



# **Responsible Banking Progress Statement for PRB Signatories**

## **Summary**

**[Shanghai Rural Commercial Bank] 2024**

<p><b>Principle 1: Alignment</b></p>	<p><b>Principle 2: Impact &amp; Target Setting</b></p>	<p><b>Principle 3: Clients &amp; Customers</b></p>
<p><b>Content</b> Briefly describe your bank’s sustainability strategy, and which international, regional or national frameworks and UN Sustainable Development Goals it aims to align with. Note any changes in the reporting year.</p> <p><b>Response</b> Our bank actively aligns with domestic and international sustainable finance frameworks. In terms of information disclosure, we follow the <i>Guidelines on Environmental Information Disclosure for Financial Institutions</i> of the People’s Bank of China (PBC) and refer to the United Nations Global Compact, the framework of the Task Force on Climate-Related Financial Disclosures (TCFD), and the <i>International Financial Reporting Standards S2 Climate-related Disclosures</i> (IFRS S2) of the International Sustainability Standards Board (ISSB). Regarding sustainable development topics, our bank has conducted a thorough review using impact analysis tools. Our responses are focused on SDG 9: Industry, innovation and infrastructure, SDG 11: Sustainable cities and communities, and SDG 13: Climate action. We</p>	<p><b>Content</b> Briefly describe the bank’s most significant impact areas and the steps taken to identify, measure and manage them—including impact analysis results, targets set (including sectors, portfolio coverage, and KPIs), actions taken, and progress against the targets. Where targets have been set, share details of the bank’s transition/action plan, and progress made. Explain how the bank addressed interlink-ages between impact areas where possible.</p> <p><b>Example Progress Indicators</b></p> <ul style="list-style-type: none"> <li>▪ % of bank’s portfolio covered by the impact analysis and each set target</li> <li>▪ Updated values of KPIs defined by bank to measure progress against targets</li> </ul> <p><b>Response</b> Our bank has selected green finance and inclusive finance as impact areas in line with key national policies, with reference to the results of the UNEP FI impact analysis tool as well as the analysis and measurement of the environmental effects of green credit. Our bank has selected the balances of green loans and inclusive small and micro loans as key indicators. The aim is to achieve a green loan balance of 100 billion yuan and an</p>	<p><b>Content</b> Briefly describe how the bank works responsibly with clients and customers in relation to significant impacts, including products and services offered, internal policies and processes and engagement to implement targets/action plans/transition plans to encourage sustainable practices/economic activities. Note any changes in the reporting year.</p> <p><b>Example Progress Indicators</b></p> <ul style="list-style-type: none"> <li>▪ % of clients and/or customers engaged in key sectors in areas of significant impact.</li> <li>▪ USD or CNY sustainable finance volume mobilized and/or as a percentage of the global or sector portfolio</li> </ul> <p><b>Response</b> In 2023 and 2024, our bank, by providing various products and services, supported climate mitigation, facilitated the transition of the real economy, improved the measurement of environmental benefits, and supported both the rural revitalization and low-carbon development. Moreover, we have set the first step in exploring the correlation between biodiversity and business operations. For further details, please refer to the supplements. As of the end of 2024, our bank registered a</p>

<p>comprehensively address the SDGs by providing green finance products and services, supporting the real economy, and continuously enhancing organizational governance (please refer to the ESG report).</p> <p>Our bank actively responds to national policies and has formulated the <i>SHRCB Green Finance Development Strategy for 2021-2025</i> and the <i>SHRCB carbon peak and neutrality Work Plan During the 14th Five-Year Plan</i>.</p>	<p>inclusive small and micro loan balance of 100 billion yuan by 2025. As of the end of 2024, the green credit balance was 84.335 billion yuan, and the balance of inclusive small and micro loans was 86.608 billion yuan.</p> <p>According to the impact analysis tool results, our bank has a significant impact on the circular economy in addition to climate change and inclusive finance. The key industries contributing to this impact are construction and manufacturing.</p> <p>For further details on specific impact analysis, baseline setting, SMART targets, actions taken, and progress monitoring, please refer to the supplements.</p>	<p>year-end total of personal customers of 24,732,200 (excluding credit card customers), an increase of 6.39% compared to the end of the previous year. The number of corporate customers totaled 345,400, a growth of 0.31% over the previous year. Our bank's green credit balance reached 84.335 billion yuan, a 37.28% increase compared to the end of the previous year. The balance of inclusive small and micro loans was 86.608 billion yuan, up 11.14% year-on-year, with 52,000 loan customers, an increase of 3.53% compared to the previous year.</p>
<p><b>Links &amp; references</b>  <i>Shanghai Rural Commercial Bank 2024 Annual Report</i>  <a href="https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-04-25/601825_20250425_LDQ6.pdf">https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-04-25/601825_20250425_LDQ6.pdf</a>  <i>Shanghai Rural Commercial Bank 2024 CSR &amp; ESG Report</i>  <a href="https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-04-25/601825_20250425_I63P.pdf">https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-04-25/601825_20250425_I63P.pdf</a>  <i>Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report</i></p>	<p><b>Links &amp; references</b>  <i>Shanghai Rural Commercial Bank 2024 Annual Report</i>  <i>Shanghai Rural Commercial Bank 2024 CSR &amp; ESG Report</i>  <i>Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report</i></p>	<p><b>Links &amp; references</b>  <i>Shanghai Rural Commercial Bank 2024 Annual Report</i>  <i>Shanghai Rural Commercial Bank 2024 CSR &amp; ESG Report</i>  <i>Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report</i></p>

<p><b>Principle 4: Stakeholders</b></p>	<p><b>Principle 5: Governance &amp; Culture</b></p>	<p><b>Principle 6: Transparency &amp; Accountability</b></p>
<p><b>Content</b> Briefly describe how the bank consults, engages and collaborates/partners with relevant stakeholders for the purpose of implementing the Principles. This could include understanding impacts, setting ambitious targets, advocating for enabling regulatory/policy environments, and creating partner- ships that contribute to addressing significant impacts. Note any changes in the reporting year.</p> <p><b>Response</b> Our bank actively promotes a sustainable financial business environment by participating in international conferences, engaging in domestic peer exchanges, and publishing research reports.  In December 2024, our bank attended the 18th UNEP FI Global Roundtable in Geneva and was invited to deliver a keynote speech on collaborative efforts to address climate change challenges.  For further details on stakeholder engagement in research and peer exchanges, please refer to the supplements.</p>	<p><b>Content</b> Briefly describe the key governance structures in place (Board and Executive level) and related accountability mechanisms to implement the Principles. This could include how governance supports your bank’s management of significant impacts and risks, including target implementation and monitoring of action/transition plans. In addition, briefly describe how a culture of responsible banking is driven internally (e.g. via employee learning &amp; development). Note any changes or progress in the reporting period.</p> <p><b>Example Progress Indicators</b></p> <ul style="list-style-type: none"> <li>▪ Details of remuneration practices linked to sustainability targets.</li> <li>▪ % of employees trained on responsible banking topics.</li> </ul> <p><b>Response</b> Our bank continues to enhance the top-level design and organizational structure of green finance by establishing relevant frameworks at the board and executive levels. This includes further strengthening the management of environmental risks and opportunities. For further details on corporate governance efforts, please refer to the supplements.</p>	<p><b>Content</b> Provide reference to additional relevant reports, if not listed as references with P1–P5.  Briefly note whether/where assurance of sustainability information has been undertaken (optional).</p>

<p><b>Links &amp; references</b>  <a href="https://k.sina.com.cn/article_1704103183_65928d0f02005uorc.html?from=finance&amp;kdurlshow=1">https://k.sina.com.cn/article_1704103183_65928d0f02005uorc.html?from=finance&amp;kdurlshow=1</a></p>	<p><b>Links &amp; references</b>  <i>Shanghai Rural Commercial Bank 2024 Annual Report</i>  <i>Shanghai Rural Commercial Bank 2024 CSR &amp; ESG Report</i>  <i>Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report</i></p>	<p><b>Links &amp; references</b></p>
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# Supplements

## 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 business lines, 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, business areas or by disclosing the number of customers and clients served.

### Links & references

*Shanghai Rural Commercial Bank 2024 Annual Report*  
*Shanghai Rural Commercial Bank 2024 CSR & ESG Report*  
*Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

### Response

On 19 August 2021, our bank was successfully listed on the A-share capital market and became a listed company on the main board of Shanghai Stock Exchange (stock abbreviation: 沪农商行; stock code: 601825). At the end of December 2024, our bank had a total of 364 branches, including 357 branches in Shanghai. The number of branches in 108 towns in Shanghai totaled 245, basically realizing full coverage. The Group's total assets reached 1,487.809 billion yuan, deposit principal was 1,072.141 billion yuan, and the total amount of loans and advances was 755.219 billion yuan.

Our bank operates in the financial industry, and its scope of business is commercial banking business, including: domestic deposits; short-term, mid-term, and long-term loans; domestic and foreign settlements; bill acceptance and discount; government bonds distributing, redeeming and underwriting as an agency of government; government bonds and banking notes trading; inter-bank borrowing and lending; bank card services; foreign currency deposits, loans and remittance, international settlements, inter-bank foreign currency borrowing and lending, credit investigation, consultation and assurance businesses; funds collection and commissioning; custodian service; finance lease; purchase and sales of foreign currency (versus RMB) and other business activities approved by the National Financial Regulatory Administration.

As a regional bank headquartered in Shanghai, our bank's loans are mainly invested in the Shanghai region. As of the end of 2024, our bank's corporate loans were mainly concentrated in the real estate industry, the leasing and commercial services industry, and the manufacturing industry.

Our bank leverages its financial strengths to support sustainable development and high-quality growth. We actively promote strategic emerging industries and the real economy, while vigorously advancing green finance. We continuously enhance our management systems, drive the development of green business, and increase our positive impact on the environment and society. Additionally, we capitalize on our service strengths in agriculture, rural areas, and farmers, micro and small enterprises, sci-tech innovation, and community finance, fulfilling our responsibilities in inclusive finance.

In response to key national policies, our bank has formulated the *SHRCB Green Finance Development Strategy for 2021-2025* and the *SHRCB carbon peak and neutrality Work Plan During the 14th Five-Year Plan*, aiming to establish a sustainable financial service system characterized by green finance. We are establishing a robust long-term mechanism to support the development of a green, low-carbon, and circular economy, with a focus on key areas such as green agriculture, energy, energy conservation and environmental protection, manufacturing, and construction. We have also developed specific work plans for the national ‘carbon peaking and neutrality’ goals to comprehensively guide and facilitate the bank’s practices and progress in green finance and environmental protection.

#### **Strategy alignment**

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 other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming instrument on plastic pollution etc.

Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.

#### **Links & references**

*Shanghai Rural Commercial Bank 2024 CSR & ESG Report*

*Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

#### **Response**

Our bank’s major information disclosures are guided by the United Nations Global Compact, the PBC’s *Guidelines on Environmental Information Disclosure for Financial Institutions*, the TCFD framework, and IFRS S2. Additionally, our bank plans to study biodiversity issues and the Taskforce on Nature-related Financial Disclosures (TNFD) framework for funding biodiversity conservation projects.

## **Principle 2: Impact & 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.

### **Impact Analysis**

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target- setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

### **Links & references**

*Shanghai Rural Commercial Bank 2024 Annual Report*

### **Response**

Our bank uses the UNEP FI impact analysis tool and key domestic policy analysis to identify significant impact areas. According to the impact analysis tool results, our bank’s significant and relevant impact areas are the availability of resources and services, climate stability, and the circular economy. The SDGs associated with these areas are SGD 9: Industry, innovation and infrastructure and SDG 11: Sustainable cities and communities. Comparative analysis shows that the primary potential risks to climate stability stem from the real estate and manufacturing industries. In response, our bank’s green finance department has initiated research, assessments, and client engagement. Moreover, in the manufacturing industry, our bank is involved in equipment manufacturing related to new energy, such as wind, solar, and biomass energy. Therefore, the positive impact of our bank on climate stability is expected to be higher than the results indicated by the impact analysis tool.

Our bank’s contribution to the availability of resources and services primarily contributed from the support for the manufacturing industry and the wholesale and retail sectors.

Based on the Interlinkages Map from the impact analysis tool, our bank has identified that the impact areas of climate stability and the availability of resources and services are independent from each other. There is no significant negative correlation or synergistic effect.

Regarding climate stability, our bank measures carbon emissions at the asset level, performs climate stress tests for key industries, and assesses the physical risks faced by credit bond issuers. Moreover, we implement business policies to encourage emission reductions among clients and restrict high-emitting industries.

For further details on climate-related work progress, please refer to “Section VI. Impact of Environmental Risks on Financial Institutions” in the *Environmental Information Disclosure Report*, which includes the identification of environmental risks and opportunities and quantitative analysis of environmental risks.

Regarding the availability of resources and services, our bank will further expand its positive impact by supporting inclusive finance.

### **Targets, Target Implementation, and Action Plans/Transition plans**

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector \(2024\)](#).

### **Links & references**

*Shanghai Rural Commercial Bank 2024 Annual Report*

*Shanghai Rural Commercial Bank 2023 Annual Report*

[https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-04-26/601825\\_20240426\\_Q8SK.pdf](https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-04-26/601825_20240426_Q8SK.pdf)

*Shanghai Rural Commercial Bank 2023 Environmental Information Disclosure Report*

[https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-04-26/601825\\_20240426\\_F3XD.pdf](https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-04-26/601825_20240426_F3XD.pdf)

*Shanghai Rural Commercial Bank 2022 Environmental Information Disclosure Report*

[https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2023-04-28/601825\\_20230428\\_7NCT.pdf](https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2023-04-28/601825_20230428_7NCT.pdf)

1.3. Annual Key Achievements, *Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

### **Response**

Since the introduction of the 'carbon peak and carbon neutrality' strategy in September 2020, China has been actively adjusting its industrial and energy structures and promoting green, environmentally friendly, and low-carbon lifestyles. The transition to a green and low-carbon economy has become one of the core drivers of economic development. In October 2023, the State Council released the Implementation Opinions on Promoting the High-Quality Development of Inclusive Finance, which emphasized the need to optimize financial products and services in key areas, support the sustainable development of micro and small enterprises, advance the rural revitalization strategy, and improve financial services in the livelihood sector. These measures aim to create a favorable ecosystem for the high-quality development of inclusive finance.

Based on the impact analysis results and key national policies, our bank has set the balances of green credit and inclusive credit as targets.

The baseline adopted by our bank is the data as of the end of 2022: 43.567 billion yuan for the green credit balance and 64.113 billion yuan for the balance of inclusive small and micro loans. Our bank has conducted a prudent study and measurement of carbon emissions from investments and financing. For further details, please refer to “Section VII. Environmental Impact of Investing and Financing Activities” in the *Environmental Information Disclosure Report*.

The interim targets set by our bank are as follows: by the end of 2025, we aim to achieve a green credit balance of 100 billion yuan and an inclusive small and micro loan balance of 100 billion yuan.

To ensure the achievement of these targets, our bank has issued key policies such as the *Green Finance Management Measures of SHRCB* and *SHRCB's Credit Allocation Policy for the Year 2024*. For further details, please refer to “Section III. I. Policies Relating to Green Finance” in the *Environmental Information Disclosure Report*.

Here's our key progress :

As of the end of 2023, our bank's green credit balance was 61.431 billion yuan, a 41.00% increase from the end of the previous year. The balance of inclusive small and micro loans was 77.928 billion yuan, a 21.55% increase from the end of the previous year.

As of the end of 2024, our bank's green credit balance was 84.335 billion yuan, a 37.28% increase from the end of the previous year, exceeding the growth rate of overall loans during the same period. The on-balance sheet balance of green bond investments was 15.212 billion yuan, a 31.71% increase from the end of the previous year; the off-balance sheet balance of wealth management investments in green bonds was 2.334 billion yuan, a 9.09% increase from the end of the previous year; the green leasing balance was 15.767 billion yuan, a 55.38% increase from the end of the previous year. The balance of inclusive small and micro loans was 86.608 billion yuan, with 52,000 inclusive small and micro customers.

Additionally, our bank has actively aligned its organizational structure, loan approval processes, employee training, and product and service innovation with the work on green credit and inclusive loans.

In terms of low-carbon transition, our bank has started pilot exploration in several areas, including deeply engaging in Shanghai's first batch of climate investment and financing projects, distributing publicly offered green funds, providing green mortgage loans for housing, and launching customized loan products in collaboration with new energy vehicle brands.

## Principle 3: Clients & 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.

### Client and Customer engagement

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 activities. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

### Links & references

*Shanghai Rural Commercial Bank 2024 Annual Report*

*Shanghai Rural Commercial Bank 2024 CSR & ESG Report*

*Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

### Response

During the 2023-2024 period, our bank supported climate change mitigation and the transformation of the real economy through a diverse range of products and services. We also enhanced the measurement of environmental benefits and integrated rural revitalization with low-carbon development. Additionally, we took the initial steps in exploring the correlation between biodiversity and our business operations. Here are some key and pilot projects:

Our bank utilized the Carbon-Reduction Supporting Tool from PBC and participated in a syndicated loan for a renewable energy utilization center, contributing a share of nearly 1.4 billion yuan. This project will meet both the near-term and long-term waste disposal needs of Baoshan District. At the same time, it is expected to generate nearly 800 million kWh of electricity annually, with over 500 million kWh supplied to the grid each year, reducing carbon dioxide emissions by over 380,000 metric tons annually. This project is among the first to be included in Shanghai's Green Project Database. For further details, please refer to the case of "Carbon-Reduction Supporting Tool Supports a Renewable Energy Utilization Center Project" from "Section IV. Product and Service Innovation relating to Environment" in the *Environmental Information Disclosure Report*.

Our bank supported and encouraged the transition of real economy enterprises with sustainability-linked loans (SLL). In April 2024, our bank issued its first transition finance loan in the chemical industry, totaling 41 million yuan, to a titanium dioxide company. The loan interest rate is linked to sustainable performance targets (SPT). If the SPTs are achieved during the assessment period, the subsequent loan interest rate will be reduced by 10 bps from the current rate. Additionally, to effectively address risks such as unmet transition targets or less-than-expected transition outcomes, China Pacific Insurance provided insurance coverage tailored to transition finance for the client. This marks the first bank-insurance collaboration model for transition finance. For further details, please refer to the case of "China's First Transition Finance Loan in the Chemical Industry Implemented" from "Section IV. Product and Service Innovation relating to Environment" in the *Environmental Information Disclosure Report*.

In July 2023, our bank issued the first green financial bond, with a total issuance amount of 3 billion yuan and a term of three years. During the bond's term, our bank identified and selected green industrial projects in strict accordance with the standards outlined in the *Green Bond Endorsed Projects Catalogue (2021 Edition)*. We considered the development status of our clients, the nature of their industries, and the significance of the environmental benefits of the projects as key reference points. As of the end of 2024, our outstanding green financial bonds amounted to 3 billion yuan, with all the proceeds used as loans for a total of 31 green projects. The funds were primarily directed toward green projects such as new energy batteries, ultra-low energy consumption buildings, and green buildings to achieve environmental effects such as water conservation, emission reduction, and pollution mitigation. In the financial market, our bank also participated in carbon neutrality bonds and green reverse buy-back deals. For further details, please refer to "Section IV. Product and Service Innovation relating to Environment - III. Financial Market Line of Business" in the *Environmental Information Disclosure Report*.

In terms of supporting rural revitalization, in June 2024, our bank, as the lead underwriter, assisted a financial leasing company in issuing the 2024 Green Medium-Term Note (Series 3) (carbon neutrality bonds/rural revitalization/revolutionary base areas). The issuance marks our bank's first "carbon-neutrality + rural revitalization + revolutionary base areas" triple-labeled bond, with a total issuance amount of 500 million yuan and a term of three years. The proceeds from this issuance are intended for financing leasing projects for renewable energy power generation (wind and photovoltaic) in Hubei Province, Shanxi Province, and Ningxia Hui Autonomous Region. The project is expected to deliver multiple environmental and social benefits, including energy conservation, emission reduction, air pollution alleviation, water stress relief, and energy structure improvement. For further details, please refer to "Section IV. Product and Service Innovation relating to Environment - IV. Investment Banking Line of Business" in the *Environmental Information Disclosure Report*.

As one of the 36 Chinese banks signing the *Joint Declaration of the Banking Sector to Support Biodiversity Conservation*, we actively implement the Post-2020 Global Biodiversity Framework and provide credit support for suburban park renovation and green aquaculture projects. By investing in green bonds such as the 2023 Green Financial Bond (Series 3) of the Agricultural Development Bank of China (23 ADBC Green Bond 03), we indirectly supported projects benefiting biodiversity conservation, including ecological restoration and national reserve forests. For further details on the progress on other biodiversity-related initiatives, please refer to the "Section IV. Product and Service Innovation relating to Environment – Feature: Biodiversity" in the *Environmental Information Disclosure Report*.

Our bank played a key role in the official designation of Huaihai Village as the first 'Credit Village' in Huaxin Town. In February 2024, we collaborated with Huaihai Village to hold a ceremony to bestow this honor. This recognition not only enhanced villagers' awareness and support for the 'Credit Village' initiative but also channeled financial resources towards rural revitalization efforts. It inspired the local community, bolstered the organizational strength of grassroots units, and improved the self-sustaining capabilities of village-level collective economies. Ultimately, this move supports the goals of stronger agriculture, more beautiful rural areas, and more prosperous farmers. The establishment of 'Credit Villages' serves as a vital strategy to accelerate the rural revitalization strategy and advance the 'Beautiful Countryside' initiative.

In April 2024, our bank launched a rural revitalization-themed product and introduced exclusive wealth management benefits tailored for "Credit Village and Town" customers for the first time. This rural revitalization-themed product has the following features. First, exclusive allocations are added for pension distribution agencies and "Credit Village and Town" customers,

and a differentiated fee reduction strategy is implemented to accelerate the development of pension finance and rural finance. Second, the issuance schedule is aligned with rural and agricultural culture, with product release plans based on the lunar calendar's solar terms to ensure ample product supply, benefiting more residents. Third, the product selects high-quality assets with stable returns and controllable risks while strictly controlling portfolio yield fluctuations. The product is classified as low-risk (R1), fully meeting the stable investment needs of the target customer base.

### **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 your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank's portfolio,\* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

\* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

### **Links & references**

*Shanghai Rural Commercial Bank 2024 CSR & ESG Report*

*Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

### **Response**

In response to climate change, our bank has established a comprehensive Green Finance Product Aggregate (FPA) service system, which integrates green credit, green bonds, green retail, green investment banking, and green leasing. This system provides customers with a full range of financial services in both domestic and foreign currencies, covering both on-balance sheet and off-balance sheet products, aiming to create a one-stop green finance service platform. Our green credit offerings include basic products such as green project loans and green working capital loans, specialized products like the Water-Saving Special Offer, carbon-reduction credit facilities, SHEA (Shanghai Emission Allowance) pledge financing, CCER (China Certified Emission Reduction) pledge financing, and pollutant discharge rights pledge loans, as well as green supply chain services including green note discounting, green letters of credit, and green factoring. Additionally, we offer green fund management solutions such as green asset pools, green treasury management, and green segregated accounts.

For key sectors, our bank issued the *3-Year Action Plan of SHRCB for the Development of Science and Technology Finance (2023-2025)* in 2023 to support technology micro and small enterprises (MSEs). For further details, please refer to “1.3 Strategy and Management Approach” in the *ESG Report*.

## Principle 4: Stakeholders

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

### Stakeholder identification and consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has 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 the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

### Links & references:

*Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

<https://mp.weixin.qq.com/s/9YiBIQo38xT6rao6qo10Xg> Conference attendance in Beijing in June

[https://mp.weixin.qq.com/s/4tY1gcQIDNUca44vSkI0\\_A](https://mp.weixin.qq.com/s/4tY1gcQIDNUca44vSkI0_A) A visit to Shanghai in October

<https://mp.weixin.qq.com/s/gN2j18x5DX25kU2vIWW42Q> Hosting PCAF in December

[https://k.sina.com.cn/article\\_1704103183\\_65928d0f02005uorc.html?from=finance&kdurlshow=1](https://k.sina.com.cn/article_1704103183_65928d0f02005uorc.html?from=finance&kdurlshow=1)  
Conference attendance in Geneva in December

### Response

Our bank achieved remarkable results in sustainable finance, receiving several major awards in 2024 that recognized our overall institutional efforts, climate risk management, digital transformation, and environmental information disclosure. For example, our exceptional green finance management practices earned us the title of "Outstanding Green Finance Service Provider in Shanghai's Banking Sector." For our carbon emission measurement and information disclosure efforts, our bank was recognized by the Financial Committee of the CPC Pudong New Area Committee as a "Pilot Organization for Carbon Emission Accounting and Information Disclosure by Financial Institutions in Pudong New Area." Additionally, we were ranked among the Top 10 Urban Commercial Banks and Rural Financial Institutions in green debt financing instruments by the National Association of Financial Market Institutional Investors and named the Indirect Financing Financial Service Institution of the Year in the Leasing Industry by the Shanghai Leasing Trade Association. For further details, please refer to "Section I. Annual Overview - II. Green Development" in the *Environmental Information Disclosure Report*.

Our bank has established regular communication mechanisms with regulatory authorities, industry associations, and research institutions. Focusing on key issues such as green finance and transition finance, we participate in research projects in the green finance sector, contributing our insights into emerging trends in green finance.

In 2024, the key sustainable finance research projects led or participated in by our bank covered areas such as the ESG evaluation system for banks, research on key green industries, green finance practices, transition finance practices, rural revitalization, and the integration of green finance with inclusive finance. Key regulatory authorities and stakeholders involved in these projects included the PBC, Shanghai Municipal Financial Regulatory Bureau, and the State-owned Assets Supervision and Administration Commission of Shanghai Municipality.

Our bank actively engaged in international communication and exchanges. In June 2024, we attended the United Nations Environment Programme Finance Initiative (UNEP FI) signatories' symposium in Beijing. In August, we hosted a delegation from the UNEP FI in Shanghai and had in-depth discussions on the strategic development of UNEP FI and the Principles for Responsible Banking (PRB) in China, as well as topics related to green finance and inclusive finance. In October, we joined the United Nations Development Programme (UNDP) delegation to visit the key project of Shanghai Data Group and held a meeting with them to discuss data-empowered green finance development. In early December, we hosted a delegation from the Partnership for Carbon Accounting Financials (PCAF) and engaged in in-depth discussions on topics such as green finance development strategies, environmental information disclosure by financial institutions, and climate risk management in commercial banks. In mid-December, we attended the 18th UNEP FI Global Roundtable in Geneva and were invited to deliver a keynote speech on collaborative efforts to address climate change challenges. The speech outlined how we, as a state financial enterprise headquarters in Shanghai and service Shanghai, implemented the national "carbon peak and neutrality" strategy and upheld the principles of sustainable development, along with our initiatives and achievements in enhancing green credit support, innovating green financial products and services, and facilitating the orderly development of green and transition finance. That was the first time we shared our perspectives on sustainable development at an international conference.

For further details, please refer to "Section X. Green Finance Innovation and Research Achievements - II. Prospective Research" and "Section XI. Additional Environmental Information - II. External Exchange" in the *Environmental Information Disclosure Report*.

## Principle 5: Governance & Culture

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

### **Governance Structure for Implementation of the Principles**

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 (including accountability at the executive leadership level, clearly defined roles and responsibilities for sustainability matters in internal processes, etc.) and support the effective implementation of the Principles.

### **Links & references**

*Shanghai Rural Commercial Bank 2024 CSR & ESG Report*

*Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

### **Response**

Our bank has continuously refined the top-level design and organizational structure of our green finance initiatives. We have established an ESG Leadership Working Group, which oversees a dedicated Green Finance Working Group, to provide comprehensive leadership and strategic direction for our green finance efforts. Additionally, we have set up dedicated green finance divisions within both the front and middle office departments at our head office. These units operate on a dual-driven model to advance the development of green finance across the bank. We have also intensified our support for green finance through our credit allocation policies and have optimized and refined our green credit identification and assessment systems to ensure the healthy and sustainable growth of our green finance business. For further details, please refer to “Section II. Environment-related Governance Structure” in the *Environmental Information Disclosure Report*.

Our bank has established a comprehensive financial governance framework for agriculture, rural areas, and farmers, which includes the governance, management, and execution levels, each with clearly defined responsibilities. This framework ensures the effective implementation of our financial strategy for agriculture, rural areas, and farmers, and further broadens and deepens the scope of relevant financial services. Under the Board of Directors, we have established the Inclusive (Agriculture, Rural Areas, and Farmers) Financial Services Committee, which is responsible for reviewing and deliberating on proposals related to rural revitalization and overseeing and assessing the implementation of the rural revitalization strategy.

### **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, learning & development, sustainability training for relevant teams, inclusion in remuneration structures and performance management and leadership communication, amongst others).

### **Links & references**

*Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

## Response

Our bank provided sustainable finance-related training for both executives and employees. We conducted green finance business training at multiple branches and sub-branches and invited various branches and sub-branches to share their experiences and engage in internal exchanges. Those sessions covered topics such as green finance business practices and visits to key enterprises in sectors like new energy. By the end of December, the Green Finance Task Force, led by the Risk Management Department, held several meetings that involved a total of nearly 200 participants. Through continuous studies and accumulation, the task force has achieved significant progress in green finance and completed several interim research reports. These include high-quality reports such as 'An Initial Exploration of Constructing and Applying ESG Evaluation Systems for Commercial Bank Clients.' For further details, please refer to "Section XI. Additional Environmental Information - I. Internal Communication" in the *Environmental Information Disclosure Report*.

## Risk and due diligence processes and policies

Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank's portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, 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 your bank has in place to oversee these risks.

## Links & references

*Shanghai Rural Commercial Bank 2024 CSR & ESG Report*

*Shanghai Rural Commercial Bank 2024 Environmental Information Disclosure Report*

## Response

Our bank has continuously enhanced the management of environmental risks and opportunities and optimized the processes for identifying, assessing, and managing climate-related risks. We have integrated environmental and social risk reviews and assessments into the entire credit approval process. We have also further refined the ESG risk management system for credit bonds, including the entry and early warning mechanisms

In 2024, our bank continued to refine the top-level design of green finance by establishing a Strategy and Sustainability Committee at the Board of Directors level to guide the overall advancement of green finance and environmental protection efforts. At the executive level, we set up an ESG Leadership Working Group, under which a Green Finance Working Group was formed. Based on the Board's decisions, the working group sets green finance targets, establishes mechanisms and processes, clarifies responsibilities and authorities, and conducts internal supervision, inspections, and assessments. It reports on green finance development to the Board annually and, as required, submits and discloses green finance-related information to regulators or their branches. For more details, please refer to "Section II. Environment-related Governance Structure" in the *Environmental Information Disclosure Report*.

In credit management, our bank integrates environmental risk management requirements into the pre-lending, lending, and post-loan stages. We have strengthened the control of relevant risks throughout the entire process of due diligence, review and approval, and post-loan management to enhance the quality and effectiveness of environmental risk management. For example, according to the *SHRCB Management Regulations for Post-loan Inspections for Corporate Credit*, routine inspections in the post-loan management stage shall include verifying whether borrowers comply with national environmental policies regarding energy consumption, pollutant discharge, chemical and waste management, and safety and health management. Additionally, our bank has introduced external authoritative open market data on the ESG ratings and early warning of credit bond issuers to assess them from three dimensions: environmental, social, and corporate governance. This

approach helps us identify and mitigate the environmental and social risks of issuers and uncover high-quality clients with sustainable development potential. Based on the ESG ratings of credit bond issuers, our bank has established corresponding thresholds to mitigate ESG risks in investments.

Our bank has identified physical risks, transition risks, and environmental opportunities and has assessed significant physical risks for credit bond issuers. We have also conducted climate-related risk sensitivity stress testing to evaluate the potential impact of the carbon peak and neutrality transition on our bank's credit assets. For the latest progress, please refer to the "Section V. Environment Risk Management Process" and "Section VI. Impact of Environmental Risks on Financial Institutions" in the *Environmental Information Disclosure Report*.

## 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.

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report