higher than the average growth rate of loans across the Bank. The number of small and micro enterprise loan accounts was 27,664, an increase of 6,851 more than 20,813 at the end of 2022.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

- ☒ Up to 6 months prior to publication
- ☐ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Green finance:

The Company strengthens top-level design and highlights strategic leadership. In 2021, the Company issued the 14th Five-Year Strategic Plan of Zijin Rural Commercial Bank, which clearly defined the development of green finance as one of the seven business strategies of the Bank in terms of the top-level design; In 2023, on the basis of the 14th Five-Year Strategic Plan, the Company formulated the Three-year Action Plan for High Quality Development (2023-2025). On the premise of firming the vision of the 14th Five-Year Plan and the sustainable development goal, the Company further focuses on the development mode of "two lowers and two higher", that is, the business development mode focusing on lower capital consumption, lower operating cost, higher service efficiency and higher operating efficiency, so as to protect the long-term goal of sustainable development.

The Company optimizes organizational functions and promotes strategy implementation. In order to better ensure the overall planning, promotion and implementation of green finance throughout the Bank, the Bank has established a Green Finance Center under the leadership of Corporate

Links and references

ZYF [2019] No. 27
Notice on Printing and
Distributing the
*Adjustment Plan of
Zijin Rural Commercial
Bank on the
Establishment of
Institutions and Work
Responsibilities in
2019*

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning

Finance Department of the Head Office, which is specially responsible for the marketing management and development promotion of the Bank-wide green finance business, reflecting the Bank's determination to accelerate the development of green finance; In June 2021, our first green branch (Jiangbei New Area Branch Business Department) was officially unveiled and was awarded the title of "Star Green Bank" in 2022.

In 2021, the Bank became the vice-chairman unit of Jiangsu Provincial Green Finance Special Committee and won the "Green Sustainable Rural Commercial Bank of the Year" award issued by the Asian Banker in 2022.

Inclusive finance:

We improve capabilities and skills to accurately serve small and micro economies. We deeply understand the spirit of General Secretary Xi Jinping's important speech during his investigation of Jiangsu Province, and take the initiative to serve the local economy as the main force. We have formulated a three-year action plan for high-quality development, firmly adhere to the development direction of becoming smaller and more decentralized, complete the adjustment of marketing structure, establish the exclusive operation mechanism of individual retail business, and release the capacity of outlets and client managers to be smaller and more decentralized to the maximum extent.

We strengthen the sense of responsibility and provide in-depth services for rural revitalization. We firmly uphold the mission of being the "host bank for rural revitalization", steadfastly implement regulatory and government requirements of "financial services for rural revitalization", continuously strengthen the positioning of "supporting agriculture, rural areas and farmers and small businesses", focus on the clients such as farmers and new-type agricultural operation subjects, and continue to strengthen financial assistance to agriculture.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The

means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response

Impact area	Indicator code	Response
Climate change mitigation	Growth rate of green loans	By the end of 2022, the balance of green loans was 10.909 billion yuan

Impact area	Indicator code	Response
Financial inclusion	Growth rate of inclusive small and micro enterprise loans	By the end of 2022, the balance of inclusive small and micro enterprise loans was 28.39 billion yuan
	Number of inclusive small and micro enterprise accounts	At the end of 2022, the number of inclusive small and micro enterprise loan accounts was 20,813

Links and references

1. ZYF [2023] No. 113 Notice on Printing and Distributing the Assessment Measures for Operation and Management of Zijin Rural Commercial Bank in 2023
2. ZYD [2023] No. 9 Notice on Printing and Distributing Senior Management Performance Evaluation Measures of Jiangsu Zijin Rural Commercial Bank Co., Ltd. in 2023

c) SMART targets (incl. key performance indicators (KPIs)⁷): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

Green finance:

Links and references

⁷ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

<p>The assessment indicators of green loan are set in the annual operation and management assessment measures. Meanwhile, the growth rate of green loan is taken as the assessment indicator of social responsibility in the senior management performance evaluation measures, and the assessment is evaluated and scored quarterly, and the assessment results are published to the whole bank to promote the development of green finance with assessment as the starting point.</p> <p>Assessment objective: The growth rate of green loans shall not be lower than the average growth rate of loans of the Bank.</p> <p>Inclusive finance:</p> <p>In the annual operation and management assessment measures, assessment indicators such as loans for inclusive small and micro enterprises and loans of less than 1 million yuan (inclusive) for a single household shall be set, and a special assessment mechanism for agriculture-related and small and micro loans and inclusive small and micro loans in 2024 shall be formulated for quarterly assessment to promote the development of inclusive financial business.</p> <p>Assessment objective: The growth rate of loans for inclusive small and micro enterprises shall not be lower than the average growth rate of loans of the Bank, and the number of inclusive small and micro enterprise loan accounts shall not be lower than the level at the beginning of the year.</p>	
<p>d) <u>Action plan:</u> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p>Response</p> <p>Green finance:</p> <p>1. Strategic planning. In 2021, the Company issued the <i>14th Five-Year Strategic Plan of Zijin Rural Commercial Bank</i>, which clearly defined the development of green finance as one of the seven business strategies of the Bank in terms of the top-level design; In 2023, on the basis of the <i>14th Five-Year Strategic Plan</i>, the Company formulated the <i>Three-year Action Plan for High Quality Development (2023-2025)</i>. On the premise of firming the vision of the 14th Five-Year Plan and the sustainable development goal, the Company further focuses on the development mode of “two lowers and two higher”, that is, the business development mode focusing on lower capital consumption, lower operating cost, higher service efficiency and higher operating efficiency,</p>	<p>Links and references</p> <p>1. ZYBF [2023] No. 12 Notice on Printing and Distributing <i>Credit Policy Guidelines of Zijin Rural Commercial Bank in 2023</i></p> <p>2. ZYF [2023] No. 161 Notice on Printing and Distributing <i>Detailed Rules for Post-loan Management of Credit Business of Zijin Rural Commercial Bank</i></p> <p>3. ZYF [2019] No. 40</p>

so as to protect the long-term goal of sustainable development.

2. Institutional setup. In order to ensure the overall planning, promotion and implementation of green finance throughout the Bank, the Bank has established a Green Finance Center under the leadership of Corporate Finance Department of the Head Office, which is specially responsible for the marketing management and development promotion of the Bank-wide green finance business, reflecting the Bank's determination to accelerate the development of green finance; In July 2022, our first green branch (Jiangbei New Area Branch Business Department) was awarded the title of "Star Green Bank", contributing financial strength to achieve the goal of Carbon Peaking and carbon neutrality. In addition, the Bank also won the honorary title of "Top Ten Outstanding Institutions of Green Finance in Jiangsu Province in 2020", became the vice-chairman unit of Jiangsu Green Finance Special Committee in 2021, and won the "Green Sustainable Rural Commercial Bank of the Year" award (the only agricultural commercial bank in China) issued by the *Asian Banker* in 2022.

3. Policy support. Our bank has issued credit policy guidelines, clarifying the strategic promotion of our bank's green credit and increasing support for green economy, low-carbon economy, and circular economy; On the other hand, we encourage innovation in methods of green credit mortgage guarantee, improve the green credit management system, vigorously develop energy efficiency credit, and develop financing guarantees based on various environmental rights pledges. At present, we support the issuance of green loans and offer an additional FTP (internal funds transfer pricing) discount to those who meet the criteria for green loan recognition. In the future, our bank will continue to improve preferential policies, increase resource priority, effectively transfer profits to clients, and comprehensively reduce green loan interest rates.

4. The management of business process. The Bank takes environmental protection factors as one of the important items of business review, implements differentiated and dynamic credit policies for restricted industries under key state regulation and industries with significant environmental and social risks, and implements the risk exposure management system. We implement environmental classification management for loan clients, and implement different credit policies for different types of clients. For projects confirmed as those for "green credit" approval, we ensure an efficient and speedy credit-extension process. On the other hand, we provide green channels for the research, development and promotion of financial products and services to improve the promotion of green finance.

5. Internal risk control. The Bank defined the key points of post-loan inspection of green finance in the detailed rules for the implementation of post-loan management of credit business, and differentiated the contents of post-

Notice on Printing and Distributing 2019 Operation and Risk Assessment Measures of Zijin Rural Commercial Bank

4. ZYF [2023] No. 394 Notice on Printing and Distributing the Management Measures for "Environmental Protection Loan" of Zijin Rural Commercial Bank

5. "Zijin-Su Carbon Finance" Green Financial Service Scheme

loan inspection for clients whose environmental and social risks are classified as A or B according to the Bank's green finance business management requirements; On the other hand, we conduct quarterly tracking audits of credit policy guidance, paying attention to whether loan investment meets the requirements of green credit. Focusing on industries with overcapacity, high energy consumption, and high emissions, covering other energy-saving and emission reduction targets, and using a dynamic credit risk investigation mechanism, we conduct in-depth and detailed analysis of client production equipment, energy consumption and emissions, and compliance of new production capacity on a case-by-case basis. We incorporate clients who have been included in the list of outdated production capacity enterprises for elimination, who lack the compliance procedures for new production capacity, or who exceed energy consumption or emissions limits, into the targets for credit reduction. Regardless of whether the involved enterprises operate normally or whether their comprehensive returns to the bank are good, we will resolutely reduce their credit and formulate a plan of credit reduction on a case-by-case basis. If it is difficult to reduce their credit in the short term, we will take timely reinforcement and guarantee measures or other preservation measures, and assign the responsibility to the individual.

6. Assessment management. Since 2019, the Bank has set assessment indicators for green loans in the *Annual Operation and Risk Assessment Measures of Zijin Rural Commercial Bank*, specified the specific assessment indicators for each branch (sub-branch), taken the growth rate of green loan as a strategic assessment indicator, carried out evaluation and scoring on a quarterly basis, and announced the assessment results to the whole bank, so as to promote the development of green finance with assessment as the starting point.

7. Characteristic products of green finance. In order to increase financial support for green enterprises and enrich the Bank's means and methods of serving clients related to green finance, we have been constantly innovating various green finance products. Firstly, based on the cooperation agreement on environmental protection loan business signed by the Provincial Rural Credit Union and the Department of Ecology and Environment, the Bank upgrades and updates the Measures for the Management of Environmental Protection Loan Business of Zijin Rural Commercial Bank, specifically assisting enterprises in carrying out ecological and environmental protection and industrial development projects such as pollution prevention and control, ecological protection and restoration, and environmental infrastructure construction. We combine environmental credit rating with loan pricing. The higher the environmental credit rating, the lower the loan interest rate pricing. We encourage enterprises to pay attention to environmental impact to the greatest extent possible. Secondly, the Bank actively implement the work

Notification of Internal Documents of Zijin Bank

arrangements of the regulatory authorities on the use of institutional monetary policies to support the goal of “Carbon Peaking and carbon neutrality”, and innovatively launch the “Zijin-Su Carbon Finance” green finance product, which mainly serves the enterprises in the “List of Key Green Enterprises Supported by Funds of the Central Bank of Jiangsu Province”, some of which are green enterprises published by the Provincial Department of Ecology and Environment. According to the list, the Bank specially provides medium-term and long-term loans with low interest rate and credit guarantee for green enterprises. Thirdly, the Bank explores and promotes the business of “carbon emission quota pledge loan”, strives to provide better, sounder and cheaper green finance services for enterprises that have made outstanding contributions to carbon emission reduction, and solves the financing and guarantee difficulties of small and medium-sized energy conservation and emission reduction enterprises.

Inclusive finance:

1. We adhere to the mission of supporting agriculture, rural areas and farmers, small businesses, and real economy. We deeply understand the spirit of General Secretary Xi Jinping’s important speech during his investigation of Jiangsu Province, and takes the initiative to serve the local economy as the main force. We further prioritize credit resources towards fields related to agriculture, small and micro enterprises, advanced manufacturing, rural revitalization, and other fields. We adhere to the principle of “becoming smaller and more decentralized”, persist in doubling the number of clients, increase the expansion of small and micro, agriculture-related clients, promote the whole village credit, and ensure that the growth rate of agriculture-related and small and micro-enterprise loans is not lower than the average growth rate of various loans.

2. We strengthen strategic planning. We have formulated a three-year action plan for high-quality development, firmly adhere to the development direction of becoming smaller and more decentralized, complete the adjustment of marketing structure, establish the exclusive operation mechanism of individual retail business, and release the capacity of outlets and client managers to be smaller and more decentralized to the maximum extent. The Department of Small and Micro Finance has been constantly expanded to become the “incubating base” of small and micro genes of the whole bank.

3. We make every effort to improve the coverage of inclusive finance. We carry out in-depth grid visits, strengthen visits to clients such as new agricultural business entities, Su Innovative Finance and Su Pledge Loan, and expand the number of households in the park; We continue to optimize the

construction of inclusive financial outlets, and have built a total of 393 inclusive financial service stations, covering payment settlement, financial knowledge popularization, anti-fraud propaganda and other fields, directly benefiting about 760,000 people; We carry out the construction of joint service outlets of “Nearby Office” and “Su Service Office”, further improve the quality and efficiency of government-bank cooperation and expand the service influence of government and banking.

4. We fully serve the development of private entities. We actively respond to the requirements for high-quality urban development in Nanjing, focus on regional SRDI small and medium-sized enterprises, enterprises in characteristic industrial clusters, and key enterprises at the urban and district levels, establish a list of target clients, optimize the direction of credit investment, make good use of credit increment, activate capital stock, and achieve remarkable results in serving private entities.

5. We contribute fully to the rural revitalization strategy. Taking the strategic cooperation between the Bureau of Agriculture and Rural Areas, Nanjing Supply and Marketing Cooperatives and other institutions as an opportunity, we focus on farmer households, new agricultural business entities and other client groups, and continuously increase financial assistance to agriculture through measures such as promoting the “village travel” of credit direct vehicles, participating in the docking activity of “developing agriculture with science and technology”, and building the comprehensive service platform of “village to village access”.

6. Technology enables the online small and micro products. Firstly, we cooperate with Nanjing Credit Investigation Company in research and development of “Zi Credit”. Based on big data joint modeling and full protection of data privacy, we rely on multi-dimensional data joint modeling of credit investigation platform, which shortens the waiting time for enterprise business processing, reduces the enterprise financing threshold and improves the financing efficiency; Secondly, we research and develop “business micro credit” which carries out batch credit granting and for the small and micro clients gathered in the form of chamber of commerce and association, which implements batch credit by means of filing + evaluation, manual + technology, and large retail platforms and flash loan systems as tools to implement batch credit and online loan; Thirdly, we launch the “Trading E-Loan” product, which can be standardized through mobile APP, and can provide mobile loans to improve the financing efficiency of small and micro enterprises.

7. We strengthen product innovation. Firstly, We have launched the inclusive small and micro credit loan product “Credit E-Loan” for individual businesses in the Nanjing-Zhenjiang-Yangzhou area, promoted the key inclusive products of the Provincial Rural Credit Union, such as “Small and Micro Loans”, “Jiangsu Science Loans”, and “Jiangsu Agriculture Loans”, and

quickly launched and test run the Trading E-Loan through the Provincial Rural Credit Union's "Smart and Micro Loans" platform. Secondly, we promote key products such as "Trading E-Loan", "Zijin E-Loan" and "Elite Time Loan", organically integrate online and offline, product and channel, service and marketing, and continue to optimize approval, interest rate, quota and risk control.

	... first area of most significant impact: ...green finance	... second area of most significant impact: ...Financial inclusion
Alignment	<input type="checkbox"/> √ Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> √ Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> √Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> √Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> √Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> √ Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> √ Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> √Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Green Finance:

Links and references

1. ZYBF [2023] No. 12

1. Improving the development plan of green finance

We are actively building a complete and perfect system of green finance development strategy. We intend to build our system of green finance development strategy from nine perspectives, including organizational structure, institutional policy, assessment system, product system, process management, risk control, corporate culture, information disclosure, and talent team building, in combination with regulatory requirements and our own sustainable development motivation, from the top-level design to ensure the effective implementation of green finance strategy.

2. Policy system

We support the provision of green loans to promote comprehensive green transformation of economic and social development. In terms of industry policies, it is clear that priority should be given to supporting energy conservation, environmental protection, and environmental governance industries, including government-driven water environment governance, household waste management, water pollution prevention and control, human settlement environment improvement actions, and major projects for the protection and restoration of important ecosystems; urban rail transit, clean renewable energy, safe and green electricity, and water supply.

For clients whose environmental and social risks are classified as A or B, the Bank has differentiated the contents of post-loan inspection in accordance with the Bank's management requirements for green finance business. In addition to focusing on whether the loan orientation meets the relevant requirements of green credit, the Bank also conducts post-loan tracking on relevant green credit products, including but not limited to environmental protection, new energy products, etc., focusing on whether there are circumstances that may cause loan risks such as low energy production and high energy consumption.

In order to implement the policy guidance of the green credit guidelines, the Credit Approval Department of the Bank has so far taken environmental protection factors as one of the important items of loan review, implemented differentiated and dynamic credit policies for the restricted industries and industries with major environmental and social risks regulated by the state, and implemented the risk exposure management system. We implement environmental classification management for loan clients, implement different credit policies for different types of clients, and ensure efficient and speedy credit process for projects confirmed as those for "green credit" approval. On the other hand, we provide green channels for the research, development and promotion of financial products and services to improve the promotion of green finance.

Notice on Printing and Distributing the *Credit Policy Guidelines of Zijin Rural Commercial Bank in 2023*

2. ZYF [2023] No. 161 Notice on Printing and Distributing *Detailed Rules for Post-loan Management of Credit Business of Zijin Rural Commercial Bank*

3. ZYD [2023] No. 21 Notice on Clarifying the Special Evaluation Mechanism for Agriculture-related and Small and Micro Loans and Operating Loans below 1,000,000 Yuan in 2023

4. ZYBF [2023] No. 38 Notice on Printing and Distributing the *Special Competition Scheme for Inclusive Small and Micro Loans*

3. Management of internal control

At present, our bank regularly conducts follow-up audits of credit policy guidance, paying attention to whether loan investment meets the requirements of green credit. Focusing on industries with overcapacity, high energy consumption, and high emissions, covering other energy-saving and emission reduction targets, and using a dynamic mechanism of credit risk investigation, we conduct in-depth and detailed analysis of client production equipment, energy consumption and emissions, and compliance of new production capacity on a case-by-case basis. We incorporate clients who have been included in the list of outdated production capacity enterprises for elimination, lack compliance procedures for new production capacity, or exceed energy consumption or emissions limits into the credit reduction targets. Regardless of whether the involved enterprises operate normally or whether their comprehensive returns to the Bank are good, we resolutely reduce their credit and formulate an exit plan on a case-by-case basis. If it is difficult to reduce their credit in the short term, we will take timely reinforcement and guarantee measures or other preservation measures, and assign the responsibility to the individual. We continue to include the implementation of green finance policy in the scope of internal control inspection and regularly organize the implementation of internal audits. If violations are found during inspection, accountability will be held in accordance with regulations. We continuously improve the due diligence exemption mechanism to ensure the continuous and effective development of green finance business.

4. Assessment management

So far, the Bank has set green loan assessment indicators in the annual methods of operation and risk assessment every year since 2019, and has taken the growth rate of green loan as a strategic assessment indicator, carried out evaluation and scoring on a quarterly basis, and announced the assessment results to the whole bank, so as to promote the development of green finance with assessment as the starting point and continuously improve the proportion of green credit. By the end of 2023, the balance of green loans of the Company was 12.246 billion yuan, an increase of 1.338 billion yuan compared with 10.909 billion yuan at the end of 2022, with an increase rate of 12.26%. The growth rate of green loans was higher than the average growth rate of loans of the Bank.

We plan to continue to strengthen performance differentiation assessment, increase policy support, open up green channels in the credit approval process, and ensure the rapid implementation of green credit business. In terms of credit extension authority, some authorities of green finance should be properly released, and the authority of outlets and client managers to apply for credit line should be increased. We provide assessment

incentives for product development to enhance employee motivation. We provide additional subsidies for economic capital allocation and internal funds transfer pricing, using assessment as a starting point to benefit clients and empower branches. In terms of staffing, priority should be given to recruiting professionals related to green finance, enriching staff of green finance business lines throughout the Bank, and strengthening corresponding training.

Inclusive finance:

1. We have issued the *Notice on Clarifying the Special Evaluation Mechanism of Agriculture-related and Small and Micro Loans in 2023*, clarified the responsibilities of branches and sub-branches, and established the dynamic adjustment mechanism of relevant management posts;
2. For the separate credit plan for inclusive small and micro enterprises, we continue to conduct the assessment of inclusive small and micro loan branches and sub-branches, conduct monthly report and quarterly assessment and guide the branches and sub-branches to increase the release of inclusive small and micro loans to ensure the completion of the set objectives;
3. We provide 120BP internal transfer pricing subsidy to inclusive small and micro loans;
4. We carry out special incentive activities for inclusive small and micro loans, and give certain subsidies to those with good completion.

By the end of 2023, the balance of the Company for inclusive small and micro enterprise loans was 32.577 billion yuan, an increase of 4.187 billion yuan compared with 28.39 billion yuan at the end of 2022, with an increase rate of 14.75%, which was higher than the average growth rate of loans of the whole bank. The number of inclusive small and micro enterprise loan accounts was 27,664, an increase of 6,851 than 20,813 at the end of 2022.

Principle 3: Clients and Clients



We will work responsibly with our clients and our clients to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and clients⁸ in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and clients to encourage sustainable practices and enable sustainable economic activities⁹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

⁸ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of client relationship channels.

⁹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Response

By always adhering to the market positioning of “serving agriculture, rural areas and farmers, serving small and medium-sized enterprises, and serving urban and rural areas”, the Company improve the leadership and operation mechanism of consumer protection work, improve its ability to protect the rights and interests of financial consumers, and boost the client experience and satisfaction.

The Company established a “three-level structure and management” system to protect the rights and interests of clients and promote the participation of clients in sustainable practice. The Company established an organizational structure and operating mechanism for the work of the functional departments for the protection of financial clients’ rights and interests, as well as a mechanism of coordination and cooperation, a prior review mechanism, an in-process control mechanism, and an ex-post supervision mechanism for relevant functional departments. By improving the internal control system of consumer protection, we carry out strict assessment and evaluation for consumer protection, revise the standards for high-quality civilized service, strengthen internal training on consumer protection, reinforce elderly care services, improve the construction of complaint channels, construct a mechanism of complaint management, increase publicity efforts and take other measures to continuously innovate our service ideas and improve consumers’ service experience.

The Company reinforces its support for green finance in key fields and industries, and increases the participation of clients in the green transformation.

Firstly, we assist in the transformation and upgrading of green manufacturing, actively connect ourselves with green parks, green backbone enterprises, and green manufacturing projects, and promote manufacturing enterprises to carry out energy-saving, emission reduction, pollution concentration, or recycling treatment renovations.

Secondly, we promote the development of green buildings. We have established identification standards for green building financing and green building insurance, and explored a standardized system for green building financial services.

Thirdly, we innovate green supply chain financing. We assist in the construction of industrial and supply chains, and provide convenient online financial services for upstream and downstream enterprises.

Fourthly, we support green development in rural areas. We innovate green finance products and services for “agriculture, rural areas and farmers”, and increase support for pollution prevention, clean energy, water conservation,

ecological protection, green agriculture and other fields.

Fifthly, we support the low-carbon circular economy. We explore the mortgage and repurchase business of carbon emission rights assets, as well as the “personal carbon account” mechanism.

Sixthly, we strengthen financing docking. We normalize the financing docking activities for technology-based and green-based SMEs, and continue to expand the scale of technology finance and green finance credit. We vigorously promote major products such as “Environmental Protection Loan”, “Su Carbon Finance” and “Nanjing Science Loan”, and the balance of green credit was 12.246 billion yuan, an increase of 1.338 billion yuan over the beginning of the year.

The Company increases the breadth and depth of cooperation with chambers of commerce and associations, and enhances the depth of inclusive finance.

First of all, we vigorously the expansion of business associations and chambers of commerce, strengthen the breadth and depth of cooperation with them, and establish cooperation levels based on different types of chambers of commerce and associations.

Secondly, we implement the concept of “being a supporter of private enterprises”, sort out the “white list” of core client groups, clarify admission standards and hierarchical standards, develop work goals, and work measures, and develop a comprehensive service plan for clients.

Thirdly, we widely collect client group information, comprehensively apply information technologies such as data warehouses and CRM systems, and strive to provide clients with one-stop “financial product supermarket” services, strengthening the classification management of core and auxiliary products.

Fourthly, we segment clients, anchor client groups, strengthen client relationship management, adopt differentiated business models for high-end, mid-range, and mass clients, and achieve precise marketing.

The Company carries out in-depth client visits to comprehensively improve the coverage of inclusive finance.

Firstly, we carry out the special activities of “five visits and five increases”, actively and accurately connect the non-renewable clients of small and micro enterprises, individual businesses, science and technology innovation enterprises, joint-stock economic cooperatives, agriculture-related and other relevant market entities, enhance the sense of acquisition of market entities, and strengthen the support to the real economy;

Secondly, we actively enter the park to further develop small and micro financial services. We closely follow the city's strategic project-carrying park, improve the level of financial service to the real economy, open up the "last mile" of enterprise financing, and carry out the activity of "entering the park". We actively connect with relevant park managers, combine the product advantages with the actual conditions of enterprises, and get the favor of many enterprises in the park;

Thirdly, we establish a regular client visit mechanism for serving small and micro-sized enterprises. We embed various visit lists into the marketing platform, distribute them to institutions and people, clarify the visit regulations, improve the sense of obtaining financial services in the real economy, and further promote the sinking of the service focus.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Climate

We take green finance business as an important starting point for the bank-wide strategic transformation, plan the development of green finance business from the Board level, strengthen the concept of green credit, follow the development idea of "green investment, green credit, green channel and green service", comprehensively boost the green transformation of economy and society, provide strong financial support for the implementation of the goal of "Carbon Peaking and carbon neutrality", and achieve the sustainable growth of the bank-wide green financing balance, with the proportion of green credit in various loans having steadily increased.

In order to thoroughly implement Xi Jinping's thought on ecological civilization and the strategic deployment of the Yangtze River Economic Zone of "focusing on great protection rather than great development", our bank has taken green finance business as a strategic breakthrough to explore special development. On the other hand, around the goal of "Carbon Peaking, carbon neutrality", we deepen the concept of green credit, increase support for green projects, green

Links and references

intelligent manufacturing, green inclusiveness, green consumption and other fields, comprehensively implement relevant national policies, and serve Nanjing's strategic goal of "building a beautiful ancient capital with the people as the centre, and exploring a new path for green and low-carbon development".

In order to increase financial support for green enterprises and enrich the Bank's means and methods of serving clients related to green finance, we have been constantly innovating various green finance products. Mainly including: firstly, we have launched the industrial chain financing plan "Greening Loan" specifically serving the landscaping industry, which relies on the industrial chain and provides supporting service solutions; Secondly, in recent years, the Bank has explored the pledge guarantees of future income rights for contract energy management projects, and innovatively developed "green energy-saving loans" products, specifically supporting energy-saving industry enterprise clients; Thirdly, the Bank vigorously promotes Zijin's "environmental loan" and "environmental guarantee" products, specifically supporting enterprises in carrying out ecological and environmental protection and industrial development projects such as pollution prevention and control, ecological protection and restoration, and environmental infrastructure construction. The Bank combines environmental credit rating with loan pricing. The higher the environmental credit rating, the lower the loan interest rate pricing. The Bank encourages enterprises to pay attention to environmental impact to the greatest extent possible; Fourth, we actively implement the regulatory authorities' work arrangements on the use of institutional monetary policies to support the goal of "Carbon Peaking and carbon neutrality", innovatively launch the "Zijin -Su Carbon Finance" green finance product, while exploring and promoting the "carbon emission quota pledge loan" business, and strive to provide better, sounder and cheaper green finance services for enterprises that have made outstanding contributions to carbon emission reduction.

By the end of 2023, the balance of our bank's green loans was 12.246 billion yuan, an increase of 1.338 billion yuan compared with 10.909 billion yuan at the end of 2022, with a growth rate of 12.26%; The number of green loan accounts at the end of 2023 was 588, an increase of 23 compared with 565 at the end of 2022, with a growth rate of 4.07%.

Inclusive finance

The Company has always adhered to the work orientation of supporting agriculture, rural areas and farmers, supporting small businesses, and supporting the development of real economy, continuously expanding service channels and improving service coverage. With the advantage of 135 business outlets and 393 inclusive finance service outlets widely distributed in the Nanjing-Zhenjiang-Yangzhou region, we have gradually built a comprehensive

and in-depth financial service network of financial services for agriculture, rural areas and farmers, and small and micro businesses. Focusing on the economic integration of Nanjing, Zhenjiang and Yangzhou, and the development planning of Nanjing Metropolitan Circle, we strive to integrate ourselves into the new situation of high-quality local development, achieve better resonance with the local economy, and create more development benefits for local residents.

1. We provide advantageous financial products for small and micro enterprises. Firstly, we carry out the cooperation between government and bank, and use the risk compensation funds of Nanjing Municipal Government of Ning Innovative Loan to pry the small and micro credit loans; Secondly, we implement on-loan emergency mechanism. The Bank has developed the “On-Loan Tong” product to provide loan renewal support without repayment of principal for small and micro enterprises; At the same time, the Bank also cooperates with the private enterprise on-loan fund led by the Nanjing Municipal Government to help the private enterprises and individuals that can normally operate in Nanjing to make repayment before loan through the government on-loan fund. Thirdly, we actively promote the provincial credit products such as “Small and Micro Loans”, “Jiangsu Agriculture Loans”, “Jiangsu Science Loans” and “Micro Enterprise E Loan” in cooperation with provincial finance, and expand the coverage of inclusive finance in combination with the requirements of relevant visits and assessments.

2. We provide featured financial products for the small and micro real economy. Firstly, we provide the science and technology innovation financial comprehensive service scheme with “Nanjing Science Loan” as the main body for the small and micro science and technology innovation enterprises, and improve the science and technology innovation financial service capacity; Secondly, we provide “SRDI Guarantee” products to small and micro SRDI client group, and launch “Zijin-SRDI” enterprise special credit service program, with weak guarantee as the main, the maximum credit line of 50 million yuan, the maximum term of 5 years, and the highest interest rate of LPR+100BP; Thirdly, for small and micro green enterprises, the Bank launch Zijin “Environmental Protection Loan” and “Environmental Protection Guarantee” products, specifically assisting enterprises in carrying out ecological and environmental protection and industrial development projects such as pollution prevention and control, ecological protection and restoration, and environmental infrastructure construction. We combine environmental credit rating with loan pricing. The higher the environmental credit rating, the lower the loan interest rate pricing. We encourage enterprises to pay attention to environmental impact to the greatest extent possible. Fourthly, for small and micro quality enterprises, we transform “intangible assets” into “tangible assets” to obtain credit, vigorously promote “Su Quality Loan” business, provide maximum credit line of 30 million yuan for enterprises with quality awards and Jiangsu quality credit AA and

above; and extend together with Nanjing Market Supervision and Administration Bureau on the basis of “Su Quality Loan” service list, and innovatively launch “Small Nanjing Quality Loan”. Fifthly, in terms of small and micro comprehensive financial services, our bank has developed “Bank-Enterprise E+”, which can provide enterprises with a series of intelligent comprehensive financial services such as capital payment, account management, process approval, OA office, business and travel services. Sixthly, we establish the product brand. The “Zi Credit” product has won the 2023 Nanjing Annual Credit Work Excellent Case Demonstration Award, the first prize of “Local Credit Investigation Platform Benefiting Enterprises and Promoting Finance” financial innovation product, the Top Ten Typical Case Award and other awards. We make full use of the service mode of “finance + data” to strengthen the supply of financial services.

3. We provide diversified financial products for small and micro agriculture-related economic organizations. At present, the Bank has formed an agriculture-related loan product system based on “Jinling Huinong series” products. Firstly, aiming at peasant households, Jinling Huinong micro-loans which are suitable for peasant households’ operation and consumption have been launched; Secondly, Jinling Huinnong Loan, Huinnong Fast Loan and Jiangsu Agriculture Loans applicable to new types of agricultural business entities have been introduced. Thirdly, aiming at the loans of rural collective economic organizations, Jinling Xingcun Loan has been launched. Fourthly, home stay loans suitable for rural entertainment, home stay and other guest groups have been researched and developed.

4. Technology enables the online small and micro products. Firstly, we cooperate with Nanjing Credit Investigation Company in research and development of “Zi Credit”. Based on big data joint modeling and full protection of data privacy, we rely on multi-dimensional data joint modeling of credit investigation platform, which shortens the waiting time for enterprise business processing, reduces the enterprise financing threshold and improves the financing efficiency; Secondly, we research and develop “business micro credit” which carries out batch credit granting and for the small and micro clients gathered in the form of chamber of commerce and association, which implements batch credit by means of filing + evaluation, manual + technology, and large retail platforms and flash loan systems as tools to implement batch credit and online loan; Thirdly, we launch the “Trading E-Loan” product, which can be standardized through mobile APP, and can provide mobile loans to improve the financing efficiency of small and micro enterprises.

By the end of 2023, the balance of agriculture-related and small and micro loans of the Bank was 109.254 billion yuan, an increase of 15.312 billion yuan compared with the beginning of the year, accounting for 61.59% and an increase of 3.03% compared with the beginning of the year; The balance of loans to inclusive small and micro enterprises was 32.577 billion yuan, an increase of

4.187 billion yuan over the beginning of the year, with an increase rate of 14.75%, which was higher than the average growth rate of loans of the Bank. The credit plan for inclusive small and micro enterprises was completed by 113%. The number of inclusive small and micro enterprise loan accounts was 27,664, an increase of 6,851 than that at the beginning of the year.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹⁰) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

In the ESG Report of 2023, the Company disclosed consultation, communication, collaboration and other activities with various stakeholders identified and the relevant topics identified to further enhance the Company's positive impact.

Based on a substantive analysis model, the Company identified, evaluated and confirmed the importance of the ESG system throughout the year in the Board's work plan at the beginning of the year, taking into account national strategy, the relevance of ESG, and substantive issues of importance to stakeholders. This led the entire bank's work throughout the year. Including: green finance, serving the real economy, optimizing client service, financial

Links and references

Announcement on
Holding Performance

¹⁰ Such as regulators, investors, governments, suppliers, clients and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

technology, risk management, compliance operation, talent development, corporate governance, social responsibility and investor relations.

The Company actively expands channels of communication with stakeholders in various aspects of daily business services, fully listens to their opinions and feedback, and continuously improves the effectiveness of communication with stakeholders by establishing a normalized communication mechanism and using digital communication technology.

Specifically including:

Key stakeholders	Issues of concern	Communication and response
Shareholders and investors	Corporate governance, compliance operations, risk management, investor education, anti-corruption	Shareholders meetings Regular information disclosure Investor communication meetings and researches
Government and regulatory agencies	Risk management, compliance operations Serving the real economy and combating corruption	Cooperation with regulatory agencies for verification, participation in government research activities, policy implementation, and information disclosure
Clients	Client service optimization, client privacy protection, responsible marketing, financial technology	Client researches, client services and complaints, client satisfaction survey, WeChat official account and other media
Employees	Talent retention and development, labour rights and employee welfare, and equality-based employment	Trade union activities, employee training, enterprise office automation (OA) platform, employee activities, WeChat official account and other media
Suppliers and partners	Compliance management and supply chain management	Cooperation and communication, development of procurement management methods, daily communication, bidding activities

Explanation Meeting

Investor Relations
Activity Record

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Governance structure: The Company has established a sound sustainable development structure system, including the level of Board of Directors-Senior Management-Business Department-Branch/Sub-branch. Among them, as the core of the sustainable financial governance system, the Board of Directors plays a leading role in strategic planning and decision-making, establishes and promotes green development concepts such as economy, low carbon, environmental protection and sustainable development, and establishes a sustainable development model that is win-win with the society; The senior management takes the inclusive finance and green finance business as an important grasp of the Bank's service to the real economy brand building and shareholder value creation, formulates the business development objectives, establishes the coordination mechanism of all departments, and clarifies the responsibilities and authorities of all relevant departments of the Bank; The Finance Department/Inclusive Finance Department is the leading management department of the Bank's inclusive finance and green finance business, including Inclusive Finance Center and Green Financial Center, responsible for the specific implementation of relevant business strategies, leading the management, assessment, marketing, training, product innovation, independent investigation and other related work of inclusive finance and green credit of the Bank, and coordinating and organizing relevant departments to cooperate in the specific functional work; At the branch/sub-branch level, the vice president in charge of corporate financial business of the branch/sub-branch takes the lead in inclusive financial business and green financial business, sets up special posts for green finance, and sets up green sub-branches to mainly engage in green finance business. We standardize the regular information reporting system

Links and references

1. ZYBF [2023] No. 12 Notice on Printing and Distributing the *Credit Policy Guidelines of Zijin Rural Commercial Bank in 2023*
2. Minutes of the 13th Meeting of the 4th Board of Directors of Zijin Rural Commercial Bank
3. Interim Measures of Jiangsu Zijin Rural Commercial Bank Co., Ltd. on Information Disclosure

through the mechanism of work linkage between the headquarters and branches, regularly evaluate and assess the implementation of our social responsibility, and effectively embed social responsibility work into various business lines and management departments.

By combining our ESG management with our development strategy, we further improve the management structure of our corporate social responsibility, continuously strengthen the strategic leading role of ESG, and continuously improve the effectiveness of our ESG management through our Strategy and Inclusive Finance Committee, ESG management team, etc.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

In terms of promoting the corporate culture of “Principle for Responsible Banking” among all employees, the Company has mainly taken the following measures:

First, we have formulated a plan to strengthen the construction of the training system for all staff, and clarify our future training goals and ideas. By focusing on the main line of our work, with the fundamental purpose of strengthening the protection and support of human resources for business development, we have introduced the Construction Plan for Intensifying the *Training System for All Staff of Zijin Rural Commercial Bank* in connection with the reality and by reference to the training experience of other excellent banks.

Second, we focus on the training and cultivation of key personnel to meet needs for talent cultivation. We focus on the training and cultivation of middle-level management personnel, and organize newly-promoted cadres and newly-repositioned cadres for learning in a hierarchical and classified manner. We lay emphasis on the cultivation of middle-level reserve cadres and strengthen the hematopoietic transmission function of cadres and talents. We strengthen the mechanism for outstanding young cadres and employees to be stationed outside for learning, and solidly promote the construction of a high-quality professional talent team. We pay attention to the construction of the staff team for each key position sequence, so as to improve the professional ability of employees.

Third, we persist in doing excellent characteristic projects and improving the quality of talent cultivation. We solidify the training model for new employees and new account managers of our bank, and improve the professionalism of the training for new account managers and new employees. We launched 2022 New Employee Training Camp to reinforce the backup practical training for newly-

Links and references

repositioned account managers, financial managers, and internal service supervisors.

Fourth, in order to give full play to the guiding role of salary assessment in our bank's corporate governance and risk control, we have established and improved a scientific and effective mechanism of salary management. In accordance with relevant national and local laws and regulations, and in combination with our own actual situation, we have formulated the *Employee Salary Management Measures of Zijin Rural Commercial Bank*. Our compensation policy follows the principles of strategic development, cultural construction, performance orientation, consideration of fairness, salary based on position, remuneration based on performance, risk control, and cost saving. We provide reasonable rewards and incentives for our employees' labor and contributions, and protect their legitimate rights and interests.

Fifth, we implement green, environmental protection and low-carbon operation. At present, our bank advocates the concept of green office, actively develops online business, reduces the use of various paper vouchers and reduces the carbon emissions brought by the operation of traditional financial business by using financial technology means such as big data and artificial intelligence; Our bank also advocates low-carbon work, low-carbon travel and low-carbon life for employees. Our bank intends to continue to pay more attention to its own environmental, social and governance performance, strengthens publicity and education of green financial concept, standardizes business behavior, implements green office, green operation, green procurement, green travel, Clean Your Plate Campaign and the like, actively develops financial technology, gradually and orderly reduces carbon footprint, and finally realizes carbon neutrality of operation.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹¹ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

¹¹ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistleblower policies etc., or any applicable national guidelines related to social risks.

Response

We incorporated the risk system that we might respond to due to the environment into the strategic arrangement of the ESG system from a more strategic perspective. The impact of environmental changes will pose financial risks for companies in many sectors. To this end, we need to prepare for and make arrangements for financial, social, and strategic risks that may arise from response to environmental changes in the future. We have established a comprehensive risk control system, and formulated risk appetite and risk limit standards. We continuously explore intelligent risk control based on big-data risk-control technology, focus on strengthening and consolidating our prevention forces in risk areas such as credit risk, market risk, liquidity risk, and compliance risk, improve strategic risk awareness, and further perfect our comprehensive risk management mechanism. On the other hand, we adhere to the long-term compliance management concept of combining institutional constraints with the cultivation of a compliance culture, implement the requirements of “governing our bank in accordance with regulations and strictly”, give full play to the effective support role of the financial technology system for case prevention, and continuously consolidate the foundation of risk management.

The Bank attaches great importance to environmental and social risk management during the investment process, and continues to promote the implementation of environmental, social and corporate governance investment concepts in the development of investment business. By the end of 2023, we had invested 369 million yuan from the Bank’s self-operated funds in green finance bonds, an increase of 11.82% over the beginning of the year.

Before investing in green financial bonds, the Bank focused on the green attributes, economic and environmental benefits of green bond investment projects to improve the quality and efficiency of green investment. After the investment, the Bank regularly conducted post-investment inspections to track the use of bond funds and related project construction, and enhanced its ability to identify and respond to environmental, social and corporate governance risks.

At present, for clients whose environmental and social risks are classified as A or B, the Bank has differentiated the contents of post-loan inspection in accordance with the Bank’s management requirements for green finance business. In addition to focusing on whether the loan orientation meets the relevant requirements of green credit, the Bank also conducts post-loan tracking on relevant green credit products, including but not limited to environmental protection, new energy products, etc., focusing on whether there are circumstances that may cause loan risks such as low energy production and high energy consumption.

Links and references

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes

☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes

☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes

☐ In progress

☐ No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes

☐ Partially

☒ No

If applicable, please include the link or description of the assurance statement.

Response

Added verification statement.

All the relevant data and information in this report are cited from the Company's 2023 Annual Report and ESG report. The 2023 Annual Financial Report has been audited by an accountant who issued a standard unqualified opinion. The above two reports were reviewed and approved at the 17th Meeting of the 4th Board of Directors of the Company on April 24, 2024.

Links and references

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI
- ☐ SASB
- ☐ CDP
- ☐ IFRS Sustainability Disclosure Standards (to be published)
- ☐ TCFD
- ☐ Other: Appendix 27 *Environmental, Social, and Governance Reporting Guidelines* of the Main Board Listing Rules of the Stock Exchange of Hong Kong

Response

The Company's ESG report refers to the *Sustainable Development Reporting Standards* (GRI Standards) issued by the Global Reporting Initiative (GRI) and Appendix 27 *Environmental, Social, and Governance Reporting Guidelines* of the Main Board Listing Rules of the Stock Exchange of Hong Kong (hereinafter referred to as "SEHK").

We strictly implement relevant regulatory provisions. We have established and improved the management system for information disclosure review and approval to ensure the truthful, accurate, complete, timely, and fair disclosure of various types of information. In 2023, we disclosed a total of 4 periodic reports and 37 temporary announcements, and we did the work of information disclosure throughout the year in compliance with the law.

Links and references

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹², target setting¹³ and governance structure for implementing the PRB)? Please describe briefly.

Response

We will continue to adhere to the market positioning of "serving agriculture, rural areas and farmers, serving small and medium-sized enterprises, and serving urban and rural areas", and strive to explore the characteristic development path of a listed rural commercial bank in a provincial capital city

Links and references

¹²For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹³For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

according to our company's 14th Five-Year Strategic Development Plan. In this process, we will pay more attention to ESG work, strive to seek coordinated progress between business development and environmental protection, the fulfillment of social responsibility, and the improvement of corporate governance, and fully contribute "Zijin wisdom" to high-quality economic and social development.

Climate

The Company took green finance business as an important starting point for strategic transformation, coordinated the development of green finance business from the Board level, strengthened the concept of green credit, and in accordance with the development idea of green investment, green credit, green channel, and green service", comprehensively boosted the economic and social green transformation, provided strong financial support for the attainment of the goal of "Carbon Peaking and carbon neutrality", and achieved the sustainable growth of the bank-wide green finance balance, with the proportion of green credit in various loans having steadily increased.

Inclusive finance

The Company will implement the strategic requirements of "serving rural revitalization", strengthen the allocation and management of credit resources, prioritize credit resources towards small and micro loans and personal loans, and give priority to meeting the funding needs of agriculture, rural areas and farmers, small and micro enterprises, individual businesses, and new consumer groups. The Company will build a system of financial products and services that supports comprehensive rural revitalization, increase financial support for farmers and new rural business entities, and expand the number of basic client groups. On the basis of grid management, we will carry out connection services for administrative village farmers, urban community residents, individual business units, and small and micro enterprises, strengthen client demand analysis in rural areas, and

achieve precise profiling, precise access, and precise services.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Client engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input checked="" type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: