

Self-Assessment Report on Principles of Responsible Banking

2023

Shanghai Rural Commercial
Bank Co., Ltd.

Principles for Responsible Banking



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 customer 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 customers and clients served.

Response

Shanghai Rural Commercial Bank Co., Ltd. (referred to as "SHRCB", "Bank" or "We" hereafter) was founded on August 25, 2005. It is a state-owned corporate bank headquartered in Shanghai and the first provincial-level commercial bank from the joint-stock reform of rural credit cooperatives in China. On August 19th, 2021, the Bank was successfully listed on the main board of the A-share market and became a listed company on the main board of the Shanghai Stock Exchange, with the stock abbreviation "Hu Nong Shang Hang" and stock code 601825. As of the end of 2023, SHRCB had 364 branches including 357 in Shanghai and 7 out of Shanghai. The Group's total assets amount to 1,392.214 billion yuan, with total deposits of 1,016.412 billion yuan, and total loans and advances of 711.483 billion yuan.

SHRCB operates within the financial industry and is authorized by the People's Bank of China and the China Banking Regulatory Commission to operate commercial banking. Its main operations include: accepting public deposits; granting short-term, medium-term, and long-term loans; handling domestic and foreign settlements; accepting and discounting bills; acting as an agent for issuing, redeeming and underwriting government bonds; trading government bonds and financial debentures; engaging in inter-bank borrowing and lending; providing banking card services; foreign exchange deposits, loans, remittances, international settlements, inter-bank foreign exchange borrowing, credit investigation, consulting, and witness services; acting as an agent for payment and receipt of funds and for insurance; providing safe deposit box services; finance lease; other businesses approved by the China Banking Regulatory Commission, foreign exchange settlement and sale.

As a regional bank headquartered in Shanghai, the majority of our lending activities are concentrated within Shanghai. As of the end of 2023, loans within Shanghai represented 94.81% of our total loan portfolio, with only 5.19% extended to areas outside of Shanghai. Our corporate lending primarily targets the real estate, leasing and business services, and manufacturing sector, constituting 14.71%, 13.35%, and 11.77% of our total loan portfolio, respectively.

Leveraging our financial prowess, we remain committed to sustainability principles, directing efforts towards high-quality growth to propel strategic emerging industries and bolster the real economy. We are actively driving forward green finance initiatives, enhancing our management frameworks comprehensively, and fostering the expansion of green businesses, thereby amplifying our positive contributions to both the environment and society. Additionally, we leverage our expertise in serving agriculture/rural areas/farmers, micro and small businesses, innovation-driven ventures, and community finance, fulfilling our obligations in inclusive finance.

Links and references

Shanghai Rural Commercial Bank 2023 Annual Report - P2, P11, P12, P30

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.

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: *PBOC Financial Institution Environmental Information Disclosure Guidance*

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

None of the above

Response

SHRCB has incorporated ESG management into its new three-year development strategy for 2023-2025, outlining the strategic objective of building a model bank in ESG management over the next three years. Through the establishment of exemplary corporate governance practices for small and medium-sized banks, positioning itself as the most environmentally conscious bank in the Yangtze River Delta, and pioneering a Shanghai model of inclusive finance empowering social governance, SHRCB aims to continually enhance its ESG performance. By doing so, it seeks to provide more successful experiences and replicable cases for financial services in the context of China's modernization.

SHRCB aligns its business development with the United Nations Sustainable Development Goals by continuously deepening its methods of responsibility and ESG management systems. Considering its current product offerings, technological developments, and strategic planning directions, SHRCB prioritizes the 14 Sustainable Development Goals as key areas for future development. (For more details, please refer to the ESG Management System - Key Areas chapter of SHRCB's 2023 ESG report).

Throughout our operations, we integrate green finance with inclusive finance, championing the concept of sustainable development to enhance social governance. We address the core themes of sustainable development across all facets of our operations, ensuring alignment with the goals articulated in the Paris Climate Agreement.

Links and references

Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P13

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

Based on the impact analysis, SHRCB operates primarily within China, with business activities concentrated mainly in Shanghai. SHRCB primarily offers comprehensive financial services to both corporate and individual clients. The main business type covered in this analysis is loans provided to corporate clients.

Links and references

Shanghai Rural Commercial Bank 2023 Annual Report - P 12

b) Portfolio composition: 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

- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

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.

Response

SHRCB’s assets primarily consist of loans and advances, as well as financial investments. As of the end of 2023, the total amount of loans and advances amounted to 711.483 billion yuan, marking a year-on-year increase of 6.09%. This constitutes 51.10% of the total assets.

As a regional bank headquartered in Shanghai, the majority of our lending activities are concentrated within Shanghai. As of the end of 2023, loans within Shanghai represented 94.81% of our total loan portfolio, with only 5.19% extended to areas outside of Shanghai. Our corporate lending primarily targets the real estate, leasing and business services, and manufacturing sector, constituting 14.71%, 13.35%, and 11.77% of our total loan portfolio, respectively.

Loans and advances are divided into loans to corporate clients, loans to individuals, and bill discounting, accounting for 58.33%, 29.65%, and 12.02% respectively. Our corporate loans primarily target the real estate, leasing and business services, and manufacturing sector. The top ten sectors in terms of loan balance are:

Links and references

Shanghai Rural Commercial Bank 2023 Annual Report - P16, P25, P30

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](#).

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

Sector	Percent
Real estate	14.71%
Lease and business service	13.35%
Manufacturing	11.77%
Wholesale and retail	4.69%
Transport, warehousing and post	2.16%
Information transmission, software and information-specific technical service	1.96%
Construction	1.60%
Finance	1.13%
Accommodation and catering	1.00%
Scientific research and technical service	0.88%

Regarding financial investments and interbank assets, SHRCB's financial investments comprise bond investments and equity instruments. As of the end of 2023, the amount invested in bonds stood at 493.842 billion yuan, accounting for 99.95%, while the amount in equity instruments was 237 million yuan, representing 0.05%.

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

Since the 18th National Congress of the CPC, General Secretary Xi Jinping has made a series of important remarks regarding the construction of ecological civilization, elevating the Party's understanding of the laws governing ecological civilization to a new level. This has led to historic, pivotal, and comprehensive changes in the country's ecological and environmental protection efforts. Since September 2020, with the introduction of the "carbon peaking and carbon neutrality" goals, China has persistently pursued the restructuring of its industries and energy sectors. Embracing a green, environmentally friendly, and low-carbon lifestyle has emerged as a pivotal direction for the country's economic development. Hence, fostering green finance stands as a crucial avenue for SHRCB's sustainable growth. Moreover, the *Implementation Guidelines for Facilitating the High-Quality Development of Inclusive Finance*, issued by the State Council in October 2023, underscores the need to optimize products and services in key areas of inclusive finance. This initiative supports the sustainable growth of micro and small businesses, bolsters the effective execution of the national strategy for rural revitalization, elevates the quality of financial services in essential sectors, and cultivates a conducive ecosystem for the high-quality advancement of inclusive finance. Hence, inclusive finance is one of the priorities for business development at SHRCB.

In terms of green finance, our three-year development strategy formulated in 2023 explicitly stated that the Bank aims to build a sustainable financial system backed by green finance. Anchored in the principles of sustainable development, we concentrate on five key sectors: green agriculture, green energy, energy efficiency and environmental protection, green manufacturing and green building. Through five primary business directions—green credit, green bonds, green services, green wealth management, and green leasing—we provide tailored green finance solutions to drive our clients' transition towards sustainability. With a focus on long-term impact, we are dedicated to charting a path for financial transformation and establishing ourselves as the preeminent green bank in the Yangtze River Delta.

In terms of inclusive finance, our three-year development strategy formulated in 2023 explicitly stated that the Bank aims to build an inclusive financial system centred on financing for agriculture, rural areas, and rural residents. The Bank is fully committed to advancing inclusive finance services by establishing service brands such as inclusive finance for agriculture/rural areas/farmers, inclusive finance for livelihoods, digital inclusion, green inclusion, and inclusion for innovation-driven ventures, to enhance its brand influence. The Bank has devised and put into action a three-year action plan (2023-2025) aimed at bolstering the high-quality development of rural economies, fostering rural revitalization, empowering social governance, and advancing common prosperity. This plan prioritizes inclusive, foundational, and specialized financial services, reinforces strategic planning to rejuvenate its competitive edge in rural areas.

Links and references

Shanghai Rural Commercial Bank 2023 Environmental Information Disclosure Report - P8

Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P60

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.

Response

According to impact analysis:

SHRCB remains committed to the principle of sustainable development, actively enhancing its green finance management system, fostering the growth of green

Links and references

Shanghai Rural Commercial Bank 2023 Environmental

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

⁵ 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.

<p>initiatives and pioneering new models of eco-friendly operations. It is dedicated to becoming the greenest bank in the Yangtze River Delta region. By the end of 2023, SHRCB saw a remarkable surge in green loans, outpacing the overall loan growth rate for the same period. Moreover, the on-balance sheet investments in green bonds ranked first among all rural financial institutions nationwide. Additionally, the growth rate of green leasing doubled compared to the previous year. As a result, SHRCB's financial assets play a pivotal role in driving the reduction of greenhouse gases and pollutants, while also contributing to the preservation of ecological environment and biodiversity. Furthermore, with the expansion of the carbon market in China, SHRCB may face increased pressure to transition away from high-carbon assets. However, given the relatively low proportion of high-carbon assets in its portfolio, the negative impact is expected to be minimal.</p> <p>SHRCB focuses on delivering financial services to micro and small businesses, as well as rural communities, thereby improving the accessibility and convenience of financial services. SHRCB also provides substantial financial support to real sectors of the economy such as manufacturing, construction, wholesale, and retail industries, facilitating healthy economic and social development. Therefore, the positive factors through which SHRCB's financial assets impact external stakeholders include: healthy finance, national economy and people's livelihood, financial accessibility, convenience, affordability, and the quality of financial resources and services.</p> <p>Drawing from the above impact analysis, SHRCB has prioritized green finance and inclusive finance as crucial focus areas when setting strategic objectives.</p>	<p><i>Information Disclosure Report - P11</i> <i>Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P59~65</i></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 customers 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>	
<p>Response</p> <p>Given the above analysis, green finance and inclusive finance are identified as the key priority areas considered when SHRCB formulates strategic objectives, with the applicable indicator being the loan balances in green finance and inclusive finance. Additionally, following thorough research and analysis, SHRCB has identified corporate clients as the primary customer segment that generates the most substantial positive or negative impacts.</p> <p>Below are the current performance levels of SHRCB in green finance and inclusive finance:</p> <p>SHRCB steadfastly upholds the national "dual carbon" goals and actively drives forward the green finance agenda. Through ongoing enhancements to our organizational structure and operational mechanisms, we've achieved notable milestones in building green management systems, expanding green investment and financing scales, and enhancing our eco-friendly operations. These achievements lay a robust foundation for advancing the societal shift towards green, low-carbon transformation and empowering social governance. SHRCB's green finance business has experienced comprehensive and rapid growth. As of the end of 2023, the green</p>	<p>Links and references <i>Shanghai Rural Commercial Bank 2023 Annual Report - P39, P44</i></p>

loan balance reached 61.431 billion yuan, representing a remarkable increase of 41.00% compared to the previous year-end.

Adhering to a customer-centric approach and comprehensive operational strategy, SHRCB remains committed to its positioning of serving agriculture/rural areas/farmers, micro and small businesses, innovation-driven ventures, and community residents. We actively practice inclusive finance to empower social governance, focusing on serving micro and small businesses, rural communities, and other inclusive entities. We deepen our digital transformation efforts, enhance workforce development, and promote the steady development of inclusive finance business. As of the end of 2023, the inclusive loan balance to micro and small businesses reached 77.928 billion yuan, representing an increase of 21.55% compared to the previous year-end.

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?

- 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)

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.

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.

Response

In green finance, SHRCB diligently implements various green finance policies and regulations, such as the *Guidelines for Green Finance in the Banking and Insurance Sectors*, the *Green Finance Evaluation Scheme for Banking Financial Institutions*, and the *Action Plan for Promoting Green Finance Development and Serving the Carbon Peaking and Carbon Neutrality Goals of the Banking and Insurance Sectors in Shanghai during the 14th Five-Year Plan Period*. It has integrated green finance into the new three-year strategy and formulated the *Bank Green Finance Management Measures of SHRCB*. Additionally, SHRCB has enhanced institutional mechanisms, clarified the scope of green finance business, bolstered support for green industries, improved ESG risk management capabilities, and comprehensively elevated the quality and effectiveness of green finance.

In inclusive finance, SHRCB remains steadfast in its commitment to rural financial services, aligning with national strategies such as rural revitalization and common prosperity. SHRCB studies and implements the Opinions of the CPC Central Committee and the State Council on Promoting Key Tasks for Rural Revitalization in 2023, striving to empower social governance through inclusive finance. Through capital mobilization, knowledge exchange, and trust-building efforts, SHRCB collaborates with government entities and grassroots organizations to foster a Six-Dimensional Empowerment model characterized by broad presence, intensive effort, compassionate care, dense interconnectedness, cross integration, and deep service.

Links and references

Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P19

Shanghai Rural Commercial Bank 2023 Environmental Information Disclosure Report - P27

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 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

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.

⁸ Your 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 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.

indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

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

Indicators employed by SHRCB:

Impact area	Indicator code	Indicator name	Baseline year	Response
Green finance	A.3.1	Green loan balance	2022	SHRCB will actively innovate green finance products and services, broadening the financing channels available to green businesses, enhancing the capability of green finance services, and expanding the overall volume of green finance services.
Inclusive finance	C.1.1	Loan balance to micro and small businesses	2022	SHRCB will continuously explore the Shanghai Model of inclusive finance empowering social governance, while maintaining its positioning of serving agriculture/rural areas/farmers, micro and small businesses, innovation-driven ventures, and community residents. It will steadily advance the development of inclusive finance business.

The values of the aforementioned two indicators from 2022 are used as the baseline. As of the end of 2022, SHRCB had a green loan balance of 43.567 billion yuan and loan balance to micro and small businesses of 64.113 billion yuan.

Links and references

*Shanghai Rural Commercial Bank
2023 CSR & ESG
Report - P65, P102*

c) SMART targets (incl. key performance indicators (KPIs)⁹): 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

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

reaching the target? Please disclose.	
<p>Response</p> <p>Impact area one :Green finance</p> <p>Green credit: To expand the positive impact of its investing and financing activities on the environment and climate change mitigation, SHRCB focuses on promoting the development of green lending, with its green loan balance as the key performance indicator in this regard. SHRCB aims to achieve a green loan balance of 100 billion yuan by the end of 2025.</p> <p>Impact area two :Inclusive finance</p> <p>Micro and small business banking: To enhance the accessibility of financial services for micro and small businesses, SHRCB actively promotes credit solutions tailored to their needs, with the balance of micro and small business loans serving as a key performance indicator. SHRCB aims to achieve a micro and small business loan balance of 100 billion yuan by the end of 2025.</p>	<p>Links and references</p> <p><i>Shanghai Rural Commercial Bank 2023 Environmental Information Disclosure Report - P8</i></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>To achieve the objectives set by SHRCB in green finance and inclusive finance, the following action plans have been devised:</p> <p>Green finance:</p> <p>In our 2023-2025 strategic plan, we've set forth a clear objective: to build a sustainable financial system backed by green finance. Anchored in the principles of sustainable development, we concentrate on five key sectors: green agriculture, green energy, energy efficiency and environmental protection, green manufacturing and green building. Through five primary business directions—green credit, green bonds, green services, green wealth management, and green leasing—we provide tailored green finance solutions to drive our clients' transition towards sustainability. With a focus on long-term impact, we are dedicated to exploring the development pathways of transition finance and establishing ourselves as the preeminent green bank in the Yangtze River Delta.</p> <p>We are committed to innovating green finance products. In 2023, “first-of-its-kind” initiatives continued to emerge. For example, we acted as the co-lead underwriter of Shanghai’s first Carbon Neutrality/Rural Revitalization green medium-term notes, successfully launched innovative products such as the Water Saving Benefit program, CCER (China Certified Emission Reduction) pledges, and emission rights mortgages in Shanghai. We are also exploring corporate and individual carbon accounts to meet the diverse green financing needs of the market. We actively promote the deep integration of green finance and inclusive finance, extending financial services to numerous green agricultural clusters, such as the Nanhui honey peach and 8424 watermelon sectors.</p> <p>We continuously strengthen environmental and climate-related risk management. Specifically, we identify and assess climate-related risks and opportunities. We conduct physical risk analysis for debenture issuers, ongoing environmental benefit assessments for green project loans, and expand the coverage of carbon emissions calculations for investing, financing, and operational activities. We explore climate transition stress testing and ESG risk management evaluation systems, gradually integrating climate risks into our comprehensive risk management framework.</p> <p>Inclusive finance:</p> <p>We uphold the development principle of putting people first and firmly embraces the operational philosophy of customer-centricity and value creation orientation. We are dedicated to excelling in inclusive finance, consistently enhancing access to</p>	<p>Links and references</p> <p><i>Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P65</i></p> <p><i>Shanghai Rural Commercial Bank 2023 Environmental Information Disclosure Report - P8, P12, P13</i></p> <p><i>Shanghai Rural Commercial Bank 2023 Annual Report - P63</i></p>

<p>financing for micro and small businesses, self-employed businesses, farmers, and emerging agricultural entities. Our inclusive finance product range is becoming more diversified, leading to a significant increase in the number of customers. We are continually refining mechanisms to encourage lending and ensure effective risk monitoring, early warning, and resolution.</p> <p>SHRCB continuously optimizes its inclusive product range, targeting micro and small business clients intensifying efforts in inclusive lending, and enhancing customer management, comprehensive services, scenario-based marketing, and digital empowerment. These efforts drive the qualitative improvement and efficiency enhancement of its inclusive finance development. Moreover, SHRCB actively establishes four dedicated teams for inclusive finance, advancing village-wide financial services and constructing the SHRCB Microloan System. Concurrently, it continuously innovates inclusive financial services, enhancing product systems such as CommerceEloan 2.0, Tax-Linked Loan, Inclusive Easy Loan, and Microbusiness Loan, while building a digital, end-to-end inclusive risk management system.</p>	
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Self-assessment summary			
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...			
	... first area of most significant impact: ... <i>(please name it)</i>	... second area of most significant impact: ... <i>(please name it)</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" 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:

SHRCB actively implements the national “dual carbon” goals and upholds the concept of sustainable development. It has explicitly outlined the goal of creating a sustainable financial system backed by green finance. Leveraging its financial strength, SHRCB is driving green development and vigorously promoting green finance. In 2023, the Bank concentrated on five sectors: green agriculture, green energy, energy efficiency and environmental protection, green manufacturing, and green building. It expanded green investing and financing scales and innovated green financial products and services to facilitate the societal shift towards green transformation and advancement. As of the end of 2023, the green loan balance amounted to 61.431 billion yuan, representing an increase of 41.00% compared to the previous year-end. In its active exploration of green finance initiatives, the Bank issued documents including *Action Plan for Implementing mission Reduction Support Tools and Accelerating Asset Green Transformation*, *Marketing Guidelines for Emission Reduction Loans*, *Management Methods for Pollution Discharge Allowance Mortgage Loans*, and *Management Methods for CCER Pledge Credit Granting*. At the end of August, 2023, the Bank completed the first CEER pledge transaction, with CCERs included in to the approved scope for credit granting. This CEER pledge for increasing line of credit increased the total line of credit of the business by about 60%, and reduced the loan interest rate by 20 bps. This measure indeed benefits businesses, and creates dual benefits of environmental protection and economic growth.

Inclusive finance:

The Bank remains committed to the core principle of financial services serving the real economy. It persistently enhances financing accessibility for micro and small businesses, self-employed individuals, farmers, and emerging agricultural entities. Its inclusive financial product range continues to diversify, while the mechanisms ensuring sustainable lending are continuously strengthened. In 2023, the Bank sharpened its focus on serving entities and individuals covered by the inclusive finance, such as micro and small businesses, and rural communities. It intensified its digital transformation efforts and bolstered workforce development. Through four specialized teams, it vigorously drove forward the steady growth of inclusive financial services, positioning itself as a pioneer in the innovative development of inclusive finance. As of the end of 2023, the inclusive loan balance to micro and small businesses reached 77.928 billion yuan, representing an increase of 21.55% compared to the previous year-end.

Links and references

Shanghai Rural Commercial Bank 2023 Annual Report - P39

Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P65

Shanghai Rural Commercial Bank 2023 Environmental Information Disclosure Report - P31, P32

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers 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 customers¹⁰ 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 customers to encourage sustainable practices and enable sustainable economic activities¹¹). 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).

¹⁰ 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 customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

<p>Response</p> <p>The Bank encourages customers’ sustainable development practices and facilitates their green and low-carbon transformation through innovative green finance products.</p> <p>Case study one: The Bank and Shanghai Water Authority signed a special cooperation agreement named “Water-Saving Benefit” to facilitate water conservation. Additionally, it signed an agreement with a Shanghai company, intending to provide credit support for the comprehensive renovation of water treatment plants, the reconstruction of water supply and drainage pipelines, and the improvement of sewage treatment in the southern part of Pudong. According to measurements and calculations, the leakage rate of pipelines in Nanhui District is expected to significantly decrease upon the completion of the renovation. Daily water savings will reach at least 78,000 cubic meters, with annual water savings totalling nearly 29 million cubic meters, equivalent to the storage capacity of two Dishui Lakes. This project has become the city’s first Water-Saving Benefit loan for water network renovation, effectively contributing to public interest, practicing green finance, and empowering social governance through financial means.</p> <p>Case study two: The Bank incorporated the idle emission allowances of a high-tech company into the financial service plan for the company, providing the company with emission rights mortgage loans. This effectively enhanced the company’s creditworthiness and increased its line of credit. By combining RMB loans, bill financing, and foreign currency trade financing, the Bank provided the company with a comprehensive credit support of 35 million yuan to address its financing challenge. With the funding, the green plant construction and low-carbon production for the company were financially secured. This assistance enabled the company to reduce pollution while expanding clean production, laying a foundation for sustainable operations.</p> <p>The Bank also continuously improves financial accessibility by offering support to micro and small businesses, as well as agriculture/rural areas/farmers customers, through innovative products and capacity building initiatives.</p> <p>Case study one: In 2024, led by the Jiading District Agriculture and Rural Affairs Commission, the Jiading Branch successfully issued the Bank’s first entrusted loan of 50 million yuan. The funds were primarily directed toward expansion the capacity of the reserve grain warehouse and purchase of properties, as well as attracting investors, and developing community business. This loan not only activated the idle funds of rural collective economic organizations, realizing the preservation and appreciation of rural collective assets, but also broadened the path to strengthen villages and enrich people. It also safeguarded the bottom line of food security, enhanced the quality of rural industrial development, and formed a favourable synergy effect.</p> <p>Case study two: In 2023, the Bank successfully hosted the second “special training program on startup guaranteed loans”. The training program covered Briefing of Shanghai’s Startup Guaranteed Loan Policy, Sandbox Activity for Risk Management Entities, Shanghai Rural Commercial Bank’s Case Studies on Loans for Innovation-based Ventures, Analysis of Investment Decision for Tech-innovation-based Enterprises, and Introduction to Shanghai’s Public Startup Service Policy System and Practical Training on Startup Guarantee Loans. By integrating the professional expertise of the municipal employment promotion centre, the municipal financing guarantee centre, banks, and investment institutions, we comprehensively explained various policy products suitable for the development of start-ups to the operators of various parks. This is intended to strengthen cooperation and coordination with parks, universities, and other channels, and to extend financial services to a broader range of micro and small business clients.</p>	<p>Links and references</p> <p><i>Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P64, P94</i></p>
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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

The Bank has recognized the impact of climate change and the transition policies on the safety of its asset quality. Therefore, it has developed multiple green financial products, providing customers with available financial tools for carbon reduction. Additionally, to make significant strides in inclusive finance, the Bank leverages data-driven approaches to offer a variety of convenient financial instruments to customers.

Case study one: In February 2023, the Bank, as a co-lead underwriter, successfully issued the year's first tranche of Green Medium-Term Notes (Carbon Neutrality Bonds, Rural Revitalization) for China Energy Investment Finance and Leasing Co., Ltd. in the interbank market. Funds raised through this issue are intended to be used for financing lease projects in the renewable energy sector, specifically wind power generation projects. The electricity generated from these wind power projects will be integrated into the North China, East China, and Northwest Power Grids, and expected to see significant outcomes in energy conservation and emission reduction. 30% of the funds are allocated to support rural development, which holds significant importance for implementing clean energy projects in rural areas, increasing the construction of rural power grids, and comprehensively enhancing the level of rural electricity security. This initiative not only helps to consolidate the achievements in poverty alleviation but also promotes rural economic development. Furthermore, it reflects the Bank's support for inclusive finance regarding rural areas.

Case study two: The Bank and China Energy Investment Finance and Leasing Co., Ltd. signed an agreement for a 3 billion yuan ESG-linked green syndicated loan. The funds from this loan will be entirely allocated to clean energy, energy-efficiency, and emission reduction projects. The loan is aligned with the basic principles of sustainable development-linked loans and has been evaluated by a third-party professional rating agency. This stood as the largest RMB-denominated green syndicated loan in the market for 2023. The Bank served as the co-lead arranger, showcasing its strong endorsement of China Energy Investment Finance and Leasing Co., Ltd.'s ESG performance and future growth prospects. It was as a tangible demonstration of the Bank's dedication to sustainable investment practices.

Case study three: In 2023, the Bank pursued the One Thousand Enterprises and Ten Billion Yuan campaign, marking it as a pivotal focus for the year to bolster support for the real economy. It conducted comprehensive research visits throughout the city, collected the financing needs of micro and small businesses, and established a systematic and regular coordination mechanism with industrial parks, associations, and chambers of commerce, enabling to provide targeted assistance and ensure the tangible implementation of inclusive financial practices. By conducting data mining for selected clients, and categorizing and organizing them into different tiers, the Bank tailored marketing strategies to create targeted engagement plans. Focusing on Shanghai's unique and pivotal industrial parks, the Bank fostered ongoing engagement and collaboration between public and private sectors, and liaised with chambers of commerce from diverse provinces and cities in Shanghai, along with industry associations, to consistently advance its comprehensive strategic partnerships with chambers of commerce representing Jiangsu, Zhejiang, and Anhui provinces in Shanghai.

Case study four: In 2023, the Bank continued its effort into developing the credit system in rural areas. Building upon the previous Credit Village, it completed the development of Credit Town and Credit Township, marking the step-like mechanism from Credit Village, to Credit Township and Credit Town, more robust, and broadening the coverage of the rural credit system which can effectively facilitate the prosperity of industries in rural areas and contribute to higher rural governance. As of the end of 2023, the Bank accredited 159 credit villages, 3 credit towns, and 1 credit township, extending credit granting to over a thousand villagers totalling over 200 million yuan.

Links and references

Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P24, 63, 66

Shanghai Rural Commercial Bank 2023 Environmental Information Disclosure Report - P35, 41, 42

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 groups¹²) 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

The Bank attaches great importance to communication with six categories of internal and external stakeholders, including government and regulatory agencies, customers, investors and shareholders, employees, suppliers and partners, as well as the public community. It continuously expands communication channels, listens to stakeholders' opinions and feedback, and takes effective measures to respond promptly and sincerely to their expectations and demands. The Bank fulfills its responsibilities in economic, social, and environmental aspects to promote mutual sustainable development between its interests and those of stakeholders. It earnestly fulfils corporate social responsibilities and strives to build its image an outstanding corporate citizen.

Following stakeholder communication, the Bank has identified key expectations and demands from government and regulatory agencies. These include supporting the real economy, facilitating rural revitalization, advancing the "dual-carbon" goals, and promoting inclusive finance. It aligns its strategies with relevant financial policies and industry policies, and prioritizes development of both green finance and inclusive finance. (Refer to "communication with stakeholders" in the Bank's 2023 ESG Report for details on the communication).

Links and references

Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P18

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

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

The Board of Directors and senior management of the Bank attach great importance to ESG initiatives and continually enhance the ESG management capabilities. In 2023, the Bank designated the Board of Directors as the primary oversight body for ESG initiatives, with the Board Office appointed as the operational department for ESG work, equipped with personnel from relevant professional backgrounds.

To further enhance its understanding and commitment to sustainability and environmental protection, and to strengthen the sustainability design, including social responsibility and green finance, at the corporate governance level, the Bank renamed the Board's Strategy Committee to Strategy and Sustainability Development Committee in 2021. This committee is primarily responsible for making medium and long-term sustainable development strategies and overseeing the implementation of annual social responsibility and green finance initiatives across the Bank.

The Bank has a Committee for Inclusive Finance (agriculture/rural areas/farmers) Services. This committee is chiefly responsible for researching the Bank's inclusive finance business, making strategical planning for agriculture/rural areas/farmers financial services, formulating fundamental policies, and setting operational objectives. Furthermore, it assesses and supervises the implementation of inclusive finance and agriculture/rural areas/farmers financial services.

Links and references

Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P13, P35

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

Following joining the PRB, the Bank has been committed to fostering a responsible banking culture. With a mission that "inclusive finance delivers better life", we uphold core values of sincerity, responsibility, creation, and benefit. This has shaped our

Links and references

Shanghai Rural Commercial Bank

<p>corporate culture: “value virtue and goodness, benefit the city and the people, pursue excellence with diligence, and realize the shared dream of harmony”. Through this, we aim to facilitate mutual and sustainable development for both ourselves and stakeholders. Through capacity building, online and offline learning, as well as regular thematic training sessions, we enhance employees’ awareness and abilities in sustainable development. The main measures include:</p> <ol style="list-style-type: none"> 1. We innovatively create a talent management mechanism featuring one body, two wings, three directions, and four levels: talent development - the body, performance management, and resource allocation -the wings, market, professional, and information - the directions, vertical management line, HR departments, various business lines, and individual employees -the four levels. We focus on building a "721" talent development system, with three core modules: Job Performance 70%, Mentorship 20%, and Training 10%. This system aims to continuously enhance employees’ overall competence and professional skills. 2. We set a special evaluation system for Chief Talent Officers so that the top leader of each unit serves as the primary person responsible for talent management within the unit. With the Ten Hundred Thousand Youth Development Plan, we aspire to develop ten outstanding young talents, identify over a hundred exemplary young role models, and nurture over a thousand young professionals to enrich our talent development platform. We enhance the talent assessment mechanism by conducting talent inventory and selecting core talents within the departments at headquarters. This strengthens the management, motivation, and retention of key and high-performers, facilitating the optimization of the talent structure. 3. We maintain our commitment to certification and educational rewards to ignite self-motivated learning across our workforce. We encourage employees to pursue professional qualifications pertaining to their roles and to advance their academic credentials while employed, and offer educational incentives based on established standards. Furthermore, we organize specialized training programs so that various mechanisms support the enhancement of employees’ professional capabilities. 	<p>2023 CSR & ESG Report - P85</p>
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5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ 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.

<p>Response</p> <p>The Bank continuously refines environmental risk and opportunity management. In this regard, it optimizes processes for identifying, assessing, and addressing climate-related risks, integrates environmental and social risk reviews and assessments throughout the credit process management, enhance its ESG risk management access and alert system for debentures. This ongoing effort strengthens its environmental risk management capabilities.</p> <p>For credit management, environmental risk management requirements are incorporated into multiple stages, including pre-loan, during the loan period, and post-loan. Relevant risk controls are enhanced throughout the entire process of due diligence, review and approval, and post-loan management, aiming to enhance the quality and effectiveness of environmental risk management. Additionally, the Bank introduces publicly sourced</p>	<p>Links and references</p> <p><i>Shanghai Rural Commercial Bank 2023 Environmental Information Disclosure Report - P47, 49</i></p>
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¹³ 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; whistle-blower policies etc., or any applicable national guidelines related to social risks.

authoritative ESG ratings and alert data about debenture issuers into its evaluation of debenture issuers across environmental, social, and corporate governance dimensions. This enables the Bank to identify and mitigate environmental and social risks associated with issuers while also identifying high-quality clients with sustainable development potential. Against the ESG ratings of credit bond issuers, the Bank has set access thresholds to mitigate ESG investment risks.

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

This report has not been audited independently.

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:

Response

The Bank's 2023 ESG report was prepared in accordance with the China Banking and Insurance Regulatory Commission's Opinions on Strengthening the Social Responsibility of Banking Financial Institutions, the China Banking Association's Guidelines for Corporate Social Responsibility of Banking Financial Institutions in China, the Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Regulated Operation, the Shanghai State-owned Assets Supervision and Administration Commission's Environmental, Social, and Governance (ESG) Indicator System for State-owned Holding Listed Companies in Shanghai (Version 1.0), the United Nations Environment Programmer's Principles for Responsible Banking, and the Global Reporting Initiative (GRI) Sustainability Reporting Standards (2021 Edition).

Links and references

Shanghai Rural Commercial Bank 2023 CSR & ESG Report - P2

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)?

¹⁴ For 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

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Please describe briefly.

Response

The Bank will embody the spirit of the Central Financial Work Conference by focusing on two key areas: green finance and inclusive finance.

In green finance, we will centre around core sectors such as green energy, energy efficiency and environmental protection, low-carbon intelligent manufacturing, and green building. We will offer a comprehensive range of services throughout the entire lifecycle, including green credit, green bond investments, green bond underwriting, green wealth management, and green leasing. We will engage in the entire trajectory of green development within the Yangtze River Delta, aiding Shanghai's aspiration to become an international green finance hub. We will prioritize Shanghai's low-carbon development objectives and strategic roadmap by giving full play to the role of green finance as a pivotal enabler.

In inclusive finance, we will adhere to a customer-centric approach and comprehensive operational strategy, and remain committed to its positioning of serving agriculture/rural areas/farmers, micro and small businesses, innovation-driven ventures, and community residents. We actively practice inclusive finance to empower social governance, focusing on serving micro and small businesses, rural communities, and other inclusive entities. We deepen our digital transformation efforts, enhance workforce development, and promote the steady development of inclusive finance business.

Links and references

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 checked="" type="checkbox"/> Customer engagement |
| <input checked="" 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 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: